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BY E-MAIL ONLY

November 29, 2010

Board Secretary
Ontario Energy Board
2300 Yonge Street, Ste. 2701
Toronto ON M4P 1E4

Attn : Ms. Kirsten Walli

Re: Great Lakes Power Transmission Inc. ("GLP")
Application for 2011 and 2012 Transmission Rates
Board File No. EB-2010-0291

Please find attached the Board staff's Interrogatories with respect to the above proceeding.

Yours truly,

Original Signed By

Nabih Mikhail
Project Advisor
Electricity Facilities and Infrastructure

c: Andy McPhee (GLPT)
Duane Fecteau (GLPT)
Charles Keizer, Counsel to Applicant

Attachments

BOARD STAFF INTERROGATORIES

Great Lakes Power Transmission LP

Transmission Rate Application (Test Years 2011 & 2012)

EB-2010-0291

November 29, 2010

TABLE OF CONTENTS

I. GENERAL

Interrogatory 1 – System Diagram

Reference:
Ref. (a) Exh. 1/Tab 2/Sch. 1/Appendix A/ Figure 1-2-1 A

Request:
To complement the high level system map shown in Figure 1-2-1 A of Ref: (a), please provide a Schematic System Diagram (not Geographic) showing:

- All Transmission Stations and Network Lines (230 kV and 115 kV), and for each Transmission Station to show the Station's yard layout with breakers, transformers, and disconnect switches;
- All of GLPT's Radial Transmission Lines (Line Connection Assets) as well as Delivery transformers (Transformation Connection Assets)
- All directly-connected transmission customers and their stations including Distributors, Generators, and Large Consumers

Note: the latest System Schematic Drawing that Board staff has is Drawing No. AD-36209, dated Dec 9, 2003, for Great Lakes Power Limited.

Interrogatory 2 - Sensitivity Analysis

Reference:
Ref. (a) Exh. 1/Tab 2/Sch. 4/p. 1 – Schedule of Overall Revenue Deficiency/Sufficiency

Requests:
(i) Notwithstanding the Board's Decision which will affect GLPT's allowed revenue requirement for the two test years 2011 and 2012, please provide the following sensitivities for each of these two years (2011 and 2012), and for each item listed below please provide all assumptions and all supporting facts:
  (a) Proportional change in revenue requirement for a 1% change in rate base;
  (b) Proportional change in revenue requirement for a 1% change in cost of service;
  (c) Proportional change in revenue requirement for a 1% change in cost of debt;
  (d) Proportional change in revenue requirement for a 1% change in cost of equity;
  (e) Proportional change in rates for a 1% change in revenue requirement, assuming existing pooled revenue requirement shares, in effect as of January 1, 2010; and
  (f) Proportional change in pooled revenue requirement share for a 1% change in the revenue requirement.

Interrogatory 3 - Services Provided by Others

Ref: (a) Response to Board staff interrogatory # 2 in proceeding (EB-2009-0408), Exh 10/Tab 1/Sch. 1/p. 3

Preamble:

(1) In Ref: (a), GLPT in its response to Board staff Interrogatory # 2 Question (i), provided the following table which describes the cost of the services provided by Hydro One and other transmitters to GLPT for the years 2007, 2008, and 2009.

	2007	2008	2009	Nature
Hydro One	$13K	-	-	Infrared scan
Other Transmitters	-	-	-	N/A
Third Parties	$14.4M	$8.8M	$8.35M	*

Questions:

(i) Please update the information in the above Table, by providing a new table covering the cost of the services by Hydro One and other transmitters for the bridge year 2010, and a forecast for the two test years 2011 and 2012.

II. COST OF SERVICE

General OM&A

Interrogatory 4 – 2010 Forecast amounts

Reference:

Ref: (a) Exh. 4/Tab 2/Sch. 1/p. 2

Preamble:

GLPT provides “2010 Forecast” figures in the reference above.

Questions:

(i) Please confirm that “2010 Forecast” is a blend of actual and forecast.
(ii) Please indicate how many months of actual and how many months of forecast are included in these figures.

Interrogatory 5 – 2010 OM&A costs

Reference:

Ref: (a) EB-2009-0408, Exh. 1/Tab 1/Sch. 8/Appendix A/pp.13, Settlement Agreement, p.4 of 34, May 17, 2010

Ref: (b) EB-2009-0408, Exh. 1/Tab 1/Sch. 8/Appendix A/p.5, Decision and Order on Settlement Agreement, May 21, 2010

Ref: (c) Exh. 4/Tab 2/Sch. 1/Appendix A/p.8

<u>Preamble</u>:

(1) At Ref: (a) the settlement agreement states that,

> *"GLPT initially forecasted its 2010 OM&A expense at $11,105,600. The Parties have agreed that GLPT's 2010 OM&A expense should be $9,000,000. In addition the Parties have agreed that for purposes of GLPT's anticipated applications for 2011 and 2012 rates, GLPT will not propose OM&A expense increase in excess of 2.5% in each year."*

(2) At Ref: (b) The Board stated in part that:

> *"GLPT will not seek OM&A increases in excess of 2.5% per year for each of 2011 and 2012…….While the Accepted Settlement Agreement is binding on the parties to the agreement, it cannot fetter the discretion of another Board panel considering a future application by GLPT."*

(3) GLPT has recorded OM&A of $9,750,000 for 2010 rates. This exceeds the amount agreed to in the Approved Settlement Agreement ($9,000,000) by $750,000.

(4) At Ref: (c) GLPT indicates that its variance year-over-year (2010 over 2009) for "Administration & General ("A&G") costs is a 45% increase (from $2.68 million to $3.89 million). The year-over-year reduction from 2010 forecast to 2011 test is 17.3%, and from 2011 test to 2012 test is an increase of 2.5%.

<u>Questions</u>:

(i) Can GLPT confirm that its shareholder intends to absorb the $750,000 deficiency on OM&A based on its 2010 forecast and Approved Settlement Agreement [see preambles (1) and (3)]?

(ii) If the answer to the above question is 'no', please explain, specifically referring to the terms of its settlement agreement, why GLPT believes it should be permitted to seek recovery of this amount from ratepayers.

<u>Board staff request</u> that GLPT answer the following questions only if the answer to part (i) of this interrogatory is 'no':

(iii) What portion, in dollar terms, of the 45% increase in A&G costs is attributable to:
   (a) "Natural Business Growth" as defined by GLPT in proceeding (EB-2009-0408) for 2010 test year[1]
   (b) Corporate cost allocation of shared services
   (c) Other amounts

(iv) At the time GLPT had agreed by way of Settlement Agreement to its OM&A cost envelope for 2010, what percentage, and dollar amount, of A&G costs had already been spent?

[1] Exh. 4/Tab 2/Sch. 2/pp. 1-2, pre-filed evidence for proceeding (EB-2009-0408) re GLPT's transmission rates for 2010 Test Year.

Staff Levels and Compensation

Interrogatory 6 – FTE estimates & Total Compensation

Reference:

Ref: (a) Exh. 4/Tab 2/Sch. 1/Appendix D/p. 30
Ref: (b) Exh. 4/Tab 2/Sch. 2/p. 2/Table 4-2-2 A
Ref: (c) EB-2009-0408, pre-filed evidence, Exh. 4/Tab 2/Sch. 3/p. 2/Table 4-2-3 A

Preamble (1):
At Ref: (a) GLPT provides OM&A/FTE actuals for 2007-2009, 2010 bridge, and 2011 and 2012 test years.

Questions:

(i) Please provide OM&A cost per FTE for 2010 based on the Board Approved Settlement Proposal envelope of $9.0 million, as agreed to by parties.
(ii) Can GLPT comment on the reductions to OM&A per FTE for 2009, 2010, and 2011? Were these reductions achieved due to employee retirements or other factors? Are there drivers to this decrease that do not affect service quality and reliability?

