

Interrogatory #1

Following publication of the Notice of Application, has Hydro Ottawa received any letters of comment that have not been filed with the Board by the customer? If so, please file a copy of such letter(s) together with the applicant's reply. If letter(s) have been received and not responded to, please provide an explanation and confirm that the applicant will respond.

To date, Hydro Ottawa has not received any letters of comment on the 2011 Distribution Rate Application that have not been filed with the Board by the customer.



1 **Interrogatory**

2 Interrogatory #2

3
4 Budget for Facilities

5
6 Ref: Exhibit B1 / Tab 2 / Schedule 5

- 7
- 8 a. Has Hydro Ottawa prepared NPV costs for Options 2 and 3, comparable to the
- 9 information on Options 1 and 4 in Table 7 on p. 18? If so, please provide the costs.
- 10 b. Has Hydro Ottawa prepared four-year budgets for Options 1, 2 and 3, comparable to
- 11 the information on Option 4 in Table 12 on p. 21? If so, please provide the
- 12 alternative budgets. If alternative budgets are not available, please provide a brief
- 13 description of the capital expenditures that are included in test year General Plant
- 14 Capital Expenditures that are a result of Option 4 distinct from the other options.
- 15

16 **Response**

- 17
- 18 a. No, Hydro Ottawa has not prepared NPV costs for Options 2 and 3. During the
- 19 analysis, Option 2 and 3 were dismissed early in the process as the cost of
- 20 demolition, temporary relocation of a significant number of staff and the activation of
- 21 back-up system office evident in these two options would greatly exceed the costs of
- 22 Options 1 or 4.
- 23
- 24 b. For the reasons, noted above, Hydro Ottawa has not prepared four-year budgets for
- 25 Options 2 and 3. Option 1 was budgeted for purposes of the NPV calculation, please
- 26 see the response to VECC #25 for details. The capital expenditures included in the
- 27 test year General Plant Capital Expenditures which are a result of Option 4 are as
- 28 follows:
- 29
- 30



Table 1 – Budgeted Costs for Test Year (2011)

	2011
Administrative Building – Land	\$2.5M
East Operations – Land	\$1.5M
East Operations - Building	\$1.5M
Total	\$5.5M

The land for the Administrative Building was budgeted at slightly above \$825,000/acre for 3 acres. The land for the East Operations was budgeted at \$300,000/acre for 5 acres. These forecasted figures were arrived at through consultation with Colliers International by looking at other transactions around the city in the areas that would be conducive to the East Operations Centre and the Administrative Building. The East Operations building including the Crane and Transformer Shop was budgeted at \$7.5M based on the Hydro Ottawa's most recent experience in building the West Operations Centre in 2005. The budget took into account the variability in size and other components such as the Crane and Transformer Shop. It is anticipated that 20% of these budgeted costs for the East Operations Centre building would be spent in 2011 resulting in \$1.5M as noted in the table above. The finalization of the detailed budget is included in the first phase of the Project Manager's responsibilities.



1 **Interrogatory**

2 Interrogatory #3

3
4 Disposal of Assets

5
6 Ref: Exhibits B2 / Tab 1 / Schedule 1, and C2 / Tab 1 / Schedule 5

7
8 Tables 5 and 6 in the Exhibit B2 reference do not have a column for Disposals whereas
9 the previous tables do have this item. The reference in Exhibit C2 shows a budget for
10 disposals of \$101,000 and \$103,020 for 2010 and 2011 respectively.

11
12 a) Please confirm that the test year rate base is consistent with the budget for
13 disposals.

14
15 b) Please confirm that the description of disposals in previous years also applies to the
16 planned 2011 disposals, or describe any substantial or unusual disposals.

17
18 **Response**

19
20 a) Traditionally Hydro Ottawa doesn't show routine disposals in the budgeted fixed
21 asset continuity schedule because the amounts are immaterial and subject to a
22 certain degree of uncertainty.

23
24 b) Yes the description of disposals in previous years, i.e. that as a normal course of
25 business Hydro Ottawa disposes of items that are no longer of use to operations,
26 such as vehicles, equipment etc., applies to the planned 2011 disposals.



1 **Interrogatory**

2 Interrogatory #4

3
4 Working Capital – Cost of Power

5
6 Ref: Exhibits B3 / Tab 1 / Schedule 1 / Attachment T and C1 / Tab 1/ Schedule 1

7
8 The total kWh in the first row of Attachment T is not precisely equal to the normalized
9 weather load forecast in Table 3 in Exhibit C1/1/1. If the numbers are intended to be
10 identical, please determine which is correct and make any adjustments that are of a
11 material size. If they are intended to be different from each other, please explain.

12
13 **Response**

14
15 The total kWh in the normalized weather load forecast in Table 3 of Exhibit C1-1-1
16 represents the results from the load forecasting model before any adjustment has been
17 made for the Conservation and Demand Management (“CDM”) targets. The total kWh in
18 the first row of Attachment T of Exhibit B3-1-1 is the forecast of purchased kWh after the
19 adjustment for CDM and therefore would not be equal to the number in Table 3 of
20 Exhibit C1-1-1.



Interrogatory

Interrogatory #5

Working Capital – Cost of Transmission

Ref: Exhibits B3 / Tab 1 / Schedule 1 / Attachment T and H1 / Tab 3 / Schedule 1

The forecast of Network cost in Exhibit B3 is \$50.8 million, compared to the most recent actual cost of \$36.9 million in 2009. The forecast of Connection cost is \$35.9 million compared to actual cost of \$25.6 million.

a. Please provide an explanation of the forecast Network cost, showing the effect of the Uniform Transmission Rate, load growth, and any other factors that underlie the forecast.

b. Please provide an explanation of the forecast Connection cost, showing the effect of the Uniform Transmission Rates, load growth, and any other factors. Please include information on the proportion of Hydro Ottawa's total load that is charged for Transformation Connection, compared to the proportion that is delivered through stations that belong to Hydro Ottawa.

Response

a.& b. Table 1 below provides an explanation of the effect of the Uniform Transmission Rates ("UTR") and load growth on the 2011 forecasted Network and Connection costs compared to 2009 actuals.



1

Table 1 – Network and Connection Charges

	2009 Actual \$M	Changes \$M	2011 Budget \$M
Network Charges 2009	36.9		
5% growth in peak demand		+2.6	
2010 Actual and 2011 Forecast of UTR		+11.3	
Network Charges 2011			50.8
Connection Charges 2009	25.6		
5% growth in peak demand		+1.8	
Low Voltage Switchgear Credit included in Actuals		+2.5	
2010 Actual and 2011 Forecast of UTR		+6	
Connection Charges 2011			35.9

2



1 **Interrogatory**

2 Interrogatory #6

3
4 Harmonized Sales Tax (HST)

5
6 Ref: Exhibit B3 / Tab 2 / Schedule 1 and Exhibit B4 / Tab 4 / Schedule 1

7
8 Table 24 on p. 19 of the Exhibit shows that Hydro Ottawa's expense from HST would
9 have been approximately \$9.8 million more than the cost of GST in 2008, according to
10 Table 22 on p. 17. The difference in 2009 would have been approximately \$10.3
11 million, based on Tables 23 and 25.

12
13 a. Please describe the main components of Hydro Ottawa's expenses that would have
14 created the increased tax cost.

15
16 b. Hydro Ottawa reduced its test year capital expenditures by \$3 million based on a
17 preliminary analysis of the effect of the GST (ref: B4/4/1/p. 2). If there is a material
18 difference between this estimate and actual capital expenditures, will it be recorded
19 eg. in a variance or deferral account?

20
21 **Response**

22
23 a. In relation to the calculation of the working capital allowance, Exhibit B3-2-1 Tables
24 16, 17, 18 and 19 show the calculation of the GST Expense Lead. By far the most
25 significant component of the GST Expense lead is the cost of power. Amounts paid
26 to the Independent Electricity System Operator, Hydro One Networks Inc. and
27 embedded generators are now subject to HST, and therefore the tax cost on the cost
28 of power has increased by 8%. The HST expense lead therefore increases
29 accordingly.



1 Hydro Ottawa also calculated a small component of the GST expense lead based on
2 operating, maintenance and administration (“OM&A”) costs that were subject to GST
3 (excluding payroll and property taxes). These costs are now subject to HST. Any
4 minor differences between the application of HST and GST to OM&A expenses
5 would be immaterial in the overall calculation of the HST lead, given the relative size
6 of the OM&A expenses to the cost of power expenses.

- 7
- 8 b. Hydro Ottawa reduced its capital expenditures for 2011 by \$3M based on an analysis
9 of the effects of the HST. Any difference between this estimate and the actual effect
10 of the HST will not be recorded in a variance account, in the same way that any
11 difference between the budgeted capital expenditures and the actuals are not
12 recorded in a variance account.



Interrogatory

Interrogatory #7

Load Forecast Model

Ref: Exhibit C1 / Tab 1 / Schedule 1

- a. Please provide definitions and the units of measure of the independent variables shown in Table 17 and any additional factors not included in Table 17 that Hydro Ottawa uses in its econometric model.
- b. Please provide the time period of the data used in Hydro Ottawa's econometric forecast model.
- c. Please confirm that the same model produced the forecasts for 2005-2009 reported in Table 1. Alternatively, please describe any differences in the previous model(s) compared to the one used for the 2011 forecast.

Response

- a. The following table provides the definitions and the units of measure of the independent variables shown in Table 17 of Exhibit C1-1-1.

Table 1 - Independent Variables

Variable	Definition	Units
GDP	GDP at Basic Prices	(Millions \$ 2002)
RPI	Real Personal Income per Capita	(\$ 2002)
POP	Total Population	('000)
Emp	Total Employment	('000)
NManEmp	Non Manufacturing Employment	('000)

Note that Table 17 inadvertently showed some incorrect information. The correct information is shown below:



Table 2 – Economic Variables

	GDP	% Chg	RPI	% Chg	POP	% Chg	Emp	% Chg	NMan Emp	% Chg
2003	40,665		37,627		1,132		606		571	
2004	41,865	2.95	38,658	2.74	1,142	0.91	609	0.50	572	0.13
2005	43,035	2.79	39,640	2.54	1,151	0.76	619	1.66	582	1.73
2006	44,446	3.28	41,296	4.18	1,162	1.00	643	3.88	602	3.44
2007	45,550	2.48	42,806	3.66	1,169	0.60	651	1.26	608	1.04
2008	45,954	0.89	43,681	2.04	1,201	2.68	669	2.67	630	3.69
2009	45,427	-1.15	43,988	0.70	1,221	1.66	660	-1.35	624	-1.05
2010	46,677	2.75	44,260	0.62	1,235	1.21	666	0.94	630	1.00
2011	47,661	2.11	44,280	0.04	1,244	0.70	669	0.47	632	0.27

b. The time periods for the data used in Hydro Ottawa's econometric forecast model is as follows:

- hourly system energy data May 2002 to January 2010,
- monthly system energy data prior January 1997 to May 2002,
- customer count, monthly sales data for energy consumption and peak demand 2002 to January 2010,
- weather data from 2000 to 2009 – temperature and humidity, monthly Heating Degree Days ("HDD") and Cooling Degree Days (CDD") obtained from Environment Canada for the Ottawa Macdonald-Cartier International Airport, and
- economic variables for the Ottawa area: population, Gross Domestic Product ("GDP"), Real Personal Income ("RPI"), etc., received from the Conference Board of Canada. February 1995 to January 2010.

c. The 2005-2009 forecasted system energy in Table 1 of Exhibit C1-1-1 was not all produced by the same model. The forecasts for 2005 to 2007 were produced using an internally developed forecasting methodology. The forecasts for 2008 and 2009 were produced using the Itron's *MetricND* model, which was also used to produce the 2011 forecast. The main difference with the *MetricND* model compared to the previous methodologies is that it includes a more rigorous weather correcting methodology.



Interrogatory

Interrogatory #8

Forecast Consumption per customer in the Residential Class

Ref: Exhibit C1 / Tab 1 / Schedule 1

- a. Please provide a calculation of the weather normal sales to the Residential class on a per customer basis, starting at 2005 or earlier.
- b. Please confirm that the forecast for 2011 is approximately 4.6% lower than the actual consumption per customer in 2009, based on the data in Tables 9 and 10, and provide an analysis of what factor(s) are responsible for this forecast decrease.

Response

- a. Table 1 below provides the calculation of the weather normal sales to the Residential class on a per customer basis, starting at 2005. Figure 1 of Exhibit C1-1-1 shows this information graphically.

Table 1 – Residential Average Weather Normal Consumption kWh/month

	2005-2009 Weather Normal kWh sales, 2010, 2011 Forecast	Average Residential Customers	Weather Normal Sales kWh per Customer per Month
2005	2,275,235,780	250,599	757
2006	2,244,470,920	254,245	736
2007	2,255,875,460	258,262	728
2008	2,239,393,670	262,786	710
2009	2,261,788,990	267,225	705
2010	2,222,788,088	271,587	682
2011	2,229,754,498	276,039	673



- 1 b. The 2011 forecast of Residential average weather normal consumption kWh/month
2 of 673 kWh/month is 4.4% lower than the actual consumption per customer in 2009
3 of 704 kWh/month and the following factors are responsible for this forecasted
4 decrease:
5

2009 weather normalized	+0.1%
Natural conservation and impact of economy in 2010 and 2011	(2.7%)
2010 new CDM programs	(0.8%)
2011 new CDM programs	(1.0%)
Total Decrease	(4.4%)

6



1 **Interrogatory**

2 Interrogatory #9

3
4 Revenue Offset – Net Revenue Work for Others

5
6 Ref: Exhibit C2 / Tab 1 / Schedules 4 and 5

7
8 a) Please explain why the 2010 and 2011 budgets for services to Hydro Ottawa Holding
9 Inc. was decreased, as described in section 6.1.2 of the respective schedules.

10
11 b) Please provide the forecast expenses in 2010 and 2011 associated with vault
12 shutdowns, as described in section 6.1.3 of the schedules.

