Interrogatory

General

1. A1/T2/S3

Hydro Ottawa is seeking approval of a rate year commencing January 1, 2011. In effect, its customers will be paying higher rates as of January 1, 2011, three months earlier than under the current framework. Please explain why this proposal would be fair to ratepayers? Would Hydro Ottawa be willing to accept a proposal to move to January 1 rates, but deferring implementation to May 1, 2011, thereby minimizing the impact on ratepayers? If not, why not?

Response

Hydro Ottawa filed its application for rates based on a forecast of its costs and sales volumes from January to December 2011. The Ontario Energy Board prescribes the fiscal reporting period for electricity distributors to be the calendar year; therefore, it is appropriate for cost of service rate applications to be based on costs for the same period to avoid any duplication in planning processes. Since the costs are forecast for January to December it is appropriate to have the rates that are designed to recover these costs effective for the same period, and as such, this approach is fair to ratepayers. Deferring the implementation of rates until May would create a mismatch between the costs incurred and the associated revenue earned, and this has the result of affecting a distributor's rate of return for the mandated fiscal reporting period. For this reason, Hydro Ottawa does not accept a proposal to defer implementation to May 1, 2011. The fact that customers have previously benefited from the lag between rates and costs does not mean that it is unfair in the future for the rates to be set to recover the costs over the same period.

Interrogatory

General

2. A1/T7/S1/p.3

Please describe all of the activities Energy Ottawa is involved in. Will Energy Ottawa be the delivery agent for Hydro Ottawa's CDM programs as of January 1, 2011? If so, will the allocation of costs to Energy Ottawa increase?

Response

Energy Ottawa Inc. ("Energy Ottawa") is a diversified and innovative energy company that generates green power and offers an extensive range of energy management and procurement services to a wide range of customers. Energy Ottawa is a wholly-owned subsidiary of Hydro Ottawa Holding Inc.

In addition to owning and operating hydro-electric and landfill gas generators, Energy Ottawa currently offers energy management, energy procurement, lighting management, web portal, demand response and green power services.

Hydro Ottawa will be assigned mandatory and aggressive targets for conservation and demand management ("CDM") for the period 2011 to 2014. To achieve these targets, Hydro Ottawa will be seeking new strategies for implementing programs. This may include working through Energy Ottawa for the delivery of some programs; however, these strategies are still in development.

Interrogatory

General

A1/T7/S2

The evidence lists a number of positions including CEO, CFO etc. It then states that "strategic leadership is provided by the following positions in Hydro Ottawa Inc. Operational activities related to these functions remain within Hydro Ottawa."

Please explain the difference between strategic leadership and operational activities. For each of the 10 positions listed please indicate where these positions reside, in Hydro Ottawa Holding Inc. or Hydro Ottawa. For each of these positions please indicate the allocation of the salaries between Hydro Ottawa Holding Inc. and Hydro Ottawa.

Response

Please see the response to SEC #4 and VECC #6 for a discussion of strategic (executive and senior management) leadership and operational activities.

The following 10 positions reside in Hydro Ottawa Holding Inc and the salary allocations applied to Hydro Ottawa Limited in 2010 are as follows:

	Allocation
Chief Executive Officer	55%
Chief Financial Officer	69%
Director, Finance	69%
Chief Human Resources Officer	93%
Chief Information Officer	55%
Chief Communications Officer	30%
Chief Stakeholder Relations Officer	30%
Chief Regulatory Affairs and Government Relations Officer	88%
Chief Enterprise Risk Management Officer	80%
General Counsel and Corporate Secretary	63%

Interrogatory

General

4. A1/T7/S3/Attachment D

The SLA between Hydro Ottawa Holding Inc. and Hydro Ottawa Limited has been provided. For each of the services please provide a schedule setting out the total amounts. For example $650,000 is allocated to Hydro Ottawa for General Counsel and Regulatory Affairs. What it the total amount, prior to the allocation?

Response

With reference to Exhibit D1-2-1, Attachment W, the pre-allocation amount for services provided by Hydro Ottawa Holding Inc. to Hydro Ottawa Limited are presented under the Cost for Service column, as follows:

Table 1 - Shared Services / Corporate Cost Allocation - 2010

Service Offered	Price for Service	Cost for Service	Percentage Allocation
Legal, Corporate Administration & Regulatory Affairs	644,891	939,472	69%
Finance, Internal Audit & Enterprise Risk Management	2,473,853	3,999,270	62%
Human Resources, Safety & Environment	689,860	741,126	93%
Corporate Communications	271,875	906,251	30%
Management Services	659,521	1,199,130	55%
Non-Allocated Activities	N/A	1,751,548	0%
Total	**$4,740,000**	**$9,536,797**	**50%**

The slight variations in the SLA pricing between Attachment W and Attachment D are due to rounding.

Interrogatory

General

5. A2/T1/S3/p. 1

The evidence sets out the main factors contributing to the revenue deficiency. Please provide a more detailed breakdown of the costs within each category.

Response

The breakdown of the revenue deficiency/sufficiency provided in Table 1 of Exhibit A2-1-3, replicated below, was determined based on the approved 2008 make up of the revenue requirement, adjusted for the Incentive Regulation Mechanisms in 2009 and 2010 and the Smart Meter ("SM") adder in 2010. As a result, the impact of each cause on the revenue deficiency is an estimate only.

Table 1 – Causes of Deficiency

CAUSE	Impact on Revenue Requirement $000
Increase in Amortization Expense	$4,588
Increase in Revenue Offsets	(255)
Increase in OM&A Expenses	4,055
Increase in Return on Capital	6,726
Change in Payment in Lieu of Taxes	(2,072)
Load Growth	(1,330)
TOTAL Deficiency	**$11,711**

The following Tables provide a more detailed breakdown of the costs within each category, as appropriate.

CAUSE		Impact on Revenue Requirement $000
Increase in OM&A Expenses		4,055
-decrease in operating considering SM	(817)	
-increase in maintenance	905	
-decrease in billing and collecting	(1,036)	
-increase in community relations	1,782	
-increase in administration and general	3,202	
-increase in taxes other than income taxes	18	

CAUSE		Impact on Revenue Requirement $000
Increase in Return on Capital		6,726
-increase in the Cost of Capital from 6.55% to 7.02%	2,968	
-forecast growth in the year-end NBV of assets between 2008 and 2011 of $78.6M	3,758	

CAUSE		Impact on Revenue Requirement $000
Change in Payment in Lieu of Taxes		(2,072)
-change in tax rates	(2,768)	
-change in net income	696	

CAUSE		Impact on Revenue Requirement $000
Load Growth		(1,330)
-increase in customer numbers	(577)	
-increase in sales	(753)	

Interrogatory

General

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

Response

Hydro Ottawa Limited ("Hydro Ottawa") has not determined when it will file its next cost of service rate application. As discussed in Exhibit A1-2-2, the decision to embark on the lengthy process of preparing a detailed cost of service application is not taken lightly and is based on the consideration of a number of issues:

- Required level of investment in the Asset Management Strategy and aging infrastructure
- Further Green Energy Act investments
- Progress on the Facilities Strategy
- Details of 4th generation incentive regulation mechanism ("IRM")
- Status of workforce planning

In addition, the decision about when to file the next cost of service rate application is dependent on the outcome of this current 2011 Distribution Rate Application.

Interrogatory

General

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

Response

There are no Conservation and Demand Management ("CDM") expenses included in Hydro Ottawa's 2011 revenue requirement. However, there are allocations to the CDM program which actually reduce the 2011 revenue requirement.

Hydro Ottawa does not expect the finalization of the Ontario Energy Board's Conservation and Demand Management ("CDM") Code in the Fall of 2010 to change the applied for 2011 distribution revenue requirement. At the time of the preparation of the 2011 cost of service application, Hydro Ottawa did have an estimate of what the CDM targets would be and a general idea of the Code requirements. As a result, Hydro Ottawa had sufficient information on which to base the allocations for 2011.

Interrogatory

General

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

Response

As directed by the Ontario Energy Board in their letter of April 9, 2010, Hydro Ottawa submitted the total payment of $2,930,261 for the Special Purpose Charge to the Ministry of Finance on July 31, 2010. Hydro Ottawa began to collect this charge from customers as of May 1, 2010 as part of the Wholesale Market Charge using a rate of $0.0003725/kWh, as set out in the regulation.

Interrogatory

General

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

Response

It is presumed that this question intends to refer to the 2011 revenue requirement as there is no 2010 revenue requirement. As stated in the response to OEB #12a, there is no specific funding included in the 2011 test year revenue requirement for the LEAP emergency assistance program. However, the Winter Warmth program is targeted at low-income customers and the associated $65,000 is included in the 2011 revenue requirement.

In Hydro Ottawa's 2008 Distribution Rate Application, $40,000 was approved for the Winter Warmth program which is targeted at low-income customers. This is the amount that was included in rates in 2008-2010.

Interrogatory

Rate Base

10. B1/T2/S1

Please provide a schedule setting out the following:

(i) Distribution Sustainment, Distribution Demand and General Plant budgets for the years 2008-2011 Actual and Board approved (where applicable);

(ii) Variance analysis to support the variances;

(iii) Total Capital Expenditures for each year.

Response

(i)

Capital Expenditures	2008 Board Approved	2008 Actual	2009 Actual	2010 Budget	2011 Budget
Distribution Sustainment	$37,713	$34,786	$38,375	$44,289	$45,224
Distribution Demand Gross	33,918	41,280	35,798	29,832	29,378
General Plant	10,165	8,036	7,419	12,818	18,123
CDM	-	268	-	-	-
Green Energy Act	-	-	-	-	2,566
Total Gross	**$81,796**	**$84,370**	**$81,592**	**$86,939**	**$95,291**

(ii) Variance analyses to support the variances are outlined in Hydro Ottawa Limited filing EB-2010-0133 as follows;

a. 2008 Board Approved to 2008 Actual variance analyses are contained in B4-2-1 and B4-2-2,
b. 2008 Actual to 2009 Actual variance analyses are contained in B4-1-1 and B4-1-2,
c. 2009 Actual to 2010 Budget variance analyses are contained in B4-5-1 and B4-5-2, and
d. 2010 Budget to 2011 Budget variance analyses are contained in B4-5-1 and B4-5-2.

(iii) Total Capital Expenditures for each year are included in the response to part (i). Capital Expenditures related to Conservation Demand Management ("CDM") and Hydro Ottawa's Green Energy Act Basic Plan are included in the total capital expenditures.

Interrogatory

Rate Base

11. B1/T2/S1/pp.1-4

Please provide a schedule setting out the budget amount for each program in Tables 1-3.

Response

The table below sets out the 2011 budget amount for each program. Only those expenditures that exceed the materiality threshold, as shown in Exhibit A3-5-1, are included in the table. Budget Program expenditures not shown in the table are included in miscellaneous budget programs.