Preamble (2):
At Ref: (c), Table 4-2-3 A of proceeding (EB-2009-0408), GLPT provided FTE numbers for “2010 Test Year” showing Union staff at 28.9 and Non-Union staff at 25.8. At Ref: (b), Table 4-2-2 A it shows for “2010 Forecast” Union staff at 24.4 and Non-union staff at 24.8. The FTE decline for Union staff is from 28.9 to 24.4, and for non-union staff from 25.8 to 24.8. At Ref: (b) under “Grand Total”, Total Compensation has increased 8.9% from 2010 Forecast to 2011 Test Year, and increased only 2.5% from 2011 Test Year to 2012 Test Year.

Questions:

(iii) In reference to the above Preamble (2), please indicate which functional areas lost FTEs in 2010. Please comment on any effect these reductions may have on maintenance, service quality, and/or reliability at GLPT.
(iv) With respect to Ref: (b) in the preamble, please explain the drivers of the compensation increase of 8.9%, in light of the total OM&A envelope increase restriction of 2.5% per year.

Interrogatory 7 – Incentive Compensation Plan

Reference:

Ref: (a) Exh. 4/Tab 2/Sch. 2/Appendix A/p. 6/lines 15-16

Question:

(i) Please provide a copy of GLPT's "Annual Incentive Compensation Plan". Note: It is presumed that the reference to Table 4-2-3 A (At Ref: (a), page 6, line 16) should rather be Table 4-2-2 A. Please confirm.

Shared Services

Interrogatory 8 – Radio System Costs

Reference:

Ref: (a) Exh. 4/Tab 2/Sch. 3/p. 1/Table 4-2-3A
Ref: (b) Exh. 4/Tab 2/Sch. 3/p. 4

Preamble:

(1) At Ref: (a) Radio system costs are provided. 2010 Approved expenditure for radio system costs was $6,500. The 2010 Forecast has been updated to $28,300, 2011 test year is $29,000, and 2012 test year is $29,700.

(2) At Ref: (b) GLPT stated in part that:

"Pursuant to an agreement dated June 30, 2009, GLPT is licensing radio system assets to GLPL for a three year term."

…

"In addition [to depreciation cost], approximately $50,000 in operating and maintenance costs are incurred at radio tower sites, of which half again is passed on to GLPL."

Questions:

(i) Please confirm that GLPT did not include the consequence of $50,000 in OM&A for radio system costs to be shared as part of its 2010 cost of service filing, or as part of any subsequent update to the application.

(ii) Please confirm if GLPT was aware of these costs prior to, or during the course of its 2010 application for rates (EB-2009-0408).

Corporate Cost Allocation

Interrogatory 9 – Corporate Cost Allocation

Reference:

Ref: (a) Exh. 4/Tab 2/Sch. 3/p. 5
Ref: (b) Exh. 4/Tab 2/Sch. 1/p. 5/Table 4-2-1 C

Preamble:

At Ref: (a) GLPT stated in part that:

"In GLPT's 2010 rate application, GLPT included $298,571 in corporate cost allocation. These costs are expected to continue for 2011 and 2012. However, GLPT is not seeking full recovery of the cost of corporate services because of its

commitment to not seek a total OM&A increase in excess of 2.5% per year for each of 2011 and 2012 as per the Board Approved Settlement Agreement."

At Ref: (b) GLPT provides a table which summarizes OM&A by account.

Questions:

(i) Please provide for the bridge year 2010, and each of the two test years, 2011 and 2012, the corporate cost allocation costs in total and by account (CCA costs, and amount requested for recovery, by account).

Note: Please use the two tables below:

Table 9.1 – CCA amount, and CCA charged

Year	**Total Amount of CCA***	**Total CCA charged to GLPT**
2010 forecast	$298,571	
2011 test		
2012 test		

*as indicated by GLPT in its 2010 rate application.

Table 9.2 – CCA charged, by account

USoA Account #	**2010 forecast CCA charged**	**2011 test CCA charged**	**2012 test CCA charged**
5605			
…			
TOTAL			

Non-affiliate Services

Interrogatory 10 – Purchase of Non-affiliate Services

Reference:

Ref: (a) Exh. 4/Tab 2/Sch. 4/p. 1

Preamble:

Purchase of non-affiliate services increased approximately 37.5% year on year from 2009 to 2010.

Questions:

(i) Please indicate the main drivers of the year-over-year increase from 2009 to 2010 in purchase of non-affiliate services.

(ii) Please provide a forecast for the purchase of non-affiliate services for 2011 Test Year and 2012 Test Year.

(iii) If GLPT cannot answer question (ii), please answer the following. Does GLPT expect its purchase of non-affiliate services to trend at this level of expenditure in future years? If not, does GLPT expect this amount to decrease to expenditure levels similar to those observed historically from 2007-2009? Please provide GLPT's rationale in either case.

Variance Analysis

Interrogatory 11 – OM&A Reductions in 2010 from Settlement

Reference:
Ref: (a) EB-2009-0408, Exh. 4/Tab 2/Sch. 1/p.9/Table 4-2-1 C
Ref: (b) EB-2010-0291, Exh. 4/Tab 2/Sch. 1/p.5/Table 4-2-1 C
Ref: (c) Board Staff Table 11.1 (see below)

Preamble:
(1) GLPT's OM&A envelope was reduced from approximately $11.1 million to 9.0 million for 2010, by way of settlement agreement. Board staff seeks to determine how GLPT has achieved these reductions.
(2) Ref: (a) indicates the "2010 Test Year" amounts as applied for, totaling $11.1 million. Ref: (b) provides the "2010 Forecast" amounts with respect to the current proceeding (EB-2010-0291).

Board staff views that a review of 2010 OM&A spending by account is relevant to explore reasonableness of proposed spending for 2011 and 2012. The breakdown of costs is relevant to examination of effect on operations, maintenance, and the overall health of GLPT's transmission system, and to ensure safe and reliable service to customers. At Ref: (c) Board staff has prepared a table outlining variances for which explanation is requested.

Questions:

For question (i) through (viii) refer to Board staff Table 11.1 (see below), and describe how the reduction noted under "recorded variance" was achieved for each of the following accounts:
(i) Account 4805 – Operation Supervision and Engineering
(ii) Account 4810 – Load Dispatching
(iii) Account 4815 – Station Buildings and Fixtures Expense
(iv) Account 4916 – Mtce of Transformer Station Equipment
(v) Account 4940 – Mtce of Overhead Lines – ROW
(vi) Account 5605 – Executive Salaries and Expenses
(vii) Account 5615 – General Administrative Salaries and Expenses
(viii) Account 5620 – Office Supplies and Expenses
(ix) Account 5630 – Outside Services Employed. For question (ix) refer to Board Staff Table 11.1 (below). Please indicate the additional costs which GLPT incurred (the recorded variance) and describe whether or not these costs were

unforeseen at the time of the 2010 rate application. Were the costs incurred with respect to variance (ix) discretionary in nature?

(x) What effect do the reductions above have on GLPT's ability to operate and maintain its transmission system? Has GLPT seen a reduction in service quality and/or reliability as a result of the reductions made in 2010?

Ref: (c) Board Staff Table 11.1

		2010	2010	2010	Note
		test (A)	forecast (B)	recorded variance	
USofA	**Description**	**per EB-2009-0408, Ref (a)**	**per EB-2010-0291, Ref (b)**	**(A - B)**	
	Transmission Expense - Operation				
4805	Operation Supervision and Engineering	475.5	363.5	112.0	(i)
4810	Load Dispatching	1,600.2	1,500.2	100.0	(ii)
4815	Station Buildings and Fixtures Expense	886.7	811.7	75.0	(iii)
4820	Transformer Station Equipment - Labour	396.1	366.1	30.0	
4825	Transformer Station Equipment - Supplies and Expense	82.2	82.2	0.0	
4830	Overhead Line Expense	177.1	157.0	20.1	
4845	Miscellaneous Transmission Expense	437.5	462.5	-25.0	
4850	Rents	80.9	80.9	0.0	
	Transmission Expenses - Maintenance				
4910	mtce of transformer station buildings and fixtures	91.8	91.8	0.0	
4916	mtce of transformer station equipment	582.3	430.8	151.5	(iv)
4930	mtce of poles towers and fixtures	18.5	18.5	0.0	
4935	mtce of overhead conductors and devices	207.8	182.8	25.0	
4940	mtce of overhead lines - ROW	1,800.0	1,200.0	600.0	(v)
4945	mtce of overhead lines - roads and trails repairs	110.0	110.0	0.0	
	Administrative & General Expenses				
5605	Executive Salaries and Expenses	1,102.7	718.4	384.3	(vi)
5615	General Administrative Salaries and Expenses	1,286.0	925.7	360.3	(vii)
5620	Office Supplies and Expenses	280.2	170.7	109.5	(viii)
5630	Outside Services Employed	1,062.1	1,649.1	-587.0	(ix)
5635	Property Insurance	211.5	211.5	0.0	
5655	Regulatory Expense	157.0	157.0	0.0	
5665	Miscellaneous General Expenses	36.5	36.5	0.0	
5680	Electrical Safety Authority Fees	23.0	23.0	0.0	
	Total OM&A	**11,105.6**	**9,749.9**	**1,355.7**	

