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February 23, 2011

Energy Probe Research Foundation
225 Brunswick Avenue
Toronto, Ontario
M5S 2M6

VIA E-MAIL AND RESS

Attention: Mr. David McIntosh, Case Manager

Dear Mr. McIntosh:

**Re: May 1, 2011 Cost of Service Technical Conference Questions
Responses/ EB-2010-0144**

Pursuant to the Board's Procedural Order of January 21, 2011, Waterloo North Hydro Inc. (WNH) is enclosing its Responses to Energy Probe's Technical Conference Questions of February 11, 2011.

WNH has filed an electronic copy of this document via the Board's web portal RESS and couriered two copies of this document to the Board Office.

If there are any questions, please contact Albert Singh at 519-888-5542, asingh@wnhydro.com or myself, Rene Gatien at 519-888-5544, rgatien@wnhydro.com.

Yours truly,

Original Signed By

Rene W. Gatien, P.Eng, MBA
President & C.E.O.



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February 23, 2011

Aiken & Associates
578 McNaughton Ave. W.
Chatham, Ontario
N7L 4J6

VIA E-MAIL AND RESS

Attention: Mr. Randy Aiken

Dear Mr. Aiken:

**Re: May 1, 2011 Cost of Service Technical Conference Questions
Responses/ EB-2010-0144**

Pursuant to the Board's Procedural Order of January 21, 2011, Waterloo North Hydro Inc. (WNH) is enclosing its Responses to Energy Probe's Technical Conference Questions of February 11, 2011.

WNH has filed an electronic copy of this document via the Board's web portal RESS and couriered to the Board Office two copies of this document.

If there are any questions, please contact Albert Singh at 519-888-5542, asingh@wnhydro.com or myself, Rene Gaten at 519-888-5544, rgatien@wnhydro.com.

Yours truly,

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Rene W. Gaten, P.Eng, MBA
President & C.E.O.

Supplementary Questions for Technical Conference - Energy Probe

ENERGY PROBE TECHNICAL CONFERENCE QUESTIONS

Question #1

Ref: Energy Probe Interrogatory #1

- a) Does WNH agree that the opening balance of the 2011 rate base should exclude any forecasted PST costs included in the 2010 capital expenditures post July 1, 2010?**

Pursuant to the Board's December 2010 FAQ and methodology, WNH agrees that the 2011 rate base should exclude any forecasted PST costs included in the 2010 capital expenditures post July 1, 2010, as calculated in Table TCQ # 1 (b), based on WNH's forecasted bridge year figures. If any adjustment is made during this proceeding to adjust to the actual 2010 capital expenditures, the PST savings would already be included in the actual results and this adjustment would not be required.

- b) Please update the response to part (c) to reflect July through December 2010.**

WNH has presented its estimate of the reduction in the level of capital expenditures due to the removal of the PST on costs incurred on and after July 1, 2010 through December 2010.

Table TCQ # 1 (b) PST Reduction of 2010 Capital Expenditures

| Calculation of Reduction of 2010 Capital Expenditures due to Avoided PST | |
|--|----------------|
| Direct Acquisitions | 192,010 |
| Inventory | 174,557 |
| Trucking | 11,448 |
| Total Avoided PST July - December 2010 | 378,015 |
| 2010 Depreciation (over 25 Years) | 15,121 |
| Net Reduction in 2010 Capital Expenditures | 362,895 |

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c) The tables provided in response to parts (d) and (e) have titles that do not match the columns. Please provide the corrected tables.

WNH has provided the corrected tables, with the originally filed figures, below.

WNH has estimated the amount of PST paid on Capital expenses for 2007 to November 2010. Please note that the '2010 July-Nov' was the estimate of the avoided PST as a result of the introduction of the HST.

Table IR # 1(d) – PST paid on Capital –Initial Estimate of July – November 2010

| Period | Capital |
|---------------|---------|
| 2007 | 526,178 |
| 2008 | 682,485 |
| 2009 | 864,551 |
| 2010 Jan-June | 476,211 |
| 2010 July-Nov | 318,653 |

WNH has estimated the amount of PST paid on OM&A expenses for 2007 to November 2010. . Please note that the '2010 July-Nov' was the estimate of the avoided PST as a result of the introduction of the HST.

Table IR # 1(e) – PST paid on OM&A – Initial Estimate of July - December

| Period | OM&A |
|---------------|---------|
| 2007 | 132,225 |
| 2008 | 130,997 |
| 2009 | 112,789 |
| 2010 Jan-June | 63,240 |
| 2010 July-Nov | 50,141 |

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Question #2

**Ref: Energy Probe Interrogatory #4 &
Exhibit 2, Tables 2-9 and 2-10**

- a) Please provide the response requested to part (a), assuming the conversion to USoA account numbers has now occurred for 2010. If this conversion has not yet taken place, please update the response to Board Staff Interrogatory #6 (c) (i) to reflect both actual 2010 capital expenditures and 2010 CWIP figures for 2010.*

WNH has provided in Table 2-1 format, a table in which 2010 has been updated with the preliminary actual 2010 data below.

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Table TCQ # 2 (a) – Table 2-1 with 2010 Preliminary Data

