PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC
ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7
Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. http://www.piac.ca

Michael Buonaguro
Counsel for VECC
(416) 767-1666

November 13, 2007

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition (VECC)
Notice of Intervention: EB-2007-0713
Hydro Ottawa Limited – 2008 Electricity Distribution Rate Application

Please find enclosed the interrogatories of the Vulnerable Energy Consumers Coalition (VECC) in the above-noted proceeding. We have also be directed a copy of the same to the Applicant.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

cc: Lynne Anderson
Hydro Ottawa Limited

HYDRO OTTAWA LIMITED'S
2008 RATE APPLICATION (EB-2007-0713)

VECC'S INTERROGATORIES

Question #1

Reference: Exhibit A1, Tab 2, Schedule 1, page 2, lines 4-12

a) Is Hydro Ottawa aware of any instance in Ontario where a rate rider has been approved by the OEB to address the fact that filings made for distribution rates are done on a calendar year basis but the rates are not effective until May 1st? If so, please identify the relevant proceeding and provide a copy of the Board's decision.

b) Is Hydro Ottawa aware of any instance in Ontario where such a rate rider has been requested by an electricity distributor and denied by the OEB? If so, please identify the relevant proceeding and provide a copy of the Board's decision.

Question #2

Reference: Exhibit A1, Tab 2, Schedule 1, page 3, lines 15-22

a) Please provide a copy of Sewer Use By-lay No. 2003-514.

b) Please provide further explanation/derivation regarding the $1.3 M in incremental costs that could be incurred in complying with the by-law.

Question #3

Reference: Exhibit A1, Tab 2, Schedule 1, page 4, lines 4-13

a) Please provide a copy of the June 13, 2006 direction from the OEB.

Question #4

Reference: Exhibit A1, Tab 4, Schedule 1, page 1, lines 16-17

a) Has Hydro Ottawa received an order from the Board declaring its current 2007 rates to be interim for the period from January 1, 2008 to April 30, 2008. If so, please provide a copy,

Question #5

Reference: Exhibit A1, Tab 5, Schedule 1, page 1, lines 5-13

Preamble: Hydro Ottawa states that "the rate year is now from May 1st of one year to April 30th of the next".

a) Is it Hydro Ottawa's contention that this is change from past practice?

b) How does this practice differ from that for 2006 when Hydro Ottawa also filed for rate approval based on a forward test year application?

c) Did Hydro Ottawa apply for a rate rider and deferral account for 2006 revenue deficiency during the rate year? If not, what is different for 2008?

Question #6

Reference: Exhibit A1, Tab 5, Schedule 1, page 2, lines 1-7
Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors, December 20, 2006 – pages 36-37

a) Does Hydro Ottawa acknowledge that the annual rate adjustment process under the 2GIRM provides for some allowance for increase in rate base for the years 2008 and 20009? If not, why not?

b) If the 3GIRM similarly provides some allowance for increased rate base, does Hydro Ottawa agree that the deferral account requested is more appropriately viewed as a variance account which should also capture the additional capital related revenue requirement provided for under the 3GIRM in 2009 and 2010? If not, why not?

Question #7

Reference: Exhibit A1, Tab 5, Schedule 2, page 1, lines 24-31
Exhibit A1, Tab 7, Schedule 3, page 1, Table 1

a) Does the pricing of services provided by Hydro Ottawa to each of its three affiliates include an allowance for Administration and/or Corporate Overhead. If yes, how is this determined? If no, why not?

Question #8

Reference: Exhibit A1, Tab 7, Schedule 3, Appendices C, E, F, G, H, I, J

a) What is included in the Straight Time Billing Rate for the Fitter Mechanic (Appendix C) – e.g. is it just wages, is it fully burdened salaries, does it include overheads?

b) What is included in the Unit Cost rate for Technical Support and Applications Services Support (Appendices E & G)?

c) How are the costs per square foot determined for facilities management and what costs are included (Appendices F & J)?

d) How were the charges established for the Human Resource Service Agreements (Appendix H & I) and what costs of Hydro Ottawa are they based on?

e) How were the charges established for the General IT Service (Appendix K) and what costs of Hydro Ottawa are they based on?

