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July 30, 2010

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli,

RE: EB-2010-0002 - Interrogatories to Hydro One Networks from the Building Owners and Managers Association of the Greater Toronto Area and the London Property Management Association

Please find attached the interrogatories of the Building Owners and Managers Association of the Greater Toronto Area ("BOMA") and the London Property Management Association ("LPMA") in the above noted proceeding.

Yours very truly,

Randy Aiken

Randy Aiken
Aiken & Associates

c.c. Anne-Marie Reilly (Hydro One)
Donald Rogers, Q.C. (Rogers Partners LLP) (e-mail only)
Intervenors (e-mail only)

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF a review of an application filed by Hydro One Networks Inc. for an order or orders approving a transmission revenue requirement and rates and other charges for the transmission of electricity for 2011 and 2012.

INTERROGATORIES OF THE BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONOTO AREA ("BOMA") AND THE LONDON PROPERTY MANAGEMENT ASSOCIATION ("LPMA") TO HYDRO ONE NETWORKS INC.

1.2 Are Hydro One's economic and business planning assumptions for 2011/2012 appropriate?

Interrogatory # 1

Ref: Exhibit A, Tab 7, Schedule 3, Tables 2 and 3

a) Please explain the decrease forecast in the fees payable to Hydro One in 2012 as compared to 2011 for General Counsel and Secretary Services from each of the affiliates shown.

b) Please explain the decrease forecast in the fees payable to Hydro One in 2012 as compared to 2011 for Financial Services from Telecom and Brampton Networks.

c) Please explain why there is no increase shown in the fees payable to Hydro One from Remotes in 2011 and 2012 from the level shown in 2010 for CEO/President Services and Utility Joint Use Services.

d) Please explain the decrease in 2011 and 2012 from the 2010 level shown in the fees payable to Hydro One from Remotes for Utility Operations Services.

e) Please confirm that the total fees payable to Hydro One for services provided to affiliates as shown in Table 2 are as follows. If the figures are not confirmed, please provide corrected values.

Year	Total	% Change
2010	$6,593	

2011	$6,610	0.2%
2012	$6,740	2.0%

f) Please provide the actual fees payable by affiliates to Hydro One at a summary level, similar to that in the table in part (e) above for each for 2007, 2008 and 2009.

g) Please provide the forecasted fees payable by affiliates to Hydro One at a summary level, similar to that in the table in part (e) above for each of 2008, 2009 and 2010 as filed in EB-2008-0272.

h) Please confirm that the total fees payable by Hydro One for services received as shown in Table 3 represent an increase of 5.2% in 2011 and a further 5.2% in 2012.

i) Please provide the actual fees paid by Hydro One for services received as shown in Table 3 for each of 2007, 2008 and 2009.

j) Please provide the forecasted fees paid by Hydro One for services received as shown in Table 3 for each of 2008, 2009 and 2010 as filed in EB-2008-0272.

k) What are the drivers affecting the difference in the increase in fees payable by Hydro One to affiliates (5.2% in 2011 and 2012) as compared to the increase in fees payable by affiliates to Hydro One (0.2% in 2011 and 2.0% in 2012).

Interrogatory # 2

Ref: Exhibit A, Tab 11, Schedule 3, pages 5-6

Please quantify the impact on the revenue requirement if Hydro One were required to follow IAS 16. In particular, please shown the expected increase in OM&A expenses, the reduction in capital expenditures and the impact on payments in lieu of taxes of this change (if any).

Interrogatory # 3

Ref: Exhibit A, Tab 12, Schedule 1, page 5

The evidence states at lines 13-15 that "The 2010-2012 Budget and Outlook was subsequently modified to take into account customer concerns with respect to the level of increases proposed for the 2011 and 2012 test years/"

a) Was this modified Budget and Outlook in addition to the update presented at the February 11, 2010 Board of Directors meeting?

b) Was this modified Budget and Outlook approved by the Board of Directors? If not, why not?

c) Please provide a summary of the modifications made to the Budget and Outlook from that approved by the Board of Directors at the February 11, 2010 meeting.

d) What prompted the modification to the Budget and Outlook?

e) What was the impact in each of 2011 and 2012 on the revenue impact of the modified Budget and Outlook?

