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August 22, 2011

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition (VECC)
Notice of Intervention: EB-2011-0054

Please find enclosed the interrogatories of VECC in the above-noted proceeding.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

REQUESTOR NAME:	**VECC**
INFORMATION REQUEST ROUND NO:	**#1**
TO:	**Hydro Ottawa Limited**
DATE:	**August 22, 2011**
CASE NO:	**EB-2011-0054**
APPLICATION NAME:	**2012 Electricity Distribution Rate Application**

ISSUE 1: GENERAL

1) Issue 1.1: Has Hydro Ottawa responded Board directions? **Reference: Exhibit H1, Tab 2, Schedule 1, page 5**

a) Attachment AO only contains the proposed Standby rates for 2012. Please provide a schedule that sets out the Standby rates for 20082011 that have only been approved on an interim basis and for which Hydro Ottawa is seeking final approval.

2) Issue 1.2: Are the overall economic and business planning assumptions appropriate? **Reference: Exhibit A1-9-1, Appendix B, page 79 Economic Expansion Model.**

a) Ottawa Hydro stats that I shall cease to apply a per kilowatt enhancement costs (aka. Upstream costs) as part of the Economic Evaluation for its distribution system. Please provide the amount collected in 2009 and 2010 under this provision
b) Where is the recovery of the lost revenues associated with this change found in the evidence?

3) Issue 1.3 : Is Service Quality Acceptable? **Reference: Exhibit A1, Tab 9, Schedule 1, Attachment G, page 22 Conditions of Service-Disconnection Section 2.2.1**

a) Pursuant to section 2.2.1 item 8 of the Conditions of Service- please provide the number of times in 2009 and 2010 that potential customers have been refused service due to lack of “identification and pertinent account information….have not been confirmed”.
b) Please provide an explanation as to the most common type(s) of issues that arise under which Hydro Ottawa relies

4) Issue: 1.3: Is the Service Quality Acceptable? **Reference: Exhibit A1, Tab 9, Schedule 1, Attachment G. page 36 Conditions of Service Customer Deposits.**

a) What was the average balance of customer deposits in: 2009; 2010?
b) What was the average return on the balance of customer deposits in 2009; 2010?
c) What was the average return provided to customers in 2009,2010 on their deposit?

5) Issue 1.2 Is Service Quality Acceptable? **Reference: Exhibit A, Tab9, Schedule 1, Attachment G, page 36 Conditions of Service – Deposits.**

a) At 2.4.3.6 of Hydro Ottawa's Conditions of Service it states that Consumers may request any assessed security deposit to be paid over four (4) months. New Board customer service rules which come into effect October 1, 2011 allow for a six (6) month period for payment. Please explain this apparent discrepancy?
b) New Board rules on customer service include a number of provisions for low income consumers. Please explain how these provisions are being implemented by Hydro Ottawa and what steps are being taken to communicate these provisions to low income consumers?

6) Issue 1.2: Is Service Quality Acceptable? **Reference: Asset Management Plan page 21.**

a) Figure 4 of the Asset Management Plan shows that there is no discernible improvement in SAIFI (excluding loss of load) for the period 2001 through 2010. In fact 2009 was the second worst year and 2010 was the 5th worst year. Why is there no discernible trend toward improved reliability?

ISSUE 2: RATE BASE

7) Issue 2.1: Is the proposed rate base appropriate? **Reference: Exhibit B1, Tab 1, Schedule 1, pages 1-11.**

a) As shown in Tables 1 through 5 the growth in average net asset balance as between 2008 Board approved (470,102) and 2012 forecast (571,534) is 21.6%. During the same period Hydro Ottawa's customer growth, actual and forecast is 6.4%, and its throughput/energy sales are expected to decline (Reference C1, Tab1, Schedule 2, and Tables 1 & 2). Please explain the reasons for the growth in assets given these apparent slower growth in customers, energy sales or reliability indices.
b) Please provide a table which allocates for each of the 5 years the growth in assets attributable to: 1.Maintenance; 2. Customer growth; 3.

Throughput; growth/decline; 4.green energy plan; and 5. New initiatives/legislated changes etc (please provide an explanation).

8) Issue 2.1: Is the proposed rate base appropriate? **Reference: B6, Tab 1, Schedule 1, Attachment W**

a) What metrics does Hydro Ottawa use to measure the efficiency or effectiveness of its plant investments. For example, are reliability metrics, capital employed per customer or sales used? If not, please explain

9) Issue 2.1: Is the proposed rate base appropriate? **Reference: Exhibit B1, Tab1, Schedule 1, page 4**

a) Section 3.0 describes amounts removed from rate base. Please provide the amount of the rate base reduction for the two items mentioned (separately for land and solar panels).