Interrogatory 12 – Account 5605

Reference:

Ref: (a) Exh. 4/Tab 2/Sch. 1/p.4
Ref: (b) Exh. 4/Tab 2/Sch. 1/p.5/Table 4-2-1 C

Preamble:

(1) At Ref: (a) GLPT states that, “No variance on an account basis exceeds GLPT’s materiality threshold of $182,343 for 2011 or $194,063 for 2012. Consequently, GLPT has not provided an account by account variance analysis.”

(2) At the table in Ref: (b) it can be shown that the majority of accounts escalate approximately 2.5% for 2011 test over 2010 forecast. However, certain accounts depart from this trend.

Account 5605 -- Executive Salaries and Expenses increase 16.4% year-over-year from 2010 forecast to 2011 test year. Account 5605 -- Executive Salaries and Expenses increase 14.4% from 2011 test year to 2012 test year. See table below.

At Ref: (b) the following is provided with respect to Account 5605 **(in $000s)**:

USofA	**2009 Actual**	**2010 Forecast**	**2011 Test Year**	**2012 Test**
5605	417.6	718.4	836.4	957.3
y/o/y vs. previous			16.4%*	14.4%**

* 836.4/718.4; **957.3/836.4

As seen in the Board staff Interrogatory No. 11 (see above), numerous operations and maintenance categories saw reduced spending (totaling approximately $1.1 million) in 2010 as applied versus the result of the 2010 Settlement Agreement.

Questions:

(i) Are the increases in 2011 to Account 5605 -- Executive Salaries and Expenses made at the detriment of total spending on operations and maintenance in 2011?

(ii) Are the increases in 2012 to Account 5605 -- Executive Salaries and Expenses made at the detriment of total spending on operations and maintenance in 2012?

(iii) Given that planned operations and maintenance expenses were reduced in 2010 as a result of the settlement agreement, does GLPT find it to be prudent to devote significant funds to increasing Account 5605 – Executive Salaries and Expenses in 2011 and 2012 beyond the 2.5% increases seen across almost all other operations and maintenance accounts in those years?

Interrogatory 13 – Account 4940 - ROW

Reference:

Ref: (a) EB-2009-0408, Exh. 4/Tab 2/Sch. 1/pp. 20-21
Ref: (b) EB-2010-0291, Exh. 4/Tab 2/Sch. 1/p. 5/Table 4-2-1 C

Preamble:
At Ref: (a), page 22, lines 9 – 13, GLPT stated that:

> *"For 2009, while GLPT maintained its level of managing vegetation on the ROW floor in accordance with its 6-year cycle, as a cost cutting measure GLPT reduced its activities associated with encroachments and buffer zones relative to 2008.* ***It was decided that, for reliability purposes, GLPT needs to restore its prior levels of activity in these areas for 2010 and beyond."*** (Emphasis added)

At Ref: (b) the following is provided with respect to Account 4940 **(in $000s)**:

USofA	2008 Actual	2009 Actual	2010 Forecast	2011 Test Year	2012 Test
4940	1,400.8	1,121.7	1,200.0	1,230.0	1,260.8

Questions:
(i) Assuming inflation of 2.5% per annum, please confirm that there is no increase in real terms to budgeted spending for account 4940 with respect to 2010 Forecast to 2011 Test, and from 2011 Test to 2012 Test.
(ii) Please confirm that budgeted spending amount in Account 4940 for 2010 Forecast, 2011 Test, and 2012 Test has not returned to the expenditure amount observed in 2008 Actual.
(iii) Has GLPT achieved efficiencies that would somehow allow GLPT to perform equivalent maintenance activities to 2008 without spending the same amount in subsequent years?
(iv) Does GLPT intend to increase ROW maintenance in subsequent years? What effect may reduced spending on ROW maintenance have on service reliability? Does it spending increase the likelihood of vegetation related outages on GLPT's transmission system?

Interrogatory 14 – Account 5630 – Outside Services Employed

Reference:
Ref: (a) EB-2009-0408, Exh. 4/Tab 2/Sch. 1/p.9
Ref: (b) EB-2010-0291, Exh. 4/Tab 2/Sch. 1/p.5/Table 4-2-1 C

Preamble:
(1) At Ref: (b) the following is provided with respect to Account 5605 **(in $000s)**:

USofA	2008 Actual	2009 Actual	2010 Forecast	2011 Test Year	2012 Test Year
5630	675.6	910.7	1,649.1*	821.6	742.1

*per EB-2009-0408 application, 2010 Test Year as applied for was $1,062.1.

(2) The focus of the interrogatory is the increase in 2010 Forecast (over 2010 as per EB-2009-0408) and 2011 Test Year.

Questions:

(i) Please explain the source(s) of the variance(s) from:

a. 2009 Actual to 2010 Forecast
b. 2010 Test Year* to 2010 Forecast
c. 2010 Forecast to 2011 Test Year
d. 2010 Test Year* to 2012 Test Year

*per EB-2009-0408 application, 2010 Test Year as applied for was $1,062.1

(ii) Are there any corporate cost allocation costs for recovery included in this account? If yes, please provide.

Interrogatory 15 – First Quartile Report

Reference:

Ref: (a) Exh. 4/Tab 2/Sch. 1/p. 5 & Appendix B

Preamble:

GLPT states at the reference that:

> *"In EB-2009-0408, GLPT provided the Board with a benchmarking report prepared by First Quartile Consulting (1QC). GLPT engaged 1QC to update the benchmarking report. 1QC was engaged to analyze the costs of operation of the GLPT transmission system, in comparison with those of other transmission providers in North America."*

Questions:

(i) What was the total cost of the first 1QC study presented in proceeding EB-2009-0408, and what was the total cost incurred to update the first report to produce the updated 1QC study at Ref: (a), Appendix B.
(ii) In which USoA accounts the cost of the updated study is posted, and in which test year(s)?
(iii) Please provide the reasons for updating the 1QC study for this application.
(iv) Please highlight the results of the updated study, and how it contrasts and compares to the first study which was presented in proceeding EB-2009-0408 for GLPT's transmission rates for Test Year 2010. In providing the comparison, please address:
    - Is the 1QC Panel of the first study the same as the 1QC Panel of the updated study? If not please provide a description of the companies which were removed from the first study and description for the companies added to the updated study.
    - Provide the reasons for changes in the results of GLPT's performance between the first study and the updated study covering the results that

were reported on and presented in Graphs 1 to 5 in the new study on pages 13 -15 of Ref: (a)., Appendix B.

Interrogatory 16 – OM&A Reductions in 2011

Reference:
Ref: (a) Exh. 4/Tab 2/Sch. 1/Appendix A/p. 8

Preamble:
In the fourth table at Ref: (a), GLPT indicates that it will achieve a 17.3% reduction in "Administration & General" (A&G) for 2011 Test Year over 2010 Forecast.

Questions:
(i) How does GLPT plan to achieve these efficiency improvements? Are there any staff reductions and/or retirements in 2010? Do forecasted retirements have a downward effect on A&G costs?
(ii) Will the workload seen by remaining employees performing administration and general employees increase? If not, does GLPT's shareholder intend to absorb the additional labour costs associated with work previously done by former A&G employees?
(iii) Please indicate any functional areas that might see a reduction in quality of service as a result of these FTE reductions. If there are areas that are at risk of a reduction in quality of service, please explain why this should or should not be a concern.