Interrogatory # 4

Ref: Exhibit A, Tab 12, Schedule 2

a) Please update the economic and interest rate forecasts shown in tables 1 through 7 to reflect the most recent Global Insight and Consensus Economics forecasts available. Please also include updated information based on the latest information available related to Hydro One credit spreads.

b) The exchange rate forecast shown in table 3 is derived from two different sources depending on the time period. Based on the most recent forecasts available, please show the exchange rate forecast from both sources for the period where these two sources overlap.

c) What was the actual CPI - Ontario increase for 2009?

Interrogatory # 5

Ref: Exhibit A, Tab 12, Schedule 2

a) What is the impact on the 2011 and 2012 revenue requirements of a one percentage point change in the transmission cost escalation for construction in 2011 and 2012?

b) What is the impact on the 2011 and 2012 revenue requirements of a one percentage point change in the transmission cost escalation for operations and maintenance in 2011 and 2012?

c) What is the impact on the 2011 and 2012 revenue requirements of a one percentage point change in the CPI - Ontario in 2011 and 2012?

d) The small business corporate tax rate was reduced to 4.5% on the first $500,000 of business income effective July 1, 2010 and the small business deduction surtax was eliminated. The small business tax rate applies to Canadian-controlled private corporations (CCPCs). Does Hydro One Networks qualify as CCPC? If not, please explain why not.

e) At page 8, reference is made to actuarial determinations made by Mercer Consulting Inc. Please provide a copy of this material and indicate when it was completed. Has Hydro had Mercer or some other external source provide any updates to the analysis? Has Hydro One done any internal updates to the analysis. If yes, please provide.

f) Please provide the estimates related to employee benefits costs during active employment from Mercer and Great West Life referenced on page 8. When were these estimates done? Does Hydro One have any more recent estimates? If so, please provide.

g) Please confirm that the statutory benefit payments (CPP, EI, etc.) referenced on page 8 reflect the most recent and current government schedules.

2.1 Is the load forecast and methodology appropriate and have the impacts of Conservation and Demand Management initiatives been suitably reflected?

Interrogatory # 6

Ref: Exhibit A, Tab 12, Schedule 3

a) At page 4 it is indicated that an update to the load forecast was made in May 2010 to account for the actual load in 2009 and revised annual CDM impact for 2010-2012. Did Hydro One also update the load forecast to reflect more recent (i.e. post September, 2009) economic forecast information? If not, why not?

b) If Hydro One did not update its load forecast in May 2010 using more recent economic forecasts, please update the forecast to reflect the use of the most recent economic forecast data available. Please update Appendix 5 to reflect this information as well.

c) At page 16, it is indicated that Hydro One Transmission conducted a customer load forecast survey in the spring of 2009 with customers having more than 5 MW of load. Has Hydro One Transmission conducted a more recent customer load forecast survey? If yes, please provide a summary of the changes. If not, please explain why not.

2.2 Are Other Revenue (including export revenue) forecasts appropriate?

Interrogatory # 7

Ref: Exhibit C1, Tab 2, Schedule 11, Table 1 and Exhibit E1, Tab 1, Schedule 2, Table 1

a) Please provide a table for each of the Station Maintenance and Engineering & Construction categories for 2007 through 2012 that shows the revenues, costs and net margin associated with each of the two categories.

b) Please explain any trends or significant changes from year to year in the net margins shown in part (a) above.

Interrogatory # 8

Ref: Exhibit E1, Tab 1, Schedule 2, Table 1 and Exhibit C1, Tab 2, Schedule 11

a) Please provide a table similar to Table 1 of Exhibit E1, Tab 1, Schedule 2, showing 2009 actual as compared to the EB-2008-0272 forecast for 2009.

b) Please provide a table similar to Table 1 of Exhibit E1, Tab 1, Schedule 2, showing 2010 forecast as compared to the EB-2008-0272 forecast for 2010.

c) Please provide a table similar to Table 1 of Exhibit C1, Tab 2, Schedule 11 showing 2009 actual as compared to the EB-2008-0272 forecast for 2009.

d) Please provide a table similar to Table 1 of Exhibit C1, tab 2, Schedule 11 showing 2010 forecast as compared to the EB-2008-0272 forecast for 2010.

Interrogatory # 9

Ref: Exhibit E1, Tab 1, Schedule 2

a) Is Hydro One requesting the continuation of the External Secondary Land Use Revenue Account that was created as a result of the Board's EB-2008-0272 Decision? If not, why not?

b) Is Hydro One requesting the continuation of the External Station Maintenance and E&CS Revenue Account that was created as a result of the Board's EB-2008-0272 Decision? If not, why not?