Capital Program	Budget Program	2011 Budget ($000)
Distribution Sustainment		
Stations Asset	Stations Transformer Replacement	$1,119
	Stations Battery Replacement	0[1]
	Stations Switchgear Replacement	439
	Stations Relay Replacement	combined with Switchgear
	Station Conductor Replacement	0[1]
	Stations Plant Failure Capital	0[1]
Stations Capacity	Stations New Capacity	13,834
Stations Enhancement	Station Enhancements	728
Distribution Asset	Cable Replacement Program	2,004
	Pole Replacement	7,097
	Insulator Replacement Program	0[1]
	Elbow and Insert Replacement	0[1]
	Splice Replacement Program	0[1]
	Distribution Transformer Replacement	2,425

	Vault Rehabilitation or Removal	0[1]
	Civil Rehabilitation Program	596
	Switchgear New and Rehabilitated	0[1]
	Overhead Equipment New and Rehabilitated	0[1]
	Plant Failure Capital	2,411
Distribution Enhancement	Vault Space Capital Leasing	0[1]
	Line Extensions	5,393
	System Voltage Conversion	1,331
	System Reliability	0[1]
	Distribution Minor Enhancements	0[1]
Distribution Automation	Distribution Automation	719
Stations Automation	Substation Automation	0[1]
System Operations Automation	SCADA Upgrades	1,056
	RTU - Additions	0[1]
Facility Programs - Stations	Facility Programs - Stations	707
Sustainment Miscellaneous	Sustainment Miscellaneous	5,365
	Distribution Sustainment Total	**$45,224**
Distribution Demand		
Commercial	New Commercial Development	$6,078
Damage To Plant	Damage to Plant	892
Infill & Upgrade	Infill Service	3,706
Metering	Metering – Reverification	0
	Wholesale Meter (IESO meter upgrades)	0
	Meters	1,428
	Remote Disconnected Meter	83
	Suite Metering	0
Plant Relocation	Plant Relocation and Upgrade	5,700
Residential	Residential Subdivisions	6,762
Stations Demand Projects	Embedded Generation Projects	64
System Expansion	System Expansion Demand	3,493
	Long Term Load Transfers	1,172
	Distribution Demand Total	**$29,378**
General Plant		
	Buildings - Facilities	$6,260
	CIS Enhancements	3,916
	Electronic Collection Field Activities	0[2]

	Environmental Sustainability Strategy	875
	Fleet Replacement	1,867
	Furniture & Equipment	0[2]
	GIS/OMS/CIS/IVR Integration	0[2]
	GRM System Enhancements	589
	Info Services & Tech	2,387
	ERP / JDE Project	0[2]
	New PC & Peripheral	245
	Outbound Calling Auto-Dialer	0[2]
	PC/Peripheral Replacement	0[2]
	Tools Replacement	701
	Website Enhancements	0[2]
	Customer Service Strategy	452
Genera Plant Miscellaneous	General Plant Miscellaneous	831
	General Plant Total	**$18,123**
Green Energy Act Basic Plan		
	Green Energy Act Basic Plan Total	**$2,566**
	Total Capital Expenditures	**$95,291**

1

[1] Budgeted expenditures are included in Sustainment Miscellaneous
[2] Budgeted expenditures are included in General Plant Miscellaneous

Interrogatory

Rate Base

12. B1/T2/S5/p.17 - Hydro Ottawa has indicated that it intends to proceed with Option 4 as its Facilities Strategy. Please provide an update on the progress on the hiring of a Project Manager. Does Hydro Ottawa still expect to have $4 million of in-service capital additions in place in 2011? If not, what is the current budget? If lands/buildings are sold how will any gains be dealt with from a regulatory perspective?

Response

Please see the response to SEC #13j for an update on the progress of hiring a Project Manager. At this time, Hydro Ottawa still expects to have $4 million of in-service capital additions in place in 2011. With regards to how gains or losses will be dealt with, from a regulatory perspective, please see the response to EP #9e.

Interrogatory

Rate Base

13. B1/T2/S5/p.21

Please explain, specifically how the $5.5 million budgeted for Facilities was derived.

Response

Please see the response to OEB #2b.

Interrogatory

Rate Base

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

Response

Table 1 provides the detailed fleet budget and actual expenditures. Board approved amounts are shown for 2006 and 2008, the last two cost of service applications.

Budget and Actual expenditures are at the equipment class level whereas Board-approved expenditures are shown as a total.

Explanations of the variances between 2006-2009 actuals and 2010, 2011 budgets amounts can be found in Exhibit B4-1-2, Section 2.5 and B4-5-2, Section 2.5.

Board Approved Year 2006

In 2006 the variance for the fleet capital expenditures was $632k. The 2006 approved expenditures were to replace 29 vehicles and purchase one new full sized truck. In 2006, 33 vehicles were replaced and 6 vehicles were added to the fleet. The initial plan was changed due to:

- changing user needs altered the profile of vehicles to be replaced, and
- additional funds were made available to the Fleet Services department to help address the lagging replacement plan as described in Exhibit B1-2-5.

The additional vehicles approved and purchased included;

- 1 bucket truck - Upgrade to equipment for the 24/7 department

- 2 compact pick ups – One for a new Health and Safety inspector and one for increased workload in the facilities department, and
- 3 step/cube vans – One for stations electrician apprentices and two for cable jointer apprentices.

Board Approved Year 2008

In 2008 the variance for the fleet capital expenditures was only $106k, resulting from minor changes to costs and plans.

Table 1 – Fleet Expenditures

Subsidiary	Actual 2006 $000	Board Approved 2006 $000	Actual 2007 $000	Actual 2008 $000	Board Approved 2008 $000	Actual 2009 $000	Budget 2010 $000	Budget 2011 $000
Computer Software	$50	N/A	$13	$5	N/A	$1	$0	$0
Automobiles	55	N/A	21	7	N/A	-	110	0
Trucks less than 3 tonnes	556	N/A	103	284	N/A	90	33	130
Trucks greater than 3 tonnes	2,502	N/A	2,552	1,401	N/A	1,284	1,969	1,697
Power Operated Equipment	55	N/A	394	103	N/A	79	121	40
Tools, Shop & Garage Equipment	4	N/A	0	0	N/A	7	0	0
TOTAL	$3,222	$2,590	$3,083	$1,799	$1,693	$1,461	$2,232	$1,867

Interrogatory

Rate Base

15. B3/T2/S1

Did Hydro Ottawa retain an independent consultant to review its lead-lag results? If not, why not?

Response

Hydro Ottawa did not retain an independent consultant to review its lead-lag results. In completing the study, Hydro Ottawa was able to review the results for three recent lead-lag studies filed with the Board: Toronto Hydro-Electric System Limited (EB-2007-0680), Hydro One Networks (EB-2005-0378, EB-2009-0096) and Enersource Hydro Mississauga (EB-2007-0706). Each of these studies took a similar approach and Hydro Ottawa followed a similar structure. Hydro Ottawa has provided a comparison of lead/lag results in Table 1 below.

Hydro Ottawa notes that it is not uncommon for studies to be completed for cost of service rate applications, and they are often not reviewed by outside consultants. A decision to use an outside consultant is based on cost considerations, internal expertise and volume of workload. For example, for Hydro Ottawa's 2008 Electricity Distribution Rate application (EB-2007-0713), Hydro Ottawa completed its own cost allocation study; however, for this application, for reasons of workload, an outside consultant was used.

Table 1 Comparison of Lead / Lag Results

Expense Item Description	Hydro Ottawa (2008 2009)			Toronto Hydro (Note 1)			Enersource (2007) (Note 2)			Hydro One (2009) (Note 3)		
	Revenue Lag (Days)	Expense Lead (Days)	Working Capital Requirement	Revenue Lag (Days)	Expense Lead (Days)	Working Capital Requirement	Revenue Lag (Days)	Expense Lead (Days)	Working Capital Requirement	Revenue Lag (Days)	Expense Lead (Days)	Working Capital Requirement
			$ millions			$ millions			$ millions			$ millions
Cost of Power	75.1	33.7	64.2	71.5	32.6	204.7	confidential	32.7	confidential	70.0	32.7	203.9
OM&A Expenses	75.1	10.6	9.5	71.5	19.9	30.2	confidential	9.7	confidential	70.0	22.9	78.2
Interest on Long Term Debts	75.1	45.6	1.2	71.5	43.2	5.6	confidential	32.0	confidential	70.0	52.9	7.7
PILs	75.1	14.6	2.3	71.5	38.0	2.4	confidential	15.1	confidential	70.0	16.5	5.8
Debt Retirement Charges	75.1	33.0	6.1	71.5	33.2	18.9	confidential	32.6	confidential			
Other									confidential	70.0	31.6	5.5
Sub-Total			83.1			261.8			confidential			301.2
GST			1.6			7.8			confidential			8.2
TOTAL (Including GST)			84.7			269.6			confidential			309.3
Working Capital as %			13.7%			12.5%			13.5%			11.9%
Adjustment for HST			2.5									
New Total with HST			87.2									
New Working Capital %			14.1%									

Retail Revenue Lag	Hydro Ottawa (Average 2008 2009)	Toronto Hydro (Note 1)	Enersource (2007) (Note 2)	Hydro One (2009) (Note 3)
Service Lag (Note 4)	30.3	27.1	28.7	21.0
Billing Lag (Note 5)	18.3	16.2	11.9	19.1
Collection Lag	25.3	27.1	28.1	32.1
Payment Processing Lag	1.1	1.4	confidential	
Total	75.0	71.8		72.2

Note 1: EB-2007-0680 Exhibit D1 Tab 15 Schedule 1
Note 2: EB-2007-0706 Filed September 18, 2009
Note 3: EB-2009-0096 Exhibit D1-1-4 Attachment 1
Note 4: Hydro One bills monthly. Hydro Ottawa bills bi-monthly for residential and small commercial customers.
Note 5: Enersource indicates that billing proceeds within 5 days for fixed price customers. Hydro Ottawa waits for hourly pricing to determine settlement amounts.

Interrogatory

Rate Base

16. B4/T4/S1

Please provide a schedule in the same format as Table 1 - 2011 Capital Expenditures which includes 2006 to 2010. Please include Board approved where applicable.

Response

Please see Table 1 below.

Table 1 – 2006 – 2011 Capital Expenditures

Groupings	2006	2006	2007	2008	2008	2009	2010	2011
	Board Approved $000	Actual $000	Actual $000	Board Approved $000	Actual $000	Actual $000	Budget $000	Budget $000
Land & Buildings	$1,146	$1,994	$3,264	$3,504	$2,340	$5,726	$1,572	9,334
TS Primary Above 50 kV	6,948	4,669	9,357	13,479	8,836	10,071	14,944	12,182
DS	2,935	2,370	3,576	4,422	7,403	6,444	8,061	3,386
Poles and Wires	24,348	31,276	32,311	24,264	24,414	25,405	27,721	34,643
Transformers	8,918	11,303	11,303	6,807	7,479	8,431	7,950	8,963
Services and Meters	25,630	24,901	20,986	18,066	23,788	16,100	13,042	11,894
General Plant	3,699	2,708	2,031	2,103	1,673	1,366	1,642	1,155
Equipment	4,312	5,366	4,339	3,002	3,015	2,243	3,686	4,052
IT Assets	8,175	8,391	9,390	5,060	4,382	4,827	7,002	7,520
Other Distribution Assets	3,767	2,359	510	1,089	1,041	979	1,316	2,161
CDM Expenditures & Recoveries[1]	1,420	0	0	0	0	0	0	0
Gross TOTAL	**$91,298**	**$95,337**	**$97,067**	**$81,796**	**$84,370**	**$81,592**	**$86,936**	**$95,291**
Contributed Capital	($6,782)[2]	($20,029)	($25,320)	($15,345)	($21,237)	($20,911)	($16,746)	($16,570)
Net TOTAL	**$84,516**	**$75,308**	**$71,747**	**$66,451**	**$63,133**	**$60,681**	**$70,190**	**$78,721**

[1] Actual CDM expenditures are accounted for within the appropriate equipment groupings.
[2] 2006 Approved Contributed Capital includes accumulated depreciation on contributed capital.

Interrogatory

Information Technology

17. B1/T2/S4

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

Response

Table 1 includes those budget programs related to the Information Technology Strategy.

Table 1 – Information Technology Expenditures

	2006 Approved $000	Actual 2006 $000	Actual 2007 $000	2008 Approved $000	Actual 2008 $000	Actual 2009 $000	Budget 2010 $000	Budget 2011 $000
LDC EBS / JDE Project	$72	$52	$0	$0	$0	$765	$1,130	$0
PC/Peripheral Replacement	Note 1	211	249	218	211	172	220	199
New PC & Peripheral	Note 1	297	253	370	623	270	758	245
Info Serv & Tech	Note 1	559	862	719	788	276	1,697	2,387
Website Enhancements	Note 1	23	38	392	69	147	312	283
Electronic Collection Field Ac	Note 1	0	0	0	0	0	43	36
Outbound Calling Auto-Dialer	Note 1	0	0	0	0	0	55	5
GIS/OMS/CIS/IVR Integration	Note 1	0	0	92	180	190	493	113
TOTAL	Note 1	**$1,141**	**$1,402**	**$1,791**	**$1,871**	**$1,820**	**$4,708**	**$3,268**

Note 1:

Hydro Ottawa's 2006 Electricity Distribution Rate Application, EB-2005-0381, outlined IT Asset capital additions by Ontario Energy Board ("Board") grouping (EB-2005-0381, Table 4.8), rather than outlining expenditures on individual Information Technology Budget Programs. The total Board approved capital additions for IT Assets in 2006, which included the Customer Information System ("CIS") and Geographic Information System ("GIS") not included in Table 1 of this response, was $11.145M.