| USoA | Description | Actual | | | | | | | Forecast | | |
|---------------------------------|-----------------------------------|------------------|------------------|------------------|-------------------|--------------------|-------------------|-------------------|-------------------|---------------------|--------------------|
| | | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| 1805 | Land | - | - | 17,783 | - | 248,399 | - | - | 2,038,000 | 12,500 | 5,000 |
| 1806 | Land Rights | 10,642 | 5,416 | 6,455 | 90,888 | 35,659 | 15,448 | 18,724 | 16,350 | 16,000 | 16,000 |
| 1808 | Building and Fixtures | 215,152 | 138,803 | 919,621 | 664,764 | 5,752 | 42,847 | 100,886 | 22,798,117 | 15,000 | 15,000 |
| 1815 | Transformer Station Equipment | 219,039 | 5,048 | 1,952,965 | (12,165) | 778,737 | 647,205 | 6,808,086 | 265,871 | 900,000 | 600,000 |
| 1820 | Distribution System Equipment | 46,951 | - | 502,762 | 11,114 | 35,856 | 31,527 | 190,141 | 15,171 | 2,000 | 2,000 |
| 1830 | OH - Poles, Towers and Fixtures | 2,159,591 | 1,621,188 | 1,280,967 | 4,607,640 | 3,373,891 | 4,153,368 | 3,954,240 | 4,278,501 | 3,904,000 | 3,904,000 |
| 1835 | OH - Conductors and Devices | 925,409 | 1,239,506 | 711,675 | 2,480,132 | 1,875,354 | 2,279,721 | 2,729,151 | 2,953,287 | 2,050,750 | 2,050,750 |
| 1840 | UG - Conduit | 448,120 | 382,389 | 581,120 | 812,166 | 210,221 | 485,801 | 1,358,153 | 820,062 | 480,000 | 350,000 |
| 1845 | UG - Conductors and Devices | 1,727,618 | 1,201,356 | 1,359,811 | 1,198,911 | 1,568,180 | 1,124,839 | 1,855,137 | 2,748,362 | 1,229,000 | 1,008,000 |
| 1850 | Line Transformers | 2,299,758 | 2,078,638 | 1,819,018 | 2,173,216 | 2,382,530 | 3,570,690 | 4,011,047 | 4,253,666 | 3,058,250 | 2,759,250 |
| 1855 | Services | 785,284 | 834,470 | 808,838 | 854,591 | 1,260,156 | 1,281,287 | 1,325,272 | 676,804 | 503,000 | 503,000 |
| 1860 | Meters | 712,830 | 408,278 | (158,297) | 448,132 | 367,063 | 240,145 | 278,078 | 315,250 | 500,000 | 500,000 |
| 1915 | Office Equipment | 31,822 | 55,241 | 113,142 | 54,173 | 7,050 | 18,821 | 14,927 | 1,710,204 | 7,500 | 7,500 |
| 1920 | Computer Hardware | 193,156 | 500,413 | 144,767 | 160,484 | 91,002 | 152,428 | 103,397 | 349,544 | 280,000 | 200,000 |
| 1925 | Computer Software | 435,360 | 515,715 | 405,911 | 333,495 | 231,044 | 579,849 | 420,185 | 647,615 | 875,000 | 680,000 |
| 1930 | Transportation Equipment | 389,488 | 422,328 | 260,432 | 716,173 | 316,057 | 799,085 | 620,367 | 570,468 | 607,500 | 562,500 |
| 1935 | Stores Equipment | - | 1,782 | - | - | 99,191 | 2,811 | 2,700 | 53,500 | - | - |
| 1940 | Tools, Shop and Garage Equipment | 60,789 | 41,179 | - | 17,337 | 114,754 | 25,417 | 128,161 | 162,037 | 180,000 | 180,000 |
| 1945 | Measurement and Testing Equipment | 7,317 | 31,867 | 29,230 | 13,367 | 14,066 | 33,434 | 27,451 | 115,278 | 80,000 | 10,000 |
| 1955 | Communication Equipment | 49,174 | 6,376 | 17,942 | 47,680 | 216,739 | 74,139 | 6,337 | - | - | - |
| 1960 | Miscellaneous Equipment | 2,122 | 45,143 | 1,167 | 66,374 | 25,550 | 11,983 | 84,593 | - | - | - |
| 1980 | System Supervisory Equipment | 64,304 | 42,456 | 81,576 | 31,721 | - | 434,697 | 222,140 | 1,048,432 | 450,000 | 250,000 |
| 1995 | Contributed Capital | (4,452,189) | (2,442,209) | (2,156,723) | (1,682,172) | (1,993,133) | (1,779,037) | (3,319,656) | (2,142,609) | (1,825,000) | (1,825,000) |
| CAPITAL EXPENDITURES | | 6,331,739 | 7,135,384 | 8,700,162 | 13,088,021 | 11,264,118 | 14,226,505 | 20,939,516 | 43,693,910 | 13,325,500 | 11,778,000 |
| \$ Increase / (Decrease) | | | 803,645 | 1,564,777 | 4,387,860 | (1,823,904) | 2,962,387 | 8,170,722 | 21,296,682 | (30,368,410) | (1,547,500) |
| % Increase / (Decrease) | | | 12.7% | 21.9% | 50.4% | -13.9% | 26.3% | 57.4% | 95.1% | -69.5% | -11.6% |

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b) For each amount in CWIP at the end of 2010, please indicate how much is forecast to be closed to rate base in 2011.

WNH has forecast that the entire amount of \$11,647,808 CWIP at the end of 2010 will be closed to rate base in 2011.

c) Please provide updated Tables 2-9 and 2-10 reflecting actual capital expenditures in 2010, along with the change in year end 2010 WIP carried forward to 2011. Are there any changes to the 2011 forecasted capital expenditures for any projects that were advanced to 2010? If yes, please reflect the change in the 2011 additions.

WNH has provided Tables 2-9 and 2-10, based on preliminary data, below. There are no changes to the 2011 forecasted capital expenditures for any projects that were advance to 2010.

Table TCQ # 2 (c) – Table 2-9

| USoA | Description | Actual | WIP | WIP | Change to Rate Base |
|-----------------------------|-----------------------------------|-------------------|------------------|---------------------|------------------------|
| | | 2010 | Year End 2009 | Year End 2010 | 2010 |
| 1805 | Land | 129,830 | 1,948,075 | (2,077,905) | - |
| 1806 | Land Rights | 19,570 | | (846) | 18,724 |
| 1808 | Building and Fixtures | 7,154,360 | 991,502 | (8,044,976) | 100,886 |
| 1815 | Transformer Station Equipment | 5,244,780 | 1,571,727 | (8,421) | 6,808,086 |
| 1820 | Distribution System Equipment | 190,141 | | | 190,141 |
| 1830 | OH - Poles, Towers and Fixtures | 3,958,647 | 444,819 | (449,226) | 3,954,240 |
| 1835 | OH - Conductors and Devices | 2,723,425 | 242,834 | (237,108) | 2,729,151 |
| 1840 | UG - Conduit | 1,294,334 | 106,060 | (42,242) | 1,358,153 |
| 1845 | UG - Conductors and Devices | 1,541,905 | 461,113 | (147,882) | 1,855,137 |
| 1850 | Line Transformers | 4,160,763 | 229,998 | (379,714) | 4,011,047 |
| 1855 | Services | 1,325,272 | | | 1,325,272 |
| 1860 | Meters | 278,078 | | | 278,078 |
| 1915 | Office Equipment | 28,228 | - | (13,301) | 14,927 |
| 1920 | Computer Hardware | 105,799 | - | (2,402) | 103,397 |
| 1925 | Computer Software | 418,072 | 2,608 | (495) | 420,185 |
| 1930 | Transportation Equipment | 612,154 | 139,072 | (130,859) | 620,367 |
| 1935 | Stores Equipment | 2,700 | | | 2,700 |
| 1940 | Tools, Shop and Garage Equipment | 115,346 | 21,118 | (8,303) | 128,161 |
| 1945 | Measurement and Testing Equipment | 27,451 | | | 27,451 |
| 1955 | Communication Equipment | 6,337 | | | 6,337 |
| 1960 | Miscellaneous Equipment | 84,593 | | | 84,593 |
| 1980 | System Supervisory Equipment | 224,864 | 12,827 | (15,552) | 222,140 |
| 1995 | Contributed Capital | (3,319,656) | | | (3,319,656) |
| CAPITAL EXPENDITURES | | 26,326,992 | 6,171,755 | (11,559,231) | 20,939,516 |