Interrogatory # 10

Ref: Exhibit E1, Tab 1, Schedule 2

In EB-2008-0272 Hydro One forecast Other External revenues of $2.3 million for 2009. Actual 2009 was $3.1 million, or nearly 35% above forecast.

a) Please explain this significant variance from forecast.

b) What is the current projection, based on the most recent year-to-date actual data for other external revenues in 2010?

c) Does Hydro One believe that customers should receive the full benefit of these other external revenues and that Hydro One should not be at risk for its forecast? If not, why not.

d) Does Hydro One agree that a variance account should be used for Other External Revenues, in the same manner as the Board decided was appropriate in EB-2008-0272 for secondary land use and station maintenance & E&CS services? If not, why not?

Interrogatory # 11

Ref: Exhibit E1, Tab 1, Schedule 1

a) Please provide the actual export revenue credit for 2007, 2008 and 2009.

b) What is driving the decrease in the export revenue credit forecast from $12.0 million in 2010 to $10.1 million in 2011?

c) Is Hydro One proposing the continuation of the Export Service Credit Revenue variance account in 2011 and 2012? If not, why not?

3.1 Are the proposed spending levels for, Sustaining, Development and Operations OM&A in 2011 and 2012 appropriate, including consideration of factors such as system reliability and asset condition?

Interrogatory # 12

Ref: Exhibit C1, Tab 2, Schedule 1

a) Please provide a version of Table 1 with the actual and bridge forecast figures for 2007 through 2009 replaced with the Board approved figures for those years.

b) How much of the overall increase shown in Table 2 is a result of "Hydro One's inability to achievethe Board ordered compensation reduction due to union contract obligations"?

c) How much of the overall increase shown in Table 3 is a result of "Hydro One's inability to achieve the Board ordered compensation reduction due to union contract obligations"?

d) When was the 2010 projection shown in Table 3 made?

e) Does Hydro One have a more recent projection for 2010 expenditures that includes some actual data for 2010? If yes, please provide the current 2010 project and the year-to-date actual expenditures for the most recent month available in the same level of detail as shown in Table 3.

Interrogatory # 13

Ref: Exhibit C1, Tab 2, Schedule 7, page 8

Please provide details of the deteriorated loss experience compared to 2009 in reference to the increase in the self insurance cost.

Interrogatory # 14

Ref: Exhibit C1, Tab 2, Schedule 7, pages 29-30

a) Given the unexpected and non-recurring expenses of Transmission Other Costs shown Table 15, please explain how Hydro One forecasts these expenses for 2010 through 2012.

b) Please provide the actual Transmission Other Costs for 2005 and 2006.

c) What is the current estimate of the amount to be recorded in 2010 for Transmission Other Costs based on the most recent year-to-date information available? What is this most recent-year-to-date figure? Please also provide the corresponding figure for the same year-to-date period in 2009.

3.3 Are the 2011/12 Human Resources related costs (wages, salaries, benefits, incentive payments, labour productivity and pension costs) including employee levels appropriate? Has Hydro One demonstrated improvements in efficiency and value for dollar associated with its compensation costs?

Interrogatory # 15

Ref: Exhibit A, Tab 12, Schedule 1, Appendix A

a) What is the term of the current collective agreement with Society Staff?

b) What is the impact on the revenue requirement of a 1 percentage point reduction (i.e. from 2.5% to 1.5%) in the April 1, 2011 economic increase for Society Staff on 2011 and 2012?

c) In addition to the 1 percentage point reduction in the April 1, 2011 economic increase for Society Staff in part (b) above, what is the impact of a 1 percentage point reduction (i.e. from 2.5% to 1.5%) in the April, 2012 economic increase for Society Staff on the 2012 revenue requirement?

d) The evidence indicates that as of October 1, 2008 there were 1029 Society represented staff, of whom 440 are at the terminal step.