Depreciation

Interrogatory 17

Reference:
Ref: (a) Exh. 2/Tab 2/Sch. 1/p.3
Ref: (b) Exh. 2/Tab 1/Sch. 2/p.1

Preamble:
(1) At Ref: (a), GLPT has provided the Continuity Statement for 2009. This table states that the 2009 capital additions were $10,544,377.
(2) Ref: (b), GLPT has provided a table summarizing the capital expenditures from 2007 to 2012 and the related Depreciation amounts for each of those years. According to this table, the capital expenditures in 2009 were $8.3 million.

Question:
(i) While the Depreciation amounts for 2009 in the two tables are consistent, the capital additions are different. Please reconcile the differences and provide reasons for the difference.

Interrogatory 18

Reference:
Ref: (a) Exh. 4/Tab 2/Sch. 5/p.1

Preamble:
The Depreciation rate used by GLPT for Account 1908 – Building & Fixtures is 4%. The rate in the *2006 Electricity Distribution Rate Handbook, Appendix B* is 2%.

Questions:
(i) Please explain the rationale for using a higher depreciation rate.
(ii) Please explain how was this rate determined.

Interrogatory 19

Reference:
Ref: (a) Exh. 4/Tab 2/Sch. 5/p.1

Preamble:
The Depreciation rate used by GLPT for Account 1930 – Transportation Equipment is 20%. The *2006 Electricity Distribution Rate Handbook, Appendix B* provides different Depreciation rates for automobiles, and trucks over 3 ton and less than 3 ton.

Question:
(i) Please explain how GLPT established the Depreciation rate of 20% that is used to depreciate assets in Account 1930.

Interrogatory 20

Reference:
Ref: (a) Exh. 4/Tab 2/Sch. 5/p.1

Preamble:
At Exh. 4/Tab 2/Sch. 5/p.1, GLPT has provided the Depreciation rates used in this application.

Questions:
(i) How long has GLPT used these Depreciation rates and how were these rates established (i.e., depreciation study or OEB Rate Handbook…. etc.)?

(ii) Has GLPT undertaken a depreciation study in the last 5 years? If it has, please provide the study. If GLPT has not undertaken such a study, does GLPT plan to undertake a depreciation study in the near future?

Taxes

Interrogatory 21 - CapEx in fixed assets and on the UCC continuity schedule

References:

Ref: (a) Exh. 4/Tab 3/Sch. 2/p.3/Table 4-3-2 C
Ref: (b) Exh. 4/Tab 3/Sch. 2/p.5/Table 4-3-2 E
Ref: (c) Exh. 4/Tab 3/Sch. 6/p.5/Table 4-3-6 E
Ref: (d) Exh. 4/Tab 3/Sch. 6/p.6/Table 4-3-6 F

Preamble:

At Ref: (a), the Applicant has filed in page 3, Table 4-3-2 C, a proposed capital cost allowance (CCA) for 2011 Test Year of $12,482,400 and 2012 Test Year of $13,520,900. However, at Ref: (b), page 5 in Table 4-3-2 E, the Applicant has filed a proposed CCA for 2011 Test Year of $12,465,500 and for 2012 Test Year a proposed CCA of $13,149,500.

Note: the numbers at Ref; (b), page 5 in Table 4-3-2 E agree with the numbers at Ref: (c), page 5 in Table 4-3-6 E for the 2011 Test Year as well as agree with the numbers at Ref: (d), page 6 in Table 4-3-6 F for the 2012 Test Year.

Question:

(i) Please explain why the CCA numbers for the test years 2011 and 2012 at Ref: (a), page 3 in Table 4-3-2 C do not match the CCA numbers for the test years 2011 and 2012 found at Ref: (b), page 5 in Table 4-3-2 E. Please update the tables with the correct numbers and also the appropriate schedules.

Interrogatory 22 - CapEx in fixed assets and on the UCC continuity schedule

References:

Ref: (a) Exh. 4/Tab 3/Sch. 6/p.2/Table 4-3-6 B
Ref: (b) Exh. 4/Tab 3/Sch. 6/p.3/Table 4-3-6 C
Ref: (c) Exh. 4/Tab 2/Sch. 5/Appendix A/p.8
Ref: (d) Exh. 4/Tab 2/Sch. 5/Appendix A/p.9

Questions:

(i) Please explain why the capital expenditures shown at Ref: (c), Appendix A, page for 2008 of $11,058,649 **does not match** the 2008 capital additions shown on the Capital Cost Allowance schedule at Ref: (a), Table 4-3-6 B of $11,492,820**.** If the underlying numbers in the table are incorrect, please update the table and the appropriate schedules.

(ii) Please explain why the capital expenditures shown at Ref: (d), Appendix A, page 9 for 2009 of $10,544,377 (less Land of $384,611) **does not match** with the 2009 capital additions shown on the Capital Cost Allowance schedule at Ref: (b) in Table 4-3-6 C of $7,921,334**.** If the underlying numbers in the table are incorrect, please update the table and the appropriate schedules.

III. RATE BASE AND CAPITAL INVESTMENTS

Capital Expenditures

<u>2011 Capital Expenditures</u>

Interrogatory 23

Reference:

Ref: (a) Exh. 2/Tab 1/Sch. 1/pp.4 - 8/Third Line TS 115 kV Redevelopment Project - $20,367,200

Ref: (b) Proceeding (EB-2009-0408) - Exh. 2/Tab 1/Sch. 1/pp.13 -14 Re: “Project Costs and Capitalization”,
Re: the Redevelopment Project

<u>Preamble:</u>
At Ref: (a), page 4 it shows that the Third Line Redevelopment Project has a total cost of $ 23,700,000, while at Ref: (b), on page 13, lines 11-17 GLPT indicated that total cost of that project is $23,500,000.
<u>Questions/Requests:</u>
(i) Please provide explanation for the additional $200,000 in the cost of the project.

Interrogatory 24

Reference:

Ref: (a) Exh. 2/Tab 1/Sch. 1/pp.4 - 8/Third Line TS 115 kV Redevelopment Project - $20, 367,200

<u>Questions:</u>
(i) Please indicate the classification of the Third Line Station i.e., is it a purely Network Station, Line Connection/Transformation Connection, or a mix?
(ii) If the station is a mix (Network Station, Line Connection/Transformation Connection), please indicate to which pool each system element belongs (i.e., a Network Asset, Line Connection Asset, or Transformer Connection Asset).
(iii) Please indicate whether there are any new transformers within the boundary of the proposed Third Line 115 kV Redevelopment Project, which step the voltage to

below 50 kV for the purposes of supplying power via low voltage feeders to either distributors or large end-users.

(iv) If the answer to (iii) is yes, please provide the names of such distributors or large consumers.

(v) If there are distributors or large end-users being supplied power via low voltage feeders supplied from new 115 kV transformers (stepping the voltage to below 50 kV) which are/will be located inside the boundary of the Third Line Station, please provide the details of the economic evaluations and resulting capital contributions from such parties as required by the TSC.

Interrogatory 25

Reference:

Ref: (a) Exh. 2/Tab 1/Sch. 1/pp.4 - 8/Third Line TS 115 kV Redevelopment Project - $20,367,200

Questions:

(i) Please indicate the average increase in capacity of the new system elements comprising the new 115 kV station compared to the corresponding old 115 kV station;

(ii) Using cost allocation and prorating, please identify the cost attributable to the increase in capacity identified in (i) above, in addition to the incremental cost of new system elements e.g., new positions on the bus to accommodate new transformers or lines and consequent cost allocation.

(iii) Please indicate whether GLPT agrees that the cost estimate in (ii) above should be classified as Development Cost? If so, would GLPT revise its evidence to implement that change? If not please explain the reasons for not separating the two aspects that reflect the common practice in the transmission industry where investment in “like-for-like” would be classified as “Sustaining” whereas incremental investments attributed to increasing the Station capacity plus extending the bus work to accommodate future expansion would be classified as “Development”.