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Table TCQ # 2 (c) – Table 2-10

| USoA | Description | Forecast | WIP | WIP | Change to Rate Base |
|-----------------------------|-----------------------------------|-------------------|-------------------|--------------------|------------------------|
| | | 2011 | Year End 2010 | Year End 2011 | 2011 |
| 1805 | Land | 89,925 | 2,077,905 | - | 2,167,830 |
| 1806 | Land Rights | 16,350 | 846 | - | 17,196 |
| 1808 | Building and Fixtures | 11,945,625 | 8,044,976 | - | 19,990,601 |
| 1815 | Transformer Station Equipment | 265,871 | 8,421 | - | 274,292 |
| 1820 | Distribution System Equipment | 15,171 | - | - | 15,171 |
| 1830 | OH - Poles, Towers and Fixtures | 4,594,638 | 449,226 | (555,447) | 4,488,417 |
| 1835 | OH - Conductors and Devices | 3,127,193 | 237,108 | (299,942) | 3,064,359 |
| 1840 | UG - Conduit | 743,761 | 42,242 | - | 786,003 |
| 1845 | UG - Conductors and Devices | 2,609,612 | 147,882 | (7,547) | 2,749,946 |
| 1850 | Line Transformers | 4,323,985 | 379,714 | (256,197) | 4,447,502 |
| 1855 | Services | 676,804 | - | - | 676,804 |
| 1860 | Meters | 315,250 | - | - | 315,250 |
| 1915 | Office Equipment | 1,710,204 | 13,301 | - | 1,723,505 |
| 1920 | Computer Hardware | 349,544 | 2,402 | - | 351,946 |
| 1925 | Computer Software | 647,615 | 495 | - | 648,110 |
| 1930 | Transportation Equipment | 680,468 | 130,859 | (110,000) | 701,327 |
| 1935 | Stores Equipment | 53,500 | - | - | 53,500 |
| 1940 | Tools, Shop and Garage Equipment | 162,037 | 8,303 | - | 170,340 |
| 1945 | Measurement and Testing Equipment | 115,278 | - | - | 115,278 |
| 1955 | Communication Equipment | - | - | - | - |
| 1960 | Miscellaneous Equipment | - | - | - | - |
| 1980 | System Supervisory Equipment | 961,159 | 15,552 | - | 976,711 |
| 1995 | Contributed Capital | (2,142,609) | - | - | (2,142,609) |
| CAPITAL EXPENDITURES | | 31,261,380 | 11,559,231 | (1,229,133) | 41,591,479 |

Question #3

**Ref: Energy Probe Interrogatory #5 &
Exhibit 2, Table 2-1 and Table 2-10**

- a) Please reconcile the figure of \$2,077,905 provided in part (a) of the interrogatory response with the figure in Table 2-1 for land in 2011 of \$2,038,000.

Please see the table below.

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Table # 3 (a) – Land Cost

| | 2009 WIP | 2010 | Total | 2011 Forecast |
|------------------|---------------------|-------------------|---------------------|---------------------|
| Land Purchase | \$ 1,929,354 | \$ 2,122 | \$ 1,931,476 | |
| Legal Fees | 8,675 | 6,398 | 15,073 | |
| Survey Fees | 9,943 | 2,873 | 12,815 | |
| Demolition Costs | 103 | 118,438 | 118,541 | |
| Totals | \$ 1,948,075 | \$ 129,830 | \$ 2,077,905 | \$ 2,038,000 |

b) Please reconcile both figures noted above in part (a) with the 2010 WIP number of \$1,948,075 shown in Table 2-10.

Please see Energy Probe TCQ # 3 (a).

Question #4

Ref: Energy Probe Interrogatory #7

What is the average year over year increase for the four most recent quarters of data available for the GDP-IPI? Please provide the data.

Please refer to Appendix A for the Statistics Canada Table with the requested information. The average year over year increase for the four most recent available quarter of data is 1.075%.

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Question #5

Ref: Energy Probe Interrogatory #10

Part (c) of the question was not answered. Specifically, what is the basis for the figure of \$1,758,156 in accumulated depreciation? For example, is this the value at the end of 2010, or for the end of November 2011 when the move to the new facilities takes place?

The figure of \$1,758,156 in accumulated depreciation, of the building on Northfield Drive, is the value at the end of 2010.

Question #6

Ref: Energy Probe Interrogatory #14

Please update the table provided in the response to part (c) to reflect actual 2010 data, or if not available, the most recent year-to-date information for both 2010 and 2009.

WNH has assumed that the reference is to part (d) in Energy Probe IR # 14 and has provided preliminary actual 2010 data in the table below.

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Table TCQ # 6 – Revenues

| | January to December 2009 | January to December 2010 |
|--|-----------------------------|-----------------------------|
| Throughput Revenue | | |
| Residential | 13,405,234 | 13,491,482 |
| GS<50 | 3,837,056 | 3,911,944 |
| GS>50 | 7,368,609 | 7,740,865 |
| Large User | 714,805 | 503,945 |
| Street Lighting | 196,902 | 196,409 |
| Unmetered Scattered Load | 120,883 | 100,084 |
| Embedded distributor | | - |
| Transformer Ownership Allowance | (776,628) | (823,584) |
| Other Revenue | | |
| Late Payment Charges | 180,266 | 184,608 |
| Specific Service Charges | 244,566 | 265,716 |
| Other Distribution Revenue | 268,081 | 276,757 |
| Other Income and Deductions | 376,088 | 565,868 |
| SSS Administration Charge | 132,653 | 137,931 |
| Low Voltage Charges | 114,317 | 119,735 |
| Total Operating Revenue | \$ 26,182,834 | \$ 26,671,760 |

Question #7

Ref: Energy Probe Interrogatory #16

Please update the table shown in the response to part (c) to reflect actual data for 2010, including a total for the year.

WNH provides the preliminary actual (non-weather normalized) kWh Purchases for 2010, along with the forecast (predicted purchases) for the corresponding period in 2009 in the table below.

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Table TCQ # 7 – Actual and Predicted Purchases

| Month | 2010 kWh Purchases Actual, Non-Weather Normalized | 2009 kWh Predicted Purchases per Regression Model |
|-----------|---|---|
| January | 133,979,177 | 134,066,387 |
| February | 119,946,771 | 119,370,647 |
| March | 123,452,454 | 123,528,065 |
| April | 109,614,094 | 113,573,610 |
| May | 117,656,799 | 111,443,745 |
| June | 120,954,770 | 114,372,705 |
| July | 135,775,256 | 113,234,579 |
| August | 132,798,939 | 118,695,094 |
| September | 116,946,781 | 108,425,012 |
| October | 116,794,004 | 116,289,812 |
| November | 121,142,765 | 115,301,277 |
| December | 132,686,798 | 128,938,768 |

Question #8

Ref: Energy Probe Interrogatory #18

Please update the table provided in the response to part (a) that reflects December 31, 2010 data.

WNH has provided the updated number of customers and connections at December 31, 2010 in the table below.

Table TCQ # 8 - # Customer and Connections at December 31, 2010

| # Customers | | | | # Connections | |
|-------------|-------|-------|------------|---------------|-----|
| Residential | GS<50 | GS>50 | Large User | Street Light | USL |
| 45,863 | 5,385 | 665 | 1 | 12,958 | 539 |

Question #9

Ref: Energy Probe Interrogatory #19

Which of the four 2011 columns listed in Table 19(a) is WHN proposing to use as the kWh to allocate to rate classes as part of this rates proceeding?