> i) Based on this number, what is the dollar impact in 2011 and 2012 of the annual progressions?
> ii) Please provide the most recent number available for the number of Society represented staff and the number that are at the terminal step.
> iii) Based on the response to (ii) above, what is the dollar impact in 2011 and 2012 of the annual progressions?

e) Please confirm that the economic increases for April1, 2009 and 2010 for Society Staff was 3%. If this cannot be confirmed, please provide the actual economic increases for these dates.

f) Please provide the actual economic increases effective April 1 for 2008, 2009 and 2010 for PWU Staff.

g) What is the term of the current collective agreement with the PWU?

h) What is the impact on the revenue requirement in 2011 and 2012 if the economic increases for April 1, 2011 and 2012 were reduced from 3.0% to 2.0%?

i) The evidence indicates that 14.7% of PWU staff received progressions in 2007. Please provide the corresponding actual figures for 2008 and 2009. Does Hydro One have projections for 2010, 2011 and/or 2012? If so, please provide.

j) What was the impact on the 2011 and 2012 revenue requirement of the base pay freeze for all other MCP staff?

k) Please explain what is meant by the Band 7 category of MCP staff and indicate why a base pay freeze is not applicable for them.

l) What is the total labour costs associated with the MCP employees in the Band 7 category and what percentage is this costs relative to all MCP employees?

m) Please provide the actual and forecasted MCP Short Term Incentive Plan payouts, as well and the actual and forecasted payout percentage for each of 2007, 2008 and 2009.

3.6 Are the amounts proposed to be included in the 2011 and 2012 revenue requirements for income and other taxes appropriate?

Interrogatory # 16

Ref: Exhibit C1, Tab 2, Schedule 13

a) Please provide the most recent year-to-date actual costs associated with property tax and rights payments for the 2010 bridge year.

b) Please provide the corresponding year-to-date figure for 2009 for the property tax and rights payments categories.

c) Please explain what is driving the forecasted increase in 2010 in property taxes, including any projections related to assessed value and tax rates.

d) Please provide all calculations and assumptions used in the forecasts for 2011 and 2012 shown in Table 2 for transmission lines and stations and buildings, including proxy tax.

Interrogatory # 17

Ref: Exhibit C1, Tab 2, Schedule 13

With respect to rights payments, the evidence at pages 5-6 reflects that Hydro One is unable to predict the outcome or the timing of future negotiated agreements and the amount that it will have to pay to secure the crossing or occupational rights with railway companies or First Nations. For planning purposes, Hydro One is forecasting an increase to $4.5 million from $2.4 million in 2009.

a) Please explain the reduction in rights payments from 2007 ($2.8) to 2008 ($2.7) to 2009 ($2.4).

b) Please breakout the $2.4 million cost shown for 2009 into the components associated with railway companies and with First Nations.

c) Has Hydro One reached any agreements related to the costs associated with the crossing or occupational costs with either railway companies or First Nations? If yes, please provide the details and the estimated cost impact.

d) Would Hydro One be open to the use of a variance account to deal with the uncertainty in the outcome and the timing associated with rights payments? If not, why not?

Interrogatory # 18

Ref: Exhibit C2, Tab 5, Schedule 1, Attachment 1, and Exhibit C5, Tab 5, Schedule 2, Attachment 1

In Exhibit C2, Tab 5, Schedule 1, Attachment a, line 14 of the schedule is labeled Ontario Education Credits. Line 21 also includes a reference to these credits.

a) Please explain how the amount of these credits has been calculated for 2011 and 2012, including the number of positions available for these credits in each year.

b) How many such positions qualified for the Ontario Education Tax Credit (CETC) in each of 2007, 2008 and 2009?

c) Has Hydro One used the CETC rate of 25% of salaries and wages paid to a limit of $3,000 per work placement? If not, why not?

d) The 2008 CETC claimed was $330,000 (CT23, page 7 of 20). Please provide the CETC claimed for 2009.

Interrogatory # 19

Ref: Exhibit C2, Tab 5, Schedule 1, Attachment 1

a) Where are the provincial Apprenticeship Training Tax Credits shown?

b) Where are the federal apprenticeship job creation tax credits shown?

c) Please add a column to the schedule to show the 2010 Bridge year calculations.

Interrogatory # 20

Ref: Exhibit C2, Tab 5, Schedule 1, Attachments 3 and 4

a) Please add 2009 actual figures to Attachment 3.

b) Please replace the 2009 CCA calculations shown in Attachment 4 with the actual figures for 2009.

Interrogatory # 21

Ref: Exhibit C2, Tab 5, Schedule 2

Please provide equivalent attachments A, B and C for actual 2009 income taxes.