13
14 **Response**

15
16 a) Services to Hydro Ottawa Holding Inc., for both 2010 and 2011 are budgeted to
17 decrease approximately \$40k from the 2009 actual revenue amount. During 2009,
18 some Finance positions, previously located in the distribution company, were moved
19 to the Holding Company. In 2010, one Finance and one Human Resources position
20 were added. As a result, certain services formerly provided by Hydro Ottawa Limited
21 were no longer required. The budgets for 2010 and 2011 also reflect the fact that
22 actual service revenues in 2009 were \$30k lower than forecast. Further details are
23 provided in Exhibit D1-2-1, Attachment W and Exhibit D1-5-1, Section 2.0, Workforce
24 Strategy.

25
26 b) The forecasted expenses relating to vault shutdowns are forecasted to be \$212k and
27 \$217k in 2010 and 2011, respectively. As noted previously, Hydro Ottawa provides
28 one free vault isolation per year, per customer, to encourage vault maintenance. In
29 2009, Hydro Ottawa responded to 281 requests and for 2010 the year-to-date
30 volumes are trending similarly at 127, as of July. Approximately 32 percent of the
31 year-to-date vault shutdowns have been provided free of charge.



1 **Interrogatory**

2 Interrogatory #10

3
4 Net Revenue from Service to Affiliates

5
6 Ref: Exhibit C2 / Tab 2 / Schedule 1

7
8 a) Please confirm that the 2011 net revenue from Services to Affiliates is included in the
9 Revenue Offsets, in particular in Exh C2/1/5/Table 1.

10
11 b) If confirmed, please reconcile the budget net revenue of \$900,348 from affiliates with
12 the total from work for others at \$683,530 in Exh C2/1/5/Table 1.

13
14 c) Alternatively, if not confirmed, please provide the budgeted gross revenue and actual
15 year-to-date revenue for each row in Table 4 (2010), and budgeted gross revenue for
16 each row in Table 5 (2011).

17
18 d) Please explain how the cost is determined in each row of Table 5, which together
19 with the revenue information in part c) would yield the net revenue shown in the
20 table.

21
22 **Response**

23
24 a) Yes, the 2011 net revenue from providing services to Hydro Ottawa Holding Inc., and
25 Energy Ottawa Inc., are included in the Revenue Offsets presented in Exhibit C2-1-5,
26 Table 1.

27
28 b) The variance of \$216,818 between the stated 2011 SLA budgeted net revenue of
29 \$900,348 (Exhibit C2-2-1) and the 2011 budgeted Work for Others net revenue of
30 \$683,530 (Exhibit C2-1-5) exists because losses in Work for Others services are



- 1 forecasted, as outlined in Exhibit C2-1-1, Attachment V. Further details on Work for
- 2 Others revenue are provided in the response to EP #19e (ii) and #19e (iii).
- 3
- 4 c) Not required.
- 5
- 6 d) Not required.



1 **Interrogatory**

2 Interrogatory #11

3
4 Revenue from Rental from Non-Utility (Account 4385)

5
6 Ref: Exhibit A3 / Tab 3 / Schedule 2 / Table 2

7
8 a) Please provide a description of the rental revenue that is recorded in Account 4385.

9
10 b) If the rental revenue is not included as a revenue offset in the 2011 budget, please
11 explain why it is not included.

12
13 **Response**

14
15 a) The rental revenue that is recorded in Account 4385 includes rental for the following
16 properties:

- 17
18
 - Various non-distribution houses and small pieces of land
 - 19 • 90 Maple Grove
 - 20 • Hydro One rentals at Transformer Stations

21
22 b) Account 4385 is intended to be used strictly for rental revenue from non-utility
23 property that is not in rate base. Hydro Ottawa's financial accounting system does
24 not distinguish between utility and non utility rental revenue and so in our 2008
25 Distribution Rate Application, the dollars associated with the rental income from
26 Hydro One for substations was manually moved to a revenue offset account.
27 Unfortunately, this manual adjustment was overlooked in the preparation of the 2011
28 Distribution Rate Application. Hydro Ottawa recognizes that this forecasted rental
29 revenue \$558k should be included in Other Revenue and before the final rates are
30 approved, this correction will be made.



1 **Interrogatory**

2 Interrogatory #12

3
4 Charitable Donations and Low-Income Programs

5
6 Ref: Exhibit D1 / Tab 1 / Schedule 2 / Sections 6.0 and 8.0

7
8 a. Please confirm that there is no amount in the 2011 test year revenue requirement for
9 the LEAP emergency assistance program.

10
11 b. If confirmed, please provide the following calculation: 0.12% of the total distribution
12 revenue requirement for the test year.

13
14 c. Please provide the expected amount that is in the revenue requirement for each of
15 the programs described in section 8.0: Hydro Ottawa Shelter and Warmth Fund,
16 Winter Warmth, any other similar programs.

17
18 **Response**

19
20 a. There is no funding included in the 2011 test year revenue requirement for the LEAP
21 emergency assistance program.

22
23 b. The calculation is as follows: 0.12% of the total distribution revenue requirement for
24 the test year = 0.12% x \$158M = \$189,600.

25
26 c. Please see the response to VECC Interrogatory #44a.



1 **Interrogatory**

2 Interrogatory #13

3
4 **Regulatory Costs**

5
6 Ref: Exhibit D1 / Tab 1 / Schedule 2

7
8 Legal costs are shown in Table 3 (p. 10 of the Exhibit) at approximately \$90,000 higher
9 in 2010 than in 2009. Consultant costs are approximately \$35,000 higher, and
10 intervenor costs are approximately \$145,000 higher.

11
12 a. Given that Hydro Ottawa's work on the current application is being done during 2010,
13 why does the 2011 budget continue with amounts for legal and consultant support
14 similar to the amounts in 2010?

15
16 b. Has Hydro Ottawa incurred any intervenor expense to date during 2010?

17
18 **Response**

19
20 a. Please see the response to CCC #25 and EP #22.

21
22 b. Hydro Ottawa receives numerous invoices from the Ontario Energy Board for cost
23 awards to intervenors for regulatory proceedings. In addition, there were cost
24 awards related to the 2010 Electricity Distribution Rate application. The total
25 assessment for these activities invoiced to Hydro Ottawa from January to July 2010
26 is \$31,129.



1 **Interrogatory**

2 Interrogatory #14

3
4 Extraordinary Event Beacon Hill Substation Fire

5
6 Ref: Exhibit D1 / Tab 1 / Schedule 2 / pg. 7

7
8 a. Was the cost of the substation fire in 2009 recorded in account 1572? If not, what
9 account was it recorded in? If in 1572, why does it not appear in the continuity table
10 Exh I1/1/1/Attachment AL?

11
12 b. Based on progress to date, what year is it most likely that a Z-factor adjustment
13 would be sought?

14
15 **Response**

16
17 a) No costs have been recorded in Account 1572. Any costs related to the Beacon Hill
18 fire were recorded throughout the normal operations accounts for work on
19 transformer stations < 50 kV, not as an extraordinary event.

20
21 b) At present, Hydro Ottawa has no plans to apply for a Z-factor adjustment. Hydro
22 Ottawa will wait for the conclusion of discussions with the insurance carrier before
23 making a final determination. It is hoped that this will conclude in 2010.



1 **Interrogatory**

2 Interrogatory #15

3
4 Administrative and Corporate Services

5
6 Ref: Exhibit D1 / Tab 2 / Schedule 1

7
8 The applicant is budgeting to cover 50% of the cost of total cost of the Holding Company
9 affiliate, based on activity levels. The 2011 budget is \$4,855,200.

10 Please provide a description of the relevant activities and how the activity levels are
11 measured.

12
13 **Response**

14
15 With reference to the five (5) Service Level Agreements presented in Exhibit A1-7-3,
16 Attachment D, the following services are provided to Hydro Ottawa Limited by Hydro
17 Holding Inc.:

18
19 1. Legal, Corporate Administration and Regulatory services include the provision of
20 legal advice and opinions on strategic and operational (from internal and external
21 sources), litigation and contract management and support, submission of
22 corporate filings under the OBCA and the Corporations Information Act,
23 participation in Board of Directors and Committee meetings for Hydro Ottawa
24 Limited and disseminating Board of Directors' decisions and reports for Hydro
25 Ottawa. Regulatory services include the provision of regulatory advice and
26 leadership, maintaining relationships with related industry bodies, participating in
27 regulatory consultations, ensuring all license requirements are complied with and
28 monitor and prepare reports on business practices and performance.

29
30 2. Finance, Internal Audit and Enterprise Risk Management services include the
31 provision of financial services and advice on operational and strategic matters,



1 including the preparation of Board of Directors and Audit Committee reports,
2 providing oversight on business and budget planning activities, financial
3 statements and liaising with credit rating agencies and financial institutions.
4 Enterprise risk management services include providing support in the preparation
5 of quarterly and annual risk assessments and providing oversight to business
6 continuity planning. Internal audit services include the development of audit
7 plans, the evaluation of risk management activities, establishing control and
8 governance processes, reporting to the Audit Committee and Hydro Ottawa
9 Limited Board of Directors, monitoring management's action plans and liaising
10 with financial, regulatory and audit bodies.

11

12 3. Human Resource, Safety and Environment services include the provision of
13 leadership and strategic guidance to operations staff in human resource, safety,
14 environment and training matters, as well as, preparing and presenting materials
15 for the Governance and Compensation Committee and Hydro Ottawa Limited
16 Board of Directors. Strategic oversight activities include collective bargaining
17 negotiations, resource development and performance management, legislative
18 compliance, workforce planning and organizational effectiveness.

19

20 4. Corporate Communications services include the provision of strategic guidance,
21 advice and support on customer, public and shareholder relations, the
22 establishment of communication protocols, media spokesperson, the approval of
23 communication materials, oversight on matters that impact corporate reputation
24 and the development of corporate responsibility programs.

25

26 5. Management Services relate to the President and Chief Executive Officer and
27 Director of Corporate Planning. Services include guiding and aligning Hydro
28 Ottawa Limited business plans with strategic direction, approving budget plans
29 and growth strategies, reporting operational and financial results and ensuring
30 that all regulatory, risk management, business policies, organizational programs
31 and performance measures are in place.



1 The costs of the aforementioned activities are allocated as follows:

2

3

2011 Cost Allocation of Holding Company Services

Service	Cost Category	Cost Allocation Method
Chief Executive Officer [1]	Direct costs	Compensation based on headcount
	Unallocated costs	Professional/Consulting fees not specifically allocated
	Indirect costs	HOHI (30%); HOL (55%); EO (15%)
Enterprise Risk Management	Office Costs	Same allocation as indirect costs
	Indirect costs	HOHI (5%); HOL (80%); EO (15%)
Chief Financial Officer	Office costs	Same allocation as indirect costs
	Direct costs	IFRS excluded from this allocation
	Indirect costs	HOHI (21%); HOL (69%); EO (10%)
Internal Audit	Office costs	Same allocation as indirect costs
	Indirect costs	HOHI (15%); HOL (60%); EO (25%)
Human Resources	Office costs	Same allocation as indirect costs
	Indirect costs	Allocation based on head count
Regulatory Affairs	Office costs	Same allocation as indirect costs
	Indirect costs	HOHI (10%); HOL (87.50%); EO (2.5%)
Corporate Communications	Office costs	Same allocation as indirect costs
	Indirect costs	HOHI (60%); HOL (30%); EO (10%)
General Counsel	Office costs	Same allocation as indirect costs
	Indirect costs	HOHI (30%); HOL (63%); EO (7%)
Holding Company Board	Office costs	Same allocation as indirect costs
	Indirect costs	Board of Directors meetings allocated to HOHI (90%) and EO (10%)
Office	Allocated to BU's	Allocated to each business unit based on head count

4

5 [1] Chief Information Officer is included in the service of Chief Executive Officer

6



1 **Interrogatory**

2 Interrogatory #16

3
4 Outside Services Employed

5
6 Ref: Exhibit D3 / Tab 1 / Schedule 2, 3 and 4

7
8 Hydro Ottawa indicated Outside Services Employed was lower in 2009 by \$295k,
9 compared to 2008, followed by a large increase (over 225%) for 2010 and a similar
10 budget in 2011.

11
12 a) What is the expenditure to date in 2010 and how does it compare with the forecast?

13
14 b) Please provide a description of the services that will be obtained in the 2011 budget
15 in Account 5630, at \$569,018.

16
17 **Response**

18
19 a) Account 5630, Outside Services Employed has a total expenditure of \$136,863 as of
20 the end of June 2010. This is approximately 20% of the 2010 budget amount.

21
22 b) The 2011 budget for account 5630 is comprised of the following amounts:

23
24 **\$92,718 – Audit Fees**

25 This amount covers cost associated with external auditors for year-end financials.

26
27 **\$174,399 – Consulting Services, Lean Program**

28 A major initiative for 2011 is the continuation of Hydro Ottawa's Lean program aimed
29 at the review of internal processes to ensure that all activities are aligned to common
30 goals and are being performed in the most efficient manner. This amount has been
31 budgeted to allow for an external consultant to help with this process.



1 **\$45,900 – Consulting Services, Finance**

2 Funds are provided for professional services in the Director for Finance account for
3 tax advisory services and finance policy review in 2011.

4

5 **\$256,000 – Consulting Services, Human Resources**

6 Hydro Ottawa has undertaken a number of initiatives to address the issue of its aging
7 workforce. Among those initiatives is the identification, testing and training of the
8 future leaders of our organization. Outside consultants will be used in the design
9 and delivery of Hydro Ottawa's Emerging Leader program by providing off-site
10 testing and training of certain employees to assess their potential and to provide the
11 necessary skills to become supervisors and managers in the future.

12

13 Hydro Ottawa also uses external consultants for the delivery of its Leadership
14 Development program focused on senior staff members.



Interrogatory

Interrogatory #17

O&M – Time-of-Use Meters and Billing

Ref: Exhibit I2 / Tab 1 / Schedule 1 / Table 4

The 2010 budget includes amounts of \$461,000 for Training/Change Management Cost, and \$214,000 for Customer Communications, associated with Smart Meters and Time-of-Use Rates.

- a. What is the actual expenditure to date in 2010 on these items?
- b. What is the corresponding amount within the 2011 budget?
- c. Will part of the 2011 budget for these items become unnecessary in subsequent years as customers and staff gain experience with the meters and rates?
- d. Please also provide answers to the previous items a) – c) for the budget items 'Labour and Benefits' and 'Outside Services', which are \$732,686 and 380,000 respectively in the 2010 budget.