10) Issue 2.1: Is the proposed rate base appropriate? **Reference: Exhibit B1, Tab 2, Schedule 4, pages 1-22 – Facilities Strategy.**

a) The purpose of this interrogatory is to clarify the total costs of the Facilities Strategy. Table 6, page 11, lists a net loss on property that may be sold as part of Hydro Ottawa's facilities strategy. Table 8 lists total budgeted costs, and Table 9 lists other costs, including $1 million in moving costs. Please confirm that Table 8 is inclusive of all costs (including moving costs, costs of project management including staff, gains or loss on property). If Table 8 does not provide all the costs please provide a table that does.

11) Issue 2.1: Is the proposed rate base appropriate? **Reference: Exhibit B1, Tab 2, Schedule 3, page 2 – IM&IT.**

a) Please file the IM&IT plan
b) If separate from the plan, please provide the costing analysis of the entire IM&IT plan (or confirm the total cost of the plan is listed at Exhibit B1, Tab 2, Schedule 7, page 7, Table 3).

12) Issue 2.1: Is the proposed rate base appropriate? **Reference: Exhibit B1, Tab 2, Schedule 5, Figure 4 & 5, page 4 – Fleet Purchases.**

a) Please explain why actual fleet vehicles purchases in 2009 and 2010 were below both historical and proposed levels.

13) Issue 2.1: Is the proposed rate base appropriate? **Reference: Exhibit B1, Tab 2, Schedule 6, page 1**

a) The evidence states that Hydro Ottawa included costs related to CIS transition in its 2008 rate case. It also states that it did not proceed with this project since that time. Please calculate the 2008 revenue requirement impact of the project (e.g. OM&A, working capital costs etc.).
b) When was the decision to delay this project made?
c) What specific circumstances changed between January 2008 (the time of the EB-2007-0713 Settlement Conference) and the date of the decision (b) to delay the project.

14) Issue 2.1: Is the proposed rate base appropriate? **Reference: Exhibit B5, Tab 2, Schedule 1, pages 1-18.**

a) Please provide the actual or forecast costs for all Long Term Load Transfers for the period 2008 to 2012.
b) Please provide any economic evaluation for these projects (i.e. comparing cost to connect, revenue compared to potential sale of asset to physically connected utility).

15) Issue 2.1: Is the proposed rate base appropriate? **Reference: Exhibit B5, Tab 4, Schedule 1 – Capital Contributions.**

a) Historically (i.e. actuals 2008 – 2010) capital contributions have maintained a steady rate of approximately 25% of gross capital expenditures. Hydro Ottawa's forecasts for 2011 and 2012 have capital contributions falling to approximately 17% of gross total capital expenditures. Please explain the reason for the expected change in contributions.
b) Please provide an updated actual and forecast for the 2011 capital contributions.

16) Issue 2.1: Is the proposed rate base appropriate? **Reference: Exhibit H4, Tab 1, Schedule 1, pages 1-5.**

a) Please identify the capital projects that were completed during the 2008 to 2011 period that were specifically identified as part of Hydro Ottawa's proposal to reduce losses by 5%.

17) Issue 2.2: Is the working capital allowance appropriate? **Reference: Exhibit B4, Tab2, Schedule 1, page 20.**

a) Please provide the estimate of the decrease in working capital requirements (Reference Table 25) due to the change to monthly billing.
b) If a plan for the introduction of monthly billing has been produced please provide it. If not please provide the reason for not introducing monthly billing for the 2012 rate year.

18) Issue 2.2: Is the working capital allowance appropriate? **Reference: Exhibit B4, Tab2, Schedule 1, Attachment U.**

a) Hydro Ottawa retained Navigant Consulting to perform an independent review of the lead-lag study. That study concluded that the methodology employed by Hydro Ottawa is “[g]enerally consistent in terms of methods used with other studies.” In what areas is the Hydro Ottawa methodology inconsistent with methodologies employed by other Ontario electric distribution utilities?
b) What were the equivalent percentage of controllable expenses from the Horizon Utilities, Hydro One, and Toronto Hydro lead-lag studies
c) Did Navigant undertake a variance analysis to determine the reasons for variation between results of the various lead-lag studies? If yes, please provide this analysis. If not please provide the reasons Ottawa Hydro did not require a detailed analysis of the methodological differences in the lead-lag studies.

19) Issue 2.4: Is the capitalization policy and allocation procedure appropriate? **Reference: Exhibit B1, Tab 3, Schedule 1, Attachment Q.**

a) Did Hydro Ottawa compare its capitalization and cost allocation policy with that of other utilities (e.g. Toronto Hydro or Hydro One). If so, what were the material differences? If not, please explain why this analysis was not undertaken.

