August 19, 2011

BY EMAIL & COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2011-0054
Hydro Ottawa Limited – 2012 Cost of Service Application
Energy Probe – Interrogatories

Pursuant to Procedural Order No. 1, issued by the Board on July 29, 2011, please find attached the Interrogatories of Energy Probe Research Foundation (Energy Probe) in respect of Hydro Ottawa Limited in the EB-2011-0054 proceeding.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

cc: Patrick Hoey, Hydro Ottawa Limited (By email)
Fred Cass, Aird & Berlis LLP (By email)
Randy Aiken, Aiken & Associates (By email)
Intervenors of Record (By email)

Energy Probe Research Foundation 225 BRUNSWICK AVE., TORONTO, ONTARIO M5S 2M6

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EB-2011-0054

Ontario Energy Board

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Hydro Ottawa Limited for an order approving just and reasonable rates and other charges for electricity distribution to be effective January 1, 2012.

INTERROGATORIES OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")

August 19, 2011

HYDRO OTTAWA LIMITED
2012 RATES REBASING CASE
EB-2011-0054

ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES

Issue 1.1 Has Hydro Ottawa responded appropriately to all relevant Board directions from previous proceedings?

Interrogatory #1

Ref: Exhibit A1, Tab 2, Sch. 1, par. 3.0

The evidence indicates that the application has been made in accordance with the Chapter 2 of the Filing Requirements for Electricity Distribution Companies Cost of Service Rate Applications dated June 28, 2010. Chapter 2 of the Filing Requirements was updated on June 22, 2011. Please provide updated or additional schedules and/or evidence to bring the application into accordance with the June 22, 2011 filing requirements.

Issue 1.2 Are Hydro Ottawa's economic and business planning assumptions for 2012 appropriate?

Interrogatory # 2

Ref: Exhibit A1, Tab 2, Sch. 2, page 5

Please indicate how many months of actual information has been included for the bridge year forecasts in the current application.

Interrogatory # 3

Ref: Exhibit A2, Tab 2, Sch. 2, page 4

a) **Is the cost of service application based on the preliminary draft budget for 2012 that was presented to the Board of Directors on February 1, 2011?**

b) **If the response to part (a) is yes, then please indicate if any changes to the draft budget for 2012 have been made subsequent to February 1, 2011 and whether or not these changes have been approved by the Board of Directors. Please provide details on the changes made.**

c) If the response to part (a) is no, then please indicate when the Board of Directors approved the final budget for 2012 that was used as the basis for the current cost of service application.

d) Have any discussions taken place with the Board of Directors of whether or not Hydro Ottawa will be filing for a 2013 cost of service application? If yes, please provide the details.

Issue 1.4 Is the proposal to align the rate year with Hydro Ottawa's fiscal year, And for rates effective January 1, 2012 appropriate?

Interrogatory # 4

Ref: Exhibit A1, Tab 2, Sch. 2, page 4

Hydro Ottawa notes that customers will have rate riders and a rate adder carrying on to April 30, 2012. Please provide the distribution and total bill impacts for each rate class of the removal of these riders and adders effective May 1, 2012.

Interrogatory # 5

Ref: Exhibit A1, Tab 2, Sch. 2, page 5

The evidence indicates that if Hydro Ottawa is subject to the IRM adjustment for 2013 rates that the inflation index used would be that reported for the period October 2011 through September 2012.

a) Please indicate approximately when all of this information would be available from Statistics Canada.

b) Is this the same period used for Union Gas and Enbridge Gas Distribution under their IRM periods that also adjust rates effective January 1 of each year?

c) If the response to part (b) is no, please explain why a different period should be used.

d) Is the period proposed by Hydro Ottawa consistent with the intent in the June 22, 2011 version of Chapter 3 of the Filing Requirements for Transmission and Distribution Applications?

Interrogatory # 6

Ref: Exhibit A1, Tab 2, Sch. 2, page 5

Is it Hydro Ottawa's current plan to file a cost of service application for 2013? If yes, please explain why Hydro Ottawa would not be under IRM for the 2013 through 2015 years.

Issue 2.1 Is the proposed rate base for the test year appropriate?

Interrogatory # 7

Ref: Exhibit B1, Tab 1, Sch. 1, page 4

a) What was the property at 90 Maple Grove used for while it was in rate base?

b) Please provide further detail of the changes that resulted in the removal of the property from rate base.

c) What is the current net book value of property? Please provide the response based on the value of the land and the building separately.

d) Has Hydro Ottawa sold the property as of the current date? If yes, please provide the proceeds from the sale. If no, please provide an estimated sale value.

Interrogatory # 8

Ref: Exhibit B1, Tab 1, Sch. 1, Tables 2 through 6

a) Please explain why the Amortization figures shown in Tales 5 and 6 are forecast to grow at a significantly slower rate in the bridge and test years than they did in 2008 through 2010.

b) How many months of actual data are included in the figures for the bridge year shown in Table 5?

c) Please update Table 5 to reflect actual data to the current time and forecasts for the remainder of the year for capital expenditures (net of contributed capital), amortization and CIP projections.