Response

a), b), c) and d)

Table 1 below summarizes the actual operating, maintenance and administration ("OM&A") costs incurred to June 2010 related to the Smart Meter Program and an updated forecast for the current year. This includes the costs for training/change management, customer communications, labour and benefits and outside services. The corresponding amount within the 2011 budget is also indicated, however, it is important



to note that the 2011 costs have been included as part of regular business since the Smart Meter program is substantially complete.

Table 1 – Smart Meter Various OM&A Costs 2010 and 2011

Costs	2010 Budget	2010 Jan-Jun Actual	2010 Forecast	2011 Budget
Training / Change Management Costs (Administration)	\$461,000	\$518	\$141,518	\$22,000
Customer Communications (Administration)	214,000	87,270	711,661	136,000
Labour and benefits (O&M)	732,686	390,905	602,433	1,045,570
Outside Services (O&M)	380,000	17,781	197,781	80,000

Training/Change Management Costs

Early in 2010, Hydro Ottawa formed a change management team to manage the significant business changes associated with the transition to time-of-use (“TOU”) rates. This dedicated team focused on validating and documenting all business process changes, evaluated business impacts and skill gaps, developed extensive training material and delivered training to over 200 employees. In Hydro Ottawa’s original plan, the 2010 budget included significant external outsourced resources. After further analysis and considering the costs, a decision was made to complete the change management program using internal resources. Consequently, the majority of the expenses related to change management are reflected under labour and benefits for compensation costs but only to the extent that they are incremental to normal business. The change management program will be winding down in the latter months of 2010 as the process to transition customers to TOU rates is now underway. There is no provision made in the 2011 budget, aside from \$22,000 to provide for on-going training.

Customer Communications

Originally, Hydro Ottawa’s 2010 communication budget was relatively modest, but it was subsequently realized that an enhanced communications program would be required to



1 inform and engage our customers and stakeholders on the changes. Hydro Ottawa has
2 since prepared and is implementing a more comprehensive communications plan. This
3 is a critical component of the success of the Smart Meter program and includes
4 advertisements in local newspapers and presentations to community associations,
5 business groups and seniors' groups, etc. Also included in our communications strategy
6 is a series of TOU articles in customer newsletters, enhancements to our web site, a
7 TOU video and welcome packages to be sent out to all customers as they first migrate
8 on to the TOU transition path.

9
10 The costs associated with this comprehensive communications plan are now forecasted
11 to be higher than originally budgeted in 2010, and it is the savings generated by the
12 change management/training decisions that are being used to fund the enhanced
13 customer communications program. The costs will be incurred throughout the TOU roll-
14 out period, which began in June 2010 and will continue through the first half of 2011,
15 with the more substantial portion of the costs being part of up-front preparation that is
16 taking place in 2010. For 2011 and beyond, although there will always be an ongoing
17 need for customer communications, the budget has been reduced significantly (see
18 Table 1).

19 20 **Labour and Benefits**

21 In 2010, labour costs include internal staff costs to manage and administer the
22 deployment of the Smart Meter program, interfaces to the meter data management and
23 repository ("MDM/R") following migration of the systems into production and the change
24 management program discussed in the previous section. Only incremental costs are
25 allocated to the Smart Meter program, therefore, the 2010 forecast is lower than
26 originally budgeted despite the fact that the training/ change management was handled
27 internally.

28
29 All of the initial "one-time" implementation costs have been removed from the budget in
30 2011 since the deployment of the Smart Meter program will be substantially complete in



1 2010. The focus will now shift to ongoing maintenance and support. The 2011 budget
2 for labour and benefits is comprised of two main components:

- 3
- 4 a. \$632,574 in Meter Data Services to ensure the accuracy and timeliness of the
5 daily collection of over seven million meter readings per day and to manage
6 effective interactions between Hydro Ottawa's advanced metering infrastructure
7 ("AMI"), Customer Information System and the provincial MDM/R. This cost is
8 expected to continue into 2012 and beyond.
- 9 b. \$412,995 for smart meter maintenance and testing since the meters that were
10 installed in 2006 during the early stages of the Smart Meter program will now be
11 five years old.
- 12

13 **Outside Services**

14 Hydro Ottawa records the cost of repairs to customer equipment resulting from the
15 installation of Smart Meters as part of the Outside Services cost category because the
16 work is completed by outside contractors. The actual expenses in 2010 have decreased
17 because the mass deployment of meters is now 99% complete and no further provision
18 has been made in 2011 for such repairs.

19

20 Hydro Ottawa has outsourced its first level call centre function to IBM. The cost of this
21 service is affected by the volume of activity. The 2010 and 2011 budgets include
22 \$250,000 and \$80,000, respectively, for a significant increase in call volumes as TOU is
23 rolled out to customers. Some of these costs are now expected to be incurred in the
24 latter part of 2010, however based on our TOU rollout plan, the majority of this cost will
25 occur when more than 250,000 customers are transitioned to TOU within a six month
26 period between January and June 2011.



1 **Interrogatory**

2 Interrogatory #18

3
4 Head Count

5
6 Ref: Exhibit D4 / Tab 1 / Schedule 1 / pg 1

7
8 Table 1 – Head Count indicates that total Hydro Ottawa's total head count from 2009
9 actual (560) to 2010 and 2011 will increase to 569 and 592, respectively. This increase
10 in head count does not correspond to the total number of hiring involved in the
11 Workforce Planning Strategy.

12
13 Please explain in detail how the total number of head count for 2010 and 2011 was
14 budgeted for and does it take into account the Workforce Planning Strategy, Customer
15 Service Strategy Plan, Green Energy Act Basic Plan, and any other Hydro Ottawa
16 plan/strategy.

17
18 **Response**

19
20 The 2009 count of 560 is calculated by Human Resources as the total number of
21 employees in the organization at the end of 2009 and does not include current
22 vacancies. The budgeted number of 569 and 592 for 2010 and 2011 are the number of
23 budgeted full time positions which includes current vacancies and new positions. The
24 Workforce Planning Strategy focuses mainly on the aging workforce and replacement of
25 key positions in the workforce. It does not factor in yearly changes in headcount due to
26 other factors such as resignations and terminations.

27
28 The Workforce Planning Strategy, Customer Service Strategy Plan and Green Energy
29 Act Basic Plan were all taken in account when the budgets were created.



Interrogatory

Interrogatory #19

Employee Compensation and Benefits

Ref: Exhibit D4 / Tab 1 / Schedule 1/ Attachment Y

- a. Total compensation has increased substantially from Hydro Ottawa's last rebasing. In 2008, total compensation was \$49,538,906 and in the 2011 test year will be \$59,091,992 (increase of approximately 19%). Please explain the increases in average yearly base wages from 2009 to 2011 for Executive, Management, Non-union and Union.
- b. The sum of Total Compensation Capitalized and Total Compensation Charged to OM&A does not equate to Total Compensation in any of the years included in the Attachment. Please explain this apparent discrepancy.

Response

- a. The total compensation of \$49,538,906 and \$51,881,632 for 2008 and 2009 respectively cannot be compared to the 2010 and 2011 total compensation of \$54,499,459 and \$59,091,992 as they are calculated in two different manners. The 2008 and 2009 values are based on actual costs and do not include vacancies for new positions or provide for any vacancy gaps prior to the filling of vacated positions. The calculation for 2010 and 2011 include new positions that will be filled during those years. There are two factors that affect the increase in average yearly base wages. Firstly, the annual increase and secondly, the progression increases as per the collective agreement.
- b. Total compensation is compensation less Conservation Demand Management ("CDM"), Board of Directors ("BOD") and students as per the definition. Total



- 1 compensation charged to OM&A and Total Compensation Capitalized includes CDM,
- 2 BOD and students.



Interrogatory

Interrogatory #20

Asset Retirement Obligation (ARO)

Ref: Exhibit A2 / Tab 2 / Schedule 3 / p. 3

The 2011 Filing Requirements published by the Board on June 28, 2010 include at Appendix 2-M the requirement that an ARO should be disclosed separately from other depreciation and amortization expenses. The Exhibit notes that Hydro Ottawa recorded an ARO in 2009. Is there a need to change the pre-filed evidence (eg. Exhibit B2/Tab 1 / Schedule 1 / Attachment S, or Exhibit D6/ Tab 1 / Schedule 1) to comply with the filing requirement?

Response

Hydro Ottawa does not see a need to change the prefiled evidence to comply with the filing guidelines which were issued on June 28, 2010 after the 2011 Rate Application was submitted. The 2011 Filing Requirements published by the Board on June 28, 2010 required that the Asset Retirement Obligation (“ARO”) be disclosed separately from other depreciation and amortization expenses. The following table provides this information for the ARO which was recognized as of December 31, 2009.

Table 1 – Asset Retirement Obligation

Asset Retirement Obligation	USoA	Gross ARO as of Dec. 31, 2009	2010 Depreciation	NBV 2010	2011 Depreciation	NBV 2011
Station Equipment (Above 50 KV)	1815	\$226,998	\$56,750	\$170,249	\$56,750	\$113,499
Station Equipment (Below 50 KV)	1820	9,647	2,412	7,235	2,412	4,824
Line Transformers	1850	929,814	232,454	697,361	232,454	464,907
Total		\$1,166,459	\$291,615	874,844	\$291,615	\$583,230



1 **Interrogatory**

2 Interrogatory #21

3
4 Tax Adjustment to Accounting Income

5
6 Ref: Exhibit A2 / Tab 1 / Schedule 2 / Attachment H

7
8 An amount of \$615,777 is included in the calculation of Revenue Sufficiency/Deficiency,
9 described as 'Tax Adjustment to Accounting Income per 2009 PILs'. The amount also
10 appears elsewhere in Attachment H (RRWF), but does not appear in Exhibit
11 D7/1/1/Attachment Z (2011 PILs Work Form) or Exhibit D7/2/1(PILs Variances).

12
13 Please provide a more detailed explanation of the item in question, and if applicable
14 relate the explanation to the principles described in Exhibit D1/1/1 (PILs Calculation).

15
16 **Response**

17
18 The amount of \$615,777 is the difference between the additions (\$48,645,594) and the
19 deductions (\$48,029,819) required to calculate the Net Income for Tax Purposes. These
20 amounts do appear on Exhibit D7-1-1 Attachment Z on Tab O. Taxable Income Test
21 Year. This is the adjustment that is required to be made to calculate the Net Income for
22 Tax Purposes from the Net Income before taxes that is produced in the modified
23 Electricity Distribution Rate model found in Exhibit H-2-1 Attachment AH.



1 **Interrogatory**

2 Interrogatory #22

3
4 Revenue Calculations for Status Quo Ratios

5
6 Ref: Exhibits C1 / Tab 1 / Schedule 2 / Attachment U and Exhibit G1 / Tab 1 / Schedule
7 1 / Attachments AE

8
9 Please show how the distribution revenue for each class was derived for use in the cost
10 allocation study, in sufficient detail to compare the amounts with the revenue forecasts in
11 Exhibit C1. (For example, residential revenue in the cost allocation model is
12 \$79,941,445, comparable to the 2010 and 2011 forecasts, respectively \$73,757,144 on
13 p. 6 and \$84,396,835 on p. 7 of Attachment U)

14
15 **Response**

16
17 The distribution revenue for each class that is shown in line 29 of Sheet I6 Customer
18 Data of the cost allocation study (Attachment AE) is calculated as per the following table
19 using 2010 rates and 2011 load information. It will not be that same as shown on page 6
20 of Attachment U which uses 2010 load and rates, and not the same as page 7 of
21 Attachment U which uses 2011 loads and rates. Note that on Sheet O2 Revenue to cost
22 RR this calculated revenue is then scaled to equal the 2011 revenue before the
23 Revenue to Cost ratios are determined.



	Residential	GS <50	GS>50 kW < 1500 kW	GS>1500 kW < 5000 kW	Large Use >5MW	Street Light	Sentinel	Unmetered Scattered Load	Back- up/Standby Power
kWh	2,229,674,945	756,993,599	3,002,209,934	787,344,031	645,268,861	38,922,344	79,553	17,001,652	69,000,000
kW			7,529,413	1,690,025	1,197,001	118,127	221		247,200
customers/ connections	276,039	23,554	3,263	64	12	54,645	82	2,853	4
2010 Fixed Rate	\$ 10.20	\$ 16.41	\$ 252.44	\$ 4,033.75	\$ 14,645.14	\$ 0.49	\$ 1.89	\$ 4.03	see Note
2010 Variable Rate /kWh or /kW	\$ 0.0207	\$ 0.0185	\$ 3.0325	\$ 2.8962	\$ 2.7725	\$ 3.4501	\$ 7.2304	\$ 0.0200	see Note
Calculated	\$ 79,941,445	\$18,642,635	\$ 32,717,486	\$ 7,992,570	\$ 5,427,585	\$ 728,863	\$ 3,458	\$ 478,004	\$ 645,429
As per Attachment AE Sheet I6	\$79,941,445	\$18,642,635	\$32,717,486	\$7,992,570	\$5,427,585	\$728,863	\$3,458	\$478,004	\$645,429

1

2 Note: Revenue for Backup/Standby Power is calculated using the load rates and standby rates for two rate classes.



Interrogatory

Interrogatory #23

Proposed Revenue to Cost Ratios

Refs: Exhibits C1 / Tab 1 / Schedule 2 / Attachment U and Exhibits G1 / Tab 1 /
Schedule 1 / Attachments AE and AF

The distribution revenue derived from each class (calculated at p. 7 in Attachment U) plus the attributed Miscellaneous Revenue, when compared to the class revenue requirements found in Attachment AE, p. 34, do not yield the proposed revenue to cost ratios listed in Attachment AF. For example, Residential Revenue of \$84.4 million plus attributed Miscellaneous Revenue of \$5.3 million, compared to the class revenue requirement of \$94.1 million, yields a revenue to cost ratio of 95.3%, whereas the proposed ratio in Appendix AF is 98%.

Please re-examine the calculations of class revenues, and ensure that the proposed revenues are input into the cost allocation model (Sheet I6 'Requested Distribution Revenue'). File the resulting Sheet O1 'Revenue to Cost Ratio Worksheet'.

