Board Staff 2nd Round Interrogatories
December 7, 2007
2008 Electricity Distribution Rates
Halton Hills Hydro Inc.
EB-2007-0696

OPERATION, MAINTENANCE AND ADMINISTRATION

1. Ref: Exhibit 4, Tab 1, Schedule 2, Page 1

   Board Staff Table 1 was prepared by Board staff to review Halton Hills OM&A expenses. The 2006 Board Approved value was previously confirmed by Halton Hills in Phase 1 OEB Staff Interrogatories. Please note rounding differences may occur, but are immaterial to this question.

   <u>Board Staff Table 1</u>

	2006 Board Approved	Variance 2006/2006	2006 Actual	Variance 2007/2006	2007 Bridge	Variance 2008/2007	2008 Test	Variance 2008/2006
Operation	495,098	205,455	700,553	14,447	715,000	69,000	784,000	83,447
		4.5%		0.3%		1.4%		1.8%
Maintenance	560,579	133,973	694,552	46,448	741,000	80,000	821,000	126,448
		2.9%		1.0%		1.7%		2.8%
Billing & Collecting	835,191	73,658	908,849	14,151	923,000	116,000	1,039,000	130,151
		1.6%		0.3%		2.4%		2.8%
Administrative and General Expenses	1,961,445	127,314	2,088,759	81,241	2,170,000	277,000	2,447,000	358,241
		2.8%		1.8%		5.8%		7.8%
Taxes other than income taxes	71,132	117,888	189,020	980	190,000	5,000	195,000	5,980
		2.6%		0.0%		0.1%		0.1%
Other Operating Costs	0	2,901	2,901	17,099	20,000	13,000	33,000	30,099
		0.1%		0.4%		0.3%		0.7%
Total OM&A	3,923,445	661,189	4,584,634	174,366	4,759,000	560,000	5,319,000	734,366
		14.4%		3.8%		11.8%		16.0%

   Board Staff Table 2 was compiled by Board staff to summarize Halton Hills OM&A expenses cost drivers. Board Staff have used for example the drivers as provided by Halton Hills on Exhibit 4, Tab 1, Schedule 2, Page 1. Please note rounding differences may occur, but are immaterial to this question.

Board Staff Table 2

	2006	2007	2008
Opening Balance	3,923,445	$ 4,584,634	$ 4,759,000
Settlement Analyst			$ 56,000
Staff Training - MBA Designation			$ 45,000
Regulatory Affairs Officer			$ 30,000
Annual Management Salary Increase			$ 10,000
Disaster Recovery Contract Renewal			$ 8,500
Engineering Technologist			$ 73,800
Annual General Administrative Salary Increase			$ 7,500
Annual Benefit Cost Increase			$ 6,500
Scada Maintenance Contract			$ 7,500
Unexplained Variance	$ 661,189	$ 174,366	$ 315,200
Closing Balance	$ 4,584,634	$ 4,759,000	$ 5,319,000

i. Please confirm that Halton Hills agree with the tables as prepared by Board staff. If Halton Hills does not agree please advise why not.

ii. Please complete a Cost Drivers by Year analysis table similar to the Board Staff Table 2 above identifying the cost drivers that make up the changes to Halton Hill's annual controllable expenses. The objective is to identify all significant expense cost drivers that reduces the "Unexplained Difference" to an amount no greater or no less than WNPI calculated OM&A materiality limit as found on Exhibit 4/Tab 2/ Schedule 2.