Interrogatory # 9

Ref: Exhibit B1, Tab 2, Sch. 4

a) **What will the land that will be acquired in 2012 for the new Operations Centre be used for in 2012? When will the new Operations Centre be in service?**

b) **When is the new administrative building forecast to be in service?**

c) **Is the land referred to on page 1 separate land or one contiguous property that will be used for both the operations center and the administrative building?**

d) **Has Hydro Ottawa included any incremental revenues for the facilities that will be leased to the Holding Company and/or Energy Ottawa in the 2012 test year? If yes, please quantify and show where it has been included in the forecast. If no, please explain why not.**

e) **Please update Table 6 to reflect the net book value of as December 31, 2011.**

f) **Does Hydro Ottawa plan on selling each of the three properties shown in Table 6? If yes, please provide an estimated sale date for each property. Please provide a version of Table 6 using the estimated net book value when each property is expected to be sold.**

g) **Please expand Table 7 to include Options 2 and 3.**

h) **Please provide a version of Table 8 for Options 1, 2 and 3.**

i) **Are there any costs other than the $4.0 million (page 20) associated with land acquisitions included in the 2012 revenue requirement?**

j) **Please show how Hydro Ottawa has estimated the revenue requirement impact of the capital additions for land to be approximately $200,000.**

Interrogatory # 10

Ref: Exhibit B1, Tab 2, Sch. 5, Table 1

a) **Are the depreciation rates used by Hydro Ottawa consistent with the lifecycle of each of the unity types shown in Table 1? If not, why not?**

b) **At line 8 of page 4 there is a reference to 2012 and 2013. Should this be for 2011 and 2012?**

c) **How has and will Hydro Ottawa account for the net sale value of the vehicles being replaced? Where has this revenue been reflected in the evidence?**

d) **Please confirm that the net book value of the vehicles being replaced has been removed from the calculation of rate base.**

Interrogatory # 11

Ref: Exhibit B1, Tab 2, Sch. 6

a) **Will the forecast expenditure of $6.9 million in the 2011 bridge year be included in rate base at the end of 2011 or in CIP. Please explain.**

b) **What is the current status of the project? In particular, has there been any change in cost or in the projected completion date of the fourth quarter of 2012?**

Interrogatory # 12

Ref: Exhibit B1, Tab 2, Sch. 7

a) **Please provide the net book value of the existing hybrid vehicles included in the test year.**

b) **Please provide the estimated premium paid for the hybrid vehicles that will be included in the test year.**

c) **Is Hydro Ottawa eligible to receive any incentives (federal government, provincial government, OPA, etc.) to help pay for the capital expenditures shown in Table 1?**

d) **Please provided a revised Table 6 for the 2011 bridge year that reflects the most current year-to-date information along with the current forecast for the remainder of the year.**

e) **Please explain the reduction in the contributions and grants in both 2011 and 2012 relative to the levels recorded in the historical years.**

Interrogatory # 13

Ref: Exhibit B3, Tab 1, Sch. 1

a) **Do the accumulated amortization schedules reflect the use of the half year rule for amortization for assets added in the current year for each of 2006 through 2011? If not, please indicate which years reflect the use of the half year rule.**

b) **Please confirm that the 2012 figures reflect the use of the half year rule.**

Issue 2.2 Is the working capital allowance for the test year appropriate?

Interrogatory # 14

Ref: Exhibit B4, Tab 1, Sch. 1, Attachment T

a) **Please explain how the 61% factor used to calculate the non RPP kWh share shown in Attachment T was calculated. In particular, is it based on a specific historical year?**

b) **Please update Attachment T to reflect current 2011 transmission and wholesale market rates.**

Interrogatory # 15

Ref: Exhibit B4, Tab 2, Schedule 1

a) **Please provide a revised Table 3 and Table 4 that uses sales dollars as the weighting factor to calculate the service lag in the same way billing lag is calculated in Tables 5 and 6.**

b) **Please show the calculations used to determine the Days Sales Outstanding in Tables 7 and 8. In particular, please show the calculation of 26.38 days in Table 7 in the month of January and the assumptions used.**

c) **Please provide a version of Tables 7 and 8 that calculates the collection lag in both years separately for the customers that are billed monthly and for the customers that are billed bi-monthly.**

d) Please show the calculation of the number of days for each the forms of payment processing noted on page 8 for 2009 and 2010, along with the weighting assigned to each form in each of 2009 and 2010 that was used to calculate the weighted average of 1.15 days in 2009 and 1.13 days in 2010.

e) Please provide the data, assumptions and calculations used to calculate the each of the lags shown in Table 10.

Interrogatory # 16

Ref: Exhibit B4, Tab 2, Sch. 1

a) Has Hydro Ottawa completed or nearly completed the deployment of smart meters?

b) Has Hydro Ottawa implemented time-of-use pricing or will it implement it before the end of 2012?

c) What are the operational impacts arising from the deployment of smart meters and the implementation of time-of-use pricing on the cash working capital requirements?

d) Does Hydro Ottawa have any plans to move to monthly billing for Residential or GS < 50 kW customers? If not, why not?

e) What is the forecasted increase in costs associated with moving the Residential and GS < 50 kW to monthly billing?

f) What is the impact on the working capital allowance of a reduction in the service lag of one day? What is the corresponding impact on the revenue requirement of this reduction in the service lag of one day?