20) Issue 2.4: Is the capitalization policy and allocation procedure appropriate? Reference Exhibit B1, Tab 3, Schedule 1; Exhibit D1, Tab 1, Schedule 1, page 5.

a) The evidence states that Hydro Ottawa “changed its accounting estimates in 2007 for allocating overhead costs to capital programs” (Ex. D). It also states that “[t]he procedures became effective January 1, 2008.” Please clarify in what year the revised capitalization policy became effective.
b) The Settlement conference in Hydro Ottawa’s last cost of service rate case (EB-2007-0713) was in January 2008. Did Hydro Ottawa notify the parties to that proceeding and revise its proposal for the new capitalization policy at that time? If not please explain why the 2008 rate proposal was not revised to reflect the new capitalization policy.

21) Issue 2.5: Is the Green Plan Appropriate? **Reference: Exhibit B1-2-2, Attachment P.**

a) What is the total OM&A costs related to the Green Energy Plan in 2010, 2011 and 2012. Please break down the costs by labour and other OM&A.
b) Is Appendix A of Attachment P a complete list of the Green Energy Plan related projects for 2011 and 2012? If not please provide that list.

c) Of the projects listed in Appendix A, or the complete list of projects (see question b) please identify those projects which would be included in Ottawa's spending plans irrespective of the need to connect generation.

22) Issue 2.5: Is Hydro Ottawa's Green Energy Plan appropriate? **Reference B6, Tab, Schedule 1 & 2 Asset Management Plan/Green Energy Act Plan**

a) Do either the Green Energy Plan or the 2011 Asset Management Plan contain programs specifically aimed at reducing line loss?
b) If not, why not?

23) Issue 2.7: Is the accounting for smart meters in rate base appropriate? **References: Exhibit B5, Tab 3, Schedule 1, page 18 / Exhibit D1, Tab 1, Schedule 2, page 10**.

a) Table 4 of Exhibit D , Tab 1, page 10 shows the number of customers increasing from 291,639 to 311,918. Of this increase, by year, how many of the customer increase is attributable to "suite metering" (Table 7 at Exhibit C1, Tab 1, Schedule 1, page 8 shows the forecast for suite metering for only 2011 and 2012).
b) In respect to smart metering, please explain the difference between "conventional [smart] meter bases on individual units and "suite metering".
c) Since suite meters apparently compete with third party providers. If that is true does Hydro Ottawa account for this activity differently than conventional smart meters?

ISSUE 3: LOADS – CUSTOMER THROUGHPUT

24) Issue 3.1: Is the load forecast methodology including weather normalization appropriate? **Reference: Exhibit C1, Tab 1, Schedule 1, pages 3-5 and Appendix X.**

a) Please provide the Conference Board of Canada documents for both a) the historical GDP values used to develop the regression model and b) the forecast GDP values used to forecast power purchases for 2011 and 2012.

b) Did Itron Inc. test any other economic variables (e.g. unemployment rates) or demographic variables when developing its regression model for system energy?
   - If yes, please provide the results (i.e., R-Squared, Adjusted R-Squared, Variable Coefficients/t-Stats).
   - If not, why not?

c) With respect to the model for purchases (Appendix X, page1), please provide a qualitative explanation as to what each of the “BinT” variables are meant to reflect and why they are key drivers for purchases.

d) Please provide a table that sets out both the historical and the forecast values used for each variable for the system energy forecast model.

25) Issue 3.1: Is the load forecast methodology including weather normalization appropriate? **References: Exhibit C1, Tab 1, Schedule 1, pages 4-5 /OEB June 2011 Filing Guidelines, Chapter 2, page 25.**

a) Please provide schedules (charts) that set out the values for HDD and CDD for the last 20 years and, based on trend analysis, estimate the HDD and CDD values for 2011 and 2012.

b) Please provide a table that sets out for 2009 and 2010 the following:
- The actual purchases for each year
- The actual HDD and CDD values for each year
- The “weather normal” HDD and CDD values for each year (as defined by Ottawa)
- The HDD and CDD coefficients per Ottawa’s regression model
- The weather normal adjustment for each year based on the product of a) the HDD and CDD coefficients and b) the differences between the actual and “weather normal” values for HDD and CDD respectively.
- The estimated “weather normal purchases” calculated by adjusting actual purchases by the values calculated in the preceding bullet.

26) Issue 3.1: Is the load forecast methodology including weather normalization appropriate? **Reference: Exhibit C1, Tab 1, Schedule 1, pages 5-6 and Appendix X, page 2.**

a) Was the forecast of System Peak used at all in developing the forecast of the 2011 and 2012 billing determinants by customer class? If yes, please explain precisely where and how it was used.
b) Please provide a definition for each of the explanatory variables used to predict System Demand.