Please ensure that each identified driver is followed with a more detailed discussion with information the applicant feels the Board would require more detail. For example Staff Training – MBA Designation would benefit from some discussion on employment contract with employee post graduation. Another Discussion would provide reason for need of Settlement analyst.

iii. Halton Hills identifies that the company is planning to expend $45,000 for Staff Training – MBA Designation.

a) Please confirm that the 2008 Staff Training – MBA Designation is a one-time cost of $45,000.

b) If this cost is a one-time cost, please explain why this one-time amount should be recovered by way of Halton Hills annual revenue requirement in light of the fact that the 2008 revenue requirement, once approved will not be adjusted until 2011.

c) If the cost is not a one-time cost, please explain why Halton Hills expects to incur the level of staff training costs reported for the 2008 test year on an annual basis going forward.

d) Has Halton Hills identified any other one time costs that should be addressed in a similar manner as above? If yes please provide similar discussions.

iv. What cost saving/efficiency initiatives or activities has the applicant implemented after the last 2006 EDR application? In addition what other plans does the applicant have to increase cost saving and efficiency, that that have not already been discussed in the application?

2. Ref: Exhibit 4, Tab 1, Schedule 2, Page 1

Has Halton Hills presented the 2007 Bridge Forecast of $4.759 million and 2008 Test Year Budget of $5.319 million to its Board of Directors and received final approval and committed management to these budget expenditures? If so, please confirm Board of Directors approval the OM & A expenditures. If not please provide information as to when Halton Hills will be presenting these budgets for approval by its Board.

3. Ref: Exhibit 4, Tab 1, Schedule 2, Page 1

Please prepare a comprehensive listing of all operational costs by work unit for smart meter included in the 2008 budgets. Include in this listing the work unit where the smart meter cost is accounted for in the budgets, description of activity, and amount budgeted. In particular please identify for each of the reported budget amount whether Halton Hills considers the cost to be a component of minimum functionality or if the amount is incidental/incremental to minimum functionality.

4. Ref: Exhibit 4/Tab 2/Schedule 4

Board staff IR#3 asked Halton Hills to “Please provide a detailed description of the assumptions underlying the allocation of Halton Hills’ corporate costs to its business units, if applicable. Please include relevant documentation of the overall methodology and policy. If not applicable, please explain why.”

In response, Halton Hills appears to have provided information on how costs are allocated within its group of companies, which dealt with the information requested in Board staff IR# 6.

However, on page 8 of the Board's filing requirements of November 14, 2006, corporate cost allocation is described as "an allocation of costs for corporate and miscellaneous shared services from the parent to the utility."

Page 16 of the filing requirements list the requirements for corporate cost allocation as the provision of a detailed description of the assumptions underlying the allocation of these services and documentation of the overall methodology and policy.

Please confirm that Halton Hills' response covers the information referenced in the filing requirements, or if not, please provide this information.

5. Ref: Exhibit 4/Tab 2/Schedule 4 and Appendix B Financial Statements

In response to Board staff IR#3, Halton Hills discusses services which it performs for its affiliate Halton Hills Fibre Optics Inc.

In Appendix B, Financial Statements, Audited Financial Statements at December 31, 2006, page 9 of 16, Note 5, there appears to be reference to additional services performed for Halton Hills Fibre Optics Inc. which are not discussed in the response. These services relate to advances for capital initiatives.

The relevant portion of Note 5 is reproduced below:

> "Repayments of advances to Halton Hills Fibre Optics Inc. for capital initiatives amounted to $250,000 during the year (2005 - $100,000 advanced). The net amount advanced for capital initiatives of $350,000 (2005 - $600,000) is unsecured, bears interest at the prime rate less ½% and has no specific repayment terms.
>
> Other than the above, these receivables are unsecured and have no specific interest or repayment terms."

(i) Please provide a detailed explanation as to the nature of the arrangements Halton Hills Hydro has with its affiliate regarding these advances and why this approach was chosen.

(ii) Please state whether or not the arrangements described in the Financial Statements notes in above are expected to continue and unchanged in 2007 and 2008 period or whether or not Halton Hills Hydro made any new financial arrangements with Halton Hills Fibre Optics Inc. for 2007 and 2008 and if so, why.

(iii) Please state whether or not Halton Hills has similar arrangements with any other of its affiliates and, if so, please provide equivalent information.

(iv) Please state whether or not the rates which are being paid for these services by Halton Hills Hydro's affiliates are considered to be market rates, and if so, how they were determined to be so. If not, please comment on whether or not, in Halton Hills Hydro's view, there is an element of cross subsidy from the utility to its affiliated companies contained in these rates and if not, why not.