Interrogatory # 17

Ref: Exhibit B4, Tab 2, Sch. 1

a) Please show the calculation of each of the service leads and payment leads shown in Table 12 based on the explanation provided on page 11.

b) Please show the calculation of the average lead expense for property taxes for 2009 and 2010, including the dates and amounts paid.

Issue 2.3 Is the capital expenditure forecast for the test year appropriate?

Interrogatory # 18

Ref: Exhibit B5, Tab 1, Sch. 1, Table 5

Please expand Table 5 to include 2011 and 2012.

Interrogatory # 19

Ref: Exhibit B5, Tab 3, Sch. 1, Tables 7-8 & Exhibit B5, Tab 4, Sch. 1, Tables 6-7

The evidence indicates that capital contributions were budgeted based on historic percentages of contributions in each budget program.

a) **Please expand Table 8 in Exhibit B5, Tab 3, Schedule 1 to show historical data for 2006 through 2010.**

b) **Please provide an explanation for the change in the percentages by program shown in Table 8 of Exhibit B5, Tab 3, Schedule 1 to those shown in Table 7 of Exhibit B5, Tab 4, Schedule 1.**

Interrogatory # 20

Ref: Exhibit B5, Tab 3, Sch. 2, Table 2

Will all of the vehicles shown to be purchased in 2011 be placed into service in 2011?

Interrogatory # 21

Ref: Exhibit B5, Tab 4, Sch. 3, Table 1

Are the capital expenditures of any of the projects shown in Table 1 with an in service date of 2013 or later included in rate base in 2012? If yes, please explain.

Interrogatory # 22

Ref: Exhibit B4, Tab 5, Sch. 2, Table 2

a) Please explain the need for 6 additional vehicles in 2012, when no such additions were made in 2010 or 2011.

b) Please provide the capital cost for each of the 6 additional vehicles forecast for 2012.

Issue 2.5 Is Hydro Ottawa's Green Energy Act Plan appropriate?

Interrogatory # 23

Ref: Exhibit B1, Tab 2, Sch. 2

a) Has Hydro Ottawa received letters of comment from the OPA or Hydro One as of the current date? If yes, please file these letters. If no, please file these letters when they are received.

b) The evidence indicates that Hydro Ottawa is only requesting approval of the 2012 expenditures in this proceeding and that it plans to review its plans for 2013 through 2016 prior to further applications. Please specify what applications Hydro Ottawa is referring to.

c) Please provide the forecast capital expenditures and OM&A expenses for the 2012 test year.

d) Are the capital expenditures included in the 2012 rate base?

e) Are the OM&A expenses included in the 2012 revenue requirement?

Issue 3.1 Is the load forecast methodology including weather normalization appropriate?

Interrogatory # 24

Ref: Exhibit C1, Tab 1, Schedule 1, Attachment X

A number of the equations shown in Attachment X include explanatory variables with P-Values in excess of 5.0%. Please re-estimate all equations that have at least one variable with a P-Value of more than 5.0% by excluding all such variables and provide the following for each such equation:

a) **the regression results in the same format as that shown in Attachment X; and**

b) **a table that shows the 2011 and 2012 forecasts as currently found in the evidence and the corresponding forecasts for 2011 and 2012 that result from the revised equations requested in part (a).**

Issue 3.2 Are the proposed customers/connections and load forecasts (both kWh and kW) for the test year appropriate?

Interrogatory # 25

Ref: Exhibit C1, Tab 1, Sch. 1, Table 11

Please provide the actual number of customers for the most recent month available in 2011 for each of the classes shown in Table 11. Please also provide the number of customers for each rate class for the corresponding month in 2010.

Interrogatory # 26

Ref: Exhibit C1, Tab 1, Schedule 1

Please explain how the system peak forecast shown in Table 4 and the resulting adjusted system peak forecast shown in Table 6 have been utilized to determine the class demand forecast in kW shown in Table 14. If it has not been used to determine the demand forecast shown in Table 14, please explain what the forecast shown in Table 4 has been utilized for.

Interrogatory # 27

Ref: Exhibit C1, Tab 1, Sch. 2, Attachment Y

Please update the 2011 Forecast Distribution Revenue table shown on page 8 to include weather normal data for all months where actual data is now available.

Issue 3.3 Is the impact of CDM appropriately reflected in the load forecast?

Interrogatory # 28

Ref: Exhibit C1, Tab 1, Schedule 1

a) **Please confirm that the net cumulative energy savings shown in Table 5 imply that there is no persistence in the savings. For example, the 60 GWh savings in 2011 are not repeated in the following years. Does Hydro Ottawa believe this is a reasonable assumption?**

b) **In the EB-2010-0132 Decision and Order for Hydro One Brampton Networks Inc. dated April 4, 2011, the Board found that the appropriate CDM adjustment to be included in the load forecast for 2011 was 19 GWh, which represented 10% of its cumulative CDM target for the period 2011-2014. The Board stated that it was of the view that CDM targets would be achieved on an incremental, staged basis. Based on this, please provide a revised Table 5 and Table 6 that reflects net cumulative energy savings based on 10% of the 2011-2014 cumulative target of 374.730 GWh, 20% for 2012, 30% for 2013 and 40% for 2014. Please confirm that the net cumulative energy savings for 2014 is equal to 374.730 GWh and that the cumulative savings for 2012 are 112.419 GWh.**