Question #9

Reference: Exhibit A1, Tab 7, Schedule 4, page 1

a) Please provide a copy of Hydro Ottawa's current organizational structure down to the departmental level.

Question #10

Reference: Exhibit A1, Tab 7, Schedule 4, page 1

a) Are there any charges from the Holding Company to Hydro Ottawa for strategic planning services? If so, what are they projected to be for 2007 and 2008 and where are the services documented in the Service Level Agreements?

Question #11

Reference: Exhibit A1, Tab 10, Schedule 1, page 1

a) Please provide the minimum service standard for SAIDI, SAIFI and CAIDI for 2005 and 2006.

b) Please provide the minimum service standard for SAIDI, SAIFI and CAIDI for 2007.

Question #12

Reference: Exhibit A2, Tab 1, Schedule 2, page 1

a) Please provide a schedule that shows the following line items for 2006 (approved), 2006 (actual), 2007 forecast and 2008 forecast:
   - Rate Base
   - Return on Rate Base ($ and %)
   - Return on Equity ($ and %)
   - Distribution Expenses (excluding LV)
   - Amortization
   - PILS
   - Service Revenue Requirement
   - Revenue Offsets
   - Transformer Ownership Credit
   - LV Costs

Question #13

Reference: Exhibit A2, Tab 2, Schedule 1, page 1
Exhibit B1, Tab 2, Schedule 1, page 10

a) How many years forward did the OM&A and Capital budgets prepared by Hydro Ottawa in 2005 (for 2006 Rate Application) and 2006 (i.e., the budget for 2007) cover?

b) Please provide a schedule setting out by Division/Department, 2007 budget OM&A, 2007 actual OM&A and 2008 projected OM&A on both a gross (before capitalization) and net basis.

Question #14

Reference: Exhibit A2, Tab 2, Schedule 1, pages 2-3
Exhibit B1, Tab 2, Schedule 1, page 10

a) Please provide a copy of the Capital Plan prepared in 2005 (i.e., consistent with the 2006 Rate Application) at the same level of detail as shown in Table 1. Please include the values for all forward years addressed by the Plan. (Note: Hydro Ottawa is requesting approval of a 3-year capital expenditures forecast. The purpose of the these requests is to help assess the accuracy of Hydro Ottawa's past forecasts)

b) Please provide the Capital Plan developed as part of budgeting process for the 2007 Budget at the same level of detail as shown in Table 1.

c) The Application states that Table 1 represents a “preliminary draft capital plan”. Please explain more fully what Table 1 represents (i.e., was it prepared as part of the process to set the budget for 2007 or was it prepared afterwards, how does it relate to the current capital expenditure plan included in the Applications?)

d) The Sustainment values in Table 1 escalating much faster than the 2% / annum set out in the guideline.
   - Please explain why.
   - What is the effect of the reduced allocations in 2008, 2009 and 2010 (page 3, lines 5-6)?

Question #15

Reference: Exhibit B1, Tab 1, Schedule 1, page 2

a) In Table 2, please explain how footnote #2 relates to the “Contributed Capital” row.

b) With respect to Table #2, in what line item(s) is Smart Meters captured for the “2006 Approved with SM” and what was the “approved value” for 2006? Please provide a breakdown of Smart Meter spending by line item.

c) With respect to Table #2, in which line item(s) is Smart Meters included for 2006 Actual, 2007 Estimate and 2008 Forecast? Please provide a breakdown of Smart Meter spending by line item.

Question #16

Reference: Exhibit B1, Tab 1, Schedule 1, page 2
Exhibit B1, Tab 2, Schedule 1, pages 1-4 and Table 4

Preamble: Information on total capital spending is presented in a different format than the details on the proposed capital programs. Furthermore, there is no totalling of the spending by “program type” that reconciles with the total capital spending for either the historical or forecast years.

a) For each of 2006 Approved, 2006 Actual, 2007 Projected and 2008 Forecast, please provide a set of schedules that shows the breakdown of spending in each of the following areas:
   - Sustainment – by Capital Program and Budget Program
   - Demand – for each of the 8 categories listed
   - General Plant – for each of the 8 categories listed

Please report contributed capital for each area.