Response

As described in the response to OEB interrogatory #22, the distribution revenue used in the Cost Allocation Model is calculated using 2011 load data and 2010 rates. Once miscellaneous revenue has been added, this total revenue is scaled to equal the total expenses using the gross ratio between the revenue and the expenses. This does result in slightly different revenue to cost ratios than if the calculated revenue was used. One reason for this is the effect of moving from a fixed Smart Meter adder to a split portion of Smart Meters in the Fixed Monthly Service charge and the volumetric rate. As can be seen in Table 1 below, the revenue to cost ratios are still within the Board's target range with the exception of Unmetered Scattered Load.



1

Table1 – Revenue to Cost Ratios

Customer Class	Proposed for Test Year based on Cost Allocation Model	Recalculated for Test Year based on 2011 Revenue	Board Target Range
Residential	98	95.3	85 – 115
GS < 50 kW	111	113	80 – 120
GS > 50 < 1,499 kW	95	99.6	80 – 180
GS > 1,500 < 4,999 kW	120	131	80 – 180
Large User	109	114	85 – 115
Street Lights	71	75	70 – 120
Sentinel Lights	36	37	70 – 120
USL	118	123	80 – 120

2

3



Interrogatory

Interrogatory #24

Revenue Requirement in the Cost Allocation Study

Ref: Exhibits A2 / Tab 1 / Schedule 2 / Attachment H and Exhibits G1 / Tab 1 / Schedule 1 / Attachments AD and AE

a. The revenue requirement in the RRWF in Attachment H, p. 7 is \$166,129,299. The revenue requirement in the cost allocation study in Attachment AE is consistent with that amount at Sheet I3, but the amount allocated amongst the rate classes at Sheet O1 is \$167,300,900. The total amount in Attachment AD p. 12 is the latter amount. Please reconcile these amounts, or state which one is correct and make any necessary changes.

b. The revenue from proposed rates on p. 7 sums to \$159.3 million whereas the revenue in the Revenue Requirement Work Form (Exhibit A2/1/2/Attachment H/p. 7) sums to \$158.2 million, i.e. the sum of revenue at existing rates plus the revenue deficiency. If the reconciliation of these amounts differs from part a), please also reconcile the amounts and correct whichever one of them if necessary

Response

a. The revenue requirement in the Revenue Requirement Work Form ("FFWF") does not include the Transformer Ownership Credit ("TOC") of \$1,171,603. The TOC is included in the distribution revenue to be allocated amongst the rate classes at Sheet O1, which accounts for the difference.

b. Again, the TOC accounts for the difference between the two amounts.



1 **Interrogatory**

2 Interrogatory #25

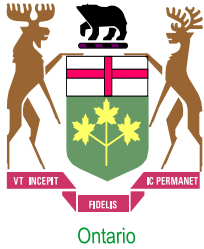
3
4 Retail Transmission Service Rates (RTSR)

5
6 Exhibit H1 / Tab 3 / Schedule 1

7
8 In its Revised Guideline G-2008-0001, issued on July 8, 2010, the Board has described
9 the evidence required for RTSRs, which includes completion of a model that will be
10 provided by Board staff. Please complete the model.

11
12 **Response**

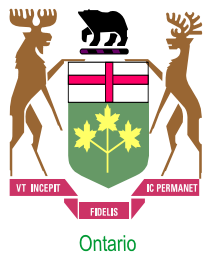
13
14 Hydro Ottawa received the revised 2011 Retail Transmission Service Rates (“RTSR”)
15 filing module on August 20th, 2010 and a completed copy of the model is included as
16 Attachment 1. Note that Hydro Ottawa receives the Low Voltage Switchgear Credit from
17 Hydro One Networks Inc. (“HONI”) and records this credit as an offset to the HONI
18 Transformation Charge. In 2009 this represented a reduction in the transmission costs
19 of (\$2,447,062). In order for the model to correctly adjust the Retail Transmission Rate –
20 Line and Transformation Connection Service Rates it will be necessary to make the
21 adjustment for the Low Voltage Switchgear Credit, in Cells Q73 on Sheet C1.2 and Q73
22 on Sheet 1.3.



Name of LDC: Hydro Ottawa Limited
File Number: EB-2010-0133
Version : 1.0

LDC Information

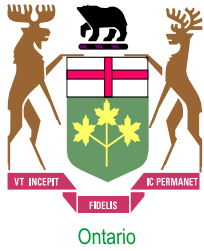
Applicant Name	Hydro Ottawa Limited
OEB Application Number	EB-2010-0133
LDC Licence Number	ED-2002-0556
Application Type	COS



Name of LDC: **Hydro Ottawa Limited**
File Number: **EB-2010-0133**
Version : **1.0**

Table of Contents

Sheet Name	Purpose of Sheet
A1.1 LDC Information	Enter LDC Data
A2.1 Table of Contents	Table of Contents
B1.1 Rate Class And RTSR Rates	Enter Rate Class And RTSR Rates
B1.2 Dist Billing Determinants	Enter Distributor Billing Determinants
B1.3 UTR's and Sub-Transmission	Current and Forecasted UTR's and Hydro One Sub-Transmission Rates
C1.1 Historical Wholesale	Enter Historical Wholesale Transmission
C1.2 Current Wholesale	Calculates Current Wholesale Transmission
C1.3 Forecast Wholesale	Calculates Forecast Wholesale Transmission
D1.1 Adj Network to Curr Whsl	Calculates the Adjustment for RTSR-Network needed to recover Current Wholesale
D1.2 Adj Conn to Curr Whsl	Calculates the Adjustment for RTSR-Connection needed to recover Current Wholesale
E1.1 Adj Network to Fcst Whsl	Calculates the Adjustment for RTSR-Network needed to recover Forecast Wholesale
E1.2 Adj Conn to Fcst Whsl	Calculates the Adjustment for RTSR-Connection needed to recover Forecast Wholesal



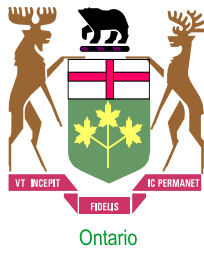
Name of LDC: Hydro Ottawa Limited
File Number: EB-2010-0133
Version : 1.0

Rate Class And 2010 RTSR Rates

Enter Rate Group and Rate Class in the same order as listed on your current Tariff sheet and Rate Generator.

Enter the RTSR-Network and RTSR-Connection rates as approved on your current Tariff sheet.

Rate Group	Rate Class	Vol Metric	RTSR - Network	RTSR - Connection
RES	Residential	kWh	0.0065	0.0044
GSLT50	General Service Less Than 50 kW	kWh	0.0059	0.0041
GSGT50	General Service 50 to 1,499 kW	kW	2.4405	1.6704
GSGT50	General Service 1,500 to 4,999 kW	kW	2.5342	1.7851
LU	Large Use	kW	2.8092	2.0103
USL	Unmetered Scattered Load	kWh	0.0059	0.0041
Sen	Sentinel Lighting	kW	1.8108	1.2668
SL	Street Lighting	kW	1.8016	1.2409
NA	Rate Class 9	NA		
NA	Rate Class 10	NA		
NA	Rate Class 11	NA		
NA	Rate Class 12	NA		
NA	Rate Class 13	NA		
NA	Rate Class 14	NA		
NA	Rate Class 15	NA		
NA	Rate Class 16	NA		
NA	Rate Class 17	NA		
NA	Rate Class 18	NA		
NA	Rate Class 19	NA		
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NA	Rate Class 23	NA		
NA	Rate Class 24	NA		
NA	Rate Class 25	NA		



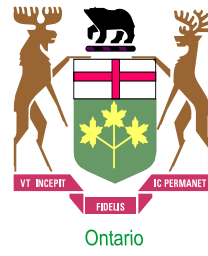
Name of LDC: **Hydro Ottawa Limited**
File Number: **EB-2010-0133**
Version : 1.0

2009 Distributor Billing Determinants

Enter the most recently reported RRR billing determinants

Loss Adjusted Metered kWh	No
Loss Adjusted Metered kW	No

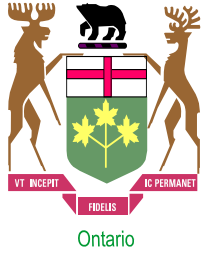
Rate Class	Vol Metric	Metered kWh A	Metered kW B	Applicable Loss Factor C	Load Factor D = A / (B * 730)
Residential	kWh	2,256,567,858	0	0.0000	57.34% 66.00% 75.53% 0.00% 46.95%
General Service Less Than 50 kW	kWh	731,102,854	0	0.0000	
General Service 50 to 1,499 kW	kW	3,026,785,829	7,235,346	0.0000	
General Service 1,500 to 4,999 kW	kW	850,115,403	1,765,293	0.0000	
Large Use	kW	633,982,714	1,150,430	0.0000	
Unmetered Scattered Load	kWh	19,879,033	0	0.0000	
Sentinel Lighting	kW	0	221	0.0000	
Street Lighting	kW	38,843,816	113,406	0.0000	
Total		7,557,277,506	10,264,696		



Name of LDC: Hydro Ottawa Limited
File Number: EB-2010-0133
Version : 1.0

Uniform Transmission and Hydro One Sub-Transmission Rates

Uniform Transmission Rates		Effective January 1, 2009	Effective July 1, 2009	Effective January 1, 2010	Effective January 1, 2011
Rate Description	Vol Metric	Rate	Rate	Rate	Rate
Network Service Rate	kW	\$ 2.57	\$ 2.66	\$ 2.97	\$ 2.97
Line Connection Service Rate	kW	\$ 0.70	\$ 0.70	\$ 0.73	\$ 0.73
Transformation Connection Service Rate	kW	\$ 1.62	\$ 1.57	\$ 1.71	\$ 1.71
Hydro One Sub-Transmission Rates		Effective May 1, 2008	Effective May 1, 2009	Effective May 1, 2010	Effective May 1, 2011
Rate Description	Vol Metric	Rate	Rate	Rate	Rate
Network Service Rate	kW	\$ 2.01	\$ 2.24	\$ 2.65	\$ 2.65
Line Connection Service Rate	kW	\$ 0.50	\$ 0.60	\$ 0.64	\$ 0.64
Transformation Connection Service Rate	kW	\$ 1.38	\$ 1.39	\$ 1.50	\$ 1.50
Both Line and Transformation Connection Service Rate	kW	\$ 1.88	\$ 1.99	\$ 2.14	\$ 2.14
Hydro One Sub-Transmission Rate Rider 6A		Effective May 1, 2008	Effective May 1, 2009	Effective May 1, 2010	Effective May 1, 2011
Rate Description	Vol Metric	Rate	Rate	Rate	Rate
RSVA Transmission network – 4714 – which affects 1584	kW	\$ -	\$ -	\$ 0.0470	\$ 0.0470
RSVA Transmission connection – 4716 – which affects 1586	kW	\$ -	\$ -	-\$ 0.0250	-\$ 0.0250
RSVA LV – 4750 – which affects 1550	kW	\$ -	\$ -	\$ 0.0580	\$ 0.0580
RARA 1 – 2252 – which affects 1590	kW	\$ -	\$ -	-\$ 0.0750	-\$ 0.0750
Hydro One Sub-Transmission Rate Rider 6A	kW	\$ -	\$ -	\$ 0.0050	\$ 0.0050



Name of LDC: Hydro Ottawa Limited
File Number: EB-2010-0133
Version : 1.0

2009 Historical Wholesale Transmission

Enter billing detail for wholesale transmission for the same reporting period as the billing determinants on sheet B1.2.

IESO

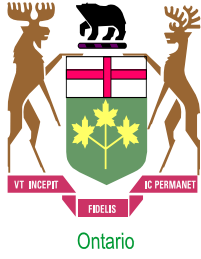
Month	Network			Line Connection			Transformation Connection			Total Line
	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January	1,207,048	\$2.57	\$ 3,102,113	2,375,654	\$0.70	\$ 1,662,958	507,323	\$1.62	\$ 821,864	\$ 2,484,821
February	1,142,316	\$2.57	\$ 2,935,752	2,279,789	\$0.70	\$ 1,595,852	483,230	\$1.62	\$ 782,832	\$ 2,378,685
March	1,121,924	\$2.57	\$ 2,883,345	2,215,750	\$0.70	\$ 1,551,025	476,521	\$1.62	\$ 771,964	\$ 2,322,989
April	981,759	\$2.57	\$ 2,523,121	1,917,687	\$0.70	\$ 1,342,381	411,346	\$1.62	\$ 666,380	\$ 2,008,761
May	924,241	\$2.57	\$ 2,375,300	1,805,336	\$0.70	\$ 1,263,736	387,247	\$1.62	\$ 627,340	\$ 1,891,075
June	1,029,838	\$2.57	\$ 2,646,685	2,617,756	\$0.70	\$ 1,832,430	358,416	\$1.62	\$ 580,633	\$ 2,413,063
July	1,154,153	\$2.66	\$ 3,070,048	2,329,639	\$0.70	\$ 1,630,748	530,191	\$1.57	\$ 832,400	\$ 2,463,148
August	1,421,822	\$2.66	\$ 3,782,046	2,109,628	\$0.70	\$ 1,476,740	708,353	\$1.57	\$ 1,112,114	\$ 2,588,853
September	1,126,108	\$2.66	\$ 2,995,447	1,410,009	\$0.70	\$ 987,006	526,165	\$1.57	\$ 826,079	\$ 1,813,086
October	894,920	\$2.66	\$ 2,380,487	1,469,382	\$0.70	\$ 1,028,567	346,567	\$1.57	\$ 544,110	\$ 1,572,677
November	903,342	\$2.66	\$ 2,402,889	2,117,927	\$0.70	\$ 1,482,549	321,969	\$1.57	\$ 505,491	\$ 1,988,040
December	1,181,715	\$2.66	\$ 3,143,362	2,446,035	\$0.70	\$ 1,712,225	560,223	\$1.57	\$ 879,551	\$ 2,591,775
Total	13,089,187	\$2.62	\$34,240,595	25,094,593	\$0.70	\$17,566,215	5,617,551	\$1.59	\$ 8,950,759	\$26,516,974