Interrogatory # 22

Ref: Exhibit C2, Tab 5, Schedule 2

The provincial ATTC shown at page 7 of 20 of form CT23 in Attachment A shows a credit of $1,399,641 for 2008 and is based on 347 eligible positions.

a) Please provide the corresponding figures for 2009 (credit amount and number of eligible positions).

b) Please provide the forecasted number of eligible positions for 2010, 2011 and 2012.

c) Please provide the forecasted ATTC credit for 2011 and 2012.

d) Has Hydro One reflected the rules that allow a deduction of 35% of wages and salaries paid to a maximum credit of $10,000 per apprentice, and extending the period for the first 48 months of an apprenticeship in the 2011 and 2012 forecasts? If not, why not?

Interrogatory # 23

Ref: Exhibit C2, Tab 5, Schedule 2

The federal Apprenticeship Job Creation figures shown in Attachment A show a total credit of $636,693 based on 340 positions.

a) Please provide the corresponding figures for 2009 (credit amount and number of eligible positions).

b) Please provide the forecasted number of eligible positions for 2010, 2011 and 2012.

c) Please provide the forecasted federal credit for 2011 and 2012.

Interrogatory # 24

Ref: Exhibit C2, Tab 5, Schedule , Attachments 2 & 4

a) Please explain why a rate of 100% with no half rule applied is applicable to all the assets in Class 50 in 2010. In particular, why are the opening assets of $11.8 not subject to the 55% rate for Class 50 as in 2009 as compared to the 100% rate (with no half year rule) associated with Class 52 in 2009?

b) Should the additions of $8.4 shown in 2010 for Class 50 actually be included in Class 52, as was the case in 2009?

c) Does Hydro One expect to add any of the $7.3 million in Class 50 assets shown for 2011 before February, 2011? If so, please show the addition of the forecasted amount to Class 52 in 2011.

d) Please provide updated CCA schedules for 2010, 2011 and 2012 based on the responses provided above to reflect the UCC from Class 50 in 2010 being carried forward to 2011 and 2012 and any change to 2011 based on the response to (c) above. Please also reflect any CCA changes for all classes based on the actual 2009 CCA claimed.

4.1 Are the amounts proposed for rate base in 2011 and 2012 appropriate?

Interrogatory # 25

Ref: Exhibit D1, Tab 1, Schedule 1, Table 3 and Table 4

a) Please explain why the gross plant was significantly lower in each of 2009 and 2010 as compared to the Board approved levels.

b) Please explain why the accumulated depreciation in 2009 and 2010 was higher than the Board approved figures despite the lower gross plant in service.

Interrogatory # 26

Ref: Exhibit D1, Tab 1, Schedule 1, Tables 3 & 4 and Exhibit D1, Tab 1, Schedule 4, Table 1

Please reconcile the 2009 and 2010 figures shown in Table 1 of Schedule 4 with the figures shown in Tables 3 and 4 of Schedule 1. Is all of the difference related to the CICA Handbook Section 3031 adoption?

Interrogatory # 27

Ref: Exhibit D1, Tab 1, Schedule 1, Table 2 and Exhibit D1, Tab 1, Schedule 4, Table 1

The increase in inventory shown in Table 1 of Schedule 4 in 2011 compared to 2010 is approximately 37%, while the increases shown in Table 2 of Schedule 1 for in-service additions and closing asset balances over the same period are significantly lower. Please explain what is driving the significant increase in inventory levels in 2011 as compared to 2010 given the level of additions and closing asset balances.

Interrogatory # 28

Ref: Exhibit D1, Tab 4, Schedule 1

a) Please update the calculation of the 2010 AFUDC to reflect the quarterly prescribed CWIP rates of 4.34% for the first and second quarter of 2010 and 4.66% for the third quarter of 2010. Please assume a rate of 4.66% for the fourth quarter of 2010.

b) Please update Table 1 for 2011 and 2012 to reflect the most recent ten year Government of Canada forecast and the most recent spread between the ten year Government of Canada bond yield and the average DEX Mid-Term Corporate Bond Index Yield.

4.5 Are the inputs used to determine the working capital component of the rate base and the methodology used appropriate?

Interrogatory # 29

Ref: Exhibit D1, Tab 1, Schedule 3, Table 2

Please update the GST Cash Working Capital Requirement to reflect an HST cash working capital requirement based on the rate of 13%.