Interrogatory

Information Technology

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

Response

As stated in Exhibit B1-2-7 Section 5, capital expenditures on the Customer Information System ("CIS") transition project are planned for the 2011 Test Year; however, these are included in construction-in-progress and therefore are not part of the 2011 rate base and have no impact on revenue requirement in 2011.

Interrogatory

Operating Revenue

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

Response

The system energy forecasts as shown in Tables 3, 4, and 7 of Exhibit C1-1-1 have been updated with actuals to July 2010 and the August 24, 2010 Conference Board of Canada updated economic information. The results are shown in the Table below.

Table 1 – Updated System Forecast

kWh	Table 3 and 4 before adjustment for CDM as per Application	%	Updated System Forecast[1] before adjustment for CDM	%	Table 7 After adjustment for CDM as per Application	%	Updated System Forecast[2] after adjustment for CDM	%
2009	7,868,901		7,868,901		7,868,901		7,868,901	
2010	7,891,173	0.28	7,932,918	0.81	7,844,173	-0.31	7,913,335	0.57
2011	7,955,582	0.82	7,987,256	0.69	7,833,602	-0.13	7,865,276	-0.61
kW	1,402		1,402		1,402		1,402	
2010	1,426	1.66	1,454	3.71	1,414	0.86	1,449	3.35
2011	1,434	0.60	1,439	-1.03	1,400	-1.0	1,405	-3.04

[1] The 2010 System Forecast includes actual purchases to the end of July 2010 adjusted for normal weather and forecast for August to December.
[2] The 2010 forecast of the adjustment for CDM is 5/12ths of the original forecast.

Interrogatory

Operating Revenue

20. C2/T1/S1

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

Response

The 2011 rate application separates Other Revenue into five (5) main categories: Specific Service Charges, Late Payment Charges, Standard Supply Service Administration Charge, Other Distribution Revenue and Other Income and Deductions.

The key factors which influence Other Revenue forecasting are a combination of historical trends, anticipated customer growth and activity, business initiatives, economic and industry trends and changes in service charges. Often, several factors must be assessed for a specific revenue category; however, the relative weightings may differ. Following are the key factors that are considered in each category:

Other Revenue Category	Forecasting Method
Specific Service Charges	Historical trends, changes in service charge amounts, forecasted customer demand for services and changes in service offerings are factored into the forecast
Late Payment Charges	Historical trends, economic trends, customer payment behaviour and payment options are factored into the forecast
SSS Administration Charge	Historical trends and projections of retailer market share are factored into the forecast
Other Distribution Revenue	Historical trends, anticipated plant leases, anticipated service level agreements with Affiliates, third-party contracts, customer service requests and property disposals are factored into the forecast
Other Income and Deductions	Interest rate trends and projected cash balances are factored into the forecast

This forecasting methodology has not changed since Hydro Ottawa's last cost of service rate proceeding in 2008.

Interrogatory

Operating Revenue

21. C2/T2/S1/p.3

Please recast Table 2 to include Board approved amounts for 2008.

Response

Please see the following table.

Table 1 - 2008 Board Approved and Actual Net Revenues

Affiliate	Activity	Approved Revenue	Actual Revenue	Pricing
Energy Ottawa	Facilities, Human Resources and IT Services (SLA)	$63,007	$127,801	IT Technical Support is market-based. IT Business Application Support is cost-based. HR Services are cost-based. Facility Services relate to property taxes at two generating stations allocated based on cost.
	Mechanical services for generating plant	Not Budgeted	$74,001	Mechanical services for the generating plant were based on $60/hour for regular hours and $120/hour for overtime for the mechanic. Control room monitoring services were based on $60/hour.
	Metering and Meter Data Services	$100,296	$100,128	Metering and Meter Data Services were based on market pricing.
Holding Company	Facilities, Human Resources and IT Services (SLA)	$260,121	$276,073	IT Technical Support is market-based. IT Network, Equipment and Business Application Support are cost-based. HR Services, Facility furniture rentals and special projects are cost-based. Office space is based on market pricing obtained through a consultant.

Affiliate	Activity	Approved Revenue	Actual Revenue	Pricing
Telecom Ottawa	Facilities, Human Resources, Supply Chain and IT Services (SLA)- January to April for actuals	$254,473	$133,015	IT Technical Support is market-based. IT VPN and Business Application Support are cost based. HR Services, Supply chain, Facility utilities and special projects are cost-based. Office space is leased for 5 years, based on market pricing.
	Pole Attachments and Duct Rental – January to April for actuals	$964,457	$283,067	For pole attachments, the Ontario Energy Board (the "Board") approved rate of $22.35 per pole per month is applied. For duct rental, the current price is $6 per metre for standard duct and $12 per meter for critical crossings.
	Mapping	$7,000	$0	
Total		**$1,649,354**	**$994,085**	

1

Interrogatory

OM&A

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

Response

As shown in Table 11 of Exhibit C1-1-1, the forecasted customer growth from 2010 to 2011 is 1.3%. As explained in Section 5.2 of the same Exhibit, this forecast is derived using individual regression models for each class. The models typically use one independent variable to explain the change in customer numbers. For example, the forecast of Residential customers is a function of the population forecasted for the Ottawa region and the forecast of Commercial customers is a function of total employment or non manufacturing employment in Ottawa. The customer forecast models used for each customer class are provided in the response to EP #18k.

No suite metering customers has been included in the 2011 forecast of customer numbers, except those that carry over from the 2010 pilot project.

Interrogatory

OM&A

23. D3/T1/S1/p.1

Please recast Table 1 to include 2009-2011.

Response

Please see the following table.

Table 1 – 2008-2011 OM&A

	US of A	2008 Actual	2008 Board Approved	2009 Actual	2010 Budget	2011 Budget
Operation		**$11,752,560**	**$13,062,448**	**$11,364,065**	**$14,996,358**	**$15,269,439**
Load Dispatching	5010	2,978,011	2,011,117	3,177,345	2,250,971	2,290,007
Station Buildings and Fixtures	5012	599,061	732,357	623,465	677,407	690,955
Trans. Station Equip. - Labour	5014	78,285	116,603	98,211	100,377	102,177
Trans. Station Equip. - Expenses	5015	12,480	27,448	43,680	21,471	21,804
Distribution Station Equipment - Labour	5016	251,317	243,378	269,275	325,494	330,426

	US of A	2008 Actual	2008 Board Approved	2009 Actual	2010 Budget	2011 Budget
Distribution Station Equipment - Expenses	5017	28,070	69,984	108,428	186,803	187,470
Overhead Distribution Lines and Feeders - Labour	5020	733,746	776,621	743,584	820,895	829,978
Overhead Distribution Lines and Feeders - Expenses	5025	2,016,977	2,621,470	1,668,647	2,382,482	2,430,131
Overhead Distribution Transformers - Operation	5035	9,611	1,072,084	12,295	2,090	2,131
Underground Distribution Lines - Labour	5040	544,634	356,363	806,140	778,195	787,810
Underground Distribution Lines - Expenses	5045	1,314,610	1,281,495	1,491,329	1,706,187	1,740,310
Underground Distribution Trans - Operation	5055	14,164	47,871	33,366	18,831	19,208
Meter Expense	5065	1,174,985	2,101,464	1,588,162	3,619,926	3,352,547
Miscellaneous Distribution Expense	5085	1,996,609	1,604,193	700,138	2,105,230	2,484,483
Maintenance		**$5,183,949**	**$5,111,153**	**$5,171,079**	**$6,006,658**	**$6,086,041**
Maintenance of Transformer Stations Equipment	5112	93,206	116,205	336,148	342,029	344,063
Maintenance of Distribution Stations Equipment	5114	1,234,750	761,773	1,049,989	1,275,876	1,287,135
Maintenance of Poles, Towers a Fixtures	5120	207,011	75,824	300,728	345,812	348,779

	US of A	2008 Actual	2008 Board Approved	2009 Actual	2010 Budget	2011 Budget
Maintenance of Overhead Conductors and Devices	5125	954,977	861,632	738,310	744,378	754,245
Maintenance of Overhead Services	5130	430,113	301,708	502,993	786,179	801,575
Maintenance of Underground Conduit	5145	66,769	114,200	174,315	172,096	171,830
Maintenance of Underground Conductors and Devices	5150	779,433	1,263,011	713,449	723,277	732,898
Maintenance of Underground Services	5155	336,843	361,073	327,659	441,781	449,782
Maintenance of Line Transformers	5160	598,240	467,410	451,095	497,373	506,000
Maintenance of Meters	5175	482,607	788,317	576,393	677,858	689,734
Billing and Collecting		**$10,365,089**	**$11,716,819**	**$10,233,636**	**$10,579,743**	**$10,840,730**
Meter Reading Expense	5310	708,787	1,000,000	497,472	285,502	291,212
Customer Billing	5315	6,384,603	6,805,651	6,454,518	6,947,188	7,073,022
Collecting	5320	1,823,584	1,911,160	1,766,044	1,844,053	1,943,436
Collections Charges	5330	14	-	(709)	-	-
Bad Debt Expenses	5335	1,448,101	2,000,008	1,516,311	1,503,000	1,533,060

	US of A	2008 Actual	2008 Board Approved	2009 Actual	2010 Budget	2011 Budget
Community Relations		**$4,588,888**	**$4,759,852**	**$4,594,942**	**$5,459,667**	**$6,607,061**
Community Relations - Sundry	5410	4,388,497	4,515,270	4,470,513	5,265,624	5,905,497
Energy Conservation (GEA)	5415	-	-	-	-	501,641
Demonstration and Selling Expenses	5510	200,391	244,582	124,429	194,043	199,923
Administrative and General		**$19,738,418**	**$20,679,521**	**$20,670,993**	**$22,601,943**	**$24,163,018**
Executive Salaries and Expenses	5605	2,672,170	2,537,200	2,699,842	2,348,838	2,230,022
Management Salaries and Expenses	5610	5,244,002	4,968,391	5,206,365	5,320,045	5,804,604
General Administrative Salaries and Expenses	5615	2,503,658	2,556,915	2,452,624	1,895,154	2,679,969
Office Supplies and Expenses	5620	3,439,394	3,749,097	3,356,987	3,935,367	4,061,460
Administrative Expense Transferred - Credit	5625	(4,470,835)	(3,783,390)	(2,445,112)	(2,347,722)	(1,931,338)
Outside Services Employed	5630	496,031	724,598	201,012	655,900	569,018
Insurance Expenses	5635	321,100	325,692	338,543	764,618	780,070
Injuries and Damages	5640	746,130	672,575	628,598	614,591	626,883
Employee Pensions and Benefits	5645	594,981	600,000	605,814	700,000	728,000

	US of A	2008 Actual	2008 Board Approved	2009 Actual	2010 Budget	2011 Budget
Regulatory Expenses	5655	1,116,045	1,223,250	1,127,054	1,397,800	1,419,756
General Advertising Expenses	5660	-	-	3,843	-	-
Miscellaneous General Expenses	5665	2,230,717	2,718,637	2,166,054	2,613,370	2,517,516
Maintenance of General Plant	5675	4,731,062	4,346,556	4,266,187	4,653,483	4,625,549
Charitable Contributions	6205	113,963	40,000	63,182	50,500	51,510
Sub Total		**$51,628,904**	**$55,329,793**	**$52,034,715**	**$59,644,370**	**$62,966,289**
Taxes Other Than Income Taxes	6105	1,741,965	1,758,250	1,793,952	1,761,997	1,800,217
Total OM&A Expenses		**$53,370,869**	**$57,088,043**	**$53,828,667**	**$61,406,367**	**$64,766,506**

1

Interrogatory

OM&A

24. D3/T1/S1/p.1 - For each of the categories under Community Relations and Administrative and General please provide a detailed description of each activity.

Response

Hydro Ottawa makes every effort to follow the main categories and accounting guidelines as stated in the *Uniform System of Accounts* ("USoA") in the Board's *Accounting Procedures Handbook* ("APH") with the following qualifications.