Hydro One

Month	Network			Line Connection			Line Transformation			Total Line
	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January	65,591	\$2.01	\$ 131,837	33,513	\$0.50	\$ 16,757	65,358	\$1.38	\$ 90,194	\$ 106,951
February	116,863	\$2.01	\$ 234,894	54,148	\$0.50	\$ 27,074	79,970	\$1.38	\$ 110,359	\$ 137,433
March	111,116	\$2.01	\$ 223,343	48,252	\$0.50	\$ 24,126	52,662	\$1.38	\$ 72,674	\$ 96,799
April	108,081	\$2.01	\$ 217,243	47,018	\$0.50	\$ 23,509	53,051	\$1.38	\$ 73,210	\$ 96,719
May	78,667	\$2.24	\$ 176,213	34,367	\$0.60	\$ 20,620	60,552	\$1.39	\$ 84,167	\$ 104,787
June	80,330	\$2.24	\$ 179,939	36,895	\$0.60	\$ 22,137	78,129	\$1.39	\$ 108,599	\$ 130,737
July	93,636	\$2.24	\$ 209,746	44,435	\$0.60	\$ 26,661	90,506	\$1.39	\$ 125,803	\$ 152,464
August	127,488	\$2.24	\$ 285,574	45,661	\$0.60	\$ 27,396	77,629	\$1.39	\$ 107,904	\$ 135,300
September	123,390	\$2.24	\$ 276,394	38,767	\$0.60	\$ 23,260	52,021	\$1.39	\$ 72,309	\$ 95,570
October	115,108	\$2.24	\$ 257,841	40,203	\$0.60	\$ 24,122	55,086	\$1.39	\$ 76,570	\$ 100,692
November	96,968	\$2.24	\$ 217,209	52,909	\$0.60	\$ 31,746	72,906	\$1.39	\$ 101,339	\$ 133,085
December	62,889	\$2.24	\$ 140,871	47,517	\$0.60	\$ 28,510	187,804	\$1.39	\$ 261,048	\$ 289,558
Total	1,180,127	\$2.16	\$ 2,551,104	523,686	\$0.57	\$ 295,918	925,674	\$1.39	\$ 1,284,177	\$ 1,580,095

Total

Month	Network			Line Connection			Line Transformation			Total Line
	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January	1,272,639	\$2.54	\$ 3,233,951	2,409,167	\$0.70	\$ 1,679,714	572,681	\$1.59	\$ 912,058	\$ 2,591,772
February	1,259,179	\$2.52	\$ 3,170,646	2,333,937	\$0.70	\$ 1,622,926	563,200	\$1.59	\$ 893,191	\$ 2,516,117
March	1,233,040	\$2.52	\$ 3,106,688	2,264,002	\$0.70	\$ 1,575,151	529,183	\$1.60	\$ 844,638	\$ 2,419,789
April	1,089,840	\$2.51	\$ 2,740,364	1,964,705	\$0.70	\$ 1,365,890	464,397	\$1.59	\$ 739,591	\$ 2,105,480
May	1,002,908	\$2.54	\$ 2,551,514	1,839,703	\$0.70	\$ 1,284,355	447,799	\$1.59	\$ 711,507	\$ 1,995,862
June	1,110,168	\$2.55	\$ 2,826,623	2,654,652	\$0.70	\$ 1,854,567	436,545	\$1.58	\$ 689,233	\$ 2,543,800
July	1,247,790	\$2.63	\$ 3,279,793	2,374,074	\$0.70	\$ 1,657,408	620,697	\$1.54	\$ 958,203	\$ 2,615,611
August	1,549,310	\$2.63	\$ 4,067,620	2,155,289	\$0.70	\$ 1,504,136	785,981	\$1.55	\$ 1,220,017	\$ 2,724,154
September	1,249,498	\$2.62	\$ 3,271,841	1,448,776	\$0.70	\$ 1,010,267	578,186	\$1.55	\$ 898,388	\$ 1,908,655
October	1,010,028	\$2.61	\$ 2,638,328	1,509,585	\$0.70	\$ 1,052,689	401,653	\$1.55	\$ 620,680	\$ 1,673,369
November	1,000,310	\$2.62	\$ 2,620,098	2,170,836	\$0.70	\$ 1,514,294	394,875	\$1.54	\$ 606,831	\$ 2,121,125
December	1,244,604	\$2.64	\$ 3,284,232	2,493,552	\$0.70	\$ 1,740,735	748,028	\$1.52	\$ 1,140,599	\$ 2,881,334
Total	14,269,313	\$2.58	\$36,791,699	25,618,279	\$0.70	\$17,862,133	6,543,225	\$1.56	\$10,234,936	\$28,097,069



Name of LDC: Hydro Ottawa Limited
File Number: EB-2010-0133
Version : 1.0

Current Wholesale Transmission

The purpose of this sheet is to calculate the expected billing when current 2010 UTR rates are applied against historical (2009) transmission units.

IESO

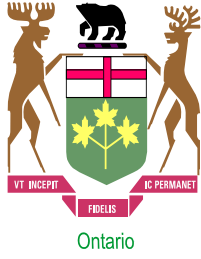
Month	Network			Line Connection			Transformation Connection			Total Line
	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January	1,207,048	\$2.9700	\$ 3,584,933	2,375,654	\$0.7300	\$ 1,734,227	507,323	\$1.7100	\$ 867,523	\$ 2,601,750
February	1,142,316	\$2.9700	\$ 3,392,679	2,279,789	\$0.7300	\$ 1,664,246	483,230	\$1.7100	\$ 826,323	\$ 2,490,569
March	1,121,924	\$2.9700	\$ 3,332,114	2,215,750	\$0.7300	\$ 1,617,498	476,521	\$1.7100	\$ 814,851	\$ 2,432,349
April	981,759	\$2.9700	\$ 2,915,824	1,917,687	\$0.7300	\$ 1,399,911	411,346	\$1.7100	\$ 703,402	\$ 2,103,313
May	924,241	\$2.9700	\$ 2,744,997	1,805,336	\$0.7300	\$ 1,317,896	387,247	\$1.7100	\$ 662,192	\$ 1,980,087
June	1,029,838	\$2.9700	\$ 3,058,620	2,617,756	\$0.7300	\$ 1,910,962	358,416	\$1.7100	\$ 612,891	\$ 2,523,853
July	1,154,153	\$2.9700	\$ 3,427,835	2,329,639	\$0.7300	\$ 1,700,637	530,191	\$1.7100	\$ 906,627	\$ 2,607,264
August	1,421,822	\$2.9700	\$ 4,222,811	2,109,628	\$0.7300	\$ 1,540,029	708,353	\$1.7100	\$ 1,211,283	\$ 2,751,312
September	1,126,108	\$2.9700	\$ 3,344,541	1,410,009	\$0.7300	\$ 1,029,307	526,165	\$1.7100	\$ 899,742	\$ 1,929,049
October	894,920	\$2.9700	\$ 2,657,912	1,469,382	\$0.7300	\$ 1,072,649	346,567	\$1.7100	\$ 592,630	\$ 1,665,278
November	903,342	\$2.9700	\$ 2,682,925	2,117,927	\$0.7300	\$ 1,546,087	321,969	\$1.7100	\$ 550,567	\$ 2,096,653
December	1,181,715	\$2.9700	\$ 3,509,693	2,446,035	\$0.7300	\$ 1,785,606	560,223	\$1.7100	\$ 957,982	\$ 2,743,588
Total	13,089,187	\$2.9700	\$38,874,884	25,094,593	\$0.7300	\$18,319,053	5,617,551	\$1.7100	\$ 9,606,012	\$27,925,065

Hydro One

Month	Network			Line Connection			Line Transformation			Total Line
	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
	Includes Hydro One Rate Rider B1.3 UTR's and Sub-Transmission Cell K48			Includes Hydro One Rate Rider B1.3 UTR's and Sub-Transmission Cell K50						
January	65,591	\$2.6970	\$ 176,898	33,513	\$0.6150	\$ 20,611	65,358	\$1.5000	\$ 98,037	\$ 118,648
February	116,863	\$2.6970	\$ 315,179	54,148	\$0.6150	\$ 33,301	79,970	\$1.5000	\$ 119,955	\$ 153,256
March	111,116	\$2.6970	\$ 299,680	48,252	\$0.6150	\$ 29,675	52,662	\$1.5000	\$ 78,993	\$ 108,668
April	108,081	\$2.6970	\$ 291,495	47,018	\$0.6150	\$ 28,916	53,051	\$1.5000	\$ 79,576	\$ 108,493
May	78,667	\$2.6970	\$ 212,164	34,367	\$0.6150	\$ 21,135	60,552	\$1.5000	\$ 90,828	\$ 111,963
June	80,330	\$2.6970	\$ 216,649	36,895	\$0.6150	\$ 22,691	78,129	\$1.5000	\$ 117,194	\$ 139,884
July	93,636	\$2.6970	\$ 252,537	44,435	\$0.6150	\$ 27,327	90,506	\$1.5000	\$ 135,759	\$ 163,086
August	127,488	\$2.6970	\$ 343,836	45,661	\$0.6150	\$ 28,081	77,629	\$1.5000	\$ 116,443	\$ 144,524
September	123,390	\$2.6970	\$ 332,783	38,767	\$0.6150	\$ 23,842	52,021	\$1.5000	\$ 78,032	\$ 101,873
October	115,108	\$2.6970	\$ 310,446	40,203	\$0.6150	\$ 24,725	55,086	\$1.5000	\$ 82,629	\$ 107,354
November	96,968	\$2.6970	\$ 261,523	52,909	\$0.6150	\$ 32,539	72,906	\$1.5000	\$ 109,359	\$ 141,898
December	62,889	\$2.6970	\$ 169,611	47,517	\$0.6150	\$ 29,223	187,804	\$1.5000	\$ 281,707	\$ 310,930
Total	1,180,127	\$2.6970	\$ 3,182,802	523,686	\$0.6150	\$ 322,067	925,674	\$1.5000	\$ 1,388,511	\$ 1,710,578

Total

Month	Network			Line Connection			Line Transformation			Total Line
	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January	1,272,639	\$2.9559	\$ 3,761,831	2,409,167	\$0.7284	\$ 1,754,838	572,681	\$1.6860	\$ 965,560	\$ 2,720,398
February	1,259,179	\$2.9447	\$ 3,707,857	2,333,937	\$0.7273	\$ 1,697,547	563,200	\$1.6802	\$ 946,278	\$ 2,643,825
March	1,233,040	\$2.9454	\$ 3,631,795	2,264,002	\$0.7275	\$ 1,647,173	529,183	\$1.6891	\$ 893,844	\$ 2,541,017
April	1,089,840	\$2.9429	\$ 3,207,319	1,964,705	\$0.7272	\$ 1,428,827	464,397	\$1.6860	\$ 782,978	\$ 2,211,805
May	1,002,908	\$2.9486	\$ 2,957,161	1,839,703	\$0.7279	\$ 1,339,031	447,799	\$1.6816	\$ 753,020	\$ 2,092,051
June	1,110,168	\$2.9502	\$ 3,275,269	2,654,652	\$0.7284	\$ 1,933,653	436,545	\$1.6724	\$ 730,084	\$ 2,663,737
July	1,247,790	\$2.9495	\$ 3,680,373	2,374,074	\$0.7278	\$ 1,727,964	620,697	\$1.6794	\$ 1,042,386	\$ 2,770,350
August	1,549,310	\$2.9475	\$ 4,566,647	2,155,289	\$0.7276	\$ 1,568,110	785,981	\$1.6893	\$ 1,327,726	\$ 2,895,836
September	1,249,498	\$2.9430	\$ 3,677,324	1,448,776	\$0.7269	\$ 1,053,149	578,186	\$1.6911	\$ 977,774	\$ 2,030,923
October	1,010,028	\$2.9389	\$ 2,968,358	1,509,585	\$0.7269	\$ 1,097,374	401,653	\$1.6812	\$ 675,259	\$ 1,772,633
November	1,000,310	\$2.9435	\$ 2,944,448	2,170,836	\$0.7272	\$ 1,578,626	394,875	\$1.6712	\$ 659,926	\$ 2,238,552
December	1,244,604	\$2.9562	\$ 3,679,304	2,493,552	\$0.7278	\$ 1,814,829	748,028	\$1.6573	\$ 1,239,689	\$ 3,054,517
Total	14,269,313	\$2.9474	\$42,057,686	25,618,279	\$0.7276	\$18,641,119	6,543,225	\$1.6803	\$10,994,523	\$29,635,643



Name of LDC: **Hydro Ottawa Limited**
File Number: **EB-2010-0133**
Version : 1.0

Forecast Wholesale Transmission

The purpose of this sheet is to calculate the expected billing when forecasted 2011 UTR rates are applied against historical (2009) transmission units.