Interrogatory 26

References:

Ref: (a) Exh. 2/Tab 1/Sch. 1/pp.4 - 8/Third Line TS 115 kV Redevelopment Project - $20,367,200

Ref: (b) Proceeding (EB-2009-0408) - Exh. 2/Tab 1/Sch. 1/pp. 13 -14/
Re: “Project Costs and Capitalization”
Re: the Redevelopment Project

Preamble:

(1) At Ref: (a), on page 4, Table 2-1-1 B, for 2011, the amount of $20,367,200 is shown as an addition to Rate Base for that year.

(2) In Ref: (b), page 13, GLPT stated in part that:

The Redevelopment Project has a total estimated cost of $23,500,000. Of this, the estimated cost of Phase I, which is to be completed during 2010, is $10,230,000. The estimated cost of Phase II, to be completed during 2011 is $12,000,000 and the estimated cost of Phase III, to be completed during 2012, is $1,270,000.

Questions:

(i) How much did GLPT spend to date on this project given that in Ref: (b) GLPT indicated that it was planning to invest $10,230,000 for construction of this project in 2010?
(ii) If the answer to (i) above indicates that GLPT in 2010 has, to date, not invested for construction of the project anywhere close to the original target of $10,230,000, would it be reasonable to assume that completion of the project in 2011 is unrealistic? Please explain.
(iii) Please describe in detail which system elements (i.e., breakers, buses, lines, transformers, disconnect switches…etc) identified by their operating designations that will not only be commissioned and in-service, but also connected to the transmission system, energized, and carrying electric power in 2011.
(iv) Please provide a single-line diagram showing all the system elements along with their designations that comprise the total project.
(v) Should there be delays in bringing the various system elements identified in (i) above into full service i.e., energized and carrying electric power, what steps does GLPT propose to address that issue?

Interrogatory 27

Reference:

Ref: (a) Exh. 2/Tab 1/Sch. 1/pp.8 - 9/ GLPT SCC and Sackville Road Building Generator - $988,100

Question/Request:

(i) Please provide a copy of the request for quotation document used by the third party consultant to purchase the emergency generator
(ii) Please provide a description of the criteria used for the selection, and a summary of the finalists including the winning bid.

Interrogatory 28

Reference:
Ref: (a) Exh. 2/Tab 1/Sch. 1/pp.9 – 11/Sackville Building HVAC Replacement - $410,000

Questions/Requests:
(i) Please provide a breakdown of the costs into: HVAC, Replacement of the Carrier VVT electronic building automation system, and other.

Interrogatory 29

Reference:
Ref: (a) Exh. 2/Tab 1/Sch. 1/pp.3 - 17/2011 Capital Expenditures in service – covering all projects 7 projects

Preamble:
It is important to classify the investment capital and the various underlying projects into the two main categories –Sustaining and Development

Questions/Requests:
(i) Please complete the Table below, by classifying each Capital Investment Project either as "Development" or "Sustainment"; If a capital investment for a given project is a mix of "Development" and "Sustainment", please provide for each such project an explanation (in a footnote) and the portion of the total amount of investment for each category by filling in the amount in the Table under the two columns.

Project Description Year 2011	**Seeking Approval**	**Portion or Total Classified as Development**	**Portion or Total Classified as Sustainment**	**Cost Estimate $**
1. Third Line TS (115 kV Redevelopment)	yes			20,367,200
2. GLPT SCC and Sackville Road Building Generator	yes			988,100
3. Sackville Building HVAC Replacement	yes			410,000
4. Asset Management System Enhancements	yes			480,400

Project Description **Year 2011**	**Seeking Approval**	**Portion or Total Classified as Development**	**Portion or Total Classified as Sustainment**	**Cost Estimate $**
5. Clergue TS Overload Protection	yes			389,200
6. Magpie TS Lightning Arrester Installation	yes			306,600
7. Mackay TS Station Service Voltage Regulator Installation	yes			251,500
Grand Total Investment for 2011				**23,193,000**

2012 Capital Expenditures

Interrogatory 30

Reference:
Ref: (a) Exh. 2/Tab 1/Sch. 1/pp. 17- 20/ Master SCADA System Replacement - $3,818,500

Questions/Requests:
(i) Please provide all the relevant documentation regarding this project, including:
- The study report (referred to in Ref: (a), page 19) that the external consultant, BBA Engineering, completed, based on which the new SCADA will be procured; and
- The basis for the cost estimate of $3,818,500 which is quoted for the project.

(ii) Is GLPT planning to issue a Request for Proposals for implementation of this new SCADA system? If not, please explain how GLPT can ensure it is getting the lowest price that meets the specifications which are presumably included in the BBA Engineering study/report.

(iii) Board staff is of the view that this investment should be classified under the Development Category, as it is designed to meet requirements that far exceeds the existing ABB Ranger SCADA that was installed in 1998. Please indicate whether GLPT agrees or disagrees with the statement above? If GLPT does not agree, please provide a detailed rationale for its position.

Interrogatory 31

Reference:

Ref: (a) Exh. 2/Tab 1/Sch. 1/pp. 21- 22/ Work Management System Conversion - $387,900

Ref: (b) Exh. 2/Tab 1/Sch. 1/pp. 11- 14/Asset Management System Enhancements - $480,400

Preamble:

(1) In Ref: (a), page 21, the description of the Work Management System indicates that it is an asset management tool, used to support preventative, corrective and condition based maintenance planning and budgeting, and is a work management system should be capable of managing fleet and inventory. On page 22 of Ref: (a), GLPT indicates that the projects consists of the purchase and installation of a new work management system.

(2) Ref: (b) describes the Asset Management System Enhancement and indicates that it consists of two parallel parts – the Asset Registry Development, and the Maintenance Management Software Integration.

Questions/Requests:

(i) The two projects appear to be duplicative of one another. Please indicate whether or not the project in Ref: (a) is essentially covered under the Project described in Ref: (b).

(ii) If the two projects are duplicative in that the description in the two noted references appear to describe the same work, please describe how GLPT will address that i.e., adjust the costs of one of the projects to reflect that suspected duplication.

(iii) If the two projects are not duplicative, please provide detailed explanation on how the two projects inter-relate, and complement one another.

Interrogatory 32

Reference:

Ref: (a) Exh. 2/Tab 1/Sch. 1/pp.3 - 17/2012 Capital Expenditures in service – covering all projects 4 projects

Preamble:

It is important to classify the investment capital and the various underlying projects into the two main categories – Sustaining and Development

Questions/Requests:

(ii) Please complete the Table below, by classifying each Capital Investment Project either as "Development" or "Sustainment"; If a capital investment for a given project is a mix of "Development" and "Sustainment", please provide for each such project an explanation (in a footnote) and the portion of the total amount of investment for each category by filling in the amount in the Table under the two columns.

Project Description **Year 2012**	**Seeking Approval**	**Portion or Total** **Classed as Development**	**Portion or Total** **Classed as Sustaining**	**Cost Estimate $**
1.Master SCADA System Replacement	yes			3,818,500
2.Third Line TS 115 kV Redevel'mnt Proj.	yes			2,102,800
3.Goulais TS Civil Refurbishment	yes			489,000
4.Work Mangmt System Conversion	yes			387,900
Grand Total **Investment for 2012**				**6,798,200**

Interrogatory 33 – Summary of Capital Investments

Reference:

Ref: (a) Exh. 2/Tab 1/Sch. 2/p. 1/Table 2-1-2 A

Ref: (b) Summary Tables presented in the Board staff interrogatories listing the investments for projects for the two test years 2011 and 2012, and showing at the bottom of the two tables, the Grand Total investment

	INVESTMENT	**2011 $**	**2012 $**
SOURCE Table 2-1-2 A Capital Expenditure Table Exh. 2/Tab 1/Sch. 2	Sustainment Capital	0	0
	Development Capital	26,393,700	8,969,400
	TOTAL OF SUSTAINMENT & DEVELOPMENT	26,393,700	8,969,400
SOURCE Board staff Summary Tables in the Interrogatories	TOTAL OF SUSTAINMENT & DEVELOPMENT	23,193,000	6,798,200
Variance of Investments : In Table 2-1-2 A vis a vis in Board staff Summary Tables [due to various aspects including project investments that fall below the materiality threshold]		**3,200,700**	**2,171,200**

Question/request:

(i) Please provide the total of investment of projects for each of the two years, 2011 and 2012, that falls below GLPT's materiality threshold.