WNH is proposing to use column “2011 Weather Normal Adjusted OPA Savings”.

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Question #10

Ref: Energy Probe Interrogatory #19

With respect to the CDM Milestones table provided in the response, please:

- a) Confirm that the energy (MWh) figures shown for 2011 through 2014 are cumulative.**

WNH confirms that the CDM Milestones MWh figures shown for 2011 through 2014 are cumulative, for the purpose of calculating the CDM Target kWh Savings.

- b) Please confirm that the incremental energy savings are 16,042 MWh in 2012, 17,084 MWh in 2013 and 15,777 MWh in 2014.**

WNH confirms that the incremental energy savings listed are correct for the purpose of the CDM Target Savings.

WNH notes that the changes in the cumulative CDM Savings, for the purpose of calculating the CDM Target Savings, may be based on incremental energy savings or, the changes in cumulative CDM Savings may be based on the persistence of a savings which occurred in previous years.

- c) Does the table imply that, for example, in 2014, the energy consumption will be reduced by a total of 68,000 MWh from what it would have been otherwise?**

The table may imply that in 2014 the energy consumption would be reduced by a total of 68,000 MWh compared to what would have been achieved at the beginning of the four years in which the targets are to be achieved.

WNH notes that for the purpose of the CDM Target Savings calculation, the cumulative total shown in the CDM Milestones is 68,000 MWh. WNH, however, notes that attention to detail must be applied in determining the forecasted actual reduction of energy consumption of MWh for the purpose of WNH's load forecast. A persistent savings

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(savings counted for more than one year) that is calculated for the purpose of the CDM Targets does not reduce the load forecast for the purpose of this application more than in one year. WNH is proposing the reduction of its 2011 load forecast by CDM Target Savings of 17,000,000 kWh in this application, if any of these 2011 savings persist in future years they would not reduce the load forecast more than initially shown in 2011.

Question #11

Ref: Energy Probe Interrogatory #20

- a) Please update Table 20(b) (Table 3-19 Revised Ratio of kW to kWh)) to reflect actual data for 2010. If actual data for all of 2010 is not available, please provide the most recent information available for 2010.**

WNH has provided the 2010 Ratio of kW to kWh in the table below. WNH notes that the figures below are preliminary internal data.

Table TCQ # 11 (a) – Ratio of kW to kWh

| Year | Ratio of kW to kWh | | |
|---------------------|--------------------|------------|---------|
| | GS>50 | Large User | St Lt |
| 2003 | 0.2716% | 0.1840% | 0.2792% |
| 2004 | 0.2602% | 0.2061% | 0.2903% |
| 2005 | 0.2565% | 0.1965% | 0.2756% |
| 2006 | 0.2462% | 0.1962% | 0.2792% |
| 2007 | 0.2418% | 0.1910% | 0.2812% |
| 2008 | 0.2401% | 0.1900% | 0.2770% |
| 2009 | 0.2413% | 0.1887% | 0.2792% |
| 2010 ¹ | 0.2398% | 0.1889% | 0.2783% |
| 2011 Trend Analysis | 0.2251% | 0.1890% | 0.2765% |

¹ Based on Unofficial Internal Data

- b) Based on the results from part (a) above, please provide trend analysis for 2011 based on the data from 2003 through 2010 for each rate class shown. Please also show the average ratio for the 2003 through 2010 period in the same table.**

WNH has presented the results from part (a) above, including the trend analysis for 2011 based on the unofficial data from 2003 through 2010 for each rate class shown in the table below. WNH has also presented the average ratio for 2003 through 2010 period in the same table.

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Table TCQ # 11 (b) – 2011 Updated Trend and Average Analysis

| Year | kW | | | | | |
|---------|----------------|--------------------|----------------|--------------------|----------------|--------------------|
| | GS>50 | | Large User | | Streetlights | |
| | Trend Analysis | Average Percentage | Trend Analysis | Average Percentage | Trend Analysis | Average Percentage |
| 2003 | 1,578,391 | 1,578,391 | 120,391 | 120,391 | 19,111 | 19,111 |
| 2004 | 1,578,377 | 1,578,377 | 136,143 | 136,143 | 19,526 | 19,526 |
| 2005 | 1,609,887 | 1,609,887 | 138,634 | 138,634 | 20,183 | 20,183 |
| 2006 | 1,625,474 | 1,625,474 | 144,512 | 144,512 | 20,478 | 20,478 |
| 2007 | 1,650,921 | 1,650,921 | 147,258 | 147,258 | 20,688 | 20,688 |
| 2008 | 1,665,645 | 1,665,645 | 145,766 | 145,766 | 20,906 | 20,906 |
| 2009 | 1,682,115 | 1,682,115 | 144,355 | 144,355 | 21,063 | 21,063 |
| 2010 | 1,653,058 | 1,806,670 | 148,840 | 152,080 | 21,257 | 21,485 |
| 2011 | 1,637,891 | 1,832,957 | 148,593 | 151,406 | 21,547 | 21,835 |
| kW/kWh | Ratio | | | | | |
| 2003 | 0.2716% | 0.2716% | 0.1840% | 0.1840% | 0.2792% | 0.2792% |
| 2004 | 0.2602% | 0.2602% | 0.2061% | 0.2061% | 0.2903% | 0.2903% |
| 2005 | 0.2565% | 0.2565% | 0.1965% | 0.1965% | 0.2756% | 0.2756% |
| 2006 | 0.2462% | 0.2462% | 0.1962% | 0.1962% | 0.2792% | 0.2792% |
| 2007 | 0.2418% | 0.2418% | 0.1910% | 0.1910% | 0.2812% | 0.2812% |
| 2008 | 0.2401% | 0.2401% | 0.1900% | 0.1900% | 0.2770% | 0.2770% |
| 2009 | 0.2413% | 0.2413% | 0.1887% | 0.1887% | 0.2792% | 0.2792% |
| 2010 | 0.2303% | | 0.1898% | | 0.2773% | |
| 2011 | 0.2251% | | 0.1890% | | 0.2765% | |
| Average | 0.2511% | | 0.1932% | | 0.2802% | |

- c) Please update the kW forecast for 2011 based on both the new trend figure and new average figure derived in the response to (b) above.

Please refer to the table in TCQ # 11 (b) above, the kW forecast has also been presented.

- d) For each of the three rate classes please estimate a regression equation where the dependent variable is the kW/kWh ratio for the rate class from 2003 through 2010 and the independent variable is the year (i.e. 2003, 2004, etc.). Please provide the coefficients and regression statistics for each of the three equations.

WNH has provided the coefficients and regression statistics for the equation of each of the three rate classes in the table below.

