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September 10, 2010

VIA MAIL and E-MAIL

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

Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition (VECC)
Notice of Intervention: EB-2010-0132
Hydro One Brampton Networks Inc. – 2011 Electricity Distribution Rate Application

Please find enclosed the interrogatories of (VECC) in the above-noted proceeding.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.
cc: Hydro One Brampton Networks Inc.
Attention: Mr. Scott Miller

HYDRO ONE BRAMPTON NETWORKS INC
2011 ELECTRICITY DISTRIBUTION RATE APPLICATION
(EB-2010-0132)

VECC INTERROGATORIES – ROUND #1

GENERAL

Question #1

Reference: Exhibit 1, Tab 1, Schedule 1.1, page 3

a) With respect to paragraph 2, please indicate where in the Application Brampton has specifically addressed and provided an analysis of the benefits and ratemaking implications of aligning its proposed rate year with January 1st as of 2011.

b) If not done so as part of the Application, please provide the required analysis as per the Board's April 2010 Letter.

c) With respect to paragraph 3, have the smart meter costs for year end 2009 been audited and has a copy of this audit been provided as part of the application?

d) With respect to paragraph 5, please clarify what is meant by the "before tax" qualifier regarding the total bill increase value quoted.

Question #2

Reference: Exhibit 1, Tab 1, Schedule 12, page 1

a) Please clarify whether for 2011, Brampton is proposing to:
   - Reduce the OM&A and Capital Expenditures included in the Application for the test year in order to reflect the HST input tax credit, or
   - Not reduce the OM&A & Capital Expenditures for 2011 but track the amounts concerned in Deferral Account 1592 for future disposition.

b) If the latter, what is the forecast amount of "PST" included in the 2011 OM&A and Capital Spending?

Question #3

Reference: Exhibit 1, Tab 2, Schedule 1.l, page 1

a) Please update for the 2009 distributor data recently issued by the Board.

Question #4

Reference: Exhibit 1, Tab 2, Schedule 2.0, page 2

a) Please describe how Brampton Hydro prioritizes the controllable capital projects put forward by the various department managers and decides which of the individual projects put forward will actually executed in a given year.

Question #5

Reference: Exhibit 1, Tab 2, Schedule 2, page 3

a) Please explain why, for each year, the "interest cap rate" (Table 3) exceeds the bond rates for 5, 10 and 30 year borrowings when according to the Application it is based on the weighted average cost of borrowing. Please clarify how the interest capitalized rates were determined.

RATE BASE AND CAPITAL EXPENDITURES

Question #6

Reference: Exhibit 2, Tab 2, Schedule 1, page 1
Exhibit 2, Tab 2, Schedule 1.2, page 2
Exhibit 4, Tab 7, Schedule 1.2, page 6

a) Please clarify how the depreciation for capital additions made in 2011 was determined for purposes of the Application. Lines 14-16 suggest that depreciation is based on the estimated number of months the assets will be in-service in 2011. However, lines 16-18 suggest that for most asset accounts depreciation is calculated as if the assets were in-service all year.

b) Please set out the calculation of the $5,715,825 depreciation expense for 2011 associated with Account #1845.

Question #7

Reference: Exhibit 2, Tab 4, Schedule 2.0, page 2

a) Please confirm that the source of the $0.0694 per kWh RPP price is the Board's April 2010 Report (and not April 2009 as referenced).

b) Based on the most recent 12 months, what percentage of Brampton's retail sales (kWhs) are for RPP vs. non-RPP customers?

c) Do the forecast kWhs used to determine the cost of power include any energy deliveries to customers who are market participants and settle their commodity purchases directly with the IESO? If yes, what are the estimated kWhs for 2011?

d) Please provide a schedule that sets out Brampton's actual 2009 billing determinants for Transmission Network charges (from both the IESO and Hydro One Networks).. Using the approved 2010 rates (UTR and HON Retail) for Network charges, please include in the same schedule the monthly charges based on 2009 billings determinants and 2010 rates.

e) Please provide a schedule that sets out Brampton's actual 2009 billing determinants for Transmission Connection charges (from both the IESO and Hydro One Networks).. Using the approved 2010 rates (UTR and HON Retail) for Connection charges, please include in the same schedule the monthly charges based on 2009 billings determinants and 2010 rates.

Question #8

Reference: Exhibit 2, Tab 5, Schedule 1, page 1
Exhibit 1, Tab 2, Schedule 1, page 2
Exhibit 2, Tab 5, Schedules 2-8

a) Please confirm that capital contributions are also received from the municipality and other local governments/authorities for work associated with roadway widening, etc.?

b) If yes, how are these treated? Why are there no capital contributions reported in the summary tables for 2005-2008 but there are for 2009–2011 (per last reference above)?