6. Ref: Exhibit 4/Tab 2/ Schedule 5

In response to Board staff IR#4, Halton Hills provides more detailed descriptions of the specific methodologies used to determine the price for services which it has purchased from other organizations. Please provide the following additional information:

(i) Please state how Halton Hills determines which services should be acquired through which approach (i.e. tendering, cost approach or quotation)

(ii) For tendering, it is stated that tenders are sent to "qualified organizations." Please state how such organizations are determined. Please also state whether there are any criteria other than ability to meet the requirements and being the lowest priced organization in determining the awarding of work through the tender process.

(iii) For the cost approach, please provide more detail with respect to the following statement "Typically we have worked with vendors in the past and set up budgetary restrictions on the amount to be spent." Please discuss specifically how budgetary restrictions on the amount to be spent have been established.

(iv) For quotation, please state how "selected vendors" are determined. Please also state whether there are any criteria other than ability to meet the requirements and being the lowest priced organization in determining the awarding of work through the tender process.

Low Voltage Charge

7. Wheeling Rates

In the Board's 2004 Decision and Order regarding rates for Halton Hills Hydro Inc. (RP-2004-0153/EB-2004-0235) the Board stated:

"On April 30, 2004, Hydro One responded and confirmed that the rates attached as Appendix B to the Minister's letter are the rates which were charged to Hydro One by Halton Hills for wheeling and transformation services from January 1, 2002 to April 30, 2002. Hydro One also noted that it supported the proposed rates only as transitional rates until Halton Hills' rates could be re-based, as these rates were not reflective of the cost to provide the services. Hydro One further stated that in preparation for the re-basing of its 2006 rates, Halton Hills should be required to conduct a cost of service study and specifically develop a separate rate class to deal with wheeling power.

The Board finds Hydro One's request that Halton Hills develop a separate wheeling power rate class to be reasonable and expects Halton Hills to propose such a rate class as part of the 2006 rate-setting process."

Did Halton Hills Hydro apply for wheeling rates as part of its 2006 application? If not, why has Halton Hills Hydro not applied for such rates as directed in the (RP-2004-0153/EB-2004-0235) decision and order?

2008 PILs PROXY

8. Ref: Response to Board staff IR#12

a) On page 2 under (a) iii the income tax number shown as $836,500 includes Ontario Capital Tax of $65,419. Does the amount of $1,181,000 under ii for 2007 include capital tax as well?

b) The application supports a return on equity of $1,585,346 according to the table shown for Question 37, "Revenue Sufficiency/Deficiency Calculation 2008 Test Year". There is an amount of $3,546,537, shown on the reply to Question 12, page 2, (a) iii, for 2008 pro-forma net income before PILs/ taxes.

- Please explain if the Applicant intends to over-earn in 2008 based on this evidence.
- Please explain why the income before PILs Taxes on E4/T3/S1/P1 is not the return amount of $1,585,346 shown above.

c) Under the regulatory framework, the distributor is allowed to recover an amount for interest on rate base. This amount may be the deemed amount or a lower amount based on projected actual interest to be incurred. The equity return on rate base occurs after the deduction of interest. Only excess interest is included as a penalty, or a deduction, in the PILs calculations. Please refer to schedule 7-3 in the 2006 EDR Handbook.

Board staff notes that the interest amount of $1,242,620, shown in the deficiency calculations in Question 37, is not the same amount used in the PILs calculations in E4/T3/S1/P1 and E4/T3/S2/P1.

Board staff suggests that the proposed interest add-back and deduction in the PILs calculation is not appropriate and is not supported by the Board's PILs/ tax methodology. Please explain why the Applicant feels it is appropriate.

If the distributor intends to pay more interest to its shareholder than allowed by the Ministry of Finance in completing the annual tax returns, why does the distributor expect the ratepayers to fund the PILs/ tax excess cost?