c) **Why has Hydro Ottawa determined that the 85.260 MW target for the 2014 net annual peak demand saving is a cumulative figure rather than the target for 2014? Assuming the 85.260 MW figure is the target for 2014 and that it is achieved on an incremental basis of 25% in each of 2011 through 2014, please confirm that the cumulative net annual peak demand saving for 2012 would be 42.63 MW.**

d) **What is the impact on the revenue requirement, including taking into account the impact on the working capital allowance calculation, if the adjustment to the forecast for CDM is a reduction in the system peak of 42.63 MW and the reduction in the net cumulative energy savings is 112.419 GWh?**

Interrogatory # 29

Ref: Exhibit C1, Tab 1, Sch. 1, page 9 & Table 6

How were the CDM adjustments shown in Table 6 allocated to the various rate classes in terms of the class sales and demand forecasts?

Interrogatory # 30

Ref: Exhibit C1, Tab 1, Sch. 1, Tables 9 & 14

Please provide a table that shows the ratio of kW/kWh for the historical and forecast years for each of the classes shown in Table 14 using the weather normalized sales by class shown in Table 9.

Issue 3.5 Is the test year forecast of other revenues appropriate?

Interrogatory # 31

Ref: Exhibit C2, Tab 1, Sch. 1

a) **What is the impact on other revenues of the proposed changes in the dry core transformer loss charges detailed on pages 6-7?**

b) **How is the rental fee noted in Section 6.2 on page 9 calculated? Does it recover all the costs related to property taxes and return on capital? Please show how the rental fee covers theses costs.**

c) **What type of assets does Hydro Ottawa own, or has owned, that were never necessary in serving the public (Section 6.3)? Are these assets included in rate base and is the depreciation of these assets and maintenance costs associated with these assets included in the revenue requirement? If yes, please quantify.**

d) **Are the houses noted in Section 7.0 and the associated land included in rate base? Are any costs associated with these properties included in the revenue requirement? Please provide the net book value of these assets, any costs associated with these assets and the annual rental income generated from these assets.**

Interrogatory # 32

Ref: Exhibit C2, Tab 1, Sch. 1, Attachment Z

Please provide the most recent year-to-date actual figures for each of the accounts shown in the table in Attachment Z. Please also provide the corresponding year-to-date actual figures for the same period in 2010.

Interrogatory # 33

Ref: Exhibit C2, Tab 1, Sch. 6 & Exhibit B5, Tab 5, Sch. 2, Table 2

a) Please explain how the forecast of $55,000 for disposal of assets has been calculated, based on the 25 vehicles shown as being replaced in 2012 in Table 2 of Exhibit B5, Tab 5, Sch. 2. Please indicate the gain/loss on each group of vehicles shown.

b) Please indicate what other assets are being disposed of, along with the forecasted gain/loss on these assets.

Interrogatory # 34

Ref: Exhibit C2, Tab 2, Sch. 1 & Exhibit D1, Tab 1, Sch. 1, page 2

a) Please explain the drop in revenue from the Holding Company from $796,137 shown in Table 5 for the bridge year to $718,874 shown in Table 6 for the test year. Please also explain the impact on this revenue of the movement of 17 positions back to Hydro Ottawa from the HOHI as discussed on page 2 of Exhibit D1, Tab 1, Schedule 1.

b) Please explain how the facility services related to property taxes at the two generating stations are calculated. In particular is any addition to the costs charged made with respect to the working capital allowance associated with the property tax?

c) Table 6 is labelled 2012 Budget Net Revenues. Please provide a table that shows for each revenue line shown in Table 6 the gross revenues, gross costs and associated net revenues.

d) Please confirm that the costs used in generating the net revenues shown in Table 6 are not included in the OM&A costs or property taxes included in the revenue requirement for the 2012 test year.

Issue 4.1 Is the overall OM&A forecast for the test year appropriate?

Interrogatory # 35

Ref: Exhibit D6, Tab 1, Sch. 1, Attachment AD

a) Please file Hydro Ottawa's policy with respect to meal and entertainment expenses.

b) **Are there any differences between the policy of Hydro Ottawa and the HoldCo and/or the City of Ottawa with respect to allowable meal and entertainment expenses? If so, please provide a description of the differences.**

Interrogatory # 36

Ref: Exhibit D1, Tab 1, Sch. 1, Table 1

Please provide a table, in the same level of detail as shown in Table 1, that shows the most recent year-to-date actual expenses for the 2011 bridge year and the corresponding figures for the same period in 2010.