IESO

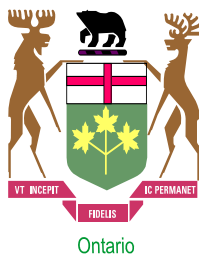
Month	Network			Line Connection			Transformation Connection			Total Line
	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January	1,207,048	\$2.9700	\$ 3,584,933	2,375,654	\$0.7300	\$ 1,734,227	507,323	\$1.7100	\$ 867,523	\$ 2,601,750
February	1,142,316	\$2.9700	\$ 3,392,679	2,279,789	\$0.7300	\$ 1,664,246	483,230	\$1.7100	\$ 826,323	\$ 2,490,569
March	1,121,924	\$2.9700	\$ 3,332,114	2,215,750	\$0.7300	\$ 1,617,498	476,521	\$1.7100	\$ 814,851	\$ 2,432,349
April	981,759	\$2.9700	\$ 2,915,824	1,917,687	\$0.7300	\$ 1,399,911	411,346	\$1.7100	\$ 703,402	\$ 2,103,313
May	924,241	\$2.9700	\$ 2,744,997	1,805,336	\$0.7300	\$ 1,317,896	387,247	\$1.7100	\$ 662,192	\$ 1,980,087
June	1,029,838	\$2.9700	\$ 3,058,620	2,617,756	\$0.7300	\$ 1,910,962	358,416	\$1.7100	\$ 612,891	\$ 2,523,853
July	1,154,153	\$2.9700	\$ 3,427,835	2,329,639	\$0.7300	\$ 1,700,637	530,191	\$1.7100	\$ 906,627	\$ 2,607,264
August	1,421,822	\$2.9700	\$ 4,222,811	2,109,628	\$0.7300	\$ 1,540,029	708,353	\$1.7100	\$ 1,211,283	\$ 2,751,312
September	1,126,108	\$2.9700	\$ 3,344,541	1,410,009	\$0.7300	\$ 1,029,307	526,165	\$1.7100	\$ 899,742	\$ 1,929,049
October	894,920	\$2.9700	\$ 2,657,912	1,469,382	\$0.7300	\$ 1,072,649	346,567	\$1.7100	\$ 592,630	\$ 1,665,278
November	903,342	\$2.9700	\$ 2,682,925	2,117,927	\$0.7300	\$ 1,546,087	321,969	\$1.7100	\$ 550,567	\$ 2,096,653
December	1,181,715	\$2.9700	\$ 3,509,693	2,446,035	\$0.7300	\$ 1,785,606	560,223	\$1.7100	\$ 957,982	\$ 2,743,588
Total	13,089,187	\$2.9700	\$38,874,884	25,094,593	\$0.7300	\$18,319,053	5,617,551	\$1.7100	\$ 9,606,012	\$27,925,065

Hydro One

Month	Network			Line Connection			Line Transformation			Total Line
	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
	Includes Hydro One Rate Rider B1.3 UTR's and Sub-Transmission Cell M48			Includes Hydro One Rate Rider B1.3 UTR's and Sub-Transmission Cell M50						
January	65,591	\$2.6970	\$ 176,898	33,513	\$0.6150	\$ 20,611	65,358	\$1.5000	\$ 98,037	\$ 118,648
February	116,863	\$2.6970	\$ 315,179	54,148	\$0.6150	\$ 33,301	79,970	\$1.5000	\$ 119,955	\$ 153,256
March	111,116	\$2.6970	\$ 299,680	48,252	\$0.6150	\$ 29,675	52,662	\$1.5000	\$ 78,993	\$ 108,668
April	108,081	\$2.6970	\$ 291,495	47,018	\$0.6150	\$ 28,916	53,051	\$1.5000	\$ 79,576	\$ 108,493
May	78,667	\$2.6970	\$ 212,164	34,367	\$0.6150	\$ 21,135	60,552	\$1.5000	\$ 90,828	\$ 111,963
June	80,330	\$2.6970	\$ 216,649	36,895	\$0.6150	\$ 22,691	78,129	\$1.5000	\$ 117,194	\$ 139,884
July	93,636	\$2.6970	\$ 252,537	44,435	\$0.6150	\$ 27,327	90,506	\$1.5000	\$ 135,759	\$ 163,086
August	127,488	\$2.6970	\$ 343,836	45,661	\$0.6150	\$ 28,081	77,629	\$1.5000	\$ 116,443	\$ 144,524
September	123,390	\$2.6970	\$ 332,783	38,767	\$0.6150	\$ 23,842	52,021	\$1.5000	\$ 78,032	\$ 101,873
October	115,108	\$2.6970	\$ 310,446	40,203	\$0.6150	\$ 24,725	55,086	\$1.5000	\$ 82,629	\$ 107,354
November	96,968	\$2.6970	\$ 261,523	52,909	\$0.6150	\$ 32,539	72,906	\$1.5000	\$ 109,359	\$ 141,898
December	62,889	\$2.6970	\$ 169,611	47,517	\$0.6150	\$ 29,223	187,804	\$1.5000	\$ 281,707	\$ 310,930
Total	1,180,127	\$2.6970	\$ 3,182,802	523,686	\$0.6150	\$ 322,067	925,674	\$1.5000	\$ 1,388,511	\$ 1,710,578

Total

Month	Network			Line Connection			Line Transformation			Total Line
	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January	1,272,639	\$2.9559	\$ 3,761,831	2,409,167	\$0.7284	\$ 1,754,838	572,681	\$1.6860	\$ 965,560	\$ 2,720,398
February	1,259,179	\$2.9447	\$ 3,707,857	2,333,937	\$0.7273	\$ 1,697,547	563,200	\$1.6802	\$ 946,278	\$ 2,643,825
March	1,233,040	\$2.9454	\$ 3,631,795	2,264,002	\$0.7275	\$ 1,647,173	529,183	\$1.6891	\$ 893,844	\$ 2,541,017
April	1,089,840	\$2.9429	\$ 3,207,319	1,964,705	\$0.7272	\$ 1,428,827	464,397	\$1.6860	\$ 782,978	\$ 2,211,805
May	1,002,908	\$2.9486	\$ 2,957,161	1,839,703	\$0.7279	\$ 1,339,031	447,799	\$1.6816	\$ 753,020	\$ 2,092,051
June	1,110,168	\$2.9502	\$ 3,275,269	2,654,652	\$0.7284	\$ 1,933,653	436,545	\$1.6724	\$ 730,084	\$ 2,663,737
July	1,247,790	\$2.9495	\$ 3,680,373	2,374,074	\$0.7278	\$ 1,727,964	620,697	\$1.6794	\$ 1,042,386	\$ 2,770,350
August	1,549,310	\$2.9475	\$ 4,566,647	2,155,289	\$0.7276	\$ 1,568,110	785,981	\$1.6893	\$ 1,327,726	\$ 2,895,836
September	1,249,498	\$2.9430	\$ 3,677,324	1,448,776	\$0.7269	\$ 1,053,149	578,186	\$1.6911	\$ 977,774	\$ 2,030,923
October	1,010,028	\$2.9389	\$ 2,968,358	1,509,585	\$0.7269	\$ 1,097,374	401,653	\$1.6812	\$ 675,259	\$ 1,772,633
November	1,000,310	\$2.9435	\$ 2,944,448	2,170,836	\$0.7272	\$ 1,578,626	394,875	\$1.6712	\$ 659,926	\$ 2,238,552
December	1,244,604	\$2.9562	\$ 3,679,304	2,493,552	\$0.7278	\$ 1,814,829	748,028	\$1.6573	\$ 1,239,689	\$ 3,054,517
Total	14,269,313	\$2.9474	\$42,057,686	25,618,279	\$0.7276	\$18,641,119	6,543,225	\$1.6803	\$10,994,523	\$29,635,643

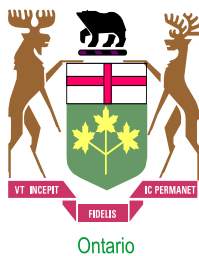


Name of LDC: **Hydro Ottawa Limited**
File Number: **EB-2010-0133**
Version : 1.0

Adjust RTSR-Network to Current Network Wholesale

The purpose of this sheet is to re-align current RTSR-Network to recover current wholesale Network costs.

Rate Class	Vol Metric	Current RTSR - Network	Billed kWh	Billed kW	Billed Amount	Billed Amount %	Current Wholesale Billing	Adjusted RTSR - Network
		(A) Column H Sheet B1.1	(B) Column H Sheet B1.2	(C) Column I Sheet B1.2	(D) = (A) * (B) or (A) * (C)	(F) = (D) / (E)	(H) = (G) * (F)	(I) = (H) / (B) or (H) / (C)
Residential	kWh	\$ 0.0065	2,256,567,858	0	\$ 14,667,691	32.84%	\$ 13,811,017	\$ 0.0061
General Service Less Than 50 kW	kWh	\$ 0.0059	731,102,854	0	\$ 4,313,507	9.66%	\$ 4,061,574	\$ 0.0056
General Service 50 to 1,499 kW	kW	\$ 2.4405	3,026,785,829	7,235,346	\$ 17,657,863	39.53%	\$ 16,626,546	\$ 2.2980
General Service 1,500 to 4,999 kW	kW	\$ 2.5342	850,115,403	1,765,293	\$ 4,473,606	10.02%	\$ 4,212,323	\$ 2.3862
Large Use	kW	\$ 2.8092	633,982,714	1,150,430	\$ 3,231,787	7.24%	\$ 3,043,033	\$ 2.6451
Unmetered Scattered Load	kWh	\$ 0.0059	19,879,033	0	\$ 117,286	0.26%	\$ 110,436	\$ 0.0056
Sentinel Lighting	kW	\$ 1.8108	0	221	\$ 400	0.00%	\$ 377	\$ 1.7050
Street Lighting	kW	\$ 1.8016	38,843,816	113,406	\$ 204,313	0.46%	\$ 192,380	\$ 1.6964
			7,557,277,506	10,264,696	\$ 44,666,452	100.00%	\$ 42,057,686	
						(E)	(G) Cell G73 Sheet C1.2	

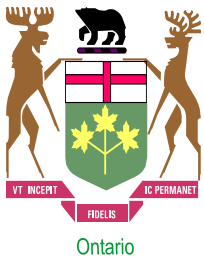


Name of LDC: Hydro Ottawa Limited
File Number: EB-2010-0133
Version : 1.0

Adjust RTSR-Connection to Current Connection Wholesale

The purpose of this sheet is to re-align current RTSR-Connection to recover current wholesale Connection costs.

Rate Class	Vol Metric	Current RTSR - Connection	Billed kWh	Billed kW	Billed Amount	Billed Amount %	Current Wholesale Billing	Adjusted RTSR - Connection
		(A) Column J Sheet B1.1	(B) Column H Sheet B1.2	(C) Column I Sheet B1.2	(D) = (A) * (B) or (A) * (C)	(F) = (D) / (E)	(H) = (G) * (F)	(I) = (H) / (B) or (H) / (C)
Residential	kWh	\$ 0.0044	2,256,567,858	0	\$ 9,928,899	32.34%	\$ 9,585,047	\$ 0.0042
General Service Less Than 50 kW	kWh	\$ 0.0041	731,102,854	0	\$ 2,997,522	9.76%	\$ 2,893,713	\$ 0.0040
General Service 50 to 1,499 kW	kW	\$ 1.6704	3,026,785,829	7,235,346	\$ 12,085,922	39.37%	\$ 11,667,370	\$ 1.6126
General Service 1,500 to 4,999 kW	kW	\$ 1.7851	850,115,403	1,765,293	\$ 3,151,225	10.26%	\$ 3,042,093	\$ 1.7233
Large Use	kW	\$ 2.0103	633,982,714	1,150,430	\$ 2,312,709	7.53%	\$ 2,232,616	\$ 1.9407
Unmetered Scattered Load	kWh	\$ 0.0041	19,879,033	0	\$ 81,504	0.27%	\$ 78,681	\$ 0.0040
Sentinel Lighting	kW	\$ 1.2668	0	221	\$ 280	0.00%	\$ 270	\$ 1.2229
Street Lighting	kW	\$ 1.2409	38,843,816	113,406	\$ 140,726	0.46%	\$ 135,852	\$ 1.1979
			7,557,277,506	10,264,696	\$ 30,698,786	100.00%	\$ 29,635,643	
						(E)	(G) Cell Q73 Sheet C1.2	

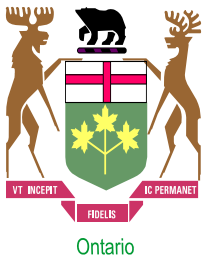


Name of LDC: **Hydro Ottawa Limited**
File Number: **EB-2010-0133**
Version : 1.0

Adjust RTSR-Network to Forecast Network Wholesale

The purpose of this sheet is to update re-aligned RTSR-Network rates to recover forecast wholesale Network costs.

Rate Class	Vol Metric	Adjusted RTSR - Network	Billed kWh	Billed kW	Billed Amount	Billed Amount %	Forecast Wholesale Billing	Proposed RTSR - Network
		(A) Column S Sheet D1.1	(B) Column H Sheet B1.2	(C) Column I Sheet B1.2	(D) = (A) * (B) or (A) * (C)	(F) = (D) / (E)	(H) = (G) * (F)	(I) = (H) / (B) or (H) / (C)
Residential	kWh	\$ 0.0061	2,256,567,858	0	\$ 13,811,017	32.84%	\$ 13,811,017	\$ 0.0061
General Service Less Than 50 kW	kWh	\$ 0.0056	731,102,854	0	\$ 4,061,574	9.66%	\$ 4,061,574	\$ 0.0056
General Service 50 to 1,499 kW	kW	\$ 2.2980	3,026,785,829	7,235,346	\$ 16,626,546	39.53%	\$ 16,626,546	\$ 2.2980
General Service 1,500 to 4,999 kW	kW	\$ 2.3862	850,115,403	1,765,293	\$ 4,212,323	10.02%	\$ 4,212,323	\$ 2.3862
Large Use	kW	\$ 2.6451	633,982,714	1,150,430	\$ 3,043,033	7.24%	\$ 3,043,033	\$ 2.6451
Unmetered Scattered Load	kWh	\$ 0.0056	19,879,033	0	\$ 110,436	0.26%	\$ 110,436	\$ 0.0056
Sentinel Lighting	kW	\$ 1.7050	0	221	\$ 377	0.00%	\$ 377	\$ 1.7050
Street Lighting	kW	\$ 1.6964	38,843,816	113,406	\$ 192,380	0.46%	\$ 192,380	\$ 1.6964
			7,557,277,506	10,264,696	\$ 42,057,686	100.00%	\$ 42,057,686	
					(E)	Cell G73 Sheet C1.3		



Name of LDC: Hydro Ottawa Limited
File Number: EB-2010-0133
Version : 1.0

Adjust RTSR-Connection to Forecast Connection Wholesale

The purpose of this sheet is to update re-aligned RTSR-Connection rates to recover forecast wholesale Connection costs.

Rate Class	Vol Metric	Adjusted RTSR - Connection	Billed kWh	Billed kW	Billed Amount	Billed Amount %	Forecast Wholesale Billing	Proposed RTSR - Connection
		(A) Column S Sheet D1.2	(B) Column H Sheet B1.2	(C) Column I Sheet B1.2	(D) = (A) * (B) or (A) * (C)	(F) = (D) / (E)	(H) = (G) * (F)	(I) = (H) / (B) or (H) / (C)
Residential	kWh	\$ 0.0042	2,256,567,858	0	\$ 9,585,047	32.34%	\$ 9,585,047	\$ 0.0042
General Service Less Than 50 kW	kWh	\$ 0.0040	731,102,854	0	\$ 2,893,713	9.76%	\$ 2,893,713	\$ 0.0040
General Service 50 to 1,499 kW	kW	\$ 1.6126	3,026,785,829	7,235,346	\$ 11,667,370	39.37%	\$ 11,667,370	\$ 1.6126
General Service 1,500 to 4,999 kW	kW	\$ 1.7233	850,115,403	1,765,293	\$ 3,042,093	10.26%	\$ 3,042,093	\$ 1.7233
Large Use	kW	\$ 1.9407	633,982,714	1,150,430	\$ 2,232,616	7.53%	\$ 2,232,616	\$ 1.9407
Unmetered Scattered Load	kWh	\$ 0.0040	19,879,033	0	\$ 78,681	0.27%	\$ 78,681	\$ 0.0040
Sentinel Lighting	kW	\$ 1.2229	0	221	\$ 270	0.00%	\$ 270	\$ 1.2229
Street Lighting	kW	\$ 1.1979	38,843,816	113,406	\$ 135,852	0.46%	\$ 135,852	\$ 1.1979
			7,557,277,506	10,264,696	\$ 29,635,643	100.00%	\$ 29,635,643	
						(E)	Cell Q73 Sheet C1.3	



1 **Interrogatory**

2 Interrogatory #26

3
4 Low Voltage Adder

5
6 Ref: Exhibit H1 / Tab 3 / Schedule 2

7
8 For the classes that will be charged for Low Voltage Service on a kWh basis, the rate is
9 the only charge that is stated to the fifth decimal place. Is Hydro Ottawa's billing system
10 capable of calculating and issuing bills to this precision? If not, what is the expected
11 cost of adapting it for this capability?