RATE BASE

Capital Budget

9. Ref: Response to Board Staff IR#17

   Please provide an economic evaluation of the Halton Hills Hydro/Brampton Hydro Load Transfer Project "Winston Churchill - 5SDRD to Steeles" using the generic Economic Evaluation Model referenced in response to Board staff IR#16.

10. Ref: Response to Board Staff IR#17
    Reference to "load transfer arrangements":

    In regard to load transfer arrangements, please provide:

    a) a listing of all load transfer arrangements in operation mentioning:

       i) the utility involved and which party is the geographical supplier and which the physical supplier

       ii) the number of customers, the nature of the load, and the amount of load served

       iii) the expenditure which it is expected will be required by Halton Hills to eliminate the arrangement

       iv) the method of eliminating the transfer i.e. will Halton HIlls transfer service area and customers in or out

       v) to what extent the arrangement has been influenced by the perception that the area is going to be a load growth area and therefore profitable to serve.

b) For the load transfer arrangement with Brampton Hydro which was approved by the Board recently, please provide:

   i) for the record, a copy of all interim decisions and the final decision issued by the Board

   ii) any qualitative and operational justifications, which demonstrate that the decision was the most economical for the two utilities

   iii) any net present value or other economic studies which demonstrate that the decision made was the most economical for the two utilities.

11. Ref: Exhibit 2/ Tab 1/ Schedule 1
Reference to performance of an assessment of the condition of an asset.

In regard to asset condition assessment procedures, please provide:

a) a detailed description of the procedures, and documentation which has to be completed by assessors before capital expenditure is committed

b) the schedule according to which the assessments are to be or have been conducted to determine replacements required in each of the historical, bridge and test years

c) any evidence of third party assistance in making assessments, including any assessment reports provided

d) evidence on how the utility uses reliability indicators to assist in maintenance and replacement activity, and

e) evidence indicating that asset replacement is specifically addressing areas with lower than target reliability.

12. Ref: Exhibit 2/ Tab 1/ Schedule 1

Please provide:

a) a list of service reliability indices which are maintained by the utility

b) their target values for 2006 and 2007 and their actual achieved values for 2006 and 2007 (to date)

c) capital expenditure activity (specific budget items) which is intended to address poor performance in specific areas

13. Ref: Exhibit 2/ Tab 1/ Schedule 1

a) Please provide Halton Hills' Code of Business Conduct.

b) For the years 2002 to 2008 inclusive, please provide a table listing the following (use actual dollars in years where available, or expected or planned or projected dollars, or % where indicated):

i. Net income
ii. Actual Return on Equity (%)
iii. Allowed Return on Equity (%)
iv. Retained Earnings;
v. Dividends to shareholders;
vi. Sustainment Capital expenditures excluding smart meters;
vii. Development Capital Expenditures excluding smart meters;
viii. Operations Capital Expenditures;
ix. Smart meters Capital Expenditures;
x. Other Capital Expenditures (identify)
xi. Total Capital Expenditures including and excluding smart meters;
xii. Depreciation

RETURN ON RATE BASE

14. Ref: Exhibit 6 / Tab 1 / Schedule 2, Exhibit 6 / Tab 1 / Schedule 3 and Response to Board staff IR#26 – Cost of Short Term Debt

In its response to Board staff IR#26, Halton Hills Hydro shows an effective rate for Short-Term Debt of 6.00%. This corresponds to what Halton Hills Hydro has listed as "Prime – 2%" as the effective rate for "Deposits" and "TD Bank Deposits" in the referenced schedules.

The Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation Mechanism for Ontario's Electricity Distributors (the "Board Report"), issued December 20, 2006, states the following in section 2.2.2:

> **"The Board has determined that the deemed short-term debt rate will be calculated as the average of the 3-month bankers' acceptance rate plus a fixed spread of 25 basis points.** This is consistent with the Board's method for accounting interest rates (i.e. short-term carrying cost treatment) for variance and deferral accounts. The Board will use the 3-month bankers' acceptance rate as published on the Bank of Canada's website, for all business days in the same month as used for determining the deemed long-term debt rate and the ROE." [Emphasis in original]

a) Please provide the source of the 6.00%, including showing all calculations, source data and identifying the sources of data used.

b) Is Halton Hills Hydro proposing that the 6.00% rate be used instead of the deemed rate calculated as documented in the Board Report?

c) If Halton Hills Hydro is proposing a short-term rate other than that which would be calculated per the methodology in section 2.2.2 of the Board Report, please provide Halton Hill Hydro's explanation for deviating from the methodology in the Board Report.

FORECAST

15. Ref: Response to Board Staff IR#29.

In Response to Board Staff IR#29, Board Staff asked a ten-part interrogatory (i.e. parts (a) to (j)). The Applicant responded by presenting a number of updated tables which assisted in addressing subsequent interrogatories but which did not specifically address any of the ten sub-interrogatories.

Please answer the original IR#29, specifically addressing each of the ten parts in turn and, in order to minimize confusion, numbering each response (a) to (j) as appropriate. If the Applicant should make reference to any previously filed documents, please identify that precisely (including page number) so as to minimize confusion.

16. Ref: Exhibit 3/ Tab 2/ Sch 1 to 5, and
Response to Board Staff IR# 30 to 32.

In Schedules 1 to 5, the Applicant very briefly explains how it developed its 2008 load forecast. Further elaboration is provided by the Applicant's responses to Board Staff IR# 30 to 32. While parts of the explanation are missing, the Applicant appears to have used the same approach as some other applicants. On this understanding, it appears that the Applicant:

- determined the 2008 forecasted customer count for each customer class,

- determined the weather-normalized retail energy for each customer class for 2004,

- determined the 2004 retail normalized average use per customer (“NAC”) by dividing each of these weather-normalized retail energy values by the number of customers/connections in each class existing in 2004,

- applied the 2004 retail NAC to the 2008 Test Year without modification, and

- determined the 2008 Test Year energy forecast for each customer class by multiplying the applicable 2004 retail NAC value by the 2008 forecasted customer count in that class.

Please:

a) verify that the above is the essence of the Applicant’s load forecasting methodology, and

b) fully correct any errors in the above explanation.

17. Ref: Exhibit 3/ Tab 2/ Schedules 1 to 5, and
Response to Board Staff IR# 30 to 32.

In Schedules 1 to 5, the Applicant determines the 2004 retail normalized average use per customer (“NAC”) and apparently uses this value for other years in the 2002 to 2008 period. This does not appear to adequately weather-normalize the energy usage in historical years and does not allow for the possible change in energy usage per customer over the 2002 – 2008 period. The use of a constant NAC is also evident in the Applicant’s responses to interrogatories Numbers 30 to 32. The minimal weather normalization and the constant retail energy assumption could potentially lead to forecasting errors. Further information would be helpful in understanding expected load growth.

a) Please file a data table for the historical years 2002 to *2006* that shows:

   i. the actual retail kWh for each customer class in each year,

   ii. the *weather normalized* retail kWh for each customer class in each year (where, for the customer classes that the Applicant has identified as weather sensitive, the weather normalization process should, as a minimum, involve the direct conversion of the actual load to the weather normalized load using a multiplier factor for that year *and not rely on results for any other year*),

iii. the values of the weather conversion factors used,

iv. the customer count for each class in each year,

v. the Average retail kWh / Customer for each class in each year based on the *weather corrected* retail kWh data in item ii. above, and

vi. as a footnote to the table, the source(s) of the weather correction factors.

b) Please file a data table for the 2002 to *2008* period:

i. utilizing the *weather corrected* Average retail kWh / Customer values for each class in each year obtained in a) v. above for the historical years 2002 to 2006,
ii. including 2007 and 2008 projections for the *weather corrected* Average retail kWh / Customer values (where, for each of the weather-sensitive classes, this is based on trends in the data) in each year, and

for each of the weather-sensitive classes, describe in detail the trend analysis performed in ii. above.

c) Please file an updated version of the table in Exhibit 3, Tab 2, Schedule 1, page 2, utilizing the *weather corrected* and other data determined in b) above.