Interrogatory # 37

Ref: Exhibit D1, Tab 1, Sch. 2, page 8 & Table 3

The evidence states that because there are a number of issues that are specific to Hydro Ottawa that this application is for the 2012 test year only and is not considered a base year for a subsequent IRM process.

a) **Please provide a comprehensive list and description of the issues that are specific to Hydro Ottawa.**

b) **Does Hydro Ottawa plan on filing a cost of service application for 2013 rates?**

c) **If there is an IRM process or adjustment to set 2013 rates (and/or subsequent years), how does Hydro Ottawa propose that base rates be set?**

d) **Please confirm that Hydro Ottawa has not amortized the costs associated with the rates proceeding for 2012 rates over the 2012 through 2015 period (i.e. base year and 3 years IRM). Please provide the amortized amount if the costs associated with this cost of service proceeding were to be amortized over four years.**

e) **What is the cost of the regulatory staff forecast to be for 2012?**

f) **What is the estimated cost of the staffs from other departments who work on the preparation of the rate case?**

Interrogatory # 38

Ref: Exhibit D1, Tab 1, Sch. 2, page 7

Has Hydro Ottawa completed the RFP process related to the vegetation management? If yes, please provide the results and the impacts on the 2012 costs relative to that forecast.

Interrogatory # 39

Ref: Exhibit D1, Tab 5, Sch. 1

a) **How many of the eligible retirements shown in Table 1 has Hydro Ottawa forecast to actually retire in 2011 and 2012?**

b) **Has Hydro Ottawa reflected the reduction in salaries, wages and benefits of these retirements in the forecast? If not, why not?**

Issue 4.2 Are the methodologies used to allocate shared services and other costs appropriate?

Interrogatory # 40

Ref: Exhibit A1, Tab 7, Sch. 1, pages 1-2

a) **Are any of the costs, including supports costs, associated with the 11 member Board of Directors that provides oversight to the Holding Company and to Energy Ottawa included in the revenue requirement of Hydro Ottawa? If yes, please quantify and explain what the costs are related to.**

b) **Page 2 provides a number of roles of the Holding Company in relation to Hydro Ottawa. Does the Board of Directors of Hydro Ottawa fulfill these roles on behalf of the Holding Company or is there an additional role being carried out directly by the Holding Company? If yes, please provide details.**

Interrogatory # 41

Ref: Exhibit A1, Tab 7, Sch. 2, pages 1-2

a) **Does Hydro Ottawa share any employees with any of the affiliates shown in the Group of Companies other than those shown on page 2?**

b) **Does Hydro Ottawa share any buildings or building space with any of the affiliates shown in the Group of Companies?**

c) **Does Hydro Ottawa share any assets with any of the affiliates shown in the Group of Companies?**

Interrogatory # 42

Ref: Exhibit A1, Tab 7, Sch. 3, Attachment C

a) **Is the cost/employee of $3,412 shown in Schedule 2 of Attachment C specific to the Holding Company or is it the average cost for all employees of both Hydro Ottawa and the Holding Company?**

b) **If the response to part (a) is no, please provide the average cost/employee for Hydro Ottawa for the same period as the figure of $3,412.**

c) **Please provide the cost/employee shown in Schedule 2 of Attachment C used in the SLA's for 2008, 2009 and 2010, along with the forecast used for the 2012 test year.**

d) **Do the costs shown in Schedule 1 of Attachment C include an allowance for depreciation expenses, cost of debt, return on equity and income taxes associated with assets used to provide the services? Please provide the rates used and show the calculations for the depreciation, cost of debt, return on equity and taxes included in the costs, if applicable.**

e) **Are the same performance measures shown in Schedule 3 of Attachment C applicable to work done for Hydro Ottawa? If not, please provide the performance measures that are applicable internally for Hydro Ottawa.**

f) **Is the cost/employee of $6,273 shown in Schedule 3 of Attachment C specific to the Holding Company or is it the average cost for all employees of both Hydro Ottawa and the Holding Company?**

g) **If the response to part (e) is no, please provide the average cost/employee for Hydro Ottawa for the same period as the figure of $6,273.**

h) **Please provide the cost/employee shown in Schedule 3 of Attachment C used in the SLA's for 2008, 2009 and 2010, along with the forecast used for the 2012 test year.**

i) **Please provide the estimated percentage of time/activity referred to in Schedule 4 of Attachment C for 2008, 2009, 2010, 2011 and the forecast used for 2012. Please also provide the total actual costs to which these percentages have been/will be applied, along with the total actual and estimated costs to which these percentages are applied.**

j) **Please provide the estimated percentage of time/activity referred to in Schedule 5 of Attachment C for 2008, 2009, 2010, 2011 and the forecast used for 2012. Please also provide the total actual costs to which these percentages have been/will be applied, along with the total actual and estimated costs to which these percentages are applied.**

k) **Please explain how the percentage of time/activity has been estimated. For example, are detailed time sheets kept by the employees that provide these services?**

l) **For each Schedule in Attachment C that includes a cost that is determined, in part, by the number of employees, please provide the number of employees for each of 2008 through 2010 and the forecasts for 2011 and 2012. Please actually provide the actual number of employees as of the current time for 2011.**

Interrogatory # 43

Ref: Exhibit A1, Tab 7, Sch. 3, Attachment D

a) **For each of Schedules 6 through 12, please provide the following:**

   i) **the estimated percentage of time/activity referred to in each Schedule of Attachment D for 2008, 2009, 2010 , 2011 and the forecast used for 2012. Please also provide the total actual costs to which these percentages have been/will be applied, along with the total actual and estimated costs to which these percentages are applied.**
   ii) **an explanation of how the percentage of time/activity used in each Schedule of Attachment D has been estimated. For example, are detailed time sheets kept by the employees that provide these services?**

b) **Are there any costs related to assets owned by the Holding Company (depreciation, debt costs, return on equity, income taxes, etc.) recovered through the annual fees shown in Attachment D? If yes, please quantify and provide all assumptions used.**

