

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

**AND IN THE MATTER OF** an application by Hydro Ottawa Limited for an order approving just and reasonable rates and other charges for electricity distribution to be effective January 1, 2011.

**INTERROGATORIES FOR HYDRO OTTAWA LIMITED  
FROM THE CONSUMERS COUNCIL OF CANADA**

**GENERAL:**

1. (A1/T2/S3) Hydro Ottawa is seeking approval of a rate year commencing January 1, 2011. In effect, its customers will be paying higher rates as of January 1, 2011, three months earlier than under the current framework. Please explain why this proposal would be fair to ratepayers? Would Hydro Ottawa be willing to accept a proposal to move to January 1 rates , but deferring implementation to May 1, 2011, thereby minimizing the impact on ratepayers? If not, why not?
2. (A1/T7/s1/p. 3) Please describe all of the activities Energy Ottawa is involved in. Will Energy Ottawa be the delivery agent for Hydro Ottawa's CDM programs as of January 1, 2011? If so, will the allocation of costs to Energy Ottawa increase?
3. (A1/T7/S2) The evidence lists a number of positions including CEO, CFO etc. It then states that "strategic leadership is provided by the following positions in Hydro Ottawa Inc. Operational activities related to these functions remain within Hydro Ottawa." Please explain the difference between strategic leadership and operational activities. For each of the 10 positions listed please indicate where these positions reside, in Hydro Ottawa Holding Inc. or Hydro Ottawa. For each of these positions please indicate the allocation of the salaries between Hydro Ottawa Holding Inc. and Hydro Ottawa.
4. (A1/T7/S3/Attachment D) The SLA between Hydro Ottawa Holding Inc. and Hydro Ottawa Limited has been provided. For each of the services please provide a schedule setting out the

total amounts. For example \$650,000 is allocated to Hydro Ottawa for General Counsel and Regulatory Affairs. What is the total amount, prior to the allocation?

5. (A2/T1/S3/p. 1) The evidence sets out the main factors contributing to the revenue deficiency. Please provide a more detailed breakdown of the costs within each category.

6. What is Hydro Ottawa's current plan as to when it expects to file its next cost of service rate application?

7. The Board is expected to finalize its CDM Code in the Fall of 2010. What impact will that Code and the requirements contained in it have on Hydro Ottawa's 2011 revenue requirement?

8. Please set out Hydro Ottawa's plans with respect to the Special Purpose Charge. Has the payment to the Government been made? On what basis is Hydro Ottawa collecting its allocation from its customers. What is the total amount Hydro Ottawa is required to remit?

9. Please indicate any impacts on the 2010 revenue requirement regarding low-income programs. Please indicate what the activities and costs have been for Hydro Ottawa regarding low-income programs for the period 2008-2010. How have these costs been recovered?

**RATE BASE:**

10. (B1/T2/S1) Please provide a schedule setting out the following:

- (i) Distribution Sustainment, Distribution Demand and General Plant budgets for the years 2008-2011 Actual and Board approved (where applicable);
- (ii) Variance analysis to support the variances;
- (iii) Total Capital Expenditures for each year.

11. (B1/T2/S1/pp. 1-4) Please provide a schedule setting out the budget amount for each program in Tables 1-3.

12. (B1/T2/S5/p. 17) Hydro Ottawa has indicated that it intends to proceed with Option 4 as its Facilities Strategy. Please provide an update on the progress on the hiring of a Project Manager. Does Hydro Ottawa still expect to have \$4 million of in-service capital additions in place in 2011? If not,

what is the current budget? If lands/buildings are sold how will any gains be dealt with from a regulatory perspective?

13. (B1/T2/S5/p. 21) Please explain, specifically how the \$5.5 million budgeted for Facilities was derived.

14. (B1/T2/S6) Please provide a detailed budget for Hydro Ottawa's Fleet Strategy Budget for each year 2006 to 2011. Please include Board approved amounts where applicable and any variance analysis.

15. (B3/T2/S1) Did Hydro Ottawa retain an independent consultant to review its lead-lag results? If not, why not?

16. (B4/T4/S1) Please provide a schedule in the same format as Table 1 - 2011 Capital Expenditures which includes 2006 to 2010. Please include Board approved where applicable.

#### **INFORMATION TECHNOLOGY:**

17. (B1/T2/S4) For each year 2006-2011 please provide a detailed budget for Hydro Ottawa's Information Technology expenditures. Where applicable please provide Board approved levels and any variance analysis.

18. (B1/T2/S7) What is the revenue requirement impact in 2011, if any, of Hydro Ottawa's decision to pursue a CIS transition project?

#### **OPERATING REVENUE:**

19. (C1/T1/S1) Please provide an updated system energy forecast for 2010 and 2011.

20. (C2/T1/S1) For each of the Other Revenue categories please explain how the forecast is derived. Please explain how, if at all the way in which these forecasts have changed since Hydro Ottawa's last cost of service rate proceeding.

21. (C2/T2/S1/p. 3) Please recast Table 2 to include Board approved amounts for 2008.

#### **OM&A:**

22. (D1/T1/S1/p. 3) Hydro Ottawa is forecasting customer growth at 1.3%. Please explain how that forecast was derived. Please provide the forecast of suite metering customers for 2011.