Question #17

Reference: Exhibit B1, Tab 2, Schedule 2, page 1, lines 21-26;page 2, lines 4-9 and page 5, lines 4-9

a) Please provide a measure of where 2006 actual replacement levels and spending were relative to 2005 levels and the level indicated by the AMP recommendations

b) Please provide a measure/indication as to where projected 2007 and forecast 2008 replacement levels and spending are relative to the level indicated by the AMP recommendations

c) Please explain how Hydro Ottawa has specifically addressed the "conservative nature" of its AMP models in developing its current forecast of capital spending for Sustainment (see page 1).

d) By what measure, has Hydro Ottawa deemed its approach for 2008 to be "conservative" (see page 5)?

e) Please indicate where in the Application a breakdown of the $14 M in 2008 sustainment capital spending discussed on page 5 can be found. Otherwise, please provide details on the $14 M.

Question #18

Reference: Exhibit B1, Tab 2, Schedule 2, page 11, lines 12-16

a) Please provide the estimates used in modelling regarding the costs to Hydro Ottawa's customers of outage, safety and reliability impacts and explain how they were derived.

Question #19

Reference: Exhibit B1, Tab 2, Schedule 2, page 14, lines 20-24 and Figure 5

a) On page 14, the Application states that the useful life of station switchgear devices is considered to be 40 years. However, Figure 5 indicates that more than 40% of Hydro Ottawa's devices exceed this age. Please reconcile.

Question #20

Reference: Exhibit B1, Tab 2, Schedule 2, page 24, lines 5-14

a) As of year-end 2006 had Hydro Ottawa made any such contributions to Hydro One Networks? If yes, please indicate where/how they are recorded in Hydro Ottawa's financial statements and what the value is.

b) Does the forecast for 2007 and 2008 contain any such contributions? If so, howq much and where are they discussed in the Application?

Question #21

Reference: Exhibit B1, Tab 2, Schedule 2, page 32, lines 1-2

a) Has Hydro Ottawa incurred (or forecast to incur) any Stations Embedded Generation capital spending that will not be recovered through capital contributions? If yes, please explain why.

Question #22

Reference: Exhibit B1, Tab 2, Schedule 3, page 1, lines 3-6

a) Please provide a copy of the 5-year IT Plan that underlies the capital spending in the current Application.

Question #23

Reference: Exhibit B1, Tab 3, Schedule 1, page 1, lines 8-14

a) What is the current status of the CICA's exposure draft?

Question #24

Reference: Exhibit B1, Tab 3, Schedule 1, page 3, lines 4-7

a) Has this change in Cost Allocation procedure also been reflected in other areas that involve the allocation of overheads (e.g., costing of services done for affiliates, determination of activity rates for fleet services, etc.)? If yes, please discuss where and what the impact has been.

b) Has this narrower approach to cost responsibility been applied in the determination of the total Holdco costs that are allocated to Hydro Ottawa? If yes, what is the effect for 2008? If not, why not?

c) Has Hydro Ottawa adjusted its system expansion test at all for the October 2007 to May 2008 period to reflect the fact that there is a disconnect between the way capital work is costed and the costs incorporated into rates?

Question #25

Reference: Exhibit B1, Tab 3, Schedule 1, page 4, lines 9-14

a) Please confirm that Hydro Ottawa is a member of the Coalition of Large Distributors (CLD).

b) Does Hydro Ottawa agree with the comments of the CLD submitted during the recent Board consultation regarding Comparison of Distributors' Costs (EB-2006-0268)? If not, in what areas does Hydro Ottawa disagree?

c) If Hydro Ottawa generally agrees with the CLD's comments, what weight does Hydro Ottawa believe should be attached to a comparison of its OM&A costs/customer for 2006 with those of other distributors in assessing the reasonableness of Hydro Ottawa's 2008 OM&A costs?

Question #26

Reference: Exhibit B1, Tab 3, Schedule 1, Appendix T, page 15

a) Please indicate the previous "basis of allocation" for each of the areas set out in Table IV-3.

Question #27

Reference: Exhibit B2, Tab 2, Schedule 1

a) Were any of the 2006 reductions in the sustainment capital program spending for 2006 (actual vs. approved) due to delays arising from the increase in Demand Capital Programs? If yes, which budget programs were affected and what was the dollar impact?

b) Please indicate the approved vs. actual spending on Smart Meters in 2006 (page 11).