Supplementary Questions for Technical Conference - Energy Probe

Table TCQ # 11 (d) – Regression Analysis

| Statistic | Value | | |
|---|-------------|-------------|-------------|
| | > 50 kW | Large Use | St Lt |
| R Square | 84.1% | 11.1% | 12.9% |
| Adjusted R Square | 81.5% | -3.7% | -1.6% |
| F Test | 31.7 | 0.8 | 0.9 |
| T-stats by Coefficient | | | |
| Intercept | 5.8 | 1.0 | 1.1 |
| Year | (5.6) | (0.9) | (0.9) |
| Estimated Coefficient by Explanatory Variable | | | |
| Intercept | 0.0909417 | 0.0204717 | 0.0160086 |
| Year | (0.0000441) | (0.0000092) | (0.0000066) |

Question #12

Ref: Energy Probe Interrogatory #21

- a) Does the YTD 2009 figure shown in the table in response to part (a) include interest income on regulatory asset variance accounts? If yes, please update the table to exclude this interest income from 2009.**

Yes, the YTD 2009 figures shown in the table in response to Energy Probe IR # 21 part (a) included interest income on regulatory asset variance accounts. WNH has presented the updated table to exclude this interest income for 2009 and 2010 in the table below.

Supplementary Questions for Technical Conference - Energy Probe

**Table TCQ # 12 (a) – Updated EP Table IR # 21 (a) – Table 3-26 Format,
October YTD 2009 and 2010**

| USoA | Description | January to October 2009 | January to October 2010 |
|--------------|---|----------------------------|-------------------------|
| | | | |
| 4235 | Specific Service Charges | 204,688 | 214,981 |
| 4225 | Late Payment Charges | 153,902 | 155,108 |
| 4082 | RSVA Retail | 16,220 | 16,220 |
| 4210 | Rent from Electric Property | 188,149 | 203,979 |
| 4220 | Other Electric Revenues | 6,230 | 11,223 |
| 4355 | Gain on disposition of Utility and Other Property | 23,984 | 64,935 |
| 4360 | Loss on disposition of Utility and Other Property | (31,914) | (22,941) |
| 4375 | Revenues from Non-Utility Operations | 2,169,230 | 1,358,646 |
| 4380 | Expenses of Non-Utility Operations | (1,924,941) | (1,229,019) |
| 4390 | Miscellaneous Non-Operating Income | 76,440 | 60,562 |
| 4405 | Interest and Dividend Income | 80,312 | 19,193 |
| Total | | \$ 962,300 | \$ 852,887 |
| | Specific Service Charges | | |
| | | 204,688 | 214,981 |
| | Late Payment Charges | | |
| | | 153,902 | 155,108 |
| | Other Distribution Revenues | | |
| | | 210,599 | 231,422 |
| | Other Income and Expenses | | |
| | | 393,111 | 251,376 |
| Total | | \$ 962,300 | \$ 852,887 |

- b) Please update the table in part (a) to show complete 2010 actual data. If this data is not yet available, please update both 2009 and 2010 to reflect the most recent actual data currently available for 2010. Please do not include interest on regulatory asset variance accounts in either 2009 or 2010.***

WNH has provided the preliminary 2010 data in the table below.

Supplementary Questions for Technical Conference - Energy Probe

Table TCQ # 12 (b) – Revenues, Table 3-26 Format

| USoA | Description | January to December 2009 | January to December 2010 |
|------------------------------------|---|-----------------------------|-----------------------------|
| 4235 | Specific Service Charges | 244,566 | 265,716 |
| 4225 | Late Payment Charges | 180,266 | 184,608 |
| 4082 | RSVA Retail | 19,464 | 16,220 |
| 4210 | Rent from Electric Property | 242,420 | 245,486 |
| 4220 | Other Electric Revenues | 6,197 | 15,051 |
| 4355 | Gain on disposition of Utility and Other Property | 16,431 | 161,720 |
| 4360 | Loss on disposition of Utility and Other Property | (52,127) | (20,307) |
| 4375 | Revenues from Non-Utility Operations | 2,991,041 | 1,792,175 |
| 4380 | Expenses of Non-Utility Operations | (2,813,266) | (1,472,367) |
| 4390 | Miscellaneous Non-Operating Income | 152,306 | 85,127 |
| 4405 | Interest and Dividend Income | 81,704 | 19,520 |
| Total | | \$ 1,069,002 | \$ 1,292,949 |
| Specific Service Charges | | 244,566 | 265,716 |
| Late Payment Charges | | 180,266 | 184,608 |
| Other Distribution Revenues | | 268,081 | 276,757 |
| Other Income and Expenses | | 376,088 | 565,868 |
| Total | | \$ 1,069,002 | \$ 1,292,949 |

c) How is the interest rate of 2.25% shown in the response to part (c) determined? Is it related to prime?

The interest rate of 2.25% was based on the prime rate at that time which was also 2.25%.

d) Are the assets being disposed of in account 4355 noted in the response to part (e) depreciable or non-depreciable assets?

The assets being disposed of in account 4355 are depreciable assets, with the exception of land which is non-depreciable.

Supplementary Questions for Technical Conference - Energy Probe

Question #13

Ref: Energy Probe Interrogatory #22 & Exhibit 2, Table 2-12

The response indicates that the existing administration building and service centre, including land, have been removed from rate base at the beginning of 2011. Please confirm that since 2011 rate base is the average of the closing balance in 2010 and the closing balance in 2011 (Exhibit 2, Table 2-12), the existing facilities are included in rate base.

Yes, the existing facilities are included in the rate base.

Question #14

**Ref: Energy Probe Interrogatory #23 (c) & #21 (g) &
Exhibit 3, pages 38-39 &
Exhibit 4, Table 4-7A**

Table 3-32 has been revised to remove the profit and PILS shown in the original Table 3-32.

- a) Does the revenue of \$367,733 shown for street lighting capital & maintenance revenue shown include the 15% mark-up noted on page 38 of Exhibit 3?**

The \$367,733 street lighting capital and maintenance revenue shown on page 38 of Exhibit 3 does not include the 15% mark-up as it is included in USoA # 5625.

By way of notation, in doing the research to respond to this TCQ, WNH discovered an input error that overstated the revenue of \$367,733 by an amount of \$22,214. WNH intends to deal with this adjustment at the appropriate time.

- b) Does the \$280,000 shown for unaffiliated transactions include a profit margin?**

No, as the profit margin is included in USoA 5625.

Supplementary Questions for Technical Conference - Energy Probe

- c) *Table 3-31 Revised shows an expense of \$1,884,598 in account 4380 for 2011. Of this amount \$1,235,080 has been identified as expenses related to OPA programs (Energy Probe #21 (g)), leaving an amount of \$649,518. Please show the components of this amount associated with the two amounts noted in (a) and (b) above. Please also show any other amounts allocated to other revenue sources in account 4375.*

WNH has provided a breakdown of USoA # 4380 and identified the amounts that relate to revenue source in USoA # 4375 in the table below.