23. (D3/T1/S1/p. 1) Please recast Table 1 to include 2009-2011.
24. (D3/T1/S1/p. 1) For each of the categories under Community Relations and Administrative and General please provide a detailed description of each activity.
25. (D3/T1/S1p. 3) Please provide a detailed budget for Regulatory Expenses - 2008-2011. Please include all internal and external costs, and all assumptions used to derive each component of the budget. For the 2011 costs please indicate how these costs are to be recovered.
26. (D3/T1/S4/p. 1) The 2011 budget has an amount of \$2.484 million for ``Miscellaneous Distribution Expense``. What is included in this area? Please provide a detailed breakdown of this budget.
27. (D3/T1/S4/p. 1) Please explain the significant increase in General Administrative Salaries and Expenses and Management Salaries and Expenses relative to 2010.
28. (D3/T1/S4/p. 1) Please identify, for each year the number of vacancies, in each employee category.
29. (D4/T1/S1/p. 7) Please explain how Hydro Ottawa forecasts annual overtime costs.
30. (D4/T1/S1) Please provide the missing information for 2010 and 2011

#### **DEFERRAL AND VARIANCE ACCOUNTS:**

31. (I1/T1/S2/p. 2) Hydro Ottawa is seeking recovery of \$514,282 for Incremental IFRS costs. Please provide a detailed breakdown of these costs. Are further costs expected? If, so please indicate what those costs are and how they will be recovered.

#### **SMART METERS:**

32. (I2/T1/S1) Please provide HON's actual cost per residential customer for its entire smart meter program. Please include both capital and OM&A costs. In addition, please indicate what the expected cost is to be once the entire program has been rolled out.
33. (I2/T1/S1/p. 7) For each of the OM&A categories on Table 4 please provide a detailed description of each component and a detailed budget for each component for 2009 and 2010.

34. (I2/T1/S1/p. 3) HON is seeking recovery of \$2.073 million in capital additions for integration to the provincial MDM/R that occurred in prior years. Please explain the nature of these expenditures and a further breakdown of the cost components.

35. (I2/T1/S1) Please describe Hydro Ottawa's plans regarding suite metering for 2010 and 2011. Please provide all costs and explain how those costs are to be recovered.

**GREEN ENERGY PLAN:**

36. (B1/T2/S3) Please describe, in detail, the relief Hydro Ottawa is seeking with respect to its Green Energy Plan. What does Hydro Ottawa see as its obligations arising out of the OEB's filing guidelines?

37. (B1/T2/S3/p. 1,12) The evidence states that Hydro Ottawa has included systemic work that will be required to ensure the interconnection of renewable generation and other distributed resources that do not increase risks or constraints on the system. In addition, Hydro Ottawa has identified a range of projects that it believes should be undertaken in anticipation of the interconnection requests to ensure that it is able to respond to requests in a timely and cost efficient manner. What evidence does Hydro Ottawa have regarding actual renewable projects that will be developed in its service area?

38. (B1/T2/S3/p. 2) Hydro Ottawa states that with respect to the Goulbourn Expansion it is confident that if the line were constructed a number of renewable projects would begin moving forward. What if the projects do not materialize? Please provide any economic feasibility studies/business cases prepared for this expansion. Wouldn't it be more appropriate to wait for these projects to be confirmed before embarking on the project?

39. (B1/T2/S3/p. 12) Hydro Ottawa indicates that it has received the application for 42 FIT projects through the OPA totalling 64.6MW. Please explain what this means. What is the status of these projects? Have the developers signed actual contracts with the OPA? Are these projects definitely going ahead? Have any of them been impacted by the new pricing schedule announced by the Minister on July 2?

40. (B1/T2/S3/p. 13) What is the impact on the 2011 revenue requirement of the Goulbourn project?

41. (B1/T2/S3/p. 15) Please provide an economic feasibility study/business case for the Protective Relay Upgrades Project. What is the impact of the project on the 2011 revenue requirement?
42. (B1/T2/S3/p. 16) Please provide an economic feasibility study/business case for the Communication Infrastructure - Smart Grid Communication project. What is the impact of the project on the 2011 revenue requirement?
43. (B1/2/S3/p. 23) Please explain why Hydro Ottawa's ratepayers should fund the SuRE Program at Carleton University? Why is this not considered a charitable donation and funded by Hydro Ottawa's shareholders?
44. (B1/S2/T3/p. p. 24) Hydro Ottawa is proposing, as a part of its Green Energy Plan, to create 4 additional roles in Asset Planning and Conservation and Demand Management. Will these positions be funded through the Global Adjustment mechanism? If not, why not?
45. (B1/S2/T3/p. 24) The evidence states that Hydro Ottawa is not seeking recovery of any green investments from Provincial ratepayers. Why not?
46. (B1/S2/T3/p. 25) Please explain what Hydro Ottawa is doing in order to "collaborate with other LDCs, and the OPA to identify new technologies that can enhance system performance and enable greater renewable penetration levels within HOL's system and within the Province".
47. (B1/S2/T3/p. 26) Hydro Ottawa has identified a number of potential projects/investments that could be undertaken in the 2012-2015 timeframe. Are there any costs in the 2011 revenue requirement related to these activities? If so, please identify those costs.

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