(ii) In addition to (i) above, are there other investments contributing to the difference between the totals in the two sources outlined in the Table above for each of the two years 2011 and 2012.

Interrogatory 34 – Asset Management and Capital Budgeting

Reference:

Ref: (a) Exh. 2/Tab 5/Sch. 1

Ref: (b) Transmission Rate Proceeding for Test Years 2011, and 2012 (EB-2010-0002) for Hydro One Networks Inc.

- Exh. A/Tab 13/Sch.1/pp. 6-15 & Appendices A, B, and C
- Exh. C1/Tab 2/Sch. 1 & Sch. 2 & Sch. 3
- Exh. D1/Tab 3/Sch. 1 & Sch. 2
- Exh. C1/Tab 2/Sch. 2/Appendix A

Preamble:

A Licenced Transmitter's investment in sustaining its transmission system is essential for maintaining adequate reliability as required by its licence and the Transmission System Code being a condition of that licence.

Requests:

To review the investment trends in sustaining over time and examine the tracking of the transmission reliability at both the system level and the customer delivery level, please provide the information listed below with explanation in regard to any information/data that is not readily available, and what measures and effort level would be needed to provide such information:

(i) Transmission Reliability Measures over the last 5 years, similar to that provided by Hydro One in its pre-filed evidence, see Ref: (b), Exh. A/Tab 13/Sch. 1/pages 6-15.

(ii) Summary of Sustaining Investments over the last 5 years in both OM&A and Capital Investment in enough detail to gauge the relative amounts of Sustaining OM&A or Capital Sustaining investment to total expenditure or investment amounts as the case may be. The Sustaining Capital should be broken down to main categories (e.g., Lines and Stations), and if data is available have the Station data further broken down to the system elements such as Circuit Breakers, Power Transformers, Protection and Control, Monitoring and Telecommunication. Examples of such date are shown in Hydro One's pre-filed evidence in Ref: (b)

- Exh. C1/Tab 2/Sch. 1/p. 2
- Exh. C1/Tab 2/Sch. 3/p. 3/Table 1
- Exh. D1/Tab 3/Sch. 1/p. 2/Table 1
- Exh. D1/Tab 3/Sch. 2/p. 3/Table 1
- Exh. D1/Tab 3/Sch. 2/p. 7/Table 2

(iii) Additional information in regard to reliability performance of the individual system elements. Such information is illustrated in Hydro One's pre-filed evidence in Ref: (b) at Exh. C1/Tab 2/Sch. 2/Appendix A:
- Figure 30 – Frequency of Low Voltage Breaker Outages
- Figure 31 – Frequency of 115 kV Breaker Outages
- Figure 32 – Frequency of 230 kV Breaker Outages
- Figure 34 – Unavailability of Low Voltage Breakers Due to Forced Outages
- Figure 35 – Unavailability of 115 kV Breakers Due to Forced Outages
- Figure 36 – Unavailability of 230 kV Breakers Due to Forced Outages
- Figure 39 – Frequency of 115 kV Transformer Outages
- Figure 40 – Frequency of 230 kV Transformer Outages
- Figure 42 – Unavailability of 115 kV Transformers Due to Forced Outages
- Figure 43 – Unavailability of 230 kV Transformers Due to Forced Outages

Interrogatory 35 – Rate Base – Working Capital

Reference:
Ref: (a) Exh. 2/Tab 4/Sch. 1/p. 1

Preamble:
GLPT's requirements of materials and inventory are forecasted for each of the two test years 2011 and 2012 to be $250,000 for each.
Questions/Requests:
(i) Please provide a detailed description of the methodology used to derive the material and inventory requirements for the two test years, 2011 and 2012.
(ii) Please provide a breakdown of the $250,000 for each of the two test years, 2011 and 2012, identifying the various items in inventory and cost of these items.

Interrogatory 36 – Rate Base – Working Capital

Reference:
Ref: (a) Exh. 2/Tab 1/Sch. 1/p. 1

Preamble:
At Ref: (a), GLPT has provided a table that summarizes the rate base calculations for the period 2007 to 2012. In this table, GLPT has identified the Total Working Capital Allowance for the 2007 to 2012 period. For 2011 and 2012, the Total Working Capital Allowance is $621,100 and $513,800 respectively. These amounts include $250,000 for materials and inventory in each of the two test years, 2011 and 2012.

Questions/Requests:

(i) Please provide the materials and inventory amounts for 2007 to 2010 period. If GLPT or its predecessor did not have its own materials and inventory allowance prior to 2010 and was sharing materials and inventory with GLPL, then please provide for the historical period, an estimate, based on allocation if necessary, to assess GLPT's requirements (or requirements of GLPL's Transmission where applicable).

(ii) Please explain if there is a relationship between the level of assets in service and the level of materials and inventory amounts referred to in the Preamble? If GLPT believes there is no relationship between the level of assets in service and materials and inventory amounts, please explain why that is the case.

IV. COST OF CAPITAL AND CAPITAL STRUCTURE

Interrogatory 37 – Capital Structure and Long-term Debt Rate (Methodology)

References:

Ref: (a) Exh. 5/Tab 1/Sch. 1/pp. 5-6
Ref: (b) Hydro One Networks Inc. Decision with Reasons, EB-2007-0272, pp. 51, 54-55
Ref: (c) Hydro One Remote Communities Decision with Reasons, EB-2008-0232, pg. 12
Ref: (d) London Hydro Inc. Decision with Reasons, EB-2008-0235, pp. 36-37

Preamble (1):

In Ref; (a), GLPT states that:

> *To the extent the deemed long-term debt (56% of rate base) is greater than the actual third party debt of $120,000,000, GLPT has applied the Board's deemed long term debt rate to the incremental amount*.

Questions/Requests:

(i) Please confirm whether GLPT's definition of the incremental amount of deemed long-term debt capitalization, beyond the $120 million of actual debt, is the same as that of "notional debt" as used in the Hydro One Networks Inc.-Transmission [Ref: (b)], Hydro One Remote Communities Inc. [Ref: (c)], and London Hydro Inc. rate applications [Ref: (d)]. Please explain your answer.

Preamble (2):

Board staff note that the Board's decisions in the noted electricity transmitter [Ref: (b)] and distributor rate applications [Ref: (c) and Ref: (d)], the Board determined that notional debt should attract the actual or embedded weighted average cost of debt if available, and would only attract the deemed debt rate if the utility had no actual debt

Questions/Requests:

(ii) In view of the Board's decisions in outlined in Preamble (2), please provide GLPT's reasons for proposing that the unfunded portion of debt capitalization should attract the deemed debt rate rather than GLPT's forecasted weighted average cost of debt for each of the 2011 and 2012 test years.

Interrogatory 38 – Weighted Average Cost of Capital

References:

Ref: (a) Exh. 5/Tab 1/Sch. 1/Tables 5-1-1 B (2011) and 5-1-1 C (2012)
Ref: (b) Letter from the Board dated November 15, 2010 re: Cost of Capital Parameter Updates for 2011 Cost of Service Applications for Rates Effective January 1, 2011

Request:

On November 15, 2010, the Board issued a letter providing updated Cost of Capital parameters for 2011 Cost of Service rate applications with rates effective January 1, 2011. The Cost of Capital parameter updates are summarized in the following table:

Cost of Capital Parameter	**Value for 2011 Cost of Service Applications for January 1, 2011 rate changes**
ROE	9.66%
Deemed LT Debt rate	5.48%
Deemed ST Debt rate	2.43%

Please update Tables 5-1-1 B for 2011 and 5-1-1 C for 2012 to incorporate the updated Cost of Capital parameters per the Board's letter of November 15, 2010.

V. REVENUE AND CHARGE DETERMINANT FORECAST

Interrogatory 39 - Revenue Requirement Work Form

Reference:

Ref: (a) Exh. 1/Tab 2/Sch. 4 and Exh. 1/Tab 2/Sch. 5
Ref: (b) Section 2.2.2 of Chapter 2 of the Filing Requirements for Transmission and Distribution Rate Applications, issued May 27, 2009

Preamble:

(1) GLPT has provided summary exhibits of its revenue sufficiency/deficiency in Ref: (a).
(2) Section 2.2.2 of Chapter 2 of the Filing Requirements noted in Reference Ref: (b) requires that the applicant file a completed Revenue Requirement Work Form (the "RRWF").