Question #9

Reference: Exhibit 2, Tab 5, Schedule 1, pages 9-10

a) Please confirm whether the values shown in Figures 9 and 10 are actual or weather corrected values.

Question #10

Reference: Exhibit 2, Tab 5, Schedule 1, page 11

a) Please indicate where in the Application data supporting the declining performance of underground high voltage cable can be found. Also, please indicate what is considered to be "high voltage cable".

Question #11

Reference: Exhibit 2, Tab 5, Schedule 1, page 16

a) Please explain why the budget for Hydro One Brampton is presented to the Hydro One Networks Board (as opposed to say the Hydro One Inc. Board of Directors).

Question #12

Reference: Exhibit 2, Tab 5, Schedule 1, page 19

a) For each asset group where a "pro-active" approach is used please undertake the following:
   - Explain more fully why a proactive approach is warranted, and
   - Explain what the proactive approach consists of (i.e., when is replacement undertaken).

Question #13

Reference: Exhibit 2, Tab 5, Schedule 1, page 39

a) Please clarify what the "Green Energy Costs" shown in Table 15 represent (e.g., does each year's value represent the annual incremental capital cost of increasing the Green Fleet Percentage as shown)?

Question #14

Reference: Exhibit 2, Tab 5, Schedules 1-8

a) Please provide a schedule that sets out the capital spending for each year from 2005 – 2011 based on the Capital Expenditure classification in Table 4 of Schedule 1. (Note: Please report spending gross of contributions)

b) Please indicate the number of new connections/customers associated with the spending in each year on:
   - New General Service Customers
   - New Residential – High Density
   - New Residential – Low Density

c) For some years (e.g., Type #25 for 2006) the summary tables show "Construction Work In Progress". Please clarify what this represents. Is this spending for the year that is not included in capital additions for that year, but will be recorded as such in the following year?

Question #15

Reference: Exhibit 2, Tab 5, Schedule 7 and Schedule 11

a) With respect to Schedule 7, page 1 (lines 3-8), please explain the practice prior to 2010 and what has changed for 2010.

b) What do other distributors use as the criteria for determining whether to capitalize borrowing costs? What is Brampton's basis for selecting 6 months as the criteria for a "qualifying asset"?

c) Please explain the "IFRS" prefix attached to the estimated spending for each category. Are the spending estimates meant to be consistent with IFRS requirements and, if so, how does this differ from previous (CGAAP) requirements?

Question #16

Reference: Exhibit 2, Tab 5, Schedule 7, page 10
Exhibit 2, Tab 5, Schedule 7.2, pages 214-217

a) On what basis did Brampton decide to move to "virtualization" and to use VMware as its virtualization software platform? Please provide the business case supporting this decision and the evaluation of the alternatives considered.

Question #17

Reference: Exhibit 2, Tab 5, Schedule 7, page 8
Exhibit 2, Tab 5, Schedule 7.2, pages 175-186

a) Please provide a schedule that itemizes the proposed $864,349 spending for 2010 on Green Energy by project.

Question #18

Reference: Exhibit 2, Tab 5, Schedule 7.2, page 82

a) How many low voltage substations does Brampton currently have in-service and what is their total net book value (as of December 31, 2009)? Please provide a breakdown as between those stations with secondary voltages of 4.16 kV versus 13.8 kV.

b) Please provide schedule setting out the timeline over which Brampton anticipates the 4.16 kV stations will be decommissioned.

Question #19

Reference: Exhibit 2, Tab 5, Schedule 7.2, pages 107, 109, 111 and 113

a) Given that the spending is to address unforeseen events, what is the basis for the $165,000, $640,000, $50,000 and $495,000 budgeted amounts for 2010?

Question #20

Reference: Exhibit 2, Tab 5, Schedule 7.2, page 139

a) How did Brampton determine that the targeted poles have "limited remaining life"?

Question #21

Reference: Exhibit 2, Tab 5, Schedule 7.2, pages 181-186

a) Are these three projects all of the Green Energy/Smart Grid spending planned for 2010? If not, please identify any other such 2010 spending?

b) With respect to page 181, please identify the costs that will be covered by:
    - Generation customer contributions
    - Funding from the "all provincial ratepayers" (per Regulation 330/09)

- Brampton's distribution rates.

c) Are there any "direct benefits" (as per Regulation 330/09) associated with Brampton's proposed 2010 Green Energy spending? If so, what is the value and how was it determined?

d) Please explain why the projects set out on pages 183 and 185 are considered Green Energy/Smart Grid projects.

Question #22

Reference: Exhibit 2, Tab 5, Schedule 7.2, page 187

a) Based on management's evaluation, what is the current status of this project for 2010 and 2011?