COST ALLOCATION AND RATE DESIGN

18. Please provide a revised version of Tables 21 and 22, filed in response to Board Staff IR#35 b) and c), based on the following re-wording of # 35 b), part ii.

Please provide a table that shows:

i. the proposed customer classes,

ii. the class revenue requirements in <u>Sheet O2, row 35,</u> expressed as a percentage of the total revenue requirement,

iii. the proposed 2008 revenue requirement from distribution rates (ie total revenue requirement, net of revenue from specific service charges) X the percentages calculated in column ii,

iv. the proposed revenue at proposed rates per Exhibit 10 Tab 1 Schedule 8.

Please provide a table that shows:

i. the revenue to cost ratios from the preferred version of the informational filing,

ii. the ratio of column d to column c in the preceding part of this interrogatory.

19. Ref: Ontario Energy Board Report on the Application of Cost Allocation for Electricity Distributors, EB-2007-0667.

On November 28, 2007, the Board released its report on the application of allocated costs to specific matters in rate design. In chapter 5, it states: "The cost allocation policies reflected in this Report should be followed by distributors whenever they apply for rates on a cost of service basis."

Please describe any adjustments to the proposed rates that you would make to implement the policies in this Report.

REVENUE REQUIREMENT

20. Ref: Exhibit 7 Tab 1 Schedule 1 Page 1

Response to Board Staff IR#37 a) and b)

Phase 1 OEB Staff Interrogatories
APPENDIX F
2008Test Year Distribution Revenue
Question: 37

DETERMINATION OF NET UTILITY INCOME AND CALCULATION OF REVENUE DEFICIENCY

	2008 Test using 2007 Existing Rates ($)	Comments
Revenue		
Distribution Revenue	9,672,375	Exhibit 3, Tab 1, Schedule 2
Other Operating Revenue (Net)	960,000	Exhibit 3, Tab 1, Schedule 2
Total Revenue	10,632,375	

Halton Hills noted in its Phase 1 OEB Staff Interrogatories that a corrected amended schedule is shown as Appendix F. Please explain why $9,672,375 and $960,000 are still showing as Distribution Revenue and Other Operating revenue (Net) when this appears to be the 2007 amount.

CDM/LRAM/SSM

21. Ref: Response to Board staff IR#39

Halton Hills has provided duration levels by program and class (Table 30), however this appears to be the equipment life, and not the duration of program delivery. For each program, please provide the length of time in years or months for which Halton Hills is claiming LRAM and SSM in this current application.

22. Ref: Response to Board staff IR#40

In the response to Board staff IR#40, Halton Hills stated that the "free rider rate was assumed to be 0% based on the requirement to sell this project on a cost/benefit basis including the HHHI incentive".

a) Please clarify the statement regarding the "HHHI incentive" since the Board stated in the Total Resource Cost Guide that:

Incentive payments from the LDC to a customer for participation in a program are not a component of the TRC analysis. The incentive merely represents a transfer payment between two parties involved in the program to support the purchase of energy efficient equipment.

23. Ref: Response to Board staff IR#45

Halton Hills has stated that it is “claiming SSM amounts on utility side programs”. Please explain why Halton Hills finds this appropriate when the Board, in its Report of the Board on the 2006 EDR Handbook, issued May 11, 2005, stated:

“There has been considerable discussion in this proceeding as to whether CDM expenditures on the utility side should be differentiated from customer-side expenditures. The Board recognizes that conservation programs should have a balance between the two. It is important to recall however, the Board’s earlier finding that the SSM incentive does not apply to utility-side investments. The Board previously ruled with respect to the 2005 SSM that the inclusion of capitalised assets into rate base provides sufficient incentives. The Board continues to hold that view.”

Please provide a revised SSM amount with SSM amounts for utility-side programs removed.