Table TCQ # 14 (c) – USoA 4380 - 2011

| Breakdown of USoA 4380 - Non-Utility Operation Expenses | | |
|--|---------------|------------------|
| | USoA # | Test 2011 |
| Street Lighting Capital & Maintenance Revenue Affiliates | 4380 | 345,519 |
| Street Lighting Capital & Maintenance Revenue Unaffiliated | 4380 | 280,000 |
| Ontario Power Authority Programs Revenue | 4380 | 1,235,080 |
| Meter Data Services | 4380 | 19,199 |
| Rental Revenue | 4380 | 4,200 |
| Other | 4380 | 600 |
| Total | | 1,884,598 |

- d) *Is WNH now indicating there should be no return of PILS shown in Table 4-7A in Exhibit 4?*

WNH advises that there should be no return of PILs as this is reflected in the 15% mark-up revenue in USoA 5625.

Supplementary Questions for Technical Conference - Energy Probe

Question #15

Ref: Energy Probe Interrogatory #25

Please update the table to reflect 2010 actual data. If complete 2010 actual data is not yet available, please update the 2010 and 2009 figures to provide the most recent year-to-date information available.

WNH has assumed that Energy Probe is referring to Energy Probe IR # 26. WNH has provided the table below.

Table TCQ # 15 – 2010 OM&A Expenses

| OM&A Expenses | |
|-------------------------------------|------------------|
| Operations | 3,574,100 |
| Maintenance | 1,419,295 |
| Billing and collecting | 2,198,657 |
| Community relations | 195,227 |
| Administrative and General Expenses | 2,343,115 |
| Total OM&A Expenses | 9,730,393 |

Question #16

Ref: Energy Probe Interrogatory #27 (d)

- a) Please confirm that WNH has included a full year of meter reading expense despite the fact that it intends to start using the smart meter day in June 2011.***

WNH confirms that it has included a full year of meter reading expense in its application.

- b) Please explain why WNH has not made an adjustment for this change.***

At the time of the preparation of this application, WNH did not have definitive information as to when the meter reading expense would cease. The application reflects WNH's assumption that the meter reading expense would exist for the full year of 2011.

Supplementary Questions for Technical Conference - Energy Probe

Question #17

**Ref: Energy Probe Interrogatory #31 &
Exhibit 4, page 51**

The response indicates that 8 of the positions shown on Exhibit 4, page 51 are eligible for the federal or provincial apprenticeship training tax credits. Please identify which of the positions are eligible and please explain why any of the additions shown in 2009, 2010 or 2011 are not eligible.

In reviewing the evidence WNH identified an error in its response to Energy Probe IR # 31; WNH should have responded 11 of the positions are eligible for the Provincial Apprenticeship Training Tax Credits.

Two of the linesperson apprentices hired in 2009 are not eligible for tax credits in 2011 as each has reached the maximum time limit. The Protection and Control Technician and Engineering Technologist positions are not eligible for the tax credits.

Question #18

Ref: Energy Probe Interrogatory #34

- a) The responses provided are not clear. If the depreciation expense in column (h) is calculated as column (e)/column (f) and column (e) is as defined in the response to part (b), please explain why, as an example, the depreciation expense for account 1830 is shown as \$1,763,277 when column (e) divided by column (f) for this account would result in an amount of \$1,848,847.***

WNH is correcting the equation in the heading of Table 4-25 of its application, the calculation should read: $(h) = (c) \times (g) + \frac{(d)}{2} \times (g)$.

The calculation of account 1830, is thus, $\$41,942,663 \times 4\% + [\$4,278,501 \times 4\%]/2 = \$1,763,277$.

Supplementary Questions for Technical Conference - Energy Probe

- b) Please confirm that the depreciation expense has been calculated based on the half year rule, i.e. the total for depreciation actually used (in place of the figures shown in column (e)) reflect the use of the half year additions shown in the formula in column (e).***

Please refer to (a) above.

Question #19

Ref: Energy Probe Interrogatory #35

- a) It is not clear why two of the entries in the table provided in the response to part (a) show negative values (accounts 1808 and 1845). In both cases, the number of years used for depreciation declines, which would imply that the depreciation expense should be higher, not lower. Please explain.***

WNH is not able to provide this information prior to the beginning of the Technical Conference; it will be filed prior to the Settlement Conference.

- b) Please explain why the adjustment for account 1820 is positive instead of negative since the number of years has increased, implying that the depreciation expense was higher than that using the Board years.***

WNH is not able to provide this information prior to the beginning of the Technical Conference; it will be filed prior to the Settlement Conference.

- c) When did WNH make the changes in the number of years used for depreciation?***

WNH is not able to provide this information prior to the beginning of the Technical Conference; it will be filed prior to the Settlement Conference.

- d) When rates were set for 2006, which set of depreciation years were used?***

WNH is not able to provide this information prior to the beginning of the Technical Conference; it will be filed prior to the Settlement Conference.

Supplementary Questions for Technical Conference - Energy Probe

Question #20

Ref: Energy Probe Interrogatory #39

- a) Please confirm that the Federal Apprenticeship Job Creation Tax Credit of \$80,000 described in part (d) of the response is actually the Ontario Apprenticeship Training Tax Credit (ATTC).**

WNH confirms.

- b) Please confirm that the 8 eligible positions for the provincial ATTC are also eligible for the Federal Job Creation Tax Credit, at an amount of \$2,000 per position for a total of \$16,000 in 2011.**

9 of the 11 positions in # 17 above are eligible for the Federal Job Creation Tax Credit; two positions have reached the maximum time allowed for eligibility and, thus, are ineligible.

Question #21

Ref: Energy Probe Interrogatory #40 & #41

- a) What is the impact on the CCA calculation if the \$349,544 for computer hardware is removed from Class 10 in 2011, with one-twelfth (\$29,129) placed in Class 52 and the remainder placed in Class 50?**

Please see the table below.

Supplementary Questions for Technical Conference - Energy Probe

Table TCQ # 21 (a) – Computer Hardware CCA Calculation

| | \$ | CCA Rate | | # Months |
|--|---------|----------|-----------------------|----------|
| Computer Hardware Additions | 349,544 | | | |
| 1/2 Year | 2 | | | |
| | 174,772 | | | |
| Included in August 27, 2010 Submission | | | | |
| Class 10 | 52,432 | 30% | | |
| | | | | |
| Re-calculation under TCQ EP # 21 (a) | | | | |
| Class 52 | 29,129 | 100% | On Full Amount | 1 |
| Class 50 | 88,114 | 55% | 1/2 Year Rule Applies | 11 |
| Total | 117,243 | | | |
| Increased 2011 CCA | 64,811 | | | |

b) What is the impact on the CCA for 2011 of the CCA on land rights that was inadvertently omitted?

Please see the table below.