Question #23

Reference: Exhibit 2, Tab 5, Schedule 8.0, pages 5-6

a) For both Figures 1 and 2 the headings make reference to "forward averaged over 5 years". Please explain what this means. Do the circuit kms identified for each year represent the kms replaced that year?

b) Please explain why the anticipated levels of primary feeder cable and primary distribution cable planned for replacement in 2012 and 2013 are significantly lower than those planned for 2011.

Question #24

Reference: Exhibit 2, Tab 5, Schedule 8.0, pages 8 - 11

a) For each type asset, the Application states that "funding is based on probability of failure". Please describe more fully how the level of funding is determined for each asset type (e.g., is funding provided for replacement of any asset with a "probability of failure" that exceeds a certain level and, if so, how was this probability level determined?)

Question #25

Reference: Exhibit 2, Tab 5, Schedule 8.2, pages 56, 58, 60 and 62

a) All of these programs are targeted at addressing unforeseen events. How was the 2011 level of funding established for each?

Question #26

Reference: Exhibit 2, Tab 5, Schedule 8.2, pages 66, 68 and 70

a) Why are there no capital contributions associated with these projects?

Question #27

Reference: Exhibit 2, Tab 5, Schedule 8.2, pages 76 and 80

a) Is this metering for new customers? If so, please indicate the number of new commercial and residential customers underlying the projected capital costs for each year.

Question #28

Reference: Exhibit 2, Tab 5, Schedule 8.2, pages 102 - 109

a) With respect to page 102, please address the following:
   - Why are there no generator contributions?
   - Are there any "direct benefits" (per Regulation 330/09) associated with this spending? If so, what is the value and how was this value determined?

b) With respect to page 104, are there any "direct benefits" (per Regulation 330/09) associated with this work? If yes, what is the value of these benefits and how was it determined?

c) With respect to page 106, is this the full project cost involved in integrating the Smart Meter System with the OMS and making it functional for Brampton? If not, what are the other costs involved?

d) With respect to page 106, please provide the business case underlying this proposed expenditure.

e) With respect to page 108, does the 5 year capital expenditure plan cover the full costs of the project or will spending extend beyond 2015? Please provide the business case supporting this project. For example, what is the expected reduction in outage time per year and how does the value of these reduced outages compare with the cost of project?

Question #29

Reference: Exhibit 2, Tab 5, Schedule7.0, page 11 and Schedule 8.0, page 20
Exhibit 2, Tab 5, Schedule 9.0, page 19

a) Please explain why, when the first reference discusses software expenditures in 2010 and 2011, the second reference shows no expenditures in Account #1925 for 2010 and 2011.

Question #30

Reference: Exhibit 2, Tab 5, Schedule 9.0, page 17

a) Please identify the annual spending in each year associated with Brampton's Smart Metering Program.

Question #31

Reference: Exhibit 2, Tab 5, Schedule 11.0, page 1

a) Please explain how IFRS and IAS 23 change each of the following for 2011 (assuming the implementation of IFRS):
   - The interest rate used for capitalization, and
   - The quantum of capital spending to which this rate would apply.

b) How does Brampton determine the incremental borrowing costs that would be avoided? Are all qualifying assets included?

Question #32

Reference: Exhibit 2, Tab 6, Schedule 1.1, Appendix E

a) Please provide a Schedule that contrasts the capital spending by category for 2011 as set out in the Asset Management Plan (page 5) with that proposed for 2011 per Tab 5, Schedule 11. Please provide explanations for any variances of more than 2%.

b) Are the capital spending amounts in the Asset Management Plan based on IFRS. If not, please indicate the impact this has on the variances noted in part (a).

c) Please contrast the 2011 load forecast (page 12) used in the Asset Management Plan with that underlying the current Rate Application.

d) With respect to the prioritization process and Minimum Level of investment described on pages 40-47, please provide a schedule that sets out the minimum and the proposed (per the Application) 2011 spending levels for each category of investment.

Question #33

Reference: Exhibit 2, Tab 6, Schedule 1.2, Appendix F

a) With respect to tree trimming (page 33), has the contract for 2010-2012 been finalized and are the results reflected in the OM&A costs proposed for 2011?

b) With respect to the December 2009 tender for tree trimming, how many qualified tenders did Brampton received and was the lowest cost tender accepted? If not, why not?

c) Please provide a schedule that contrasts the year one spending in each category as recommended by the Asset Condition Assessment (Note: Please use the Levelized Capital Spend where available) with the proposed 2011 capital spending for each asset category. Please comment on any material differences.