5.1 Is the proposed capital structure appropriate?

Interrogatory # 30

Ref: Exhibit B2, Tab 1, Schedule 1

a) Please explain how the preference shares of $239 million are factored, if at all, into the overall cost of capital. If the preference shares are not included in the cost of capital calculation for 2011 or 2012, please explain why not.

b) Did the issue of preference shares and their treatment arise during the EB-2009-0084 consultation? Please provide details.

5.2 Is the proposed timing and methodology for determining the return on equity and short-term debt prior to the effective date of rates appropriate?

Interrogatory # 31

Ref: Exhibit B1, Tab 1, Schedule 1

a) For comparative purposes, please update the return on common equity for each of the 2011 and 2012 test years using the most recent information available. Please provide all the data and calculations involved.

b) For comparative purposes, please update the deemed short term debt rate for each of the 2011 and 2012 test years using the most recent information available. Please provide all the data and calculations involved.

c) Please explain how Hydro One has estimated a spread of 150 basis points to be charged to be charged to it to obtain a short-term loan in the bank market. What is the current estimate of this spread?

d) At pages 2 and 3, the evidence indicates that for rates effective January 1, 2011, the Board would determine the short term debt rate for Hydro One Transmission based on the September 2010 Bank of Canada data which would be available in October 2010 plus the average spread. A similar proposal is made for the 2012 rates.

Given that the average spread referred to above is calculated by Board Staff and is calculated once a year, in January, please explain how this timing would fit into the Hydro One proposal. In particular, is Hydro One requesting that the Board Staff calculate the average spread in September of each year?

e) The spread obtained by Staff is based on R1-low utility over the 3-month Bankers' Acceptance rate. However, Hydro One indicates that it has an R1-middle rating (Exhibit B1, Tab 2, Schedule 1, Table 1). Please explain how this should impact on the spread used by Hydro One in determining a deemed short-term debt rate.

5.3 Is the forecast of long term debt for 2010-2012 appropriate?

Interrogatory # 32

Ref: Exhibit B1, Tab 2, Schedule 1

a) The evidence indicates at page 4, lines 16-22, that Hydro One can convert $150 million of transmission mapped notes into a variable or floating rate debt paying an effective interest rate of three-month bankers' acceptance rate plus 40 basis points and this variable rate debt has been included as part of the deemed short-term debt amount equal to 4% of rate base.

Please explain the 40 basis points addition to the three-month bankers' acceptance as compared to the 150 basis point addition discussed in Exhibit B1, Tab 1, Schedule 1.

b) Please update Table 4 based on the most recent Consensus Forecasts and the most recent average spreads (five to ten year for the five year forecast and thirty to ten year for the thirty year forecast) and the most recent information for the Hydro One credit spreads.

c) Please provide the actual Hydro One spread for 5, 10 and 30 year debt for 2006, 2007, 2008 and 2009.

Interrogatory # 33

Ref: Exhibit B2, Tab 1, Schedule 2

a) Please update the schedules on pages 4, 5 and 6 to reflect any additional actual debt issued in 2010 and the response to part (b) of the previous interrogatory that updated Table 4.

b) Please explain the significant increase in Treasury OM&A costs from $1.4 in 2007, $1.5 in 2008 and $1.2 in 2009 to $2.0 in 2010 and to $2.1 in 2011 in 2012.

c) What is the current year-to-date expense in 2010 associated with Treasury OM&A costs?

d) Please explain the significant increase in other financing-related costs from $1.3 in 2007, $1.2 in 2008, and $1.2 in 2009 to $5.0 in 2010 and to $5.7 in 2011 and 2012.

e) What is the current year-to-date expense in 2010 associated with other financing-related costs?

6.1 Are the proposed amounts, disposition and continuance of Hydro One's existing Deferral and Variance accounts appropriate?

Interrogatory # 34

Ref: Exhibit F1, Tab 1, Schedule 1, Table 2

a) Please provide a list of all other regulatory asset accounts, along with a brief description, other than those shown in Table 2.

b) If any of the regulatory asset accounts identified in (a) above have a debit or credit balance at the end of 2009 or are forecast to have a debit or credit balance at the end of 2010, please provide the balance and explain why Hydro One is not requesting clearance of these balances in 2011 or 2012.