Interrogatory # 44

Ref: Exhibit A1, Tab 7, Sch. 3, Attachment E

a) **With respect to Schedule 13 in Attachment E, how does Hydro Ottawa account for the property taxes with respect to the generating stations and the revenues received from Energy Ottawa? In particular, do the property taxes get included in the working capital allowance calculation of Hydro Ottawa for regulatory purposes?**

b) **Please provide the actual and forecasted property taxes for 2008 through 2012 covered under Schedule 13.**

c) **Do the costs shown in Schedule 13 of Attachment E include an allowance for depreciation expenses, cost of debt, return on equity and income taxes associated with assets used to provide the services? Please provide the rates used and show the calculations for the depreciation, cost of debt, return on equity and taxes included in the costs, if applicable.**

d) **Please explain why the cost per employee of $2,946 shown in Schedule 14 of Attachment E is less than the figure shown in Schedule 2 of Attachment C.**

e) **For each of Schedules 6 and 17, please provide the following:**

   i) **the estimated percentage of time/activity referred to in each schedule for 2008, 2009, 2010 , 2011 and the forecast used for 2012. Please also provide the total actual costs to which these percentages have been/will be applied, along with the total actual and estimated costs to which these percentages are applied.**
   ii) **an explanation of how the percentage of time/activity used in each schedule has been estimated. For example, are detailed time sheets kept by the employees that provide these services?**

f) **Are the same performance measures shown in Schedule 17 of Attachment E applicable to work done for Hydro Ottawa? If not, please provide the performance measures that are applicable internally for Hydro Ottawa.**

g) **How has the rate of $66/hour in Schedule 18 of Attachment E been calculated? Does it include all burdens? Does it include an allowance for any assets used by Fitter Mechanic that are owned by Hydro Ottawa? If not, please explain how these costs are recovered.**

h) **For each Schedule in Attachment E that includes a cost that is determined, in part, by the number of employees, please provide the number of employees for each of 2008 through 2010 and the forecasts for 2011 and 2012. Please provide the actual number of employees as of the current time for 2011.**

Interrogatory # 45

Ref: Exhibit A1, Tab 7, Sch. 3, Attachment F

a) **Please provide the cost of insurance coverage to Hydro Ottawa as detailed on page 6 of 9 of Attachment F related to services provided to affiliates.**

b) **Does Hydro Ottawa recover the cost of this insurance coverage through the annual fees charged to its affiliates?**

c) **Please provide the cost of insurance to the affiliates as detailed on page 6 of 9 of Attachment F related to services provided to Hydro Ottawa.**

d) **Does Hydro Ottawa pay the cost of this insurance coverage through the annual fees paid to its affiliates?**

Interrogatory # 46

Ref: Exhibit A1, Tab 7, Sch. 4 & Exhibit D1, Tab 2, Sch. 1, page 5

Please illustrate the neutral cost effect on Hydro Ottawa of transferring the positions (in aggregate) to Hydro Ottawa in 2012. Please show the increase in compensation costs to Hydro Ottawa (wages and benefits) and the changes in allocations through the Service Level Agreements which is a reduction of $2.4 million as shown in Exhibit D1, Tab 2, Schedule 1.

Interrogatory # 47

Ref: Exhibit D1, Tab 2, Sch. 1, Tables 1 & 2

a) **How are the IFRS related costs allocated to Hydro Ottawa and each of the affiliates?**

b) **Please explain the increase in administrative and corporate services expenses between 2010 ($4,763,289) and 2011 ($5,900,000).**

Interrogatory # 48

Ref: Exhibit D1, Tab 2, Sch. 1

a) **Please provide the total expenses for services from affiliates as shown in Table 3 for the most recent year-to-date period in 2011 and the figure for the corresponding period in 2010.**

b) **Please provide the total expenses for Holding Company services and costs as show in Table 4 for the most recent year-to-date period in 2011 and the figure the corresponding period in 2010 in the same level of detail as in Table 4.**

Interrogatory # 49

Ref: Exhibit D1, Tab 2, Sch. 1, Table 5

a) **For each allocation shown, please indicate what other methodologies were investigated and indicate why the alternatives were rejected.**

b) **How have the allocation percentages been determined? Do the relevant employees keep time sheets?**

c) **Please show how the transfer of 17 employees from HOHI to Hydro Ottawa in 2012 has been reflected in the decrease in the percentages allocated to Hydro Ottawa.**

Interrogatory # 50

Ref: Exhibit D1, Tab 2, Sch. 1, Attachment AA

Please confirm that the reduction shown on page 2 of Attachment AA of $1,038,855 is related only to the 3 positions hired in 2010 and forecast to be transferred to Hydro Ottawa in 2012.

Issue 4.4 Are the 2012 compensation costs and employee levels appropriate?