Table TCQ # 21 (b) – Land Rights CCA Calculation

| | 2010 | 2011 | Total | Rate |
|------------------|--------|--------|-------|------|
| 2010 Additions | 15,805 | | | |
| | | | | |
| 2011 Additions | | 16,350 | | |
| | | | | |
| 1/2 Year Rule | 7,903 | | | |
| Class 1b CCA | 474 | | | 6% |
| | | | | |
| UCC, End of 2010 | 15,331 | | | |
| | | | | |
| Class 1b CCA | 920 | | | 6% |
| | | | | |
| UCC, End of 2011 | 14,411 | | | |
| | | | | |
| 1/2 Year Rule | | 8,175 | | |
| | | | | |
| Class 1b CCA | | 491 | | 6% |
| | | | | |
| UCC, End of 2011 | | 15,860 | | |
| | | | | |
| CCA in 2011 | 920 | 491 | 1,410 | |

Supplementary Questions for Technical Conference - Energy Probe

Question #22

**Ref: VECC IR #19 &
Exhibit 2, Table 2-1**

- a) Please provide a table that shows for the years 2004 through 2010 the total net approved capital budget, the actual net capital additions and the difference between the two.**

WNH received a number of technical conference questions regarding net approved capital budgets and net approved capital additions. It is difficult to compare between capital expenditures approved in the capital budget and capital additions recognized in rate base. These are two separate concepts for separate purposes. Capital budgets are viewed from a financial planning perspective, while capital additions for rate base are from a regulatory perspective and WNH submits that they do not directly correlate. WNH believes that incorrect conclusions may be reached by trying to directly compare net approved capital budget and actual net capital additions.

WNH provides below a table showing the years 2004 through 2010 with Smart Meters and the New Service Centre removed and highlighting the differences:

- the actual net capital addition per rate base
- reconciliation for major approved capital budget items that were deferred, had payment delayed over a calendar year, came in under budget, or required reconciliation over more than a calendar year
- removes the changes in WIP from one year to the next to arrive at an adjustment of net capital additions per the calendar year budget.

The second part of the table shows the Net Approved Capital Budget excluding Smart Meters and the New Service Center. The last line of the table compares the adjusted net capital additions vs. the net approved capital budget excluding smart meters and the new service center.

Supplementary Questions for Technical Conference - Energy Probe

Table TCQ # 22 (a) – 2004 through 2010 Net Capital Additions and Net Approved Capital Budget

| | Actual | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Net Capital Additions | 6,331,739 | 7,135,384 | 8,700,162 | 13,088,021 | 11,264,118 | 14,226,505 | 20,939,516 |
| Approved Capital Budget | 9,635,300 | 10,155,976 | 13,478,274 | 15,914,924 | 17,839,746 | 26,633,264 | 34,233,214 |
| Difference Net Capital Additions vs. Net Approved Budget | (3,303,561) | (3,020,592) | (4,778,112) | (2,826,903) | (6,575,628) | (12,406,759) | (13,293,698) |

b) Please explain the significant differences between the approved capital budgets and the actual capital additions in 2004 through 2010. Please separate out the impact of smart meters and the new service center spending and show the residual difference.

Please see the table below.

Supplementary Questions for Technical Conference - Energy Probe

Table TCQ # 22 (b) – 2004 through 2010 Adjusted Net Capital Additions vs. Net Approved Capital Budget

| | Actual | | | | | | |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Net Capital Additions per Rate Base | 6,331,739 | 7,135,384 | 8,700,162 | 13,088,021 | 11,264,118 | 14,226,505 | 20,939,516 |
| <i>Reconciling Items - adjust deferred work and other</i> | | | | | | | |
| Development delays on the west side of Waterloo and slower than expected growth in new residential development | | 1,268,790 | | 1,280,865 | | | 793,287 |
| Budgeted Road Relocation work deferred by municipality | | | | 646,879 | | | 557,390 |
| Deferred TS HS A duct bank construction due to rescheduling of Conestoga Road Rebuild | | | | | | 922,431 | |
| Contributed Capital in Excess of Budget | 766,764 | (814,899) | 280,866 | | | | 1,520,082 |
| WIP incorrectly capitalized and reversed | | | 2,983,947 | (2,983,947) | | | |
| Budgeted for MTS #4 land purchase. Deferred due to market price | | 360,446 | 395,035 | | | | |
| Budgeted for MTS #4 land purchase. Did not close until 2008 due to extended Class EA | | | | 360,621 | | | |
| TS Tenders came in under budget | | | | 268,641 | | | |
| Transformer repair failed at factory, payment delayed until 2008 | | | | 656,856 | | | |
| SCADA project spending under budget | | | 243,148 | | | | |
| Station Rebuild work deferred | | 1,091,237 | | | | | |
| Net Capital Additions plus (less) reconciling items | 7,098,503 | 9,040,958 | 12,603,157 | 13,317,937 | 11,264,118 | 15,148,936 | 23,810,275 |
| Remove the change in WIP, excluding New Service Centre Costs | | | | | 1,216,890 | 2,085,783 | (1,790,977) |
| Adjusted Net Capital Additions, Excluding New Service Centre, for Comparison to Budget | 7,098,503 | 9,040,958 | 12,603,157 | 13,317,937 | 12,481,008 | 17,234,719 | 22,019,299 |
| Net Approved Capital Budget | 9,635,300 | 10,155,976 | 13,478,274 | 15,914,924 | 17,839,746 | 26,633,264 | 34,233,214 |
| Remove Smart Meters Budgeted | | | | (2,637,300) | (5,026,193) | (7,021,968) | (3,344,398) |
| Remove New Service Centre Costs Budgeted - in WIP until 2011 | | | | | (522,492) | (2,200,000) | (9,800,000) |
| Net Approved Capital Budget excluding Smart Meters & New Service Centre | 9,635,300 | 10,155,976 | 13,478,274 | 13,277,624 | 12,291,061 | 17,411,296 | 21,088,816 |
| Difference in Adjusted Net Capital Additions vs. Net Approved Budget, excluding Smart Meters and New Service Centre | (2,536,797) | (1,115,018) | (875,117) | 40,313 | 189,947 | (176,577) | 930,483 |

Supplementary Questions for Technical Conference - Energy Probe

- c) Please provide a copy of the approved capital budget for 2011 from the December 16, 2010 Board of Directors meeting.***

Please refer to VECC TCQ # 9.

Question #23

Ref: VECC Interrogatory #21

Has the land that was purchased in 2008 been included in rate base even though the TS is not scheduled to be constructed until 2015?

Yes.

Question #24

Ref: VECC Interrogatory #22

- a) Please provide a table that shows for the years 2006 through 2010 the approved total controllable costs, the actual controllable costs and the difference between the two.***

Please see the table below.

Supplementary Questions for Technical Conference - Energy Probe

Table TCQ # 24 (a) – Controllable Cost Comparison

| | Actual | | | | |
|---|-------------|-------------|-------------|-------------|------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Actual Controllable Costs | 8,524,692 | 8,693,608 | 8,941,699 | 8,803,306 | 9,730,393 |
| Approved Controllable Costs Budgeted | 10,197,000 | 10,460,000 | 10,576,000 | 10,902,000 | 10,704,000 |
| Less Capital Tax | (310,000) | (335,000) | (340,000) | (309,000) | (93,000) |
| Net Approved Controllable Costs | 9,887,000 | 10,125,000 | 10,236,000 | 10,593,000 | 10,611,000 |
| Difference Net Actual and Net Approved Controllable Costs | (1,362,308) | (1,431,392) | (1,294,301) | (1,789,694) | (880,607) |

b) Please explain the differences between the approved total controllable cost budgets and the actual total controllable costs in 2006 through 2010. Please separate out the impact of smart meters and show the residual difference.