12
13 **Response**

14
15 Yes, Hydro Ottawa's billing system is capable of calculating and issuing bills with fifth
16 decimal place precision.



Interrogatory

Interrogatory #27

Total Loss Factor

Exhibits H1 / Tab 4 / Schedules 1 & 3

- a. Please provide an alternative version of Table 2 in Schedule 1, altering the 2005 - 2008 columns by using the assumptions about Dry Core Transformer Losses that are now being used as described in Schedule 3, section 9.0 (The change may be in a constant absolute amount or by percentage).
- b. Given Hydro Ottawa's knowledge of how other Ontario distributors account for losses in dry core transformers, does Hydro Ottawa consider that its new methodology or its previous methodology produces a calculation of total loss factor more closely comparable to other distributors?

Response

- a. Table 1 below provides an alternative version of Table 2 in Exhibit H1-4-1, altering the 2005 sales to include Dry Core Transformer Losses. Note that 2006-2009 sales had already been adjusted. The highlighted cells are the ones that have changed.
- b. Hydro Ottawa is not aware of any other Ontario distributor that charges for dry core transformer losses or makes an adjustment for dry core transformer losses in calculating the loss factor. Hydro Ottawa considers that its new methodology (including dry core transformer losses in sales) produces a more accurate loss factor.



1

Table 1 – Determination of Loss Factor

		2005	2006	2007	2008	2009
A1	"Wholesale" MWh delivered to distributor (higher value)	7,927,295	7,724,426	7,864,855	7,867,414	7,784,723
A2	"Wholesale" MWh delivered to distributor (lower value)	7,872,971	7,671,493	7,810,959	7,813,501	7,731,377
B	Portion of "Wholesale" MWh delivered to distributor for Large Use Customer(s)	636,978	666,089	677,397	677,198	644,760
C	Net "Wholesale" MWh delivered to distributor (A ₂)-(B)	7,235,993	7,005,404	7,133,562	7,136,303	7,086,617
D	"Retail" MWh delivered by distributor	7,666,262	7,466,330	7,547,945	7,561,763	7,560,847
E	Portion of "Retail" MWh delivered by distributor for Large Use Customer(s)	630,671	659,494	670,690	670,493	638,376
F	Net "Retail" MWh delivered by distributor (D)-(E)	7,035,591	6,806,836	6,877,255	6,891,270	6,922,471
G	Loss Factor in distributor's system [(C)/(F)]	1.0285	1.0292	1.0373	1.0356	1.0237
	Losses Upstream of Distributor's System					
H	Supply Facility Loss Factor	1.0069	1.0069	1.0069	1.0069	1.0069
	Total Losses					
I	Total Loss Factor [(G)x(H)]	1.0356	1.0363	1.0444	1.0427	1.0308
	Total Loss Factor 5 year average	1.0380				



1 **Interrogatory**

2 Interrogatory #28

3
4 Smart Meters – O&M Cost of Damages

5
6 Ref: Exhibit I2 / Tab 1 / Schedule 1

- 7
8 a. Does the 2011 budget for Outside Services continue to include an allowance for
9 damage to customer-owned property due to Smart Meter deployment as described
10 at p. 8?.
- 11
- 12 b. If so, how much is it, and how much is likely to continue beyond 2011?
- 13
- 14 c. Is the average cost of damage incurred prior to 2011 included in the installation cost
15 of the Smart Meters?
- 16

17 **Response**

- 18
- 19 a) Hydro Ottawa's deployment of Smart Meters is planned to conclude in 2010.
20 Therefore, no costs were included in the 2011 budget for damage to customer-
21 owned property due to Smart Meter deployment.
- 22
- 23 b) Not applicable
- 24
- 25 c) Costs incurred prior to 2011 to repair customer owned equipment resulting from the
26 deployment of Smart Meters were included in the installation costs for Smart Meters,
27 and included in the Smart Meter variance accounts. The response to CCC # 33
28 Table 1 provides details of the actual costs incurred in 2009 and budgeted for 2010
29 for work on customer equipment. As noted in Exhibit I2-1-1, Page 9 of 14, the actual
30 costs recorded were less than \$100k each year.



Interrogatory

Interrogatory #29

Bill Impacts

Ref: Exhibit H1 / Tab 6 / Schedule 1 / Attachment AK

Please list the components of the 'Regulatory' item, together with their amounts per kWh, in the Bill Impact tables on pp. 4 & 5 of the Exhibit. Include Hydro Ottawa's assumption concerning the Special Purpose Charge.

Response

The 'Regulatory' charge of \$0.0068725/kWh shown on pp. 4 & 5 of Exhibit H1-6-1 Attachment AK is made up of the following charges:

- Wholesale Market Charge \$0.0052/kWh
- Rural or Remote Electricity Rate Protection Charge \$0.0013/kWh
- Special Purpose Charge \$0.0003725/kWh

The Special Purpose Charge is based on the Ontario Energy Board's (the 'Board') letter of April 9, 2010 and any difference between the \$2,930,261 remitted to the Minister of Finance on July 31, 2010 and the amount recovered from customers will be recorded in a variance account as directed in the Board's letter of April 23, 2010.



1 **Interrogatory**

2 Interrogatory #30

3
4 Clearance of Variance Account 1556

5
6 Ref: Exhibit I1/Tab 1/Schedule 2 –page 4, lines 5 to 6

7
8 With respect to accounting for Smart Meter Variance accounts, Hydro Ottawa states that
9 “Operating, Maintenance and Administration (“OM&A”), amortization, PILs and carrying
10 charges were recorded in Account 1556.”

11
12 Please provide the regulatory authority under which PILs was recorded in account 1556.

13
14 **Response**

15
16 Hydro Ottawa has recorded in the Smart Meter variance accounts (Accounts 1555 and
17 1556) the difference between the revenue requirement resulting from its actual Smart
18 Meter spending and the amounts recovered from customers from the Smart Meter rate
19 adders. The Smart Meter rate adders were calculated from the revenue requirement of
20 the forecasted Smart Meter spending for the same period, therefore, by recording the
21 revenue requirement instead of the total costs, the variance accounts provide a true
22 reflection of whether Hydro Ottawa has over collected or under collected from
23 customers.

24
25 Hydro Ottawa provided details of this approach in its last cost of service application (EB-
26 2007-0713) as part of the Settlement Agreement Page 20 to 28, where Hydro Ottawa
27 noted that: “Any differences between the revenue requirement calculated from the
28 actual Smart Meter spending and the amounts collected through this rate adder would
29 be recorded in a variance account and cleared through future distribution rate
30 adjustments consistent with the approach approved for THESL in the combined Smart
31 Meter proceeding (EB-2007-0063).”



1 Hydro Ottawa notes that the Ontario Energy Board's G-2008-0002 Guideline Smart
2 Meter Funding and Cost Recovery ("Smart Meter Guideline") Page 12, indicates that one
3 of the steps in determining the recovery of Smart Meter costs is the "calculation of the
4 revenue requirement related to smart meter costs". Appendix C, Page IV of the Smart
5 Meter Guideline provides an example of how to calculate the revenue requirement. This
6 calculation includes all of the same elements that Hydro Ottawa has included in its
7 calculation of the revenue requirement that was recorded between Accounts 1555 and
8 1556, including a component for PILs.

9
10 Hydro Ottawa's approach is consistent with the Board's methodology for recovering
11 Smart Meter costs. The only difference is that Hydro Ottawa has recorded the revenue
12 requirement in Accounts 1555 and 1556 rather than leaving this as an offline calculation.
13 The details of Hydro Ottawa's revenue requirement calculation to December 31, 2009
14 are provided in Exhibit I2-1-1 Table 5, and the costs in the revenue requirement
15 calculation reconcile to the capital additions in Table 2 and the OM&A in Table 4. Hydro
16 Ottawa has provided its spreadsheet for the revenue requirement calculation as an
17 attachment to VECC #65. Rather than recording the PILs component of the revenue
18 requirement in Account 1556, it could have been recorded in Account 1555, but the
19 result remains the same as long as Accounts 1555 and 1556 are recovered at the same
20 time.



Interrogatory

Interrogatory #31

Clearance of Deferral and Variance Accounts

Ref: Exhibit I1/Tab 1/Schedule 2, page 4, lines 28 to30, and page 5, lines 1-2

Hydro Ottawa states that it is asking the Board to determine that its spending for the Smart Meter program to the end of 2010 is prudent. Also, Hydro Ottawa is proposing to include all of the Smart Meter capital additions to the end of 2010 in its 2011 rate base.

As part of the Settlement Proposal EB-2007-0713, Hydro Ottawa agreed to submit an annual smart meter report on its spending related to 2008, 2009 and 2010. The report for each year was to be filed by April 30th of the subsequent year.

- a. Please file the annual smart meter report for 2009.
- b. Why does Hydro Ottawa feel that the Board should determine its spending for the Smart Meter program to the end of 2010 to be prudent, when the Smart Meter Guidelines (G-2008-0002) require that:
 - i. The cost recovery should be based on costs already expensed (i.e. not forecast)
 - ii. All cost information should be audited, including the smart meter related deferral account balances.
 - iii. Information on the penetration rate is filed.

Response

- a) Attachment 1 is the Smart Meter report for 2009 that was filed with the Ontario Energy Board (the “Board”) and sent to intervenors of record on April 30, 2010.



- 1 b) Hydro Ottawa is seeking the Board's approval to include the 2010 capital costs in
2 rate base for the following reasons:
3
- 4 1. Hydro Ottawa's deployment of Smart Meters is expected to be complete in 2010.
5
 - 6 2. Hydro Ottawa's Smart Meter project office will be winding down in 2010 and
7 ongoing activities are being transferred to the normal operational business units.
8
 - 9 3. The Board has established a mandatory date of June 2011 for all of Hydro
10 Ottawa's eligible customers to be on Time of Use ("TOU") rates. This provides
11 the Board further reassurance that Hydro Ottawa's project will be concluded
12 before then.
13
 - 14 4. Of the total \$54.4M in capital expenditures that Hydro Ottawa is forecasting for
15 the total project, 95% had been spent by the end of 2009 and are part of the
16 audited balances. While Hydro Ottawa is forecasting \$4.9M in capital additions
17 in 2010, \$2.1M of this amount relates to capital expenditures incurred and
18 audited in prior years that were transferred to fixed assets in 2010.
19
 - 20 5. At year-end 2009 Hydro Ottawa had already installed meters to over 97% of its
21 customers.
22
 - 23 6. In 2010, Hydro Ottawa is continuing to track the difference between the revenue
24 requirement of the forecasted and actual Smart Meter spending in the Smart
25 Meter variance accounts.
26
 - 27 7. If the Board does not approve the inclusion of the 2010 capital additions in the
28 2011 rate base, Hydro Ottawa will need to retain a very small Smart Meter rate
29 adder until its next cost of service application related to the 2010 capital
30 additions.
31



- 1 8. Hydro Ottawa launched its Smart Meter project in 2006. Hydro Ottawa had
- 2 already installed nearly 115,000 meters by April 30, 2007 at the time of the
- 3 Board's Smart Meter Combined Proceeding (EB-2007-0063), and these
- 4 expenditures were reviewed in the detail by the Board. Hydro Ottawa has the
- 5 experience necessary to accurately forecast the 2010 costs.

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April 30, 2010

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street 26th Floor
Toronto, ON M4P 1E4

Attention: Kirsten Walli, Board Secretary

Re: 2009 Annual Smart Meter Report

As part of Hydro Ottawa Limited's ("Hydro Ottawa") 2008 Electricity Distribution Rate Application (EB-2007-0713) Settlement Proposal, which was accepted by the Ontario Energy Board ("Board") on January 24, 2008, Hydro Ottawa agreed to submit an annual smart meter report on its spending related to the Province's Smart Meter Initiative ("SMI") for 2008, 2009 and 2010. The report for each year was to be filed by April 30th of the subsequent year. Please find attached the 2009 Annual Smart Meter Report. A copy of the report has been sent to intervenors of record for EB-2007-0713.

If you have any questions, please contact the undersigned at lynneanderson@hydroottawa.com or 613-738-5499 ext 527.

Yours truly,

(Original signed by)

Lynne Anderson
Chief Regulatory Affairs & Government Relations Officer
Hydro Ottawa



2009 ANNUAL SMART METER REPORT

As part of Hydro Ottawa Limited's ("Hydro Ottawa's") 2008 Electricity Distribution Rate Application (EB-2007-0713) Settlement Proposal, which was accepted by the Ontario Energy Board ("the Board") on January 24, 2008, Hydro Ottawa agreed to submit an annual Smart Meter report on its spending related to the Province's Smart Meter Initiative ("SMI") for 2008, 2009 and 2010. The report for each year was to be filed with the Board and served on the other parties by April 30 of the subsequent year¹.

1.0 SMART METER INVESTMENT PLAN

Hydro Ottawa's implementation of the SMI remains on track. As of December 31, 2009, 267,987 residential, 21,826 general service < 50kW and 2,339 general service > 50kW meters have been installed. Table 1 illustrates the actual deployment results for 2006, 2007, 2008 and 2009.