Community Relations

Community Relations Sundry, account 5410 includes all employees that interface directly with external customers to provide information and/or resolve issues with respect to energy consumption and Hydro Ottawa services. This includes employees that deal with customer escalations, written inquiries and other customer contacts. The cost for Hydro Ottawa's external Call Centre is also included in this account.

Demonstration and Selling Expenses, account 5510 includes cost associated with the management of Hydro Ottawa's key accounts. Key accounts are generally large commercial customers including large retailers, hospitals, school boards and government agencies.

Administration and General

Administration and General includes labour and expenses that provide support functions to the other four business categories. They include functions such as human resources, finance, regulatory compliance and information technologies. Accounts 5605, 5610 and

5615 include salaries and expenses for employees while account 5620 is for office supplies. Account 5625, Administrative Expense Transferred includes Corporate Costs transferred from affiliates and any allocations to capital and maintenance for staff that contribute to those programs. Account 5630, Outside Services employed includes costs for services such as year-end audits, financial planning advise or any other outside service that is required from time-to-time.

Other items included in Administrative and General are insurance and liability costs and costs for employee benefits, accounts 5635, 5640 and 5645. Expenses related to regulatory compliance which includes staff salaries for Regulatory Affairs and expenses incurred for rate applications and other regulatory requirements.

Miscellaneous General Expenses, account 5665 covers all costs associated with warehousing, supply chain management and material procurement.

Maintenance of General Plant, account 5675 captures costs associated with maintaining office buildings not directly used for electrical distribution.

Charitable donations are captured in account 6205 and include contributions to charitable agencies for the purpose of matching employee donations and providing donations to various agencies for employee bereavement.

Interrogatory

OM&A

25. D3/T1/S1/p.3

Please provide a detailed budget for Regulatory Expenses - 2008-2011. Please include all internal and external costs, and all assumptions used to derive each component of the budget. For the 2011 costs please indicate how these costs are to be recovered.

Response

The table below shows the total costs of Hydro Ottawa's Regulatory Affairs department for the period 2007 to 2011. As noted in Exhibit D1-1-2, not all of these costs were mapped to Account 5655 Regulatory Expenses of the Uniform System of Accounts. In particular, office and compensation costs for the regulatory staff were mapped to Administration costs.

Cost Category	2007 $	2008 $	2009 $	2010 $	2011 $
OEB annual assessment	$658,372	$761,852	$857,658[1]	$941,700	$956,716
Compensation including benefits[2]	602,281	641,426	645,851	650,227	676,236
Administration (travel, training, office support, telephones, etc.)[3]	65,011	70,773	72,881	69,691	64,194
Legal	174,772	129,774	43,863	136,100	138,000
Consulting	2,618	27,996	3,223	40,000	40,640
Other Agency Fees (e.g. ESA)	114,484	90,934	119,293	125,000	127,000
Other costs (e.g. notice publication)	7,850			5,000	5,100
Intervenor/ Proceeding Assessed Costs[4]	63,305	105,489	103,017	150,000	152,300
Total	$1,688,693	$1,828,244	$1,845,786	$2,117,718	$2,160,185

[1] Note that in Table 3 of Exhibit D1-1-2, a transposition error from a spreadsheet to the exhibit resulted in a misstatement of the OEB Assessments for 2009. The correct number is now shown. The total costs in Table 3 were correct.
[2] Compensation includes an allocation from Hydro Ottawa Holding Inc related to the Chief Regulatory Officer function.
[3] Administration includes a corporate allocation for administrative support services.
[4] These include all costs assessed by the Ontario Energy Board ("the Board") including intervenor costs and other Board costs for proceedings.

Not included in the above table are the costs for other Hydro Ottawa staff that work on regulatory matters, such as rate applications, unless they are seconded on a full-time basis to the department. For 2011, the budget was established on the same number of staff in the regulatory department with typical annual compensation increases.

As noted in CCC #6, Hydro Ottawa has identified the need to file cost of service applications on a more frequent basis. The frequency of rate applications must consider changes in the legislative and business environment, specific conditions within Hydro Ottawa's service area, the regulatory processes under which rates are set and the impact on internal resources.

The decrease in legal costs in 2009 was the result of a three year period between cost of service rate applications. While the mechanism for the fourth generation of incentive regulation is not yet known, and will be a factor in the frequency of cost of service rate applications, Hydro Ottawa anticipates filing cost of service at a minimum of every other year. In years without a major rate application, it is expected that a number of studies and analyses will be completed in preparation, typically using legal and consulting support. Please see the response to EP #22 for further discussion of the smoothing of costs between 2010 and 2011.

Interrogatory

OM&A

26. D3/T1/S4/p.1

The 2011 budget has an amount of $2.484 million for "Miscellaneous Distribution Expense". What is included in this area? Please provide a detailed breakdown of this budget.

Response

The following description is quoted from the Ontario Energy Board's "Accounting Procedures Handbook for Electrical Distribution Utilities – Revised July 31, 2007"

"5085 Miscellaneous Distribution Expenses

This account shall include the cost of labour, materials used and expenses incurred in distribution system operation not provided for elsewhere.

Example items

Labour:

1. General records of physical characteristics of lines and substations, such as capacities, etc.
2. Ground resistance records.
3. Joint pole maps and records.
4. Distribution system voltage and load records.
5. Preparing maps and prints.
6. Service interruption and trouble records.
7. General clerical and stenographic work except that chargeable to account 5065, Meter expenses.

Material and Expenses:

1. Operating records covering poles, transformers, manholes, cables, and other distribution facilities. Exclude meter records chargeable to account 5065, Meter Expenses and station records chargeable to account 5012, Station Building and Fixtures Expenses.
2. Janitorial work at distribution office buildings including snow removal, cutting grass, etc.
3. Communication service.
4. Building service expenses.
5. Miscellaneous office supplies and expenses, printing, and stationery, maps and records and first-aid supplies.
6. Research, development, and demonstration expenses."

Account 5085, Miscellaneous Distribution Expense is budgeted using a cost recovery method. All salaries and expenses associated with the operation of the distribution system are initially placed in account 5085. This account is subsequently reduced by allocating costs to capital work orders, maintenance work orders and work performed for outside entities. What remains in this account are expenses that were not specifically allocated. The amount of allocations are directly related to budgeted capital and maintenance expenditures as well as historical work for others expenses.

What remains in this account are items such as the maintenance of asset records, general administrative salaries for record keeping and expenses for operational facilities such as snow removal, lawn maintenance and minor repairs.

Interrogatory

OM&A

27. D3/T1/S4/p.1

Please explain the significant increase in General Administrative Salaries and Expenses and Management Salaries and Expenses relative to 2010.

Response

General Administrative Salaries and Expenses, account 5615, is budgeted to increase by $784,814. Of this amount, $169,414 is a result of the addition of one new position and annual rate increases and progressions. The majority of the increase, $567,570, was due to a reallocation of expenses from account 5605, Executive Salaries and Expenses which was budgeted for in the wrong account.

Management Salaries and Expenses, account 5610, is budgeted to increase by $484,559. Of this amount, $260,000 is a result of the addition two new positions and two salary overlaps for retiring employees. The two new positions are a Security Analyst in Information Technology and an Environment Officer in Human Resources. Annual wage increases and progressions result in an increase of $183,000 while the remaining $41,000 is due to annual increases in expenses.

Interrogatory

OM&A

28. D3/T1/S4/p.1

Please identify, for each year the number of vacancies, in each employee category.

Response

It is assumed that this question refers to Exhibit D4-1-1 as D3-1-4 does not include employee categories. Hydro Ottawa did not record the vacancies in this manner in 2008, however as of December 2009 there were 23 vacancies with a breakout of 5 Management, and 18 Unionized positions. Hydro Ottawa does not budget for vacancies by employee category however it does account for the cost saving due to vacancies by means of a vacancy allowance that is applied against compensation as a whole.

Interrogatory

OM&A

29. D4/T1/S1/p.7

Please explain how Hydro Ottawa forecasts annual overtime costs.

Response

Hydro Ottawa's annual overtime costs are budgeted based on historical data in consultation with divisional Directors and Managers. Factors that influence overtime include storm activity, project workload scheduling to minimize customer disruptions and ability to work on roadways during peak traffic hours.

Interrogatory

OM&A

30. D4/T1/S1 - Please provide the missing information for 2010 and 2011

Response

In a letter sent to the Ontario Energy Board on August 11, 2010, Hydro Ottawa Limited withdrew the request for confidentiality related to the 2010 and 2011 data in Exhibit D4-1-1 Attachment Y. At that time non-redacted copies of the Exhibit and Attachment were attached and provided to all intervenors, however for completeness the nonconfidential version of the Exhibit and Attachment are included as Attachment 1 to this interrogatory.

EMPLOYEE COMPENSATION BREAKDOWN

1.0 HEAD COUNT

Table 1 summarizes Hydro Ottawa Limited's ("Hydro Ottawa") head count for 2008 Board Approved, 2008 and 2009 Actual, 2010 and 2011 Budget. Head count is defined as the total number of full-time, part-time (prorated) and temporary employees working at Hydro Ottawa on December 31st of each year. Hydro Ottawa has completed Appendix 2-L, Employee Compensation Breakdown, (Attachment Y), as required by the Update to Chapter 2 of the Filing Requirements for Transmission and Distribution Applications, May 27, 2009. For the purposes of Attachment Y, Hydro Ottawa has used Full Time Equivalents ("FTE") for actuals and head count for budgets. FTE is a calculated value derived from the total hours worked each year in a group divided by the normal hours of work each year by a single employee in that group. Table 1 shows head count at year-end for all years.

Temporary employees are used to staff projects, back fill for staff seconded to projects or replace employees on leave. Including temporary employees in the count provides a better indication of resource requirements each year and therefore the numbers in Table 1 include temporary employees.

As of December 31, 2009 Hydro Ottawa's head count was 560 employees.

Table 1 – Head Count[1]

	2008 Approved	2008 Actual	2009 Actual	2010 Budget	2011 Budget
Executive	7	7	6	6	6
Management	94	105	104	105	109
Non-unionized	49	48	39	36	38
Unionized	420	414	411	422	439
Total	**570**	**574**	**560**	**569**	**592**

[1] Hydro Ottawa files head count numbers with the Ontario Energy Board (the "Board") as part of the reporting and record-keeping requirements on an annual basis. In these filings, Hydro Ottawa has not included temporary employees.

1.1 Executive

Executive staff includes the Chief Operating Officer ("COO") and Directors. The positions currently included within the executive/senior management group are listed in Exhibit A1-7-2. No further changes are expected for 2010 and 2011.

1.2 Management

The Management group includes managers, supervisors and professional engineers within Hydro Ottawa. Increases in this category are due to the addition of professional engineers to support the *Green Energy Green Economy Act* ("GEA") in the areas of renewable generation and distribution system analysis as well as providing for an overlap period for retiring managers and supervisors. The positions planned for hiring in 2010 and 2011 include:

- Manager, Human Resources - Overlap for a retiring employee.
- Supervisor, Information Systems & Technology - Overlap for a retiring employee.
- 4 Supervisors, Construction and Maintenance - Overlap for retiring employees.
- Supervisor, CIS Technical Support - Overlap for a retiring employee.
- Renewable Generation Engineer – This position will be responsible for interfacing with potential generators wanting to connect to Hydro Ottawa's distribution grid.

1.3 Non-unionized Positions

Included in the non-union group is the professional staff at Hydro Ottawa including engineers-in-training, budget officers, executive assistants, et cetera.

Additional staff planned for 2010 and 2011 include:

- Distribution Engineer – These two Engineers-in-Training will be involved in analysis of the distribution system related to GEA and Smart Grid technologies.

- Environmental Officer – This employee will be directly involved in Hydro Ottawa's Environmental Sustainability Strategy.

1.4 Unionized Positions

The unionized workforce is represented by the International Brotherhood of Electrical Workers ("IBEW"). The represented employees include both tradespersons and administrative/clerical staff, sometimes referred to as "inside" and "outside" staff.