OPERATING REVENUE

Question #34

Reference: Exhibit 3, Tab 1, Schedule 1.1, page 1

a) Please provide a schedule that sets out the 2011 revenue at existing rates by class that shows:
   - Total revenues by class as per Table 1
   - The LV adder revenues by class included
   - The Transformer Credit by Class
   - The Smart Meter Adder revenue by class (if captured in the first bullet)
   - The remaining fixed revenue by class (based on the monthly service charge net of the SM adder)
   - The remaining variable revenue by class (i.e. gross of the transformer credit and net of the LV rate adder)

Question #35

Reference: Exhibit 3, Tab 2, Schedule 1.0, page 2

a) The second paragraph (lines 12-13) states that Brampton stores monthly kWh data by customer class. Please clarify whether this data is by actual calendar month or by monthly billing cycle. If the former, why is the mismatch between monthly billing cycles and actual calendar monthly use an issue.

b) If recorded, please confirm if calendar monthly use was used in the individual class regression analyses. If not, why not?

c) Please provide the actual equations estimated for each class and include the t-statistics for the various explanatory variables used.

Question #36

Reference: Exhibit 3, Tab 2, Schedule 1.0, page 6

a) Please confirm that the average use per customer/connection values set out in Table 4 for 2010 and 2011 are based on the forecast annual kWh per customer values (per Table 12) prior to the adjustments described on pages 10 & 11 to align the results with the Total Retail forecast.

b) Please revise the average usage values in Table 4 to reflect the results after the total retail sales by class have been adjusted (per Table 14) to align with the Total Retail forecast.

Question #37

Reference: Exhibit 3, Tab 2, Schedule 2.0
Exhibit 3, Tab 2, Schedule 3.0

a) With respect to the impact of Conservation and Demand Management, Schedule 3 (page 1) states that the forecast CDM for 2011 was backed out. Please indicate precisely where in Schedule 3.0 this adjustment to the predicted purchased energy (based on the regression model) is described/made.

b) Given that the purchased data used to estimate the Load Forecasting Model includes the years up to 2009 (and therefore reflects trends in purchases due to CDM up to that point in time), why isn't it reasonable to assume that the predicted purchases for 2010 and 2011 based on the "model" reflect decreasing trend in average use due to conservation?

c) Please provide the OPA documentation supporting the annual conservation increments set out in Table 1 and the 2.75% share attributed to Brampton.

d) What is the basis for the assumed 2.5% value for transmission losses?

e) With respect to Table 3, using the coefficients determined for Heating and Cooling Degree Days and the difference between Brampton's definition of "weather normal" and the actual Heating and Cooling Degree Days for each year, please calculate the "weather normal" purchases for each year 2003-2009.

f) Please demonstrate that the customer growth values for 2010 and 2011 derived in Section 3.0 (pages 7-8) of this Exhibit are consistent with the customer growth assumptions underlying the capital spending forecasts presented in Exhibit 2 for 2010 and 2011.

Question #38

Reference: Exhibit 3, Tab 2, Schedule 3.0, pages 9-11

a) Please confirm that for certain customer classes, such as residential, the observed annual growth rate in usage per customer will be impacted by the changes in weather (HDD and CDD) from year to year. If this is not the case, please explain why.

b) Please confirm that the calculation of the "Geometric Mean" growth between 2003 and 2009 only depends on the per usage values in 2003 and 2009. If this is not the case, please explain why.

c) Please provide a schedule that sets out the HDD and CDD values for 2003 and 2009 and contrasts these with the "weather normal" HDD and CDD values.

d) Please explain more fully how the Weighting Factors in Table 13 were developed and also how they were used to adjust the results in Table 12 such that the total class sales reconcile with the Total Retail Forecast.

e) Why is it appropriate to align the adjustment by class with the actual 2007 retail kWh by class when:
- The actual 2007 results are not weather normalized, and
- The relative number of customers by class has changed between 2007 and 2011?

Question #39

Reference: Exhibit 3, Tab 4, Schedule 1.1

a) Please explain the decline in Rent from Electric Property in 2011 versus previous years.

b) Please explain the decline in Retail Services Revenues in 2011 versus 2010.

c) Please explain the source of the revenues associated with "Miscellaneous Revenue Charges (Was Bell Co.)" and why there is no entry for 2011.

OM&A

Question #40

Reference: Exhibit 4, Tab 1, Schedule 1.0

a) Please provide more details on the how the $0.8 M incremental cost for 2011 associated with the MDMR processing of meter read data was established.

Question #41

Reference: Exhibit 4, Tab 1, Schedule 4.1
Exhibit 4, Tab 2, Schedule 1.3
Exhibit 4, Tab 4, Schedule 8.0

a) Who currently is responsible for the Human Resource and Labour Relations functions at Brampton?

b) Please provide a schedule similar to Table 2 (Tab 4, Schedule 8.0) that describes the 2010 employee additions.

c) Why is Brampton planning on implementing CDM initiatives separate from the OPA (See Tab 4, Schedule 8.0)? What types of programs are anticipated?

d) With respect to Tab 4, Schedule 8.0, Table 1, please provide specifics regarding the New Programs and Increased Work Load giving rise to the need for the employee additions.