Question #28

Reference: Exhibit B3, Tab 2, Schedule 1

a) Do the capital expenditure forecasts set out in Table 1 reflect the change in Capitalization Policy implemented October 1, 2007. If yes, what is the impact on each of the line items in Table 1 for 2007?

b) Page 12 suggests that the reduction in capital contributions for 2007 (versus 2006 actual) is due to the reduction in Demand Capital Programs. However, based on the variances set out in Tables 3 and 8, the reduction in Capital Contributions appears to be significantly larger than the reduction in Demand Capital spending. Please reconcile.

Question #29

Reference: Exhibit B3, Tab 2, Schedule 2, page 1, lines 9-19 and Table 1

a) Does the $6.5 M difference take into account the fact that the Capitalization Policy was changed October 1, 2007 and, therefore, also impacts on 2007 spending levels? If yes, how?

b) Does the change in Capitalization Policy have roughly the same proportional impact on all 2008 capital spending? If not, why not?

c) Which of the program areas discussed in this schedule account for the $3.7 M increase for TS Primary Above 50 and the $1.5 M increase in DS capital spending?

Question #30

Reference: Exhibit B3, Tab 4, Schedule 1, pages 2 & 3

a) Do either of the two "Stations New Capacity" projects discussed on pages 2 and 3 impact on rate base in 2008 or is all of the spending still in CIP as of year end 2008. If either project impacts on the 2008 rate base, please explain why.

b) Please provide a schedule that sets out the annual spending for the two Stations New Capacity projects discussed on page 2 and 3.

c) Please confirm that the balance of the Stations New Capacity spending shown in Tabled 1 is all for individual projects with spending of less than $500 k.

d) Does the spending on any f the three stations identified for switchgear and relay replacement (page 4) exceed the materiality limit? If so, please provide?

e) Please discuss the implications of delaying the switchgear and relay replacement at each of the three stations: Beechwood, Eastview and Kilborn.

f) Please provide schedule that sets out the 2008 spending for each of the cable replacement projects discussed in section 2.3.

g) The discussion on page 5 suggests that one or more of the cable replacement projects could be deferred if evidence arises that higher priority locations exist. In the case of each of these projects, what it the implications of delay? Why would it not be appropriate to expand the overall scope of the program if other high priority locations were also identified?

h) With respect to the capital spending discussed in sections 2.4, 2.5 and 2.6 – please provide schedules that set out the 2008 planned spending by project and show the residual capital spending in each area.

i) What is the planned 2008 capital spending on the Bronson Substation (page 9)?

Question #31

Reference: Exhibit B3, Tab 6, Schedule 1, Table 1

a) Please provide a schedule setting out the OM&A accounts that contribute to the $59,328 k (Table 1) used to determine the 2008 Allowance for Working Capital.

b) Please provide a copy of the Navigant report referenced on page 1.

c) Please provide a schedule setting out the derivation of the $4M figure on page 2 (line 19).

d) What is the basis for the 50% figure used to calculate the Global Adjustment (page 2, line 12)?

e) What are the forecast two-tiered prices used for 2008 and how were they determined (page 2, lines 7-10)?

f) With respect to the 2008 Cost of Power Spreadsheet:
- Please indicate how the IESO refunds line was calculated

- Please indicate how the Global Adjustment line was calculated.

Question #32

Reference: Exhibit B4, Tab 1, Schedule 1, last page

a) The notes to the Table suggest the "inputs can be updated as required". For each of the inputs listed, please indicate whether the value would be subject to future update and, if so, how such updating would be done. For example, would it include annual updating of the ROE value, updating of the short-term cost of debt value, updating of tax rates and, if so, how?

b) For each of the 2008, 2009 and 2010 values shown in the Table, please provide a reference as to where in the Application the value can be found. If there is not a specific reference for the number, please show how it was determined and provided a reference for each of the inputs used.