1.4.1 Workforce Planning

The majority of the increase in staff is related to the demographic challenges facing Hydro Ottawa as discussed in Exhibit D1-5-1. This is described as workforce planning. The positions planned for hiring in 2010 and 2011 include:

PLM Apprentices	14
Meter Technician Apprentices	4
Technical Specialist	2
Stations Coordinator	1
Inspector	1
Metering Field Representative	1
IT System Support	2
Customer Contact Agent	2
Customer Communications Officer	1
CIS Technical Support Analyst	1
Total	29

2.0 TOTAL COMPENSATION

Table 2 summarizes the total compensation in the categories tracked by Hydro Ottawa's financial system. As can be seen, the 2011 total compensation is $8.2M higher then the

actual compensation for 2009. For 2010 and 2011, compensation increases are based on the new positions as discussed previously, annual increases in base pay for existing staff and increasing costs for benefits programs. Union overtime is affected by the number and type of power outages in the year, typically affected by weather.

Table 2 – Total Compensation[1]

	2008 Approved $	2008 Actual $	2009 Actual $	2010 Budget $	2011 Budget $
Executive/Management/Non-union	14,113,613	13,365,512	13,247,661	13,804,918	14,732,115
Unionized	25,717,292	24,242,591	25,879,165	28,038,153	30,184,842
Union Overtime	2,138,095	1,600,356	1,841,437	2,266,947	2,418,496
Benefits[2]	9,807,913	8,062,261	8,625,570	9,655,431	10,455,182
Total Annual Compensation[3]	**$51,776,913**	**$47,270,720**	**$49,593,833**	**$53,765,449**	**$57,790,635**

2.1 Compensation Increase for Workforce Planning

For 2010 and 2011, workforce planning represents $3.0M of the total $8.2M increase in compensation from the 2009 actuals.

2.2 Annual Increases to Base Pay

In 2007, a new three-year collective agreement was signed with the IBEW. This agreement included a 3% wage increase in 2007 and 3.25% for 2008 and 2009. The

[1] Total compensation in this table does not include staff dedicated to CDM activities, Board of Directors and students.
[2] Benefits include OMERS, WSIB, CPP, EI, EHT, Employee Insured Benefits plus miscellaneous benefits. Hydro Ottawa budgeted benefits also include Future Employee Benefits, Safety Clothing Equipment, and Employee Assistance Plan which do not flow directly through compensation therefore are not in actuals.
[3] Total Annual Compensation does not match that shown on Attachment Y as the above does not include items such as Future Employee Benefits, Safety Clothing Equipment, Employee Assistance Plan and temporary services which are included in Attachment Y.

agreement also included some enhancements to the benefit plan for unionized staff. Adjustments for 2011 are estimated from settlements that have occurred in Ontario, both within and outside of the industry and in the Ottawa area, and in consideration of the Ontario and Ottawa Consumer Price Index.

The collective agreement sets out the grade progression for each new unionized employee until they reach the maximum grade for that position. In the past, these progressions have been less material because the majority of employees had already reached the maximum. However, as more apprentices are hired and the average years of service for the workforce decreases, there will be a period of time in which there will be greater wage increases related to progression up the scale.

In total the increases to base are expected to be approximately $1.5M in both 2010 and 2011.

2.3 Other Factors Affecting Compensation

Other factors in the total compensation for the company are overtime for unionized staff, benefits, and the incentive plan for executive, management and non-unionized staff[1].

A significant increase in benefits is budgeted for in 2010 as Hydro Ottawa's benefit providers raise rates due to increased usage by members. This increased usage is a result of the aging demographic of Hydro Ottawa's workforce.

Executive and management staff has a portion of their compensation that is fixed and a portion that is variable based on achievement of company and individual objectives. Incentive pay currently can range from a factor of 0 to 1.5 for the variable portion of the pay, depending on performance. The forecast for 2010 and 2011 is based on a factor of 1.0.

[1] Non-unionized and some management staff are no longer part of the incentive plan.

3.0 AVERAGE ANNUAL BASE WAGE

Table 3 summarizes the average base wage by employee group for 2008 through to 2011.

Table 3 – Average Annual Base Wage

	2008 Approved $	2008 Actual $	2009 Actual $	2010 Budget $	2011 Budget $
Executive / senior management	$132,561	$131,950	$134,281	$139,140	$144,706
Management	82,633	92,094	92,499	94,427	97,215
Non-unionized	70,938	72,401	70,684	73,398	76,659
Unionized	59,750	62,447	64,355	65,679	67,825

The average change in base wages is affected by both the new positions included in the group and the average pay increases. For instance, the increase in the average annual base wage is affected by the number of new staff planned to be hired at entry level wages.

4.0 AVERAGE ANNUAL OVERTIME

Table 4 summarizes the average overtime paid per employee.

Table 4 – Average Annual Overtime

	2008 Approved $	2008 Actual $	2009 Actual $	2010 Budget $	2011 Budget $
Unionized	$5,209	$5,295	$6,605	$5,682	$5,828

For non-unionized and management staff, overtime is not applicable except in highly unusual and extenuating circumstances. No amounts are forecast for 2010 or 2011.

5.0 AVERAGE ANNUAL INCENTIVE PAY

Table 5 summarizes the average annual incentive (variable) pay for executive, management and non-unionized staff.

Table 5 – Average Annual Incentive Pay

	2008 Approved $	2008 Actual $	2009 Actual $	2010 Budget $	2011 Budget $
Executive / senior management	$30,934	$34,692	$37,676	$32,849	$34,163
Management	11,481	5,970	11,757	10,789	11,221
Non-unionized	7,157	3,245	0	0	0

As noted previously, Hydro Ottawa forecasts incentive pay in 2010 and 2011 on an average performance factor of 1.0. In 2007, the company adopted a new compensation plan which moved a portion or all of the compensation from the incentive plan for non-unionized and some management employees to base wages. The transition to this new plan occurred in 2007 and 2008 resulting in the decrease shown for the incentive pay in 2008, and the full elimination in subsequent years.

6.0 AVERAGE ANNUAL BENEFITS

Table 6 summarizes the average annual benefit costs by employee group.

Table 6 – Average Annual Benefits

	2008 Approved $	2008 Actual $	2009 Actual $	2010 Budget $	2011 Budget $
Executive / senior management	$27,924	$29,651	$29,549	$31,404	$32,660
Management	19,208	17,891	18,186	20,725	21,410
Non-unionized	14,200	9,871	10,754	16,631	17,333
Unionized	13,816	12,899	14,017	15,858	16,553

7.0 PENSION COSTS

Pensions are provided to Hydro Ottawa employees through the Ontario Municipal Employees Retirement System ("OMERS"). Table 7 summarizes the actual and expected employer contributions to OMERS based on employee payroll.

Table 7 – OMERS Payments

	2008 Approved $	2008 Actual $	2009 Actual $	2010 Budget $	2011 Budget $
Pension Premiums	$2,966,832	$2,831,191	$2,868,790	$3,132,871	$3,383,373

Employer pension contributions are lower in 2009 due to the lower then expected total compensation. Pension contributions are expected to increase for 2010 and 2011 with the additional staff and actual and anticipated increases in OMERS contributions.

8.0 POST RETIREMENT BENEFITS

No material changes are expected for post-retirement benefits as summarized in Table 8 that follows. Post retirement benefits are for life insurance and a small retiring allowance for eligible employees.

Table 8 – Post Retirement Benefits

	2008 Approved $	2008 Actual $	2009 Actual $	2010 Budget $	2011 Budget $
Post Retirement Benefits	$600,000	$596,784	$502,798	$700,000	$728,000

Attachment Y - Employee Compensation Breakdown

	Last Rebasing Year 2008	Historical Year 2009	Bridge Year 2010	Test Year 2011
Number of Employees (FTEs including Part-Time)				
Executive	6	6	6	6
Management	96	101	105	109
Non-Union	39	37	36	38
Union	388	402	422	439
Total	529	547	569	592
Number of Part-Time Employees				
Executive	0	0	0	0
Management	1	0	1	3
Non-Union	5	3	1	1
Union	4	4	4	4
Total	10	7	6	8
Total Salary and Wages ($)				
Executive	791,698	805,687	834,842	868,235
Management	8,862,186	9,370,149	9,914,843	10,596,437
Non-Union	2,787,422	2,622,382	2,642,339	2,913,032
Union	24,242,591	25,879,165	27,962,553	30,031,218
Total	36,683,897	38,677,382	41,354,577	44,408,922
Total Benefits ($)				
Executive	177,908	188,093	188,421	195,958
Management	1,803,966	1,945,918	2,176,086	2,333,684
Non-Union	572,534	559,210	598,734	658,658
Union	5,507,852	5,943,148	6,692,190	7,266,882
Total	8,062,261	8,636,370	9,655,431	10,455,182
Total Compensation (Salary, Wages, & Benefits) ($)				
Executive	969,607	993,780	1,023,263	1,064,193
Management	10,666,152	11,316,067	12,090,929	12,930,121
Non-Union	3,359,956	3,181,592	3,241,073	3,571,690
Union	29,750,444	31,822,313	34,654,743	37,298,100
Total	44,746,158	47,313,752	51,010,008	54,864,104
Compensation - Average Yearly Base Wages ($)				
Executive	131,950	134,281	139,140	144,706
Management	92,094	92,499	94,427	97,215
Non-Union	72,401	70,684	73,398	76,659
Union	62,447	64,355	65,679	67,825
Total	70,392	70,769	72,506	74,583
Compensation - Average Yearly Overtime ($)				
Executive	0	0	0	0
Management	0	0	0	0
Non-Union	0	0	0	0
Union	5,295	6,605	5,682	5,828
Total	5,295	6,605	5,682	5,828
Compensation - Average Yearly Incentive Pay ($)				
Executive	34,692	37,676	32,849	34,163
Management	5,970	11,757	10,789	11,221
Non-Union	3,245	0	0	0
Union	0	0	0	0
Total	6,949	17,978	16,084	16,727
Compensation - Average Yearly Benefits ($)				
Executive	29,651	29,549	31,404	32,660
Management	17,891	18,186	20,725	21,410
Non-Union	9,871	10,754	16,631	17,333
Union	12,899	14,017	15,858	16,553
Total	13,619	14,620	16,969	17,661
Total Compensation ($)	49,538,906	51,881,632	54,499,459	59,091,992
Total Compensation Charged to OM&A ($)	35,756,345	36,302,775	39,775,111	43,846,194
Total Compensation Capitalized ($)	14,805,466	16,139,120	16,000,565	16,573,063

Interrogatory

Deferral and Variance Accounts

31. I1/T1/S2/p.2

Hydro Ottawa is seeking recovery of $514,282 for Incremental IFRS costs. Please provide a detailed breakdown of these costs. Are further costs expected? If, so please indicate what those costs are and how they will be recovered.

Response

The following table shows the breakdown of Hydro Ottawa's actual costs for 2009 and budgeted costs for 2010.

Table 1 - Costs for Implementation of International Financial Reporting Standards

	2009 Actual	2010 Budget	Total
Accounting Consultant[1]	$487,259	$225,000	$712,259
Compensation[2]	23,991	284,003	178,957
Administration[3]	0	0	0
Total operating costs	511,250	509,003	1,020,253
Interest			
Interest 2009	220		220
Forecast Interest in 2010 on 2009 Balance	0	2,812	2,812
Forecast Interest for 2010 Spending	0	9,648	9,648
Total Interest	220	12,460	12,679
Total	**$511,470**	**$521,463**	**$1,032,932**

[1] Ernst and Young
[2] Includes only incremental staff time.
[3] Hydro Ottawa did not include any non-compensation administrative costs in the 2010 budget but note that as of the end of June 2010, $3,125 had been spent and recorded in the IFRS deferral account for travel in relation to IFRS. Some additional amounts may be spent by year-end.

The Canadian Accounting Standards Board ("AcSB") has issued an exposure draft that would provide a two year extension on the implementation of IFRS. For this reason, it is expected that the IFRS implementation date will not be January 1, 2011 as planned. Therefore, Hydro Ottawa may experience further costs in 2011 and 2012. To the extent that any additional costs are incremental to the cost of service reflected in rates, Hydro Ottawa would anticipate continuing to record these costs in Account 1508. Recovery of these costs would be in accordance with the Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative ("EDDVAR Report"). As part of this application, Hydro Ottawa is seeking recovery for the 2009 audited balance in Account 1508 of $511,470 plus interest to December 31, 2010 of $2,812, for a total of $514,282

Hydro Ottawa notes that it has only included incremental staff costs in the deferral account. Hydro Ottawa has undertaken a major project with extensive involvement from numerous staff from Hydro Ottawa's finance, regulatory, procurement and asset departments. This time has only been included where the position was new or incremental specifically for the purposes of the IFRS project.