Question #42

Reference: Exhibit 4, Tab 2, Schedule 1.3

a) Please provide a schedule that sets out the overall impact on metering reading costs included in OM&A (between 2008 and 2011) due to the move to Smart Meters taking into account both the reduced need for physical meter reads and the new costs associated with the SerViewCom smart meter reading and the MDR.

b) Was 2009 the first year that Brampton adopted a three year tree trimming cycle (page 8)?

c) The explanation for 2010 Meter Maintenance (page 11) includes $400,000 in additional costs to address failed meter bases and equipment during smart meter installation. However, the explanation for 2011 only calls for decreased cost due to reduced failed meter base repair cost of $285,000. Please reconcile.

d) Please provide a schedule that sets out all of the incremental costs associated with the current rate application. Is Brampton proposing to recover all of these incremental costs (page 13) as part of its 2011 OM&A?

e) What are Brampton's current plans with respect to its rate applications for post-2011, will they all be based on a "cost of service" filing?

f) Please describe the technology upgrades associated with the $246,065 increase in General Administrative Salaries and Expenses for 2010 (page 11). What is the nature of these costs, in particular are they one-time or ongoing annual costs?

g) Please outline the areas of increased maintenance planned for 2011 (page 14) due to the aging distribution system.

h) With respect to page 14 (lines 27-28), please clarify whether the $3,647,467 is for 2010 or 2011. If it is the 2010 value, please indicate the amount moved from capital to OM&A for 2011.

Question #43

Reference: Exhibit 4, Tab 2, Schedule 5.0
Exhibit 4, Tab 2, Schedule 5.1, Appendix G

a) Please reconcile the 2010 planned capital spending on Generator Connections shown in Appendix G (page 3) with that described in Exhibit 2, Tab 5, Schedule 7.0., page 8 and Schedule 7.2, page 181.

b) Please reconcile the 2010 planned capital spending on Smart Grid shown Appendix G (page 3) with that reported in Exhibit 2, Tab 5, Schedule 7.0, page 8 and Schedule 7.2.

c) Please reconcile the 2011 planned capital spending on Generator Connections shown in Appendix G (page 3) with that described in Exhibit 2, Tab 5, Schedule 8.0, page 19 and Schedule 8.2, pages 102-105.

d) Please reconcile the 2011 planned capital spending on Smart Grid shown Appendix G (page 3) with that reported in Exhibit 2, Tab 5, Schedule 8.0, page 19 and Schedule 8.2.

e) Are the "Recoverable" amounts shown on page 15 of Appendix G, OM&A or Capital? Are the amounts recoverable from the generators or from the "all provincial ratepayers" per Regulation 330/09?
   - If Capital, why is there no recoverable work shown for the Green Energy Project spending detailed in Appendix 7.2 or Appendix 8.2?
   - If OM&A, where is the recoverable work reported in Exhibit 3, Tab 4?

f) Does Brampton charge potential generators for studies (e.g. connection impact assessments) undertaken when they wish to connect to Brampton's system? If yes, what are the fees and where are the associated revenues captured? If not, why not?

g) With respect to pages 15-17, has Brampton determined if there are any "direct benefits" (per Regulation 330/09) accruing to its distribution customers as a result of the proposed Renewable Expansion and Enabling investments? If yes, please provide the associated analysis. If not, why are these capital costs being recovered from Brampton's distribution customers?

Question #44

Reference: Exhibit 4, Tab 2, Schedule 6.0

a) Does the proposed OM&A for 2011 include the $25,000 sponsorship budget?

Question #45

Reference: Exhibit 4, Tab 3, Schedule 1.0, pages 4-5

a) For Accounts #5315, #5320 and #5615, please report separately the 2009-2011 increase due to wage increases for each account.

Question #46

Reference: Exhibit 4, Tab 4, Schedule 9.1

a) Please restate the last three rows of Table 1 assuming no adoption of IFRS.

b) Please explain the increase in average “Yearly Base Wages” for Management, Non-Union and Union staff in 2011 (over 2010) given the assumed wage freeze for 2011.

Question #47

Reference: Exhibit 4, Tab 5, Schedule 1.0

a) Please provide copies of the Service Agreements Brampton has with HOI and HONI.

b) Please explain the significant increase in Finance costs paid to HONI in 2010 and 2011 versus 2009 (Table 3). To what extent is the increase due to an increase in HONI’s overall Finance costs versus an increase in the proportion allocated to Brampton? Please outline the drivers behind the increase in either aspect.

c) Please describe the Finance services received from HONI in 2009 versus those anticipated for 2010 and 2011 that would justify this increase in costs.

