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October 8, 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 technical conference questions from 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. (HOBNI)

2011 Rate Application (EB-2010-0132)

VECC's Technical Conference Questions

QUESTION TC #1

Reference: VECC #1 b)

a) Given the timelines under which the Board currently issues the stretch factors for each LDC and the annual price escalator to be used under IRM, please indicate how the these values for HOBNI would be established assuming the rate adjustment under IRM is to be effective January 1st.

QUESTION TC #2

Reference: VECC #2 a)

a) If the 2011 OM&A and Capital Expenditures reflect actual expected costs, what is HOBNI proposing to track in a deferral account and why?

QUESTION TC #3

Reference: VECC #7 d) & e)

OEB #43

a) The response associated with OEB #43 does not appear to provide the requested information. The referenced Appendix AS appears to only provide billing data on a customer class basis. VECC #7 requested details regarding the costs at current rates based on the 2009 billing determinants used by the IESO and HONI to bill HOBNI for Transmission Network and Transmission Connection charges. Please respond to the original question.

b) Appendix AS does not appear to support the new RTSR rates proposed in OEB #43. Please provide the details supporting the new RTSR rates proposed in OEB #43.

QUESTION TC #4

Reference: VECC #12

a) The purpose of the first bullet of the original question was to establish why a pro-active approach is only used in some cases. Please address this issue.

QUESTION TC #5

Reference: VECC #14

a) The response does not address the new connections per annum for General Service or for New Residential-High Rise. Please provide.

QUESTION TC #6

Reference: VECC #17 and #21
OEB Staff #34

a) With respect to VECC #17, please explain the $8,349 in borrowing costs. Is this meant to represent the capitalized interest costs related to the projects?

b) Please break the capital expenditures shown in VECC #17 down into the three (funding) categories of Green Energy Capital Spending shown in OEB Staff #34 b).

c) The response to OEB Staff #34 indicates the $251,000 for Enabling Improvements is to be funded by "all provincial ratepayers". Please confirm that this amount is not included in the determination of the 2011 rate base or depreciation expense and indicate specifically where in the Application the adjustment is made so that it is excluded.

d) The response to VECC #21 suggests that the Enabling Improvements is the only capital spending where some/all is funded through by “all provincial rate payers”. However, the response to OEB #34 suggests that a portion of the spending for SCADA switch installations would also be funded by “all provincial rate payers”. Please reconcile.

QUESTION TC #7

Reference: VECC #26

a) The revisions provided in Appendix X appear to change the net capital cost for each of these projects. Does this alter the proposed capital spending and rate base for 2011? If yes, please indicate the revised amounts. If not, why not?

QUESTION TC #8

Reference: VECC #28
OEB Staff #34

a) Please break the Green Energy Plan capital expenditures reported in Schedule 8.2 into the three (funding) categories of Green Energy Capital Spending shown in OEB Staff #34 b).

b) Please confirm that the portion of 2011 Green Energy Capital Spending to be funded by “all provincial rate payers” has not been included in the calculation of the 2011 rate base or depreciation expense and indicate where in the application this adjustment is made.

QUESTION TC #9

Reference: VECC #32 c) and VECC #37

Preamble: Appendix E states that customer energy consumption (weather normal) is expected to grow by 4.8% in 2010 and at a rate of 2.3% thereafter. Based on the weather normal 2009 purchases reported in VECC #37 and the projections for 2010 and 2011 in Exhibit 3, forecast growth for 2010 over 2009 is less than 2% and for 2011 over 2010 is roughly 2%.

a) Please reconcile and describe what efforts are made to align the load forecasts used for system planning and regulatory purposes.

QUESTION TC #10

Reference: VECC #34

a) The original question was with respect to 2011 revenue at existing rates – not proposed rates. It is not at all clear how revisions to the 2011 revenue requirement impact the determination of revenues at existing rates. Please clarify and confirm that the response provided is based on existing and not proposed rates. If not, please provide the requested schedule.

b) If the response reflects existing rates, please reconcile the Total Distribution Revenue of $58,744,770 reported here with the $58,552,937 value in HOBNI's September 2, 2010 letter to the Board.

QUESTION TC #11

Reference: VECC #37
EB-2010-0133, Undertaking JT1.1

a) Hydro Ottawa has recently filed the CDM forecast used by the OPA in determining the individual distributor CDM targets. Is HOBNI familiar with this material?

b) Based on HOBNI's proposed share of the LDC energy targets, please restate the HOBNI's incremental CDM savings, consistent with the revised OPA projection referenced above.

<u>QUESTION TC #12</u>

Reference: VECC #39 c)
Energy Probe #29 g)

a) The response to EP #29 g) suggests that these revenues are now captured elsewhere. Please confirm that this is the case and indicate where the revenues are now reflected for purposes of the 2011 Application.

<u>QUESTION TC #13</u>

Reference: VECC #40 a) and #42 a)
SEC #19 f)

a) The response to SEC 19 f) does not provide details on what activities/costs are included in the $0.8 M attributed to smart meter reading. Please provide.

b) Please indicate the total meter reading cost for each year (2008-2011) – regardless of whether they were charged to OM&A or booked to a deferral/variance account.

<u>QUESTION TC #14</u>

Reference: VECC #42 d)

a) The original question was regarding the incremental costs of preparing the current Rate Application as set out on lines 24-26 of the reference. Please provide the requested detailed breakdown and indicate whether the entire amount is included in the OM&A proposed for 2011.

QUESTION TC #15

Reference: VECC #43 a) and #32 b)

a) The response to VECC #32 states that the Asset Management Plan was based on IFRS; while VECC #43 a) indicates that it was based on GAAP. Please reconcile and correct the two interrogatory responses as required.

QUESTION TC #16

Reference: VECC #46

a) Please provide a copy of the "reissued" schedule. Do the revisions change HOBNI's requested 2011 revenue requirement?

QUESTION TC #17

Reference: VECC #47
OEB Staff #23

a) What gives rise to the need for increased "internal audit" requirements for HOBNI?

QUESTION TC #18

Reference: VECC #48

a) After receiving the Kinetrics Report, did HOBNI revisit/review those proposed depreciation rates that fell outside the range of values produced by the OEB Study?

b) It appears that in all cases where there is a difference, with the exception of one, the useful years from the HOBNI Study are less than those from the OEB Study. What would be the impact on 2011 (CGAAP) depreciation expense if, in those instances where the HOBNI value is outside the OEB range, the useful years was altered to align with the minimum (where HOBNI is below)/maximum (where HOBNI is above) OEB value?

QUESTION TC #19

Reference: VECC #49
SEC #33 d)

a) The response to SEC #33 deals with question of the 2001 Note being callable by HOBNI. The VECC question sought to confirm if the Note was callable by HOI. Please respond to the original question.

QUESTION TC #20

Reference: VECC #56

a) Please explain the rationale for using "Dx Revenue" to allocate the disposition of accounts 1562 and 1592. Please also explain why using the allocation of Net Income to customer classes as found in the 2011 Cost Allocation would not be a more appropriate basis for allocating the balances in tax-related deferral/variance accounts.