In order to implement IFRS, Hydro Ottawa will implement a new version of its JDEdwards financial system. The capital costs of this upgrade have not been included in Account 1508.

Interrogatory

Smart Meters

32. I1/T1/S1

Please provide HON's actual cost per residential customer for its entire smart meter program. Please include both capital and OM&A costs. In addition, please indicate what the expected cost is to be once the entire program has been rolled out.

Response

Table 1 below provides a summary of the costs of Hydro Ottawa's Smart Meter program.

Table 1 – Capital and OM&A Smart Meter Costs

	Total as at Dec 31, 2009	2010 Budget	Total as at Dec 31, 2010
Residential and General Service < 50 kW			
Capital			
Residential	$37,931,565	$1,128,682	$39,060,247
General Service < 50 kW	6,826,741	745,915	7,572,656
Collectors	1,026,569	399,518	1,426,087
Work Force Management	847,709		847,709
MDM/R Integration	1,554,645	2,155,615	3,710,260
Total Capital	48,187,229	4,429,729	52,616,959
OM&A	2,448,532	2,845,707	5,294,239
Total Capital & OM&A	**50,635,762**	**7,275,437**	**57,911,198**
# of Customers			
Residential	269,288		273,892
G.S. < 50kW	23,338		23,504
Total # of Customers	292,626		297,396
Total Cost Capital & OM&A per Customer	**173**		**195**
Demand Customers			
Capital Additions	1,310,732	445,783	1,756,515
# customers	2,682		3,339
Cost per Demand Customer	489		526

While Hydro Ottawa has tracked the capital expenditures for the deployment of Smart Meters segregated between the residential and general service < 50 kW classes, none of the other common costs of the project are by class of customer. For this reason, Hydro Ottawa has provided the total capital and operations, maintenance and administration ("OM&A") costs for the residential and general service < 50 kW classes combined. Costs related to demand customers, which are not settled through the provincial meter data management and repository ("MDM/R"), are shown separately.

By the end of 2010, Hydro Ottawa expects to have finalized all of the known major elements for the Smart Meter program. The first customers moved to time of use ("TOU") rates in the Spring of 2010 and, with the current planned schedule, all customers will be on TOU rates by June 2011. It should be noted that the Ontario Energy Board has recently established mandatory dates for TOU rates, and for Hydro Ottawa this is June 2011. So the program must be complete by then or be in non-compliance.

In the Fall of 2010, Hydro Ottawa will begin to transfer the responsibility for the Smart Meter program and the implementation of TOU rates to the operational departments, and the existing project team will be disbanded. Therefore, Table 1 above provides the total costs for Hydro Ottawa's Smart Meter project. Any costs in 2011 and beyond are considered part of ongoing operations for metering and billing.

There are two items not included in the above table. The first are any costs related to solutions that may need to be implemented to ensure the compliance of the provincial meter data management and repository ("MDM/R") with Measurement Canada requirements. Hydro Ottawa anticipates that this solution will be predominately addressed at the provincial level, but there may be requirements to reconfigure aspects of the company's customer information system ("CIS"). This has not been included because the provincial solution is still in development, so any costs are not yet known. Second are the costs associated with the latest requirement of the Independent Electricity System Operator to frame all metering data in midnight to midnight blocks.

This latest request is a fundamental change to Hydro Ottawa's designed solution and will require further investments to be compliant with the new requirements. Hydro Ottawa's technical team is evaluating the solution with the expectation that any necessary changes will be complete by the year end 2010.

Interrogatory

Smart Meters

33. I2/T1/S1/p.7 - For each of the OM&A categories on Table 4 please provide a detailed description of each component and a detailed budget for each component for 2009 and 2010.

Response

Table 1 below shows a more detailed breakdown of the OM&A costs for 2009 and 2010 for the Smart Meter program.

Table 1 – Smart Meter OM&A Costs 2009 and 2010

Category	2009 Actual	2010 Budget
Labour and benefits (O&M)	$251,255	$732,686
Outside Services (O&M)		
Work on customer equipment	82,454	100,000
Consulting for MDM/R Integration	111,000	
Communications to gain access to inside meters		30,000
Incremental call centre costs due to roll-out of TOU		250,000
Training / Change Management Cost (Administration)	97,127	461,000
Miscellaneous Administration (Administration)		
Paper and Printing for TOU (Welcome Packages)	36,748	50,000
Travel	6,293	4,375
Miscellaneous	2,649	840
Telephony / Data Communications (O&M)	356,565	410,000
Customer Communications (Administration)	4,893	214,000
IT maintenance contracts/software (Administration)	180,787	592,806
Total	**$ 1,129,772**	**$2,845,707**

Labour and Benefits

Labour costs were incurred for the incremental meter deployment costs and the development, testing and implementation of the time-of-use ("TOU") / MDM/R systems

and interfaces. For 2009, as most systems were still under development, a significant portion of the labour cost was allocated to capital. For 2010, as most systems were migrated from development into production in early 2010, almost all of the labour costs remain within OM&A. Only incremental labour costs (positions back filled) were charged to the Smart Meter program.

Outside Services

Hydro Ottawa records the cost of repairs to customer equipment resulting from the installation of Smart Meters as part of the Outside Services cost category because the work is completed by outside contractors. Hydro Ottawa budgeted the costs for 2010 based on typical spending in the prior years. Actual experience is trending a little lower in 2010 because the mass deployment of meters is 99% complete and this is reflected in the costs recorded in the Smart Meter variance accounts. The Outside Services category also includes the costs of an external consultant hired to work on the integration of Hydro Ottawa's systems to the MDM/R in 2009. For 2010, Hydro Ottawa has budgeted for targeted communications to gain access to residential inside meters.

Hydro Ottawa has outsourced its call centre function to IBM. The cost of this service is affected by the volume of activity. Hydro Ottawa anticipates a significant increase in call volumes as TOU is rolled out to customers, and the 2010 budget has been adjusted accordingly.

Training / Change Management

Early in 2010, Hydro Ottawa formed a change management team to manage the significant business changes associated with the transition to TOU. 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. Also included in the change management program is internal communications, including the development of communication material to assist field staff when questioned by customers about Smart Meters and TOU. The team led

regular stakeholder meetings to communicate progress and keep the various operational areas informed and engaged in the TOU initiative.

Miscellaneous Administration

While there are modest administrative costs for the Hydro Ottawa staff working on the project, the most significant component of this cost category was the production of the welcome packages that are sent to all customers in advance of moving to TOU rates.

Telephony / Data Communications

Most of the telephony costs are related to charges from Bell Canada for dedicated land lines to interrogate Hydro Ottawa's data collectors. Some of the costs are associated with wireless technology and it is Hydro Ottawa's intent to migrate the majority of the collectors from land based technology to wireless in late 2010 or early 2011.

Customer Communications

Originally, Hydro Ottawa's communication budget was relatively modest, but it was subsequently realized that an enhanced communications program would be required to inform and engage customers and stakeholders on the changes. Hydro Ottawa has since prepared and is implementing a comprehensive communications plan for customers and stakeholders in 2010. This is a critical component of the success of the program and includes advertisements in local newspapers and presentations to community associations, business groups, seniors groups, etc. Also included in the communications initiative is a series of TOU articles in customer newsletters, enhancements to Hydro Ottawa's web site, a TOU video and welcome packages to be sent out to all eligible customers as they first migrate on to the TOU transition path.

IT Maintenance contracts / Software

To implement TOU rates, Hydro Ottawa needed to make significant changes to systems, notably the customer information system ("CIS"), the Lodestar wholesale and retail settlement system and the Elster Metering Automation Server ("MAS") system. The changes increased the functionality and the complexity of the systems to be supported.

As a result, there are incremental on-going support costs for the support of the CIS by IBM, and support of Lodestar by Oracle and MAS by Elster.

Furthermore, since the TOU systems are all “mission critical” to cash flow and customer service outcomes, Hydro Ottawa is incurring incremental ongoing costs associated with implementing business continuity, system redundancy and disaster recovery strategies for the failure of any system or sub system associated with the TOU components.

Interrogatory

Smart Meters

34. I2/T1/S1/p.3

HON is seeking recovery of $2.073 million in capital additions for integration to the provincial MDM/R that occurred in prior years. Please explain the nature of these expenditures and a further breakdown of the cost components.

Response

Table 1 below shows the total capital expenditures recorded in the project related to the development costs for Hydro Ottawa's systems for the Smart Meter/Time of Use project.

Table 1 – Capital Expenditures for Systems Costs

Capital Expenditure Category	2007	2008	2009	2010 Budget	Total
Labour	82,543	-	171,592	-	254,135
Material	261,831	168,070	194,631	-	624,532
Computer Hardware	*49,250*	*4,718*	*142,259*	-	*196,227*
Computer Software	*212,581*	*163,352*	*52,372*	-	*428,305*
Outside Services	812,344	587,149	864,722	-	2,264,215
Burdens	119,725	67,410	119,318		306,453
Total Capital Expenditures	**$1,276,443**	**$822,629**	**$1,350,263**	**$ -**	**$3,449,335**
Transfer to Fixed Assets	$426,273	$948,450		$2,073,489	$3,448,212
Contributed Capital[1]	1,123				$1,123
Remaining Balance to Capitalize	$849,047	$723,226	$2,073,489	$ -	

[1] This is a small contribution from the Independent Electricity System Operation to recover certain software costs.

This includes costs to upgrade the Customer Information System ("CIS") to be ready for time of use rates, work on Hydro Ottawa's Advanced Metering Infrastructure management tool ("AMI MT") that converts metering data to the format required by the provincial meter data management and repository ("MDM/R"), an operational data integrator ("ODI") for managing all of the meter readings and a storage area network ("SAN") for data storage and transport.

At the end of each year, Hydro Ottawa assesses the nature of the capital expenditures to determine if the costs will remain in construction in progress ("CIP") or be transferred to fixed assets. The main factor in determining when system expenditures are capitalized is their operational readiness, i.e. the extent to which the systems have been migrated and released into production. In 2007, Hydro Ottawa transferred the costs related to the Elster MAS system to fixed assets. At the end of 2008, it was determined that two thirds of the capital costs incurred to date were related to development work and systems that were in production. Accordingly, 67% of the overall project expenditures were capitalized at that time. At the end of 2009, it was assessed that the remaining portion of the project could not be capitalized because the system was still in testing mode i.e. not yet operational.

In 2010, Hydro Ottawa completed the final integration of systems with the provincial MDM/R and therefore capitalized the remaining portion of the project of $2,073,489. This results in capital additions in 2010 resulting from capital expenditures in prior years.

Interrogatory

Suite Meters

35. I2/T1/S1

Please describe Hydro Ottawa's plans regarding suite metering for 2010 and 2011. Please provide all costs and explain how those costs are to be recovered.

Response

Hydro Ottawa recognizes that there can be significant conservation benefits when each unit within a multi-unit residential building has its own metering and occupants are responsible for their own energy consumption. As a result, Hydro Ottawa has developed a pilot project for offering suite metering for new construction and, with certain conditions, on a retrofit basis.

Upon issuing a competitive tender, Hydro Ottawa selected Triacta in 2009 as its vendor for suite metering technology. While Hydro Ottawa wanted to begin the roll out of the program as soon as possible, it was recognized that resources to work on the project were limited within the company as a result of the Smart Meter /Time of Use projects that involve the same metering and billing resources. For this reason, Hydro Ottawa entered into a service level agreement with Energy Ottawa to provide vendor, customer and project management services for the company during this pilot phase.

For 2010, recognizing all of the other company priorities and to allow an opportunity to assess results, Hydro Ottawa adopted a modest deployment target of 500 units[1]. Hydro Ottawa has been in discussion with potential condo boards and although there a no formal commitments to proceed yet, discussions are on-going so that Hydro Ottawa is expecting to be on target, or slightly below target, by year-end.