Question #48

Reference: Exhibit 4, Tab 7, Schedule 1.0, pages 4 - 6

a) Please provide a schedule that contrasts Brampton’s proposed deprecation rates with those proposed by Kinetrics in its recent report to the OEB.

COST OF CAPITAL AND RATE OF RETURN

Question #49

Reference: Exhibit 5, Tab 1, Schedule 2.0

a) Please confirm that the 2001 Note with HOI is not callable (at HOI’s option) within 365 days.

COST ALLOCATION

Question #50

Reference: Exhibit 7, Tab 1, Schedule 1, page 5

a) Please explain why Brampton has not updated the LV rate applicable to Hydro One Networks in order to reflect 2011 costs.

b) What are the anticipated LV revenues from HONI for 2010 and 2011?

c) Why is it appropriate to credit the revenue from the LV charges to Hydro One Networks to the LV variance account as opposed to using them to offset the 2011 distribution revenue requirement?

d) Where are the revenues from microFIT generators reflected in the determination of the proposed 2011 Revenue Requirement? What are the anticipated revenues for 2011?

Question #51

Reference: Exhibit 7, Tab 2, Schedule 1.2
Exhibit 7, Tab 2, Schedule 1.1

a) The results presented in Schedule 1.1 indicate that the R/C ratio for Residential is 105.1% after the correction for the TOA. However, the results presented in Schedule 1.2 suggest that the Residential ratio (after the TOA correction) is 95.6%. Please reconcile.

b) Please provide a schedule that sets out how the "Current Revenues" by class (Schedule 1.1, Table 2) were determined and, in particular, note the treatment of the LV rate adder, the TOA and the smart meter rate adder. Also, please reconcile these values with the revenue at existing rates reported at Exhibit 3, Tab 1, Schedule 1.1.

c) With respect to the O1 Sheets presented in Schedule 1.2, please explain how the Distribution Revenue by Class was established. Also, please reconcile the revenue by class reported here with those reported in Schedule 1.1, Table 2 under the column "Test Year Revenue Assuming Current Revenue to Cost Ratios" (e.g., why aren't they the same as for the TOA adjusted O1 Sheet?).

d) Why are the Residential revenues different in the two O1 Output sheets provided in Schedule 1.2 when the TOA adjustment simply requires reducing the revenue for those classes who receive the discount?

Question #52

Reference: Exhibit 7, Tab 2, Schedule 1

a) Assuming rates for subsequent years (post 2011) are set using an IRM adjustment, does Brampton proposed that further adjustments should be made to the revenue to cost ratios after 2011? If yes, what are they? If not, why not?

b) Why is it appropriate to increase the R/C ratio for the USL and Large Use classes to a level above the lower end of the Board's prescribed range, whereas for GS 50-699 and Street Lighting the ratios are only increased to the lower end of the range?

RATE DESIGN

Question #53

Reference: Exhibit 8, Tab 2, Schedule 1

a) Please explain more fully the rationale for the proposed 2011 monthly fixed charge for Street Light and USL (per page 3).

b) Please explain more fully why Brampton considers the allocation of the Late Payment Charge to be anomalous (per page 3).

c) Please confirm that Table 5 is actually for 2011 (and not 2010 as indicated).

Question #54

Reference: Exhibit 8, Tab 3, Schedule 1

a) Based on the results of the trending analysis what is Brampton's conclusion regarding the existence of any inherent bias in the current RTSR rates in terms of over or under recovery?

Question #55

Reference: Exhibit 8, Tab 5, Schedule 1

a) How are the sales to Hydro One Networks accounted for in Table 1?

b) What is the loss factor that will be applicable to Large Users in 2011?

DEFERRAL AND VARIANCE ACCOUNTS

Question #56

Reference: Exhibit 9, Tab 1, Schedule 1

a) The names of the Accounts used in Table 1 do not reconcile with the Account Numbers used (e.g., Account #1518 is not RSVA-Retail Transmission Network Charge). Please provide a corrected version of Table 1.

b) With respect to page 5, as of what point in time (e.g. December 31, 2008) were the Group 1 balances cleared in the 2010 rates determined?

c) Please provide a schedule that sets out the December 31, 2009 balances for all (non-zero) deferral and variance accounts as of that time.

Question #57

Reference: Exhibit 9, Tab 1, Schedule 3

a) Please identify the specific costs included in OM&A for the MDR (per Exhibit 3, Tab 2, Schedule 1.3, page 13, lines 20-21) that would be recorded in this variance account.