Interrogatory # 51

Ref: Exhibit D3, Tab 1, Sch. 1

a) **Do the figures in Table 1 include FTE's allocated to Hydro Ottawa from its affiliates for the historical and forecast years? If not, please provide a version of Table 1 that reflects the allocation of FTE's from the affiliates.**

b) **Is the economic adjustment shown in Table 3 based on 3% increases for both unionized and non-unionized employees? If not, please provide the economic adjustment percentages.**

c) **Does the economic adjustment column include the impact of the employees transferred from Holdco?**

d) **What is the total cost of the incentive pay included in the revenue requirement in 2012 based on the averages shown in Table 6?**

e) **How is the level of incentive pay determined? Please provide the ratio of the actual payout as compared to the maximum achievable in 2008 through 2010 and the ratios used in 2011 and 2012.**

f) **For each group of employees eligible for incentive pay, please provide the factors, and their weightings, that determine the incentive payments.**

Issue 4.5 Is the test year forecast of property taxes appropriate?

Interrogatory # 52

Ref: Exhibit D1, Tab 2, Sch. 1, Tables 1 & 2

a) **Please explain the significant increase in property taxes forecast from 2010 to 2011.**

b) **Please explain the reduction in property taxes between 2009 and 2010.**

c) **Does Hydro Ottawa have actual assessments for 2011 property taxes? If yes, please provide the total.**

d) **Does the 2012 forecast of property taxes include any taxes for the land that Hydro Ottawa proposed to purchase for its new facilities? If yes, please indicate how much these taxes are.**

e) **Does Hydro Ottawa pay property taxes to anyone other than the City of Ottawa? If yes, please provide the actual and forecast for 2008 through 2012.**

Issue 4.6 Is the test year forecast of PILs appropriate?

Interrogatory # 53

Ref: Exhibit D1, Tab 5, Sch. 1, page 5

a) **Please show how many of the apprentices hired in each year shown in Table 3 are eligible for provincial or federal apprenticeship tax credits.**

b) **Please indicate how many of the apprentices hired in 2011 are eligible for provincial or federal apprenticeship tax credits.**

Interrogatory # 54

Ref: Exhibit D6, Tab 1, Sch. 1, Attachment AD

a) **Please explain the addition of $50,000 to taxable income in the test year for "Interest and penalties on taxes". How has Hydro Ottawa forecast this amount?**

b) **Why are the deductions for future employee benefits ($400,000) lower than the addition to taxable income for future employee benefits ($600,000)? How have these figures been forecast for the 2012 test year?**

c) **Please explain how the addition to taxable income of $80,000 for non-deductible meals and entertainment expenses has been calculated. In particular, what is the total cost included in the revenue requirement for the 2012 test year for meals and entertainment expenses?**

d) **Please confirm that Hydro Ottawa has included a reduction of $33,750 for the Ontario small business deduction in the calculation of income taxes.**

Interrogatory # 55

Ref: Exhibit G6, Tab 2, Sch. 1, Attachment AE

Please file a copy of Hydro Ottawa's 2010 tax return.

Issue 5.1 Is the proposed capital structure, rate of return on equity and short term debt rate appropriate?

Interrogatory # 56

Ref: Exhibit E1, Tab 1, Sch. 1 & Exhibit A2, Tab 1, Sch. 2, Attachment H

What is the impact on the revenue requirement of a 10 basis point change in the return on equity?

Issue 5.2 Is the proposed long term debt rate appropriate?

Interrogatory # 57

Ref: Exhibit E1, Tab 1, Sch. 1, Table 1

a) How has Hydro Ottawa forecast the 5.75% rate applicable to debt issuances in 2011 and 2012?

b) Why has Hydro Ottawa not used the current Board deemed long term debt rate of 5.32% in the calculation of the weighted debt rate cost?

c) Have any of the 2011 issuances shown in Table 1 taken place?

d) Please update Table 1 to reflect any 2011 issuances, their principal and the applicable interest rate.

e) What is the term of each of the promissory notes shown in Table 1?

f) Has Hydro Ottawa approached Infrastructure Ontario to obtain long term financing? If not, why not? If yes, please provide full details.

g) What is the current rate available from Infrastructure Ontario for a term of the same length as currently contemplated for the 2011 and 2012 issuances?

Issue 7.1 Is Hydro Ottawa's cost allocation appropriate?

Interrogatory # 58

Ref: Exhibit G1, Tab 1, Sch. 1, Attachment AH and Tables 2-5

a) Please file an updated cost allocation study to reflect the Board's August 4, 2011 EB-2010-0219 Staff Report to the Board Implementation of the Revisions to the Board's Electricity Distributor Cost Allocation Policy.

b) **Based on the response to part (a), please provide updates to Tables 2 through 5.**

Issue 7.2 Are the proposed revenue to cost ratios for each class appropriate?

Interrogatory # 59

Ref: Exhibit G1, Tab 1, Sch. 1, pages 4-6

a) **Please explain why Hydro Ottawa proposes to lower the revenue to cost ratio for the UMSL class from 122% to 105%.**

b) **The increase for the Sentinel Class is reported to be 62% as a result of moving the revenue to cost ratio from 34% to 80%. Please indicate whether this increase is a total bill increase, or the distribution increase only.**

c) **If the revenue to cost ratio for the UMSL class is reduced from 122% to 120% and the Sentinel Class is increased to 45%, what is the resulting revenue to cost ratio for the Street Lighting Class?**

Issue 8.3 Are the proposed LV rates appropriate?