8.1 Is it appropriate to implement "AMPCO's High 5 Proposal" in place of the status quo charge determinants for Network Service?

Interrogatory # 35

Ref: Exhibit H1, Tab 3, Schedule 1

a) Is Hydro One able to split the Network revenue requirement into pools by region, taking into account the intra and inter region nature of its various capital expenditures?

b) Is Hydro One able to split the Network charge determinants into the various regions?

Interrogatory # 36

Ref: Exhibit H1, Tab 3, Schedule 1, Table 2

a) Please provide the dates of the 5 highest peak days used in Table 2 and provide the MW for each of those days.

b) Please provide the MW for each of the next 5 coincident peak days in 2009.

c) Please provide the MW for the coincident peak demand on the highest day in each month of 2009.

d) Please provide a breakdown of the network charge determinants shown in Table 2 between LDCs, Directs and Power Producers.

e) Please provide a breakdown of the response provided to part (b) above between LDCs, Directs and Power Producers.

f) Please provide a breakdown of the response provided in part (c) above between LDCs, Directs and Power Producers.

Interrogatory # 37

Ref: Exhibit H1, Tab 3, Schedule 1

a) Please fill in the following table based on actual Network revenue billed for 2009. For the High 5 Methodology, please use the formula shown on page 5 under the assumption that the revenue requirement is equal to the actual Network revenue billed for 2009.

Customer Group	2009 Actual	High Five Proposal	Variance
LDCs			
Directs			
Power Producers			
Total			0

b) Again assuming that the revenue requirement is equal to the actual Network revenue billed for 2009, please complete the following table for the network revenue.

Customer	2009 Actual	High Five Proposal	Variance
Toronto Hydro			
London Hydro			

c) Based on Hydro One's forecasted network revenue requirement as filed and the network charge determinants shown in Table 1, please show the revenues that would be recovered from each of the three customer groups (LDCs, Directs, Power Producers).

d) Based on Hydro One's forecasted network revenue requirement as filed and the network charge determinants shown in Table 2 and the formula shown on page 5, please show the revenues that would recovered from each of the three customer group (LDCs, Directs, Power Producers).

e) Is there more or less network revenue variability under the High Five methodology than under the current methodology? Please explain.

f) If the High Five Methodology fixes the current network related costs to each existing customer, does the addition of any new customer to the transmission system result in additional revenue to Hydro One over and above the networks revenue requirement? Please explain.

g) If the High Five Methodology fixed the current network related costs to each existing customer, does this imply that the only benefit to the customer of reducing their current peak is that it might reduce their allocation of the network pool costs in the following year, assuming they reduce their peak in the five hours that will be used to allocate those costs for the following year?

h) How does Hydro One design its transmission system to meet the coincident peak demand? In particular does Hydro One make any assumptions about the demand from the direct customers at the time of a coincident peak or a potential coincident peak? If so, what?

9.2 Are Hydro One's accelerated cost recovery proposals for the Bruce-to-Milton line and for Green Energy projects appropriate?

Interrogatory # 38

Ref: Exhibit A, Tab 11, Schedule 5

a) Please provide the value of the AFUDC included in the $393.6 million as of December 31, 2010.

b) Please provide an estimate of AFUDC for 2011 assuming the accelerated cost recovery of CWIP is denied and the assets go into service in 2012.

c) Please provide the total net present value cost under each of the approaches considered. That is, the accelerated cost recovery of CWIP as proposed by Hydro One and the standard approach of capitalizing AFUDC and including the amount in rate base when the assets are put into service. Please use the 2012 capital structure, returns and tax rate for subsequent years in the analysis and provide all assumptions and calculations used.

d) Based on the deemed capital structure and cost of capital figures shown in Table 2, and assuming the same figures as 2012 for years beyond 2012, what is the total revenue requirement (undiscounted) to be recovered from ratepayers over the life of the project under each of the two scenarios below:

i) expenditures, including AFUDC added to rate base in 2012
ii) accelerated cost recovery as proposed by Hydro One.

Please show all calculations, or provide a live Excel spreadsheet that contains all the calculations.

e) Please explain why Hydro One believes it is appropriate to earn a return on equity on CWIP.

f) What would be the impact on the revenue requirement if Hydro One were allowed to earn only a return based on the cost of long-term and short-term debt?

g) What would be the impact on the revenue requirement if Hydro One were allowed to recover only the forecasted AFUDC?