Question #58

Reference: Exhibit 9, Tab 1, Schedule 3

a) With respect to page 5 (lines 20-22), please confirm that in the case of electricity distributors the Board's Cost Allocation Methodology allocates Late Payment revenues to classes based on each class' "contribution to historical payments" (per OEB Report, RP-2005-0317, page 80).

b) Please provide a schedule that sets out the annual Late Payment revenues received from each customer class for the years 2005-2009.

Question #59

Reference: Exhibit 9, Tab 1, Schedule 3.1

a) Please provide the annual details for 2008 and 2009 for the transactions related to accounts #1518 and #1548 (i.e., the revenues and costs that produce the net transaction value shown for each year).

SMART METERS

Question #60

References: OEB Guideline G-2008-0002:
OEB Filing Requirements for Smart Meter Investment Plans, October 26, 2006

a) Confirm that Guideline G-2008-0002 has not superseded the Filing Requirements for Smart Meter Investment Plans, October 26, 2006

b) Confirm that paragraph 7 of the Filing Requirements specifies that

   7. Specifically, and in as much detail as possible, please provide the following information for your planned implementation of the SMIP:
   • the number of meters installed by class and by year, both in absolute terms and as a percentage of the class;
   • the capital expenditures and amortization by class and by year;
   • the operating expenses by class and by year;
   • the effect of the SMIP on the level of the allowance for PILs.

c) Has Hydro One Brampton kept records by rate class as required and are accounts 1556 and 1555 segregated by rate class? Please elaborate.

Question #61

References: Exhibit 9, Tab 3, Schedule 1.1, pages 1-4, Tables 1-3
Exhibit 11, Tab 1, Schedule 1.0, page 13
Exhibit 11, Tab 1, Schedule 1.0, page 21 of 23
OEB Filing Guidelines, Appendix 2S

Preamble: Hydro One Brampton has installed 125,192 Smart Meters as at year end 2009. This represents 94.4% of all RPP-eligible consumers to the end of 2010 and 93.7% to the end of 2011.

a) Provide a breakdown of Residential and Commercial meter installations in 2006-2009.

b) Provide by year Support/details of the 2006-2009 *Residential Class* SM Unit costs (procurement and installation separately).

c) Provide by year support/details of the 2006-2009 actual and forecast 2010 *Residential Class* SM AMI, communications and back office costs (procurement and installation).

d) Provide by year support/details of the 2006-2009 *Commercial Class* SM Unit costs (procurement and installation separately).

e) Provide by year support/details of the 2006-2009 actual *Commercial Class* SM AMI, communications and back office costs (procurement and installation).

f) Provide a schedule that gives a breakdown of the 2006-2009 Capital Costs between the Residential and GS<50 kW classes. Reconcile to Table 2.

g) Provide a breakdown of the O&M costs for meters installed in 2006-2009 between the Residential, GS<50 kW classes. Reconcile to Table 2.

h) For any SM installed in other classes provide details of costs, if any, to be recovered.

i) Provide the details of the balances and the amounts to be disposed of in Accounts 1555 and 1556 **by class.** Include the carrying cost calculation(s). Reconcile to Exhibit 9 Tab 3 Schedule 2.0 Tables 1-3

Question #62

References: Exhibit 9, Tab 3, Schedule 1.1, page 4
Exhibit 11, Tab 1, Schedule 1.0, page 14

a) Provide a schedule that gives a breakdown of the 2010-2011Capital Costs between the Residential and GS<50 kW classes. Reconcile to Table 3.

b) Provide a breakdown of the O&M costs for meters installed in 2010-2011 between the Residential, GS<50 kW classes. Reconcile to Table 3

Question #63

References: Exhibit 9, Tab 3, Schedule 1.1, page 5
Exhibit 11, Tab 1, Schedule 1.0, page 17

a) Provide a Copy of the OEB Worksheets that calculate the 2006-2009 revenue requirement and Disposition rate rider by rate class (Residential, GS<50 kW). Reconcile with Tables 4 and Table 5 and Exhibit 11 Tab 1 Schedule 1.0.

b) Provide a cash flow by rate class that shows the amounts collected and the deficit for each class.

c) Compare this to the proposed Disposition rate rider of $0.36/customer/month and the calculations at lines 2-9 of page 5

Question #64

References: Exhibit 9, Tab 3, Schedule 1.1, page 6
Exhibit 11, Tab 1, Schedule 1.0, page 17

a) Provide a Copy of OEB Worksheets that calculate the 2010-2014 revenue requirement by rate class (Residential, GS<50 kW).

b) Provide a cash flow projection showing SM rate adder revenue and SM expenditures by Class per Month for the 2010-2014 rate years.

c) Compare the forecast surplus/deficit for each class in 2010 and forecast 2011-2014 revenue to the proposed aggregate (Residential and GS<50 kW) rate adder of $1.03/metered customer per month.