(3) The RRWF is shown in Appendix 2-T of Ref: (b) and the blank spreadsheet is accessible from the Board's website http://www.oeb.gov.on.ca/OEB/_Documents/Regulatory/2011_Rev_Reqt_Work_Form.xls

Question/Request:

(i) Please file, in working Microsoft Excel format, a copy of the completed RRWF based on GLPT's -Transmission Rate Application.

Interrogatory 40 – Charge Determinants

Reference:

Ref: (a) Exh. 8/Tab 1/Sch. 1/pp..1 – 4

Preamble:

(1) In the proceeding for GLPT's 2010 Transmission Rates (EB-2009-0408), GLPT provided load information for the years 2004 – 2009 on confidential basis on delivery points for the seven directly connected GLPT Transmission Customers, broken down by the three transmission pools as well as the corresponding Charge Determinants for the total GLPT system.

(2) Also provided was GLPT's load forecast for the test year 2010, on the same basis as provided for the historical loads outlined in Preamble (1) above.

Questions/Requests:

(i) Please provide on confidential basis (see qualification below) an update of the same information Provided by adding Year 10 (which will be a partial forecast) as outlined in Table 1 below making sure that:
- GLPT completes the update of Charge Determinants for the Delivery Points supplying the seven directly connected customers as well as the Charge Determinants for the total GLPT system for the years 2004 - 2010, and record results in Table 1 below.
- GLPT identifies on Table 1, the delivery points serving Electricity Distributors (please include the name of the distributor in each case) and the location of each such Delivery Point.

(ii) Please provide a Forecast for 2011 and 2012 of the charge determinants, as outlined in Table 2 below, using GLPT's forecast of the Charge Determinants for the Delivery Points as specified in (i) above, including identification the delivery points serving Electricity Distributors (by including the name and location for each case).

Table 40.1. Historical Annual Charge Determinant in MW for Delivery Points on the Transmission System of (GLPT/GLPL)

<u>Note</u>: the three Service Asset Pools are:Network (NET); Line Connection (LC); Transformer Connection (TC)

Year	**Historical Annual Charge Determinants**	**Delivery Points for Seven Directly Connected GLPT Transmission Customers**										**Grand Total Load for GLPT MW**
		A MW	B MW	C MW	D MW	E MW	F MW	G MW	H MW			
2004	**NET** MW											
	LC MW											
	TC MW											
2005	**NET** MW											
	LC MW											
	TC MW											
2006	**NET** MW											
	LC MW											
	TC MW											
2007	**NET** MW											
	LC MW											
	TC MW											
2008	**NET** MW											
	LC MW											
	TC MW											
2009	**NET** MW											
	LC MW											
	TC MW											
2010	**NET** MW											
	LC MW											
	TC MW											

Table 40.2 2011 and 2012 Forecast Annual Charge Determinant in MW for GLPT's Delivery Points

Year	Forecast Annual Charge Determinants	Delivery Points for Seven Directly Connected GLPT Transmission Customers										Grand Total Load for GLPT MW
		A MW	B MW	C MW	D MW	E MW	F MW	G MW	H MW			
2011	**NET** MW											
	LC MW											
	TC MW											
2012	**NET** MW											
	LC MW											
	TC MW											

Interrogatory 41 - Transmission Revenue Streams

Reference:
Ref: (a) Exh. 8/Tab 1/Sch. 1

Request:
(i) For the monthly revenues remitted to GLPT for the year period 2010 please provide the monthly charge determinant by pool, which the IESO provides indicating the actual charge determinant by pool (due to timing of the interrogatory response, one or two months may be missing).

Interrogatory 42 - Transmission Revenue Streams

Reference:
Ref: (a) Exh. 8/Tab 2/Sch. 1

Request:
(i) Please compute the transmission revenues available to each transmitter for 2011 and 2012 under the scenario: where the rates are not changed, the 2011 Charge Determinant Forecasts for 2011 and 2012 are relied upon, and GLPLT recovers its 2011 and 2012 revenue requirements respectively.
(ii) Please compute the revenues allocated to each transmitter for 2011 and 2012 assuming that rates are changed as proposed for 2011 and 2012 respectively, and the Charge Determinants Forecast for 2011 and 2012 are relied upon and

that revenues are shared in accordance with the Board approved allocation as of January 1, 2010.[2]

VI. COST ALLOCATION AND RATES

Interrogatory 43 - Uniform Transmission Rates

Reference:
Ref: (a) Exh. 8/Tab 2/Sch. 1and Sch. 2

Preamble:
(1) Revising the provincial Uniform Transmission Rates is an alternative to accommodate a possible Board approval of a 2011 and 2012 revenue requirements for GLPT and a corresponding set of forecast charge determinants for GLPT's three rate pools for each of the two years.
(2) Subject to Board approval, it is helpful to explore viable alternatives, for recovery of GLPT's 2011 and 2012 revenue requirements, to updating the Uniform Transmission Rates. It should be noted that GLPT's proposal for recovery for its 2010 revenue requirement was approved by the Board.

Question(s)/Request(s):
(i) Please file analysis of the alternatives to adjusting the Uniform Transmission Rates.

VII. DEFERRAL AND VARIANCE ACCOUNTS

Interrogatory 44

Reference:
Ref: (a) Exh. 9/Tab 1/Sch. 1/p. 1
Ref: (b) Exh. 9/Tab 1/Sch. 2

Preamble:
At Ref: (a), GLPT is requesting approval for continuance of two sub-accounts of account 1508 (lines 3 -10). However at Ref: (b), there are a listing of four sub-accounts for account 1508.

[2] REVENUE REQUIREMENT AND CHARGE DETERMINANT ORDER ARISING FROM THE EB-2008-0272 DECISION WITH REASONS OF DECEMBER 16, 2009, issued on January 21, 2010

Question:

(i) Please confirm that GLPT will discontinue to record any new entries (other than carrying charges) in the other 2 accounts listed in this exhibit (OEB Cost Assessment Variances and Property Tax and Use and Occupation Permit Fee Variances accounts).

Interrogatory 45

Reference:

Ref: (a) Exh. 9/Tab 1/Sch. 1/p. 1; and
Exh. 9/Tab 2/Sch. 1

Preamble:

GLPT is requesting a new deferral/variance account for "Change in Costs due to IFRS Implementation Account".

Questions:

(i) Please describe the types of costs that would be recorded in this account.
(ii) Does GLPT intend to use this account for both 2011 and 2012 rate years?
(iii) What is the regulatory precedent for this proposed new account?
(iv) What is the justification for this account?
(v) What are the journal entries to be recorded in this account?
(vi) If the costs are not known, what would be the basis of the approval to record these amounts in a deferral account?
(vii) Please provide GLPT's estimate of the quantum of the costs that would be recorded in this account.
(viii) What account number would GLPT propose to use in the USoA?
(ix) What new or additional information is available that would improve the Board's ability to make a decision to approve the recording of these costs in a deferral account?

Interrogatory 46

Reference:

Ref: (a) Exh. 9/Tab 1/Sch. 1/p. 1 and Exh. 9/Tab 2/Sch. 1
Ref: (b) Report of the Board titled "Transition to International Financial Reporting", July 28, 2009/p. 41

Preamble:

(1) GLPT is requesting a new deferral/variance account for "IFRS Gains and Losses on Disposal".
(2) At Ref: (b), the Board Report states in part that:

- *Gains and losses on disposition of assets*

> *Where a utility for financial reporting purposes under IFRS has accounted for the amount of gain or loss on the retirement of assets in a pool of like assets as a charge or credit to income, for reporting and rate application filings the utility shall reclassify such gains and losses as depreciation expense and disclose the amount separately. Where a utility for financial reporting purposes under IFRS has reported a gain or loss on disposition of individual assets, such amounts should be identified separately in rate filings for review by the Board.*

Questions:

Given the Board's view in regard to Gains and Losses on disposition of assets quoted in Preamble (2) and Ref: (b), please respond to the following:

(i) Does GLPT intend to use this account for both 2011 and 2012 rate years?
(ii) What is the regulatory precedent for this proposed new account?
(iii) What is the justification for this account?
(iv) What are the journal entries to be recorded in this account?
(v) If the costs are not known, what would be the basis of the approval to record these amounts in a deferral account?
(vi) Please provide GLPT's estimate of the quantum of the costs that would be recorded in this account.
(vii) What account number would GLPT propose to use in the USoA?
(viii) What new or additional information is available that would improve the Board's ability to make a decision to approve the recording of these costs in a deferral account?