Question #33

Reference: Exhibit B4, Tab 1, Schedule 1

a) Does Hydro Ottawa agree that one of the objectives of 3GIRM should be to incent distributors to achieve efficiency improvements that will lower their cost structure? If not, why not?

b) Has Hydro Ottawa included an allowance for efficiency improvement in its capital forecasts for 2009 and 2010? If yes, specifically what allowance was made and how was it factored into the forecast costs? Overall, by how much as this efficiency allowance reduced capital spending in these two years in percentage terms?

c) Is it Hydro Ottawa's standard practice, during budgeting process, to forecast capital costs for at least 3 years forward? If yes, for how long has this practice been in effect?

d) If the response to the preceding question is yes, please provide a schedule setting out for the previous 5 years (or fewer it the practice started at a later date), the forecasts Hydro Ottawa prepared each year for its capital spending requirements in the following 3 years. Please also include in the schedule the actual capital spending for 2002 through 2006.

e) Is it Hydro Ottawa's standard practice, during budgeting process, to forecast retail sales (i.e. kWh) for at least 3 years forward? If yes, for how long has this practice been in effect?

f) If the response to the preceding question is yes, please provide a schedule setting out for the previous 5 years (or fewer it the practice started at a later date), the forecasts Hydro Ottawa prepared each year for its future retail sales in the following 3 years. Please also include in the schedule the actual sales and weather normalized sales volume for 2002 through 2006.

g) With respect to the load forecast, please indicate:
   - The load growth (prior to CDM adjustment) for 2009 and 2010 and indicate where in the Application the value can be found.
   - Precisely how the CDM adjustment was determined for 2009 and 2010. Include schedules showing the calculations and sources of inputs used.

Question #34

Reference: Exhibit B4, Tab 2, Schedule 1
Exhibit B1, Tab 2, Schedule 1

a) With respect to Table 1, where in the following pages of the Schedule are the explanations for the following variances:
   - Poles and Wires (2009 versus 2008)
   - IT Assets (2009 versus 2008)
   - TS > 50 kW (2010 versus 2009)

b) For each of 2008, 2009 and 2010, please provide a schedule that shows the breakdown of capital spending into the following areas (taken from the second reference):
   - Sustainment – by Capital Program and Budget Program
   - Demand – for each of the 8 categories listed (report contributed capital separately)
   - General Plant – for each of the 8 categories listed

c) Please describe how the amount of Capitalized Overhead to be included in the capital expenditures for 2009 and 2010 was determined.

Question #35

Reference: Exhibit B4, Tab 3, Schedule 1

a) Please provide a schedule that sets out the all of the individual projects captured under the planned Stations Asset spending in 2009 and 2010 (Table 1) with a spending level of $500 k or more. Please provide the rationale for each individual project.

b) Please provide a schedule that sets out the 2009 and 2010 spending on (i) the Albion Substation; (ii) the Uplands Substation; (iii) the Nepean 8 kV project; and (iv) the Ottawa Core 13 kV project.

c) Are there any other individual Stations Capacity projects with spending in excess of $500 k. If so, please indicate what they are and provide both their rationale and annual spending.

d) Please provide a schedule that sets out the all of the individual projects captured under the planned Distribution Asset spending in 2009 and 2010 (Table 1) with a spending level of $500 k or more. Please provide the rationale for each individual project.

e) Are there any individual Distribution Enhancement projects in 2009 or 2010 that exceed $500 k? If so, please indicate what they are and provide the rationale and annual spending for each.

f) Please provide the annual 2009 and 2010 spending forecast for the two Facilities Programs-Stations projects discussed on page 5 (lines 24-29).

g) Are there any other individual Facilities Programs-Stations projects in 2009 or 2010 that exceeds $500 k? If so, please indicate what they are and provide the rationale and annual spending for each.

h) Please identify any individual Demand projects in 2009 or 2010 with spending that exceeds $500 k and provide the rationale and annual spending. If there are no such projects identified please explain whether this is because (i) all the projects are known by small or (ii) the spending level provided is a “place holder” for future expected spending.

Question #36

Reference: Exhibit C1, Tab 2, Schedule 1

a) Please provide a schedule showing how the CDM savings projected by the OPA for the Ottawa and East regions were prorated to Hydro Ottawa’s service area for 2008 (per page 21). Please provide references for all values used in the proration exercise.

b) Page 33 of referenced OPA document indicates that “The methodology used to disaggregate the proposed CDM portfolio follows that used for disaggregating the load forecast (please see Load Forecast Supplemental Information document)”. On page 21 of this Schedule, Hydro Ottawa states that its load forecast is “generally consistent with the load forecast produced for the Ottawa Region by the OPA”.