[1] Initially forecasts were for 750 units, but the target was subsequently reduced.

The target market for this offering is primarily condominium associations, developers and community housing boards. Existing apartment buildings will also be considered if they are undergoing a major retrofit and, as a result, have no existing tenants.

Hydro Ottawa has estimated that its costs per meter will be approximately $500, but this will vary from location to location. Hydro Ottawa assesses each location on a case by case basis to determine if it is an appropriate candidate for conversion to suite metering. Locations that are cost prohibitive would not be eligible for conversion, unless the customer is willing to pay the additional amount.

Hydro Ottawa has not included any costs for the suite metering program in 2011. The results from the program in 2010 will be evaluated before determining the plans for any program in subsequent years. If Hydro Ottawa does determine that it will continue the program in 2011, any costs will be borne by the company.

Interrogatory

Green Energy Plan

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

Response

Hydro Ottawa is seeking approval from the Ontario Energy Board that the Green Energy Act Basic Plan filed with this application meets the requirements under the deemed licence condition provided for in paragraph 2 of section 70(2.1) of the *Ontario Energy Board Act, 1998*. In addition, Hydro Ottawa is seeking an Order approving proposed rates for the 2011 rate year which are based on a revenue requirement that includes the operating expenses, the return on capital, amortization and PILs for the 2011 projects outlined in the Green Energy Basic Plan.

Hydro Ottawa sees its obligations under the Ontario Energy Board Filing Requirements: Distribution System Plans – Filing under Deemed Conditions of Licence (EB-2009-0397) (the "Filing Guidelines") issued March 25, 2009 as follows:

- the obligation to file a distribution system plan pertaining to the connection of renewable generation facilities, in the manner and time prescribed in the filing guidelines.

Interrogatory

Green Energy Plan

37. B1/T2/S3/p.1,12

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

Response

Evidence regarding renewable generation projects that will be developed in Hydro Ottawa Limited's ("Hydro Ottawa") service territory includes the filing of contracts for the Feed in Tariff ("FIT") with the Ontario Power Authority ("OPA"). Each project that has filed for a contract within Hydro Ottawa's service territory is listed on the OPA's FAME database. The database provides detailed project information for all applicants within the Hydro Ottawa service territory who file for a FIT contract as well as the current project status of each potential generator. Please see Attachment 1, which lists the applications currently filed with the OPA for development within the Hydro Ottawa service territory.

Approximately 13 of the attached applications are currently undergoing a Connection Impact Assessment ("CIA") with Hydro Ottawa. If the CIA does not raise any large issues, Hydro Ottawa is confident that the projects will continue with construction and connection to the distribution system.

Number	Connection Point	OPA Application Status	Application Region	Project Source	Nameplate Capacity	Proj Cap Alloc Exempt	Single Phase or Triple Phase (Dx)	Connection Feeder (Dx)	Connection Voltage (Dx)	Dx expansion required for economic connection (Dx)	Connected to Feeder or TS (Dx)
1	SLATER TS	APPROVED-FAIL	East	projwater	5600	n	iesodxldcgeneratorthree		13.2	n	iesodxtx
2	HINCHEY TS	APPROVED-FAIL	East	projwater	5600	n	iesodxldcgeneratorthree		13.2	n	iesodxtx
3	SLATER TS	APPROVED-FAIL	East	projwater	5600	n	iesodxldcgeneratorthree		13.2	n	iesodxtx
4	SLATER TS	APPROVED-FAIL	East	projwater	5600	n	iesodxldcgeneratorthree		13.2	n	iesodxtx
5	LISGAR TS	APPROVED-FAIL	East	projwater	5600	n	iesodxldcgeneratorthree		13.2	n	iesodxtx
6	LIMEBANK MTS	APPROVED-FAIL	East	projsolarpvgroundmo	10000	n	iesodxldcgeneratorthree	Limebank MS - 7F2 Feeder	27.6	n	iesodxfeeder
7	NEPEAN TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	250	y	iesodxldcgeneratorthree		8.32	n	iesodxtx
8	ALBION TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	250	y	iesodxldcgeneratorthree		13.2	n	iesodxtx
9	OVERBROOK TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	250	y	iesodxldcgeneratorthree		4.16	n	iesodxtx
10	CARLING TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	100	y	iesodxldcgeneratorthree		13.2	n	iesodxtx
11	CARLING TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	100	y	iesodxldcgeneratorthree	301/tm11	13.2	n	iesodxfeeder
12	KANATA MTS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	500	y	iesodxldcgeneratorthree	624f1	27.6	n	iesodxfeeder
13	RUSSELL TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	250	y	iesodxldcgeneratorthree	TB07	13.2	n	iesodxfeeder
14	OVERBROOK TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	100	y	iesodxldcgeneratorthree	SOT3	4.16	n	iesodxfeeder
15	UPLANDS MTS #2	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	100	y	iesodxldcgeneratorthree	Q4801F8	27.6	n	iesodxfeeder
16	ST. ISIDORE TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	82	y	iesoxldcgeneratorsingle	V11F1	8.32 kV	n	iesodxfeeder
17	BRIDLEWOOD MTS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	250	y					
18	HAWTHORNE TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	249	y					
19	ST. ISIDORE TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	53	y					
20	ST. ISIDORE TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	200	y	iesodxldcgeneratorthree	62M2	8.34 kV	n	iesodxfeeder
21	OVERBROOK TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	250	y	iesodxldcgeneratorthree	1808	13.2 kV	n	iesodxfeeder
22	ALBION TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	25	y	iesodxldcgeneratorthree	TA2AF	4.16 kV	n	iesodxfeeder
23	NEPEAN TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	250	y	iesodxldcgeneratorthree	180F6	8.32 kV	n	iesodxfeeder
24	NEPEAN TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	235	y	iesodxldcgeneratorthree	200F1	8.32 kV	n	iesodxfeeder
25	FALLOWFIELD DS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	250	y	iesodxldcgeneratorthree	606F1	27.6 kV	n	iesodxfeeder
26	KANATA MTS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	250	y	iesodxldcgeneratorthree	624F1	27.6 kV	n	iesodxfeeder
27	SOUTH MARCH TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	250	y	iesodxldcgeneratorthree	ALEXF3	27.6 kV	n	iesodxfeeder
28	KANATA MTS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	250	y	iesodxldcgeneratorthree	624F5	27.6 kV	n	iesodxfeeder
29	HAWTHORNE TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	50	y	iesodxldcgeneratorthree	3F4	8.32	n	iesodxfeeder
30	ALBION TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	50	y	iesodxldcgeneratorthree	2206	13.2	n	iesodxfeeder
31	OVERBROOK TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	50	y	iesodxldcgeneratorthree	TO3UT	13.2	n	iesodxfeeder
32	ALBION TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	10	y	iesodxldcgeneratorthree	TA1JP	13.2	n	iesodxfeeder
33	ALBION TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	100	y	iesodxldcgeneratorthree	2206	13.2	n	iesodxfeeder
34	ALBION TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	75	y	iesodxldcgeneratorthree	2206	13.2	n	iesodxfeeder
35	ALBION TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	90	y	iesodxldcgeneratorthree	2206	13.2	n	iesodxfeeder
36	RUSSELL TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	25	y	iesodxldcgeneratorthree	5309	13.2	n	iesodxfeeder
37	HAWTHORNE TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	50	y	iesodxldcgeneratorthree	3F4	8.32	n	iesodxfeeder
38	HAWTHORNE TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	50	y	iesodxldcgeneratorthree	130F2	8.32	n	iesodxfeeder
39	HAWTHORNE TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	25	y	iesodxldcgeneratorthree	130F2	8.32	n	iesodxfeeder
40	NEPEAN TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	75	y	iesodxldcgeneratorthree	180F3	8.32	n	iesodxfeeder
41	NEPEAN TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	75	y	iesodxldcgeneratorthree	180F3	8.32	n	iesodxfeeder
42	HAWTHORNE TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	100	y	iesodxldcgeneratorthree	130F2	8.32	n	iesodxfeeder
43	HAWTHORNE TS	CAPACITY-EXEMPT-ALLOCATED	East	projsolarpvrooftop	100	y	iesodxldcgeneratorthree	130F2	8.32	n	iesodxfeeder
44	BRIDLEWOOD MTS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	250	y	iesodxldcgeneratorthree	OCR-TF1	27.6	n	iesodxfeeder
45	HAWTHORNE TS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	125	y					
46	RUSSELL TS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	124	y	iesodxldcgeneratorthree	TB14	13.2	n	iesodxfeeder
47	NEPEAN TS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	100	y	iesodxldcgeneratorthree	200F2	8.32	n	iesodxfeeder
48	WILHAVEN DS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	100	y					
49	FALLOWFIELD DS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	300	y	iesodxldcgeneratorthree	606F1	27.6	n	iesodxfeeder

Number	Connection Point	OPA Application Status	Application Region	Project Source	Nameplate Capacity	Proj Cap Alloc Exempt	Single Phase or Triple Phase (Dx)	Connection Feeder (Dx)	Connection Voltage (Dx)	Dx expansion required for economic connection (Dx)	Connected to Feeder or TS (Dx)
50	KING EDWARD TS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	135	y					
51	WILHAVEN DS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	70	y					
52	WILSON TS DESN 2	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	100	y					
53	OVERBROOK TS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	75	y					
54	MOULTON MTS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	450	y	iesodxldcgeneratorthree	8F3	27.6	n	iesodxfeeder
55	NEPEAN TS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	135	y					
56	CARLING TS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	40	y	iesodxldcgeneratorthree	UC03	4.16	n	iesodxfeeder
57	HAWTHORNE TS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	141	y	iesodxldcgeneratorthree	6F1	8.3	n	iesodxfeeder
58	BILBERRY CREEK TS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	70	y					
59	NEPEAN TS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	85	y					
60	KANATA MTS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	250	y	iesodxldcgeneratorthree	624F2	27.6	n	iesodxfeeder
61	ALBION TS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	250	y	iesodxldcgeneratorthree	TA1AQ	13.8	n	iesodxfeeder
62	OVERBROOK TS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	100	y					
63	HAWTHORNE TS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	210	y	iesodxldcgeneratorthree	48M4	44	n	iesodxfeeder
64	RIVERDALE TS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	250	y	iesodxldcgeneratorthree	TR02UQ	13.2	n	iesodxfeeder
65	MARCHWOOD MTS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	65	y					
66	RUSSELL TS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	250	y	iesodxldcgeneratorthree	5306	13.2	n	iesodxfeeder
67	UPLANDS MTS #2	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	65	y					
68	NEPEAN TS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	250	y	iesodxldcgeneratorthree		8.32	n	iesodxtx
69	LIMEBANK MTS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	70	y					
70	BILBERRY CREEK TS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	500	y					
71	FALLOWFIELD DS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	250	y					
72	WOODROFFE TS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	60	y					
73	KANATA MTS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	400	y	iesodxldcgeneratorthree	624F1	27.6	n	iesodxfeeder
74	SOUTH MARCH TS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	135	y					
75	HINCHEY TS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	135	y					
76	NAVAN DS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	250	y					
77	ST. ISIDORE TS	CAPACITY-EXEMPT-APPROVED	East	projsolarpvrooftop	110	y					
78	FALLOWFIELD DS	CAPACITY-EXEMPT-APPROVED	East	projbiogas	500	y	iesodxldcgeneratorthree	606F1	27.6	n	iesodxfeeder
79	ALBION TS	TAT-IN-PROGRESS	East	projsolarpvrooftop	500	n	iesodxldcgeneratorthree		13.2	n	iesodxtx
80	LIMEBANK MTS	TAT-IN-PROGRESS	East	projsolarpvrooftop	4000	n	iesodxldcgeneratorthree	7F2	27.6	n	iesodxfeeder

Interrogatory

Green Energy Plan

38. B1/T2/S3/p.2

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

Response

The expansion of the 44 kV to Goulbourn serves dual purposes; one is to motivate potential generators to move forward with their project, which may not have previously happened due to high connection charges associated with grid upgrades, and two is to improve the operability and reliability of the system. If the potential generators do not proceed with development, Hydro Ottawa Limited ("Hydro Ottawa") anticipates that the increase to system performance brought about by extending the system would be beneficial to enabling future distributed generation onto the Hydro Ottawa distribution system.