Interrogatory 47 – Recovery of Costs related to Premature Retirement of Assets

Reference:

Ref: (a) Exh. 9/Tab 1/Sch. 1/pp. 2 - 3 and Exh. 9/Tab 1/Sch. 5

Preamble:

GLPT is applying to recover costs resulting from a premature retirement of assets related to the Third Line Redevelopment project that will occur in 2011. The net book value of the assets to be retired will be $910,534 at December 31, 2011.

Questions:

(i) Is any portion of the above amount reflected in the revenue requirements in the current rate application?
(ii) If there are gains or recoveries in the future with respect to this write off, how does GLPT propose to account for such gains or recoveries?
(iii) What new or additional information is available that would improve the Board's ability to make a decision to approve the recording of these costs in a deferral account?

Interrogatory 48

Reference:
Ref: (a) Exh. 9/Tab 1/Sch. 2/pp. 2-3

Preamble:
OEB Cost Assessment Variances - The Accounting Procedures Handbook ("APH") does not allow recording amounts in this account when an amount with respect to OEB Cost assessment costs is already included in the utility's rates. (According to Article 220 (page 16) of the APH: "Where OEB cost assessments were incorporated in the distribution rates, the distributor shall cease recordings in this account after April 30, 2006, or the day prior to the date when new rates were otherwise implemented, except for carrying charge.")

Questions:
(i) Since GLPT already has in its revenue requirements an amount for OEB Cost Assessments, what is the justification for continuing to record new amounts in this account, as described on page 2, lines 13-16 of this exhibit?
(ii) Has GLPT recorded any intervenor cost claims in this account? If so, How much? and under what authority did GLPT record intervenor costs in this account?

Interrogatory 49 – New Deferral account request – IFRS Implementation

Reference:
Ref: (a): Exh. 9/Tab 2/Sch. 1 New Deferral and Variance Account Requests

Questions/Requests:
In regard to New account for Changes in Costs due to IFRS Implementation Account, please provide responses to the following:
(i) Are GLPT's revenue requirements based on IFRS for the test years or on CGAAP?
(ii) Is the account requested intended to record changes in accounting from CGAAP to IFRS or IFRS as it currently stands and IFRS when it is finalized?
(iii) Does GLPT acknowledge that changes from CGAAP to IFRS are generic in nature affecting all entities that are rate regulated by the OEB?
(iv) Does GLPT acknowledge that no approvals have been granted to date by the Board regarding the creation of any deferral or variance accounts related to the revenue requirement impact of changes from CGAAP to IFRS (Note: the Hydro One Distribution IFRS deferral account was for changes in IFRS arising between those IFRS standards in force at the date of the company's application and those in force at the time of their next application, i.e. IFRS to IFRS changes).
(v) Does GLPT agree that the amounts for which the account is requested will not materialize until 2012 or later?
(vi) What is the reason the Board should approve such an account at this time?

(vii) If approved by the Board, what account number is GLPT proposing to use for this account?
(viii) Please provide GLPT's estimate of the quantum of costs that would be recorded in this account.

Interrogatory 50

Reference:
Ref: (a) Exh. 9/Tab 2/Sch. 1 New Deferral and Variance Account Requests.
Ref: (b) Report of the Board titled "Transition to International Financial Reporting", July 28, 2009/p. 41

Preamble:
(1) At Ref: (b), the Board Report states in part that:

- *Gains and losses on disposition of assets*

Where a utility for financial reporting purposes under IFRS has accounted for the amount of gain or loss on the retirement of assets in a pool of like assets as a charge or credit to income, for reporting and rate application filings the utility shall reclassify such gains and losses as depreciation expense and disclose the amount separately. Where a utility for financial reporting purposes under IFRS has reported a gain or loss on disposition of individual assets, such amounts should be identified separately in rate filings for review by the Board.

Questions:
Given the Board's view in regard to Gains and Losses on disposition of assets quoted in Preamble (1) and Ref: (b), please respond to the following:
(i) Please provide an estimate of the costs that would be recorded in this account, based on historical experience and other analysis.
(ii) Please provide an estimate of the impact on the 2012 revenue requirement as a result of "Gains and Losses on Disposal", based on historical experience and other analysis. Was that estimate reflected in the 2012 Revenue Requirement? If not, why not.
(iii) If costs are not known, what is the basis for the approval to record these amounts in a deferral account?
(iv) What account number does GLPT propose to use in the USoA for this account?
(v) Does GLPT expect to record amounts in this account, in both test years? (2011 and 2012)

Interrogatory 51

Ref: (a) Exh. 9/Tab 2/Sch. 1

Question:
(i) Please confirm that GLPT is requesting a total new disposition of $910,534 over a three year period.

Interrogatory 52 - The Comstock Claim

Reference:
Ref: (a) Exh. 9/ Tab 2/Sch. 1/pp. 2 -3/section 4.0 Request for Direction – Comstock Claim
Ref: (b) Report of the Board (EB-2009-0152), issued January 15, 2010 titled "The Regulatory Treatment of Infrastructure Investment in connection with the Rate-regulated Activities of Distributors and Transmitters in Ontario"

Preamble:
At Ref: (a), GLPT is requesting direction from the Board with respect to the Comstock claim, and stated in part that:

> *As this claim remains outstanding, GLPT is not able to comment on any details of the proceeding. However, there is uncertainty associated with this outstanding claim, including with respect to the costs and legal fees associated with the claim and uncertainty with respect to the amount of any award or settlement that may arise from the claim. GLPT therefore believes these costs are capital expenditures that form part of the project and that, once the claim is resolved, those capital costs will be added to rate base.[underlining added for emphasis]*
>
> *GLPT seeks direction as to whether the Board would prefer GLPT to include these costs in Construction Work in Progress (as is currently being done), or record these costs in a designated deferral account, which the Board would consider at the time of the account's disbursal.*

Questions:
(i) Please explain on what basis GLPT believes that the noted costs are capital expenditures.
(ii) Please provide what costs, if any, have been identified and recorded in that account – please identify the entries by amount and date.
(iii) Please provide a description of type of costs that are referred to by the statement: *"the costs and legal fees associated with the claim"*
(iv) Is it GLPT's preferred option to record the costs of the subject claim in CWIP rather than a deferral account? If it is GLPT's preferred option to record these costs in CWIP, please explain why it is better to record these costs in CWIP rather than a deferral account.
(v) Can GLPT provide instances where this Board has allowed a gas or electric transmission or distribution company to record such costs in CWIP?

(vi) Please clarify whether GLPT is seeking accelerated recovery of CWIP as described in the Board's Report at Ref: (b)?

Interrogatory 53 - Impact of HST on GLPT's Revenue

Preamble:
The PST and GST were harmonized effective July 1, 2010. Historically, unlike the GST, the PST was included as an OM&A expense and was also included in capital expenditures. Due to the harmonization of the PST and GST, regulated utilities may benefit from a reduction in OM&A expenses and capital expenditures on an actual basis.

Questions:
(i) Do the current rates of GLPT include recovery of PST costs for the period July 1, 2010 to December 31, 2010?
(ii) How does GLPT propose that the Board fairly address the PST savings arising from July 1, 2010 to December 31, 2010 and ensure that PST savings are returned to customers?
(iii) Please state whether or not GLPT has reflected the reductions in proposed OM&A and capital expenditures due to elimination of PST in its application for 2011 and 2012?
(iv) If GLPT has not reflected the elimination of PST in its application for 2011 and 2012, please provide an estimate of the amounts that should be removed from its 2011 and 2012 proposed OM&A and capital expenditures.