- Please employ the methodology used to prorate the OPA estimate of Regional CDM savings and apply it to the OPA's regional load forecast for the Ottawa and East Region for the year 2010.
- Please provide a table comparing the results with Hydro Ottawa's load forecast for 2010 prior to CDM adjustments.

c) In its decision regarding Hydro One Networks' Application for 2008 and 2009 Transmission Rates, the Board agreed (EB-2006-0501, pages 91-92) that the OPA forecast of conservation included natural conservation already captured in Hydro One Networks' load forecast and adjusted Hydro One Networks' load forecast (net of CDM) upwards.
   - Please indicate why a similar overlap would not exist between Hydro Ottawa's basic load forecast and the OPA's CDM forecast.
   - What adjustments does Hydro Ottawa believe can be made to eliminate this overlap?

d) Are the historical values set out in Table 4 weather normalized? If not, please provide a similar table where historical sales values have been weather normalized by customer class.

e) Are the historical values set out in Table 14 weather normalized? If not, please provide a similar table where historical sales values have been weather normalized by customer class.

f) Please provide a schedule similar to Table 14 with average use projected through to 2010.

g) Please confirm whether the system energy forecast set out in Table 2 is retail sales or wholesale energy (i.e., does it include losses)?

h) Please explain how the forecast customer numbers in Tables 7 and 8 were created. Are these values forecast independently of the forecast of energy sales by customer class?

Question #37

Reference: Exhibit C2, Tab 1, Schedule 1

a) Does Hydro Ottawa continue to receive a "switchgear credit" from Hydro One Networks? If not, why not? If yes, how are these revenues accounted for?

b) With respect to Non-Utility Income (page 11), does Hydro Ottawa currently own any land that is surplus to current needs? If so, what is the value and is it included in the 2008 rate base?

Question #38

Reference: Exhibit C2, Tab 1, Schedule 5, page 6

a) Did the 2007 change in Capitalization policy impact at all on the costing of services to affiliates (i.e., less overhead cost capitalized leads to more overheads to be allocated to “operating activities”)? If not, why not? If yes, what SLAs were affected?

Question #39

Reference: Exhibit D1, Tab 1, Schedule 1, page 1, lines 30-32

a) The Application suggests that with the completion of the GIS and OMS, the salaries of the related staff will now be expensed instead of capitalized.
   - What “operational work” will these employees do that was not being done while these new systems were being developed?
   - Was the operational work was being “backfilled” while the projects were being undertaken?

Question #40

Reference: Exhibit D1, Tab 1, Schedule 1, page 2, lines 7-16

a) If apprenticeship programs are undertaken to meet future staffing needs, is there any basis for deferring and amortizing the related costs? If not, why not?

Question #41

Reference: Exhibit D1, Tab 1, Schedule 1, page 4, Table 1

a) Does the 2007 “allocation to capital” reflect the fact that the Overhead Capitalization policy was implemented in October 2007?

b) Please indicate the dollars allocated to capital by cost category (i.e., line item) for 2006 Approved, 2006 Actual, 2007 Estimate and 2008 Forecast.

Question #42

Reference: Exhibit D1, Tab 1, Schedule 1, page 4, Table 1 and page 5, lines 17-19

a) Please provide a schedule that sets out the 2006 Actual, 2007 Estimate and 2008 Forecast for each of the O&M programs discussed on pages 5 through 9.

Question #43

Reference: Exhibit D1, Tab 1, Schedule 3, pages 2 & 3

a) Please indicate the status of the litigation cases referenced on page 2 (lines 26-27).

b) There are a number of references to increased activities/cost related to collections in 2007 (page 2, lines 26-32). Does Hydro Ottawa have any explanation for this higher level of activity? Did this result in higher collection recoveries in 2007?

Question #44

Reference: Exhibit D1, Tab 1, Schedule 3, page 6

a) The discussion on pages 6 & 7 suggests General Administration increased by $2.1 M (before capital allocation). However, the table on page 1 shows an increase of less than $700 k – please reconcile.

b) Please explain how the strategic re-organization resulted in increased Administration costs in 2007 – as the function was previously part of Hydro Ottawa and the associated costs incurred directly.