WNH provides a table below which separates out the impact in four areas of: Smart Meters OM&A, Capital Tax, Items with Differing Regulatory and Accounting Treatment and Billings to the Holding Company.

Table TCQ # 24 (b) – Controllable Cost Comparison, including Reconciling Factors

| | Actual | | | | |
|--|------------|------------|------------|------------|------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Actual Controllable Costs | 8,524,692 | 8,693,608 | 8,941,699 | 8,803,306 | 9,730,393 |
| Approved Controllable Costs Budgeted | 10,197,000 | 10,460,000 | 10,576,000 | 10,902,000 | 10,704,000 |
| Less Capital Tax | (310,000) | (335,000) | (340,000) | (309,000) | (93,000) |
| <i>Items with Differing Revenue vs Expense Treatment - Regulatory vs. Accounting</i> | | | | | |
| Less USoA 5625 - cost offset for Actual, in Approved shown as revenue | (507,832) | (349,783) | (463,386) | (376,582) | (622,196) |
| Less Water & Sewer Billing Costs - Actual to Non-Distribution Expenses USoA 4380 | (640,503) | (681,515) | (720,602) | (690,371) | - |
| Less Cost of Service Filing Cost Budgeted for Accounting, in Test Year for Regulatory | | | | (40,000) | (80,000) |
| Less USoA 5330 Collection Charges Regulatory Against Controllable Costs, Accounting as Revenue | (92,320) | (87,180) | (66,917) | (74,948) | (77,500) |
| <i>Other Reconciling Items</i> | | | | | |
| Less Billings to Holding Company Not Budgeted | | | | (102,405) | (148,118) |
| Less Smart Meter O&M Budgeted | | | | | (34,967) |
| Net Approved Controllable Costs | 8,646,345 | 9,006,522 | 8,985,094 | 9,308,695 | 9,648,219 |
| Difference Net Actual and Net Approved Controllable Costs for Explanation | (121,654) | (312,914) | (43,395) | (505,389) | 82,174 |

Supplementary Questions for Technical Conference - Energy Probe

- c) Please provide a copy of the approved total controllable costs for 2011 from the December 16, 2010 Board of Directors meeting.**

WNH has provided a copy of the approved total controllable costs for 2011 from the December 16, 2010 Board of Directors meeting below.

Table TCQ # 24 (c) – Approved 2011 Controllable Costs

| Approved December 16, 2010 | 2011 Budget (\$000,s) |
|---------------------------------|--------------------------|
| Controllable Costs | |
| <i>Distribution</i> | \$ 5,243 |
| <i>Billing & Collection</i> | 2,454 |
| <i>Community Relations</i> | 259 |
| <i>General Administration</i> | 3,038 |
| <i>Provincial Capital Taxes</i> | - |
| Total Controllable Costs | \$ 10,994 |

Question #25

Ref: Board Staff Interrogatory #21

- a) Please confirm that WNH is proposing to increase the OMERS increase in costs from \$85,000 to \$211,250 in the 2011 test year.**

WNH confirms.

- b) Please confirm that the forecasted increases are \$85,000 in 2011, \$99,000 in 2012 and \$104,000 in 2012. If these figures are not correct, please provide the forecasted increases.**

WNH confirms.

Supplementary Questions for Technical Conference - Energy Probe

- c) Are the forecasted increases incremental each year? For example, is the \$99,000 forecast increase for 2012 on top of the \$85,000 for 2011 or in place of it?**

The forecasted increases are incremental each year.

- d) Please confirm that with the revised proposed OMERS costs in the 2011 test year, that WNH would recover \$845,000 over the 2011 through 2014 period.**

WNH confirms.

- e) Would WNH accept a variance account around whatever amount is included in the 2011 revenue requirement related to the OMERS increase?**

It is not WNH's preference to accept a variance account. WNH does not believe the nature of this expense or the amounts involved to justify the establishment of a variance account.

Question #26

Ref: Board Staff Interrogatory #25

Please provide the weighted average cost of long-term debt in the 2011 test year assuming that the Infrastructure Ontario loan is included for one-half of 2011 at 4.95%.

WNH has recalculated the weighted average cost of long-term debt in the 2011 test year, assuming that the Infrastructure Ontario loan is included for one-half of 2011 at 4.95%, as 5.61%.

Supplementary Questions for Technical Conference - Energy Probe

Question #27

Ref: All Interrogatory Responses

- a) Please update the Revenue Requirement Work Form to reflect any changes proposed by WNH as a result of the interrogatory responses provided, including any changes resulting from corrections to the original filing, updates, or adoption of changes resulting from the interrogatory responses.***

WNH is not able to provide this information prior to the beginning of the Technical Conference; it will be filed prior to the Settlement Conference.

- b) Please provide a tracking sheet that shows the impact of each change proposed by WNH.***

WNH is not able to provide this information prior to the beginning of the Technical Conference; it will be filed prior to the Settlement Conference.

Supplementary Questions for Technical Conference - Energy Probe

APPENDIX A

STATISTICS CANADA

TABLE 6

GROSS DOMESTIC PRODUCT, IMPLICIT CHAIN PRICE INDEXES, YEAR-OVER-YEAR CHANGE

Statistics
CanadaStatistique
Canada

Canada

[Home](#) > [The Daily](#) > [Tuesday, November 30, 2010](#) > [Canadian economic accounts](#) >*(Note: Content area on this page may be wider than usual.)*

Table 6

Gross domestic product, implicit chain price indexes, year-over-year change

| Gross domestic product, implicit chain price indexes, year-over-year change | | | | | | |
|--|---|--------------------|---------------------|--------------------|---------------------|--------------------|
| | Second quarter 2009 | Third quarter 2009 | Fourth quarter 2009 | First quarter 2010 | Second quarter 2010 | Third quarter 2010 |
| | Using seasonally adjusted data (2002=100) | | | | | |
| | year-over-year % change | | | | | |
| Personal expenditure on consumer goods and services | 0.3 | -0.5 | 1.2 | 1.4 | 1.2 | 1.5 |
| Business gross fixed capital formation | 3.4 | 1.2 | -1.7 | -1.7 | 0.1 | 1.4 |
| Exports of goods and services | -11.6 | -15.3 | -8.8 | 0.1 | 2.4 | 3.5 |
| Imports of goods and services | 3.9 | -4.3 | -10.4 | -8.5 | -5.2 | -1.0 |
| Gross domestic product at market prices | -3.8 | -3.8 | 0.7 | 3.3 | 3.3 | 2.8 |
| Final domestic demand | 1.6 | 0.4 | 0.6 | 0.9 | 1.1 | 1.7 |

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