RETAIL TRANSMISSION RATES (RTR)

24. Ref: Responses to Board staff IRs# 55 & 56.

With respect to the Retail Transmission Rate – Network Service Rates, given the fact that the wholesale rate will decrease 18%, please provide the background data and calculations to justify a reduction to existing rates ranging from 5.8% to 7% that meets the revenue neutral criteria identified in question 55.

With respect to the Retail Transmission Rate – Line and Transformation Connection Service Rates, given the fact that the wholesale rates will decrease 28% for Line Connection and increase 7% for Transformation Connection, please provide the background data and calculations to justify a reduction to existing rates ranging from 6% to 6.8% that meets the revenue neutral criteria identified in question 56.”

Deferral and Variance Accounts 1584 & 1586

25. Ref: Response to Board Staff IR# 49e, Appendix H

a) Please provide a detailed explanation of the cause and timing of the over-recovery in 1570 and 1571.
b) Why was this adjustment not brought forward in the 2006 EDR when accounts 1570 and 1571 were dispositioned?
c) Please provide regulatory precedent for approval of disposition of accounts in this application that were closed during 2006 EDR.

26. Ref: Response to Board Staff IR#48

a) Why is Halton Hills using account 1562 for the PILs variance costs subsequent to April 30, 2006 considering the guidance provided in the Accounting Procedures Handbook which states “Account 1562 relates to the rate periods that ended on or before April 30, 2006.”
b) What would the balances be in 1562 and 1563 if Halton Hills was following the guidance provided in the Accounting Procedures Handbook?

27. Ref: Response to Board staff IR#49 Appendix H, Ex 5/Tab 1/Sch 2& 3, 2008 Rate Rider Calculation Appendix A

a) The individual and total balances under “Total Claim” column in Appendix H do not match the individual and total balances in Ex5/Tab 1/Sch 2 & 3 or in Appendix A. Components of Table 36 in IR 49 d) also do not match Appendix A or Appendix H or Ex5/Tab 1/Sch 2 & 3. Which balances are correct?

b) Please update either Appendix H, Table 36 in IR 49 d) or Ex 5/Tab 1/Sch 2 & 3, or Appendix A as necessary to detail the balances claimed for disposition.

28. Response to Board Staff IR#49 Appendix H

Why was there no opening balance for account 1590 in 2005?

29. Response to Board Staff IR#50

Halton Hills is tracking a forecasted balance of ($40,516) in the Continuity Schedule in Appendix H under account 1508 sub-account Other.

a. Please provide a description of the deferral or variance being tracked in this sub-account.

b. Please provide a sample journal entries used to track variance in this sub-account.
c. Were carrying charges calculated on this balance throughout the life of the sub-account?
d. What period was the deferral or variance balance being tracked (e.g. Since July 200XX to August 20XX)
e. Please provide the regulatory authority for Halton Hills to use this sub-account of 1508.

30. Ref: Response to Board Staff IR#51

Halton Hills indicates that it implemented prescribed interest rate for Board-approved deferral and variance accounts as of April 1, 2006. However, prescribed interest rate for Board-approved deferral and variance accounts were not effective until May 1, 2006, per the Board's November 28, 2006 Letter to LDCs.

a. Why did Halton Hills implement prescribe interest rates earlier than the approved Board date?
b. What would the impact on the deferral and variance accounts being requested for disposition if Halton Hills implemented prescribed interest rates as of May 1, 2006?

31. Ref: Response to Board Staff IR#51

Halton Hills indicates that the only difference in interest rate application for applicable deferral and variance accounts is 1508, which has carrying costs charged at 3.88% for January to December 2005. However, there are two different interest rates used for account 1508 sub-account OEB Cost Assessments and OMERS Pension Contributions, as per December 20, 2004 Letter to LDCs and APH FAQs December 2005. In addition there are different interest rates used for accounts 1565 and 1566 as per the APH, and carrying charges are applicable only to February 28, 2005, for these two accounts.

a) What would the impact be on the deferral and variance accounts being requested for disposition if Halton Hills implemented interest rates as per the direction from the Board, as discussed above?