Question #45

Reference: Exhibit D1, Tab 1, Schedule 4

a) The reduction in reported 2008 O&M costs due to not allocating Administration costs to this program area for reporting purposes is $3.7 M (page 4, lines 15-18). After allowing for this change in allocation the actual costs of O&M programs increased by almost $3 M. Please indicate how much each of the program items discussed in Section 2.2 contributes to this increase.

Question #46

Reference: Exhibit D1, Tab 4, Schedule 2, page 3

a) Please describe more fully how the cost of failure was determined (per lines 7-9) and what types of costs were included.

Question #47

Reference: Exhibit D1, Tab 7, Schedule 1, page 2

a) Please provide a schedule setting out the calculation of the $4,535 k of amortization associated with stranded meters. Please reconcile the values used with those presented in D3-1-1.

b) Has Hydro Ottawa ever commissioned an external review of its depreciation rates. If yes, please provide the results.

Question #48

Reference: Exhibit D3, Tab 1, Schedule 1, page 3, lines 61-72 and Table 3

a) Are there any operating expenses in 2007 associated with smart metering. If yes, please indicate what they are captured in the Application.

b) Please reconcile the $983,000 value reported on line 62 with the $953,000 value reported at line 69.

c) Is any of the $1,723,018 (see Table 3) included in the proposed 2008 Revenue Requirement? If so, please indicate how much and where in the Application's earlier discussion of Expenses this amount is documented.

d) If the response to (c) is yes, why aren't all 2008 expenses associated with smart meters tracked in the Smart Meter variance account?

Question #49

Reference: Exhibit E1, Tab 1, Schedule 1

a) Please provide a continuity schedule that for each Account listed in Table 1 shows the annual additions, refunds/recoveries and interest leading up to the balances shown.

b) Given the significant negative and positive balances in some of the RSVA and RCVA accounts, why isn't Hydro Ottawa applying for a change in the "rates" used for any of these items?

Question #50

Reference: Exhibit E1, Tab 1, Schedule 1, page 9, lines 19-24

a) Why didn't Hydro Ottawa use the forecast 2008 kWhs and kWs by rate class to establish the rate riders? Wouldn't these values be more representative of the billing parameters over the proposed recovery period?

Question #51

Reference: Exhibit F1, Tab 1, Schedule 2

a) Please explain why 10 basis points (page 1, line 20) is a reasonable (cost-based) charge for administration.

Question #52

Reference: Exhibit G1, Tab 1, Schedule 1, page 2

a) Please provide a cross-reference as to where in the Application each of the cost components contributing to the $149.11 M Total in Table 1 can be found.

Question #53

Reference: Exhibit H1, Tab 2, Schedule 1, Attachment 1

a) On page 16 (of 27) Hydro Ottawa identifies multi-unit dwelling adjustments for residential and general service customers. Where these adjustments factored into the Cost Allocation Runs (i.e., used to reduce the customer count for residential and GS)?

Question #54

Reference: Exhibit I1, Tab 3, Schedule 2

a) Please reconcile the $139 M 2008 distribution revenue figure on page 1 (line 17) with the $131 M figure used in Table 1.

b) Please provide a schedule that sets out the <u>monthly</u> revenues (excluding rate riders for regulatory assets and smart meters) by customer class for 2008 based on the application of approved 2007 rates for the period ending April 30, 2008 and the proposed 2008 rates thereafter. Note: The total revenue should reconcile to Hydro Ottawa's projected distribution revenue for 2008.

c) Please provide a schedule indicating how the $3.5 M deficiency was allocated to rate classes and what loads were used (e.g., 2006 or 2008) to determine the rate riders set out in Table 2.

Question #55

Reference: Exhibit I1, Tab 4 Schedule 1

a) The substantial balance in the RSVA-Transmission account suggests that there is a mismatch between the Retail Transmission Connection rates and the cost of Transmission Connection service. As a result, why is it appropriate to use Retail Transmission Connection revenues to allocate LV Charges?

Question #56

Reference: Exhibit I1/Schedule 7/Tab 1

a) Based on a recent 12 consecutive months of actual billing data, please indicate the percentage of total residential customers that:
   - Consume less than 100 kWh per month
   - Consume 100 -> 250 kWh per month
   - Consume 250 -> 500 kWh per month
   - Consume 500 -> 750 kWh per month