Under the directive of the Ontario Energy Board (the "Board") and the Green Energy and Green Economy Act ("GEA"), local distribution companies are required to accommodate the connection of renewable energy generation facilities through investment for development, expansion, and reinforcement of the distribution system. By actively investing in system development to accommodate renewable distributed generation and increase system operability and reliability, Hydro Ottawa believes that it is providing a strong business case that is in line with the Board's directive and guideline.

Interrogatory

Green Energy Plan

39. B1/T2/S3/p.12

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

Response

The previous reported number of 42 FIT projects through the Ontario Power Authority ("OPA") totalling 64.6 MW now stands at 80 projects. What this means is that these projects have filed for a contract with the OPA to install distributed generation within Hydro Ottawa Limited's service area. Project details are further expanded upon in the Attachment 1 to CCC #37.

The total output of the distributed generation was estimated using the nameplate capacity of each potential distributed generator. Current status of potential projects is also given in the Attachment 1 to CCC #37 and summarized in Table 1.

Table 1 – Project Status

Status	Number
CAE – Approved	35
Approved – Fail	6
CAE – Allocated	37
TAT – In Progress	2
CAE Approved Undergoing CIA	*13*

CAE ("Capacity Allocation Exempt")

TAT ("Transmission Availability Test")

CIA ("Connection Impact Assessment")

Projects that are not CAE and all projects filed after the initial OPA contract offering are currently on hold due to technical issues associated with Hydro One Networks Inc. ("HONI"). Approximately 46 out of 80 projects filed with the OPA are on hold. Those CAE projects filed within the original call for contracts by the OPA have been approved and can now apply for an impact assessment if they wish to move forward. Until a resolution for the HONI technical issue can be achieved between HONI, Hydro Ottawa, the Ontario Energy Board and the OPA, any new FIT projects will be placed in the queue and will not progress.

The majority of projects in Hydro Ottawa service territory are roof mounted solar PV and therefore have not been impacted by the new pricing schedule announced by the Minister on July 2nd, 2010.

Interrogatory

Green Energy Plan

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

Response

Exhibit B4-4-3 Table 1 shows that the in-service date for the Goulbourn line extension is 2012. As a result, the 2011 related capital expenditure will be in construction work in progress at the end of 2011 and therefore will have no impact on the 2011 revenue requirement.

Interrogatory

Green Energy Plan

41. B1/T2/S3/p.15
Please provide an economic feasibility study/business case for the Protective Relay Upgrades Project. What is the impact of the project on the 2011 revenue requirement?

Response

The following is the requested business case for the Protective Relay Upgrades Project:

Business Need:
A system upgrade necessary for the penetration of renewable distributed generation ("DG") is the replacement of uni-directional relays. With the addition of DG onto Hydro Ottawa Limited's distribution system, station and line protection needs to be upgraded in order to protect essential stations and line assets. Breaker relay protection must be able to differentiate between faults occurring upstream from the station and downstream on the feeder. This bi-direction function is necessary as current transformers will only see the net difference between fault current at the stations breakers.

Drivers for Change:
Reliability - Large amounts of renewable DG may bring increased reliability to certain areas in the distribution system, through the implementation of micro-grids. Bi-directional relays are essential to increasing reliability through a growing penetration of renewable DG.

Resources - As fault current is fed back into the stations, bi-directional relays are necessary to differentiate between faults upstream, downstream and to sectionalize feeders on the same bus.

Technology - Electro-mechanical relays currently in service are unable to meet the requirements of DG and the required protection. They will need replacement and upgrades to bi-directional microprocessor relays.

Directive - As a directive in the Green Energy and Green Economy Act (GEA), a main driver behind the relay replacements, LDC's will accommodate the connection of renewable energy generation facilities through investment for development, expansion, and reinforcement of the distribution system.

Requirement:

Through site visits the physical location of relay protection, and availability for further space at the station, can be assessed. Using site visits and asset planning a recommended plan forward will be developed, based on one, or a combination of the alternatives listed in Table 1.

Table 1 – Implementation Alternatives

Requirement	Core	Desirable	Optional
Replace Relay	☒	☐	☐
Replace Relay & Breaker	☐	☒	☐
Replace Relay & Breaker with Switchgear, P&C	☐	☒	☐
Replace Secondary	☐	☐	☒
Replace Station	☐	☐	☒

In order to fully address the business need it can be seen that relay replacement is the core requirement to addressing bi-directional relay replacements.

Economics:

Using recommended alternatives based on Hydro Ottawa's stations projected to see the highest influx of distributed generation, approximately $2.68 million has been budgeted over 5 years to upgrade relays in order to continually provide a high level of reliability to Hydro Ottawa customers, with the addition of system DG.

Outcome:

Hydro Ottawa is striving to achieve a distribution system that includes a high penetration of renewable DG. Through planning studies and a systematic approach to the connection of DG, Hydro Ottawa hopes to increase system reliability and grid stability to its customers. In order to provide the increased reliability and stability, proper protection, i.e. bi-directional relays, must be in place before a high penetration of DG can be coupled onto the distribution system.

The budgeted capital expenditure for the Protective Relay Upgrades Project is $680k in 2011 and the impact of this project on the 2011 revenue requirement is approximately $41k.

Interrogatory

Green Energy Plan

42. B1/T2/S3/p.16 - Please provide an economic feasibility study/business case for the Communication Infrastructure - Smart Grid Communication project. What is the impact of the project on the 2011 revenue requirement?

Response

The following is the requested business case for the the Communication Infrastructure - Smart Grid Communication Project:

Business Need:

Communication Infrastructure is essential to meeting the Green Energy and Green Economy Act ("GEA") and the Ontario Energy Board (the "Board") directive of accomodating renewable generation and smart grid deployment. Before a truly smart grid can begin transmitting and receiving data and information, the communication infrastructure must first be in place.

As stated in Hydro Ottawa Limited's Basic GEA Plan, improved communication infrastrucure will alllow for expansion of Smart Grid automated devices and sensors. This infrastructure will foster and enable generators to connect to Hydro Ottawa Limited's distribution system, while providing the flexibility to implement protection and control now, and through future development.

Drivers for Change:

Directive – Direction for LDC's to accommodate the connection of renewable energy generation facilities through investment for development, expansion, and reinforcing of the distribution system fuels Hydro Ottawa's investment in the enablement of renewable

distributed generation ("DG") and Smart Grid resources through communication infrastructure.

Technology – Communication Infrastructure is the essential piece to the enablement of data sharing at high speeds through the distribution system. Data sharing is necessary for the enablement of DG and other Smart Grid assets.

Requirement:

To fully assess the optimal communication links and infrastructure paths the project will be split into various phases, beginning with an initial trial/pilot phase. Hydro Ottawa has developed a comprehensive multi-year plan that will follow this initial phase. In this first phase fibre optic cable will be installed from Hydro Ottawa's operations center through multiple substations. These links will provide communication infrastructure necessary to enable renewable DG and other Smart Grid resources.

Economics:

Communication infrastructure links will be installed over 28 km for the next 5 years. Approximately $1.52 million has been budgeted towards this initial 28 km of fibre optic cable placement, necessary to accommodate GEA directives.

Outcome:

With the installation of fibre optic communication infrastructure Hydro Ottawa will successfully meet the Board and GEA's directive of accomodating renewewable DG, while improving system reliabilty and improving customer satisfaction through various Smart Grid enabling investments dependent upon necessary communication infrastructure.

The budgeted capital expenditure for the Communication Infrastructure - Smart Grid Communication Project is $317k in 2011 and the impact of this project on the 2011 revenue requirement is approximately $24k.

Interrogatory

Green Energy Plan

43. B1/T2/S3/p.23

Please explain why Hydro Ottawa's ratepayers should fund the SuRE Program at Carleton University? Why is this not considered a charitable donation and funded by Hydro Ottawa's shareholders?

Response

Hydro Ottawa Limited's ratepayers should help fund the SuRE Program at Carleton University since this is not a standard charitable donation that Hydro Ottawa or its shareholder would typically make. Hydro Ottawa predominately donates to not for profit organizations, rather than a major Canadian University.

The Board is currently recognizing expenditures associated with Smart Grid education and training. Hydro Ottawa is supporting the SuRE program at Carleton, but not engaging in research and development activities at this time. The program may provide for many opportunities within the Hydro Ottawa distribution system, including improved system operability and reliability. Supporting the program positions Hydro Ottawa in line with the Ontario Energy Board's directive and guidance.

Interrogatory

Green Energy Plan

44. B1/S2/T3/p.24- Hydro Ottawa is proposing, as a part of it Green Energy Plan, to create 4 additional roles in Asset Planning and Conservation and Demand Management. Will these positions be funded though the Global Adjustment mechanism? if not, why not?

Response

Hydro Ottawa is not proposing that any of the additional four positions created as part of the Green Energy Plan will be funded through the Global Adjustment mechanism. For an explanation of why not, please see the response to CCC #45.

Interrogative

Green Energy Plan

45. B1/S2/T3/p.24 - The evidence states that Hydro Ottawa is not seeking recovery of any green investments from Provincial ratepayers. Why not?

Response

The *Green Energy Green Economy Act* amended the *Ontario Energy Board Act*, 1998 to introduce a mechanism under section 79.1 whereby some of the Board-approved costs incurred by a distributor to make an 'eligible investment' for the purpose of connecting or enabling the connection of a renewable energy generation facility to its distribution system may [*emphasis added*] be recovered from all provincial ratepayers rather than solely from the ratepayers of the distributor making the investment.

Similarly, the Ontario Energy Board's (the "Board") Filing Requirements for Distribution System Plans under Deemed Conditions of Licence state "where costs may [*emphasis added*] be eligible for recovery from provincial ratepayers, a calculation or quantification of the direct benefits accruing to the distributor's customers, consistent with the Board's policy."

Hydro Ottawa has interpreted these two uses of the work 'may' to mean that it is a possibility, not a requirement, which would have used the term 'must'.

Hydro Ottawa's Green Energy Plan is still in its infancy. The associated revenue requirement and bill impacts are small and the details on how the provincial pool was to be accessed were not finalized until shortly before Hydro Ottawa filed its rate application. Hydro Ottawa determined that the materiality of the potential contribution did not merit recovery from the provincial pool. Certainly in the future, as the Plan develops, Hydro

Ottawa will be looking at seeking recovery of its green investments from Provincial ratepayers, where it is warranted.

Interrogative

Green Energy Plan

46. B1/S2/T3/p.25

Please explain what Hydro Ottawa is doing in order to "collaborate with other LDCs, and the OPA to identify new technologies that can enhance system performance and enable greater renewable penetration levels within HOL's system and within the Province".

Response

In order to collaborate with other LDCs and the Ontario Power Authority, Hydro Ottawa Limited ("Hydro Ottawa") has one executive position on the Ontario Smart Grid Forum ("OSGF") and one position on the OSGF Working Group. The forum contains LDC and industry leaders who along with the working group provide ongoing collaboration towards identifying new technologies best suited to enhance system performance while at the same time being cost effective for the customer. Hydro Ottawa also has one executive position on the Canadian Electricity Association's ("CEA") Standards Management Committee, and one position on the newly created Smart Grid Standardization and Conformity Task Group ("SGSCTG"). The Committee and Task Group monitor and guide the development and understanding of Smart Grid regulations and standards in Canada, while providing a forum for members to discuss standard implementation best practices.

Hydro Ottawa is also actively taking part in smart grid and renewable generation conferences to stay up to date on where the industry and the province is headed with respect to renewable generation.

Interrogative

Green Energy Plan

47. B1/S2/T3/p.26 - Hydro Ottawa has identified a number of potential projects/investments that could be undertaken in the 2012-2015 timeframe. Are there any costs in the 2011 revenue requirement related to these activities? If so, please identify those costs.

Response

Section 5 of Hydro Ottawa Limited's 2010 Green Energy Act Basic Plan identifies twelve potential projects/investments that could be undertaken in the 2012-2015 timeframe. There are no costs in the 2011 revenue requirement related to these activities.