d) Based on the class revenue requirements calculate separate rate adders 2010-2014 for the Residential and GS<50 kW classes

Question #65

Reference: Exhibit 11, Tab 1, Schedule 1.0, page 18 of 23

a) Provide a version of the Stranded Meter Cost Table that separates the stranded costs between the Residential and GS<50 kW classes

Question #66

Reference: Exhibit 9, Tab 4, Schedule 1.0

a) Based on the responses to VECC questions regarding calculation of costs, revenue requirements and rate riders by rate class, provide a Table that shows the changes to costs for each class resulting from these responses, and

b) Compare these amounts and proposed disposition rider and rate adder to the original as filed.

c) Update as necessary the Bill Impacts

Question #67

Reference: Exhibit 11, Tab 1, Schedule 2.0

a) Provide a summary breakdown of "Standard" Meter capital and operating costs included in the 2010 (or last EDR year) distribution revenue requirement, Reconcile to US of A account 1860.

b) Provide a summary of Stranded Meter costs included in the above.

c) Provide a summary schedule of the allocation of the revenue requirement associated with "Standard" Meter costs to each rate class.

d) Add lines that show the smart meter costs in rate base to be added to the meter costs as filed and as per the response to the previous VECC Question.

e) Provide the total Meter revenue requirement(s) for each class

LRAM/SSM CLAIM

Question #68

Reference: Exhibit 10, Tab 1, Schedule 2.2, Appendix K, Table 11

Preamble:

The Current OEB CDM Guidelines state at Section 7.3

"LRAM

The input assumptions used for the calculation of LRAM should be the best available at the time of the third party assessment referred to in section 7.5.
For example, if any input assumptions change in 2007, those changes should apply for LRAM purposes from the beginning of 2007 onwards until changed again."

a) Provide specific references (Document and page #) and links to all of the authorities from which all input assumptions were taken for Table 11 and under which the LRAM claim was prepared, including:
    - OEB CDM Guidelines
    - OEB CDM Annual Reports
    - OPA Residential Measures and Assumptions List(s)
    - OPA Report(s) on 2006-2008 HONI Brampton CDM programs

    If necessary provide the Source Documents.

b) Specifically, explain the sources and calculations for all of the residential free ridership assumptions in Table 11.

c) When did OPA change its input assumptions for the mass market measures (CFLs etc) under the Every Kilowatt Counts (EKC) Campaigns? Provide the date(s) and a table that shows the pre and post input assumptions.

d) The current OEB CDM Guideline was issued in 2008 and in January 2009 the (15 months before the current LRAM and SSM claims were prepared) the OEB notified distributors that all future Residential LRAM and SSM claims should be based on the OPA Measures and Assumptions List.
Provide a Version of Table 11 that uses OPA 2010 input assumptions for all mass market residential program measures.

e) Compare the resultant LRAM claim in terms of kWh savings and Cost including carrying charges

<u>Question #69</u>

Reference: Exhibit 10, Tab 1, Schedule 2.2, Appendix K, Table 11

Preamble:

The Current OEB CDM Guidelines state at Section 7.3

SSM

Assumptions used from the beginning of any year will be those assumptions in existence in the immediately prior year. For example, if any input assumptions change in 2007, those changes should apply for SSM purposes from the beginning of 2008 onwards until changed again.

a) When did OPA change its input assumptions (including free ridership) for mass market measures (CFLs etc) under the Every Kilowatt Counts (EKC) Campaigns? Provide the date(s) and a table that shows the pre and post input assumptions.

b) Explain

i. Why, in Indeco's opinion, Hydro One Brampton is eligible for an SSM for OPA programs such as EKC (as opposed to 3rd tranche programs). Provide examples of where such an attribution and SSM has been accepted by the OEB.

ii. Why 48,784 15W CFLs distributed by Hydro One Brampton (10% free ridership) generate an SSM of $52,598 while 65,999 15W CFLs distributed for OPA under the 2007 EKC program (81% free ridership) generate an SSM of $11,421. Provide all relevant assumptions and calculations

iii. Provide the sources of these two free ridership assumptions and clarify whether the 81% is a proxy for an attribution%

HYDRO ONE BRAMPTON'S SEPTEMBER 2, 2010 UPDATE

Question #70

Reference: Update Letter, page 3

a) Please provide a copy of the OMERS announcement and any other materials released regarding the temporary increase in pension contributions.

Question #71

Reference: Update Letter, page 2
Exhibit 1, Tab 3, Schedule 3.1

a) Please reconcile the $3.9 M reduction in revenue requirement identified in the Update due to reverting to CGAAP with the $2.2 M impact of adopting IFRS as identified in the original Application.