Interrogatory # 60

Ref: Exhibit H3, Tab 1, Sch. 1

The evidence indicates that the 2010 LV charges, less the charges associated with the Richmond DS, were escalated based on the approved increase for 2011.

a) **Please show the approved increase for 2011 rates over 2010 rates.**

b) **Please show the application of the increase in (a) to arrive at the 2011 figures.**

c) **Please explain how the increase in 2012 over 2011 was determined.**

Issue 9.2 Are the proposed rate riders to dispose of the account balances appropriate?

Interrogatory # 61

Ref: Exhibit I1, Tab 1, Sch. 2, Tables 3 & 4 & page 7

The evidence on page 7 indicates that for a residential non RPP customer the net of the two proposed rate riders would be a charge and would result in an increase in the monthly bill of 0.7% (Table 4).

Please explain how this 0.7% increase results from rate rider #1 of ($0.0024) per kWh and rate rider #2 of $0.0024 per kWh (loss adjusted). Is the net increase the result of only the difference in the volume to which the riders apply (i.e. loss adjusted vs. not loss adjusted)?

Issue 9.3 Are the proposed new deferral and variance accounts appropriate?

Interrogatory # 62

Ref: Exhibit I1, Tab 1, Sch. 3

Is Hydro Ottawa aware of other distributors applying for and the Board approving new sub-accounts to Account 1595 to record the disposition and recoveries of the balances approved for clearance? If yes, please provide references.

Issue 11.1 Is the proposed revenue requirement determined using modified IFRS appropriate?

Interrogatory # 63

Ref: Exhibit A2, Tab 1, Sch. 1, pages 2-3 & Exhibit A2, Tab 1, Sch. 2

The RRWF shown in Attachment H of Exhibit A2, Tab 1, Schedule 2 indicates a gross revenue deficiency of $13,653,007. Table 1 of Exhibit A2, Tab 1, Schedule 2 shows a total deficiency of $11,317,000.

a) Please indicate if these revenue deficiencies are based on CGAAP or MIFRS.

b) Please explain the difference of $2,336,000 between these figures that is in addition to the transformer ownership allowance credit of $1,161,000.

c) **If the response to part (b) is that the revenue at current rates used in the RRWF includes revenues from the SM adder, please file a revised RRWF that excludes from revenues at existing rates and proposed rates any SM adder revenues or revenues associated with any rate riders in place or forecast to be in place.**

Interrogatory # 64

Ref: Exhibit J2, Tab 1, Sch. 1, Attachment AT

a) **Please confirm that the depreciation expense calculated under MIFRS for 2011 and 2012 do NOT use the years shown in the continuity schedules shown on pages 2 and 3 because the depreciation is being calculated on the net book value which implies that the assets have remaining asset lives shorter than when they were put into service.**

b) **Please provide the range of lives used for each account that has been applied to opening balance in the account in 2011.**

c) **Please show the calculation of the depreciation expense shown on page 2 for 2011 for accounts 1925 - Computer Software (5 years) and 1820 - Station Equipment (Above 50 kV).**

d) **Please should the calculation of the depreciation expense for the same two accounts noted in (c) above for 2012, shown on page 3.**

Interrogatory # 65

Ref: Exhibit J1, Tab 1, Sch. 1, page 7

Please provide a copy of the internal analysis that Hydro Ottawa used to determine its components and lives for depreciation purposes.

Interrogatory # 66

Ref: Exhibit J3, Tab 1, Sch. 2, Attachment AW & Exhibit A2, Tab 1, Sch. 1, pages 2-3 & Exhibit A2, Tab 1, Sch. 2 & Exhibit J1, Tab 1, Sch. 1, Table 2

a) Please reconcile the increase in the revenue deficiency from that in the RRWF shown in Attachment H of Exhibit A2, Tab 1, Schedule 2 which indicates a gross revenue deficiency of $13,653,007 and Table 1 of Exhibit A2, Tab 1, Schedule 2 that shows a total deficiency of $11,317,000 with the total deficiency shown in Attachment AW of Exhibit J3, Tab 1, Schedule 2 of $16,044,210 despite the impact on the revenue requirement being only $287,000 as illustrated in Table 2 of Exhibit J1, Tab 1, Schedule 1.

b) Please explain why there appears to be a revenue deficiency of $136,426 in the At Proposed Rates column of the RRWF shown in Attach AW to Exhibit J3, Tab 1, Schedule 2, while the following page of the RRWF appears to show a revenue sufficiency.

Issue 11.2 Are the proposed new MIFRS deferral and variance accounts appropriate?

Interrogatory # 67

Ref: Exhibit J4, Tab 1, Sch. 1, Attachment AZ

a) Please confirm that at the beginning of 2012 rate base will be $427,000 lower under MIFRS than under CGAAP. Please also confirm that at the end of 2012, the balance in this account would be $320,000, reflecting the proposed recovery of $107,000.

b) Please show how the return of $30,000 was calculated.

c) Please indicate why Hydro Ottawa decided on a four year amortization period given the small amount in the account.