Table 1 – Number of Meters Installed Each Calendar Year²

	2006 # meters	2007 # meters	2008 # meters	2009 # meters	Total # Meters
Residential	96,628	70,932	73,911	26,516	267,987
G.S.<50kW	765	5,695	10,300	5,066	21,826
G.S.>50kW	235	137	1,093	874	2,339
Total	97,628	76,764	85,304	32,456	292,152

¹ EB-2007-0713, Hydro Ottawa Limited Settlement Proposal, Issue 6.1

² At year-end 2009 Hydro Ottawa had a total of 296,007 metered customers.



Hydro Ottawa's 2009 Smart Meter capital and operations, maintenance and administration ("OM&A") expenses were funded through a rate adder. The sections below detail Hydro Ottawa's actual capital and OM&A spending for 2009.

2.0 CAPITAL ADDITIONS

Table 2 provides the 2006, 2007, 2008 and 2009 Actual capital additions for Smart Meters.

Table 2 – Capital Additions by Calendar Year³

	2006 Actual \$000	2007 Actual \$000	2008 Actual \$000	2009 Actual \$000
Total Year Spend	\$16,430	\$11,390	\$14,572	\$7,106
Total Capital Spend	\$16,430	\$27,820	\$42,392	\$49,498

Hydro Ottawa's mass deployment of smart meters is now complete. Work continues on the installation of meters at individual locations that could not be accessed during the mass deployment. This is a significantly slower process.

In 2009, there was substantial work on integrating with the provincial MDM/R and completing system changes to prepare for the roll out of time-of-use rates to occur early in 2010.

³ The numbers for 2007 and 2008 reflect a small revision from Hydro Ottawa's 2008 Smart Meter Report. The 2007 did not include the capital from a new capital project related to web presentment. The 2008 number was based on capital expenditures, not capital additions. Capital Additions are net of changes in construction of progress i.e. when the asset is capitalized. The title of Table 2 has been amended to clarify that this is Capital Additions.



3.0 OM&A EXPENSES

Table 3 summarizes the OM&A costs for the calendar year 2009. The OM&A account grouping for the Uniform System of Accounts is shown in brackets for each cost.

Table 3 – Operating Expenses for the 2009 Calendar Year

	2009 Actual \$
Labour and benefits (O&M)	\$605,747
Outside Services (O&M)	193,454
Training / Change Management Cost (Administration)	97,127
Miscellaneous Administration (Administration)	45,689
Telephony / Data Communications (O&M)	356,565
Customer Communications (Administration)	4,893
IT maintenance contracts/software (Administration)	180,787
Allocations to Capital (O&M)	(354,492)
Total	\$1,129,770

This OM&A spending was lower than the amount forecast for the rate adder approved as part of the 2009 IRM Application. This is because the roll out of time-of-use rates did not occur in 2009 as planned because version upgrades to the provincial MDM/R required testing and integration. Hydro Ottawa continues to use the Smart Meter variance accounts to track differences between actual and forecast amounts, with accrued interest.



4.0 STRANDED METERS

Hydro Ottawa continued to track the removal of conventional meters in 2009 as the Smart Meters are installed. As approved in Hydro Ottawa's 2008 Electricity Distribution Rate Application, these stranded meters are being depreciated over a 6-year period.

Table 4 shows the change in the Stranded Meter account⁴ in 2009.

Table 4 – 2009 Stranded Meter Activity

	2009 Actual \$
2009 Opening Balance	\$12,950,636
Additional stranded meters	1,854,205
Proceeds from scrap meters	(8,178)
Stranded Meter Depreciation	(3,038,628)
2009 Closing balance	\$11,758,035

⁴ Recorded in a subaccount of Account 1555.



1 **Interrogatory**

2 Interrogatory #32

3
4 New Proposed Accounts for Test Year

5
6 Ref: Exhibit I1/Tab 1/Schedule 3

7
8 Hydro Ottawa is seeking the Board's approval for a variance account to track any
9 differences in revenue requirements for 2011 in the current application, which have been
10 calculated under CGAAP, and what the 2011 revenue requirements would have been
11 under IFRS.

12
13 a. Please provide regulatory precedent in support of this proposal.

14
15 b. Is the proposed account expected to record any costs specifically excluded in the
16 Board report EB-2008-0408 (i.e. ongoing compliance costs or impacts on revenue
17 requirements arising from changes in timing of the recognition of expenses)?

18
19 c. What account number does Hydro Ottawa propose to use in the USoA?

20
21 d. What are the journal entries to be recorded?

22
23 e. What new or additional information is available since the filing of this application that
24 would improve the Board's ability to make a decision on this request?

25
26 f. Hydro Ottawa is seeking Board's approval for a new variance account for Smart
27 Meter Charges (SMC) for the IESO. Since this charge will affect all of the
28 distributors in the province, why does Hydro Ottawa consider it necessary to request
29 such an account at this time?



Response

a) Please refer to the response to EP #46. A variance account is a common regulatory mechanism use by the Ontario Energy Board (the “Board”) to track differences between a cost that has been approved by the Board for inclusion in rates and the actual cost incurred by the utility. Hydro Ottawa has prepared this cost of service rate application based on costs under the Canadian Generally Accepted Accounting Principles (“CGAAP”). Under International Financial Reporting Standards (“IFRS”) there could be a difference in these costs. Hydro Ottawa is of the opinion that a variance account is an appropriate mechanism for tracking any cost differences.

b) The purpose of the account is to record the difference between the revenue requirement under CGAAP, and what the revenue requirement would have been under IFRS. In the Report of the Board Transition to International Financial Reporting Standards (“IFRS Report”) (EB-2008-0408), the Board established a deferral account to record “incremental one-time administrative costs”.

Hydro Ottawa recognizes that this deferral account was not to be used to track impacts on the revenue requirement related to the implementation of IFRS. For this reason, Hydro Ottawa is seeking approval for a new variance account for this purpose. While the Board opted not to create an account for revenue requirement effects at the time of the IFRS Report on July 28, 2009, numerous issues have evolved since that time. The Board itself acknowledged that its approach may need to be modified.¹

c) Hydro Ottawa would propose to use a sub-Account of 1508.

¹ IFRS Report Page 9. “The Board is proceeding with this consultation on the intersection of regulatory accounting and IFRS in the absence of final decisions from accounting standard-setting bodies, as it believes that distributors need early guidance on the Board’s regulatory accounting and rate application filing requirements. The Board’s approach may need to be modified if an unanticipated ruling is received.”



1 d) Hydro Ottawa proposes that it would first determine the difference between the 2011
2 revenue requirement under CGAAP and what it would have been under IFRS. This
3 amount would be divided by 12 months. The monthly difference would be recorded
4 in Account 1508, either as a debit or credit.

5
6 For the situation in which the IFRS revenue requirement was lower than the CGAAP
7 revenue requirement, the journal entry would be as follows:

8
9 Debit 4080 Distribution Revenue
10 Credit 1508 sub-account IFRS revenue requirement

11
12 For situation in which the IFRS revenue requirement was higher than the CGAAP
13 revenue requirement, the journal entry would be as follows:

14
15 Debit 1508 sub-account IFRS revenue requirement
16 Credit 4080 Distribution Revenue

17
18 e) The Canadian Accounting Standards Board has recently issued an exposure draft
19 that would permit a two-year deferral for rate regulated companies on the
20 implementation of IFRS. While Hydro Ottawa expects that this amendment will be
21 approved, the final decision is not expected until December 2010. Hydro Ottawa
22 intends to take the deferral and as a result the IFRS variance account not be
23 required in 2011; however, until the final decision, Hydro Ottawa is still seeking
24 approval for this account.

25
26 f) Hydro Ottawa expects that the Independent Electricity System Operator will be filing
27 its application for a Smart Meter Charge ("SMC") shortly. Hydro Ottawa agrees that
28 this will affect all distributors and requests that the Board initiate a generic
29 proceeding to determine the pass-through of the SMC to the customers of all
30 distributors, including the use of a variance account to track any differences. Should



- 1 such a generic proceeding be initiated by the Board, Hydro Ottawa will withdraw its
- 2 request within this application for a SMC variance account.



Interrogatory

Interrogatory #33

Regional Collector Smart Meters

Ref: Exhibit I2 / Tab 1 / Schedule 1 / Tables 1 & 3

It is not readily apparent from the tables whether Hydro Ottawa has 1302 collector meters or 1302 customers whose consumption is metered by means of these devices.

a. Please clarify this information.

b. Please provide an estimate of the cost of buying and installing conventional smart meters, for comparison with the cost of \$1,426,087 in Table 3.

Response

a) With the Elster metering system, a collector is a specialized meter that not only reads the consumption of an individual customer, but also collects meter data from surrounding Smart Meters. Not all metering systems use this same approach. Collectors have been installed on the premises of residential customers, General Service < 50 kW customers and demand customers, in place of Smart Meters. They may be used to collect data from meters on any class of customer. For Table 1 in Exhibit I2-1-1, the difference between the total number of customers and the total number of Smart Meters installed is the number of collectors installed. Hydro Ottawa broke out the number of units and costs between Smart Meters and collectors based on the cost categories required in the Smart Meter Combined Proceeding (EB-2007-0063).

b) It would be difficult to undertake an accurate analysis because it would require an assessment of each location that a collector had been installed to determine what type of Smart Meter would have been required.



1 Hydro Ottawa notes that the average cost of an installed Smart Meter over the
2 program for the residential and General Service < 50 kW customers is \$157. For a
3 demand customer the average cost of an installed Smart Meter is \$638. For 717
4 collectors installed on residential and general service < 50 kW customers and 585
5 collectors installed on demand customers, a very rough calculation of installing
6 Smart Meters would be $717 \times \$157 + 585 \times \$638 = \$485,799$.

7
8 The collectors are located to provide communications coverage throughout the city.
9 Without the installation of these collectors, there would be no way for Hydro Ottawa
10 to gather meter data, and therefore a separate communications system would have
11 to be installed in addition to the Smart Meters.



1 **Interrogatory**

2 Interrogatory #34

3
4 Integration to Provincial MDM/R

5
6 Ref: Exhibit I2/Tab 1 / Schedule 1 / p. 3

7
8 An accumulated expenditure of \$2,073,489 is included as a 2010 capital addition for
9 integration with the provincial meter data management and repository system (MDM/R).
10 In addition, Hydro Ottawa is requesting approval of a variance account for IESO fees
11 that may apply in the future for the MDM/R.

12
13 a. Do Hydro Ottawa's customers receive any benefit of Hydro Ottawa's expenditures
14 prior to the provincial system becoming operational? If not, did Hydro Ottawa
15 consider including its expenditures to 2010 in a variance account such as Account
16 1555?

17
18 b. Please describe what precautions Hydro Ottawa has taken to ensure that its own
19 expenditures were not premature or redundant with the IESO system.

20
21 **Response**

22
23 a) All of Hydro Ottawa's costs for the Smart Meter program are included in Accounts
24 1555 and 1556, including costs to integrate systems with the MDM/R.

25
26 Please refer to CCC # 34 for a discussion of the total capital expenditures and
27 capitalization for systems costs that resulted in the capital addition of \$2,073,489 for
28 2010. The total project included more than just integration with the MDM/R and
29 therefore some aspects of the project were capitalized in 2007 and 2008, with the
30 remaining portion related to integration with the MDM/R capitalized in 2010. The
31 portion of the capital expenditures not capitalized remained in construction in



1 progress each year. Hydro Ottawa's customers benefit from these expenditures
2 when they become used and useful and were capitalized.

3
4 The request for a variance account for fees from the Independent Electricity System
5 Operator ("IESO") does not relate to any of the costs described above. This variance
6 account is related to charges from the IESO for its costs of building and operating the
7 MDM/R. Please see the response to OEB #32f) for a further discussion of this
8 variance account.

9
10 b) In 2007, the Ministry of Energy ("MOE") requested that Hydro Ottawa be an "early
11 mover" to assist the IESO. A letter from the MOE is included as Attachment 1. As a
12 result, work commenced on integration with the MDM/R. By 2008, it became
13 apparent that the version of the MDM/R that went into service in 2008 did not have
14 all of the functionality required of a larger distributor. Hydro Ottawa decided to
15 disband its integration project team until the new version of the MDM/R was available
16 in 2009. Work started again in 2009. By November 2009, Hydro Ottawa filed its
17 self-certification to the IESO of its readiness to enter System Integration Testing
18 ("SIT") with the MDM/R, and this testing was completed. Hydro Ottawa's first
19 customers moved to time-of-use rates in Spring 2010.

20
21 Hydro Ottawa has been prudent in all of its plans and has continued to work
22 cooperatively with the IESO to reach the established objectives as soon as possible.



Ministry of Energy

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Toronto, Ontario
M7A 2C1

Ministère de l'Énergie

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January 19, 2007

Mr. Norm Fraser
COO
Hydro Ottawa Limited
3025 Albion Road North
PO Box 8700
Ottawa, Ontario
K1G 3S4

Dear Mr. Fraser:

RE: Proposed regulations for Smart Metering and treatment of MDM/R interface costs

As indicated in recent discussions between the Ministry of Energy and your organization, Ministry officials will be recommending that Cabinet make regulations under the *Electricity Act, 1998* and the *Ontario Energy Board Act, 1998* to advance the implementation of the smart metering initiative in your service territory.

I know you appreciate that the Ministry cannot bind Cabinet's decision-making. However, I can assure you that the Ministry's intent with this recommendation would be to expedite early integration of Meter Data Management/Repository functions with metering and billing infrastructure in selected service territories, including Hydro Ottawa's. In this regard, we would be proposing amendments to the existing O. Reg. 426/06 (Smart Meters: Cost Recovery) which would, if enacted, clarify that expenditures by specific LDC's to support early interface and design work related to the MDM/R would in fact be eligible for cost recovery.

As we have discussed previously, we are keen to have Hydro Ottawa involved as an early mover in this historic initiative and assisting the Independent Electricity System Operator with the development of a fully functional end-to-end smart metering system.

.../2

- 2 -

We are aware of your timing concerns and are scheduled to recommend these regulations at the earliest opportunity.

I hope this information clarifies the Ministry's position and intent on this issue.

Sincerely,

A handwritten signature in black ink, reading "Rosalyn Lawrence". The signature is written in a cursive, flowing style.

Rosalyn Lawrence
Assistant Deputy Minister
Office of Consumer & Regulatory Affairs