27) Issue 3.1: Is the load forecast methodology including weather normalization appropriate? **References: Exhibit C1, Tab 1, Schedule 1, pages 9-10 and Appendix X, pages 3-20 / OEB Staff IR #26.**

a) For each of the customer class models (i.e., customer count and sales) please provide a definition for each explanatory variable used.

b) In responding to OEB Staff IR #26, please provide a schedule that for 2011 and 2012 shows the predicted sales for each class using the forecast models, the sum of the class model’s results and adjustment (both total and by customer class) required to match the system energy forecast. Please also explain how the adjustment was allocated to customer classes.

28) Issue 3.1: Is the load forecast methodology including weather normalization appropriate? **Reference: Exhibit C1, Tab 1, Schedule 1, page 14.**

a) Please explain more fully how the class demand forecasts were developed for those classes that are demand billed.

b) Please provide a schedule that for each demand billed class sets out the kW to kWh ratio for each of the years 2005-2012.

29) Issue 3.2: Are the proposed customer/connections and load forecasts (both kWh and kW) for the test year appropriate**? Reference: Exhibit C1, Tab 1, Schedule 1, page 12.**

a) Please explain why the number of suite metering conversions is projected to decline from 2,310 in 2011 to 500 in 2012.

b) Are the 2,310 and 500 customer conversions the number that are forecast to occur in 2010 and 2011 respectively?

c) If yes, was the adjustment made for 2012 - 500 or 2,810 (i.e., 2,310 plus 500)? If the former, please explain.

30) Issue 3.2: Are the proposed customer/connections and load forecasts (both kWh and kW) for the test year appropriate? **Reference: Exhibit C1, Tab 1, Schedule 1, pages 12-14.**

a) Please provide the actual customer count, by class, as of June 30, 2011.

b) Does Table 12 set out: a) the Number of Customers with Load Displacement Generation or b) the Number of Customers with Load Displacement Generation Requiring Standby Service?

31) Issue 3.3: Is CDM appropriately reflected in the load forecast? **References: Exhibit C1, Tab 1, Schedule 1, pages 6-7; OEB Staff IR #30.**

a) Please describe the current status of Ottawa's 2011 CDM program activity.

b) Please complete the following schedule setting out the annual and cumulative energy savings anticipated from Ottawa Hydro's CDM programs (Note: xx designates areas where there should be entries and Total Cumulative Savings as of 2014 should equate to Ottawa's 374.73 GWh target).

	Year			
Program Year	2011	2012	2013	2014
2011 Programs	xx	xx	xx	xx
2012 Programs		xx	xx	xx
2013 Programs			xx	xx
2014 Programs				xx
Total Annual Savings	xx	xx	xx	xx
Total Cumulative Savings	xx	xx	xx	xx

c) Is the 374.03 target measured as "billed savings" or "purchased power savings"?

d) If "billed savings", does the adjustment that Ottawa has made to the 2012 purchased power forecast need to be revised?

32) Issue 3.3: Is CDM appropriately reflected in the load forecast**? Reference: Exhibit C1, Tab 1, Schedule 1, pages 5-6.**

a) Please complete the following table summarizing Ottawa's CDM results to-date.

	Year					
Program Year	2005	2006	2007	2008	2009	2010
2005 Programs	xx	xx	xx	xx	xx	xx
2006 Programs		xx	xx	xx	xx	xx
2007 Programs			xx	xx	xx	xx
2008 Programs				xx	xx	xx

2009 Programs					xx	xx
2010 Programs						xx
Annual Savings	xx	xx	xx	xx	xx	xx

b) Is it reasonable to assume that the regression models reflects the historic trend in CDM set out above?
   - If not, why not?
   - If yes, is it reasonable to assume that captured in the energy forecasts for 2011 and 2012 based on the regression model are CDM savings that reflect a continuation of this continued trend?

33) Issue 3.4: Is the proposed test year throughput revenue appropriate?
References: Exhibit C1, Tab 1, Schedule 1, page 16 /Exhibit C1, Tab 1, Schedule 2, page 2 and Attachment Y /Exhibit F1, Tab 1, Schedule 1, page 2.

a) Please explain why the TOC is added to the Base Revenue Requirement when determining the Revenue Deficiency (per Exhibit C1, Tab 1, Schedule 1, page 16).

b) Please provide a schedule that sets out the derivation (including volumes and rates), by customer class, of the $146.865 M for revenue at existing rates shown in Exhibit F1 and in Appendix H.

c) Please reconcile the reported values for 2012 revenues at existing rates:
   - $146.865 M (Exhibit F1, Tab 1, Schedule 1, page 2)
   - $143.367 M (Attachment H, Tab 5, Under Initial Application-Proposed Rates column)
   - $141.588 M (Exhibit H1, Tab 2, Schedule 1, page 2)
   - $141.580 (Exhibit H1, Tab 2, Schedule 1, Attachment AL, page 29)

d) Do the revenues reported in Schedule 2 and Attachment Y reflect the transformer ownership discount that certain customers receive?

34) Issue 3.5: Are the proposed revenue offsets appropriate: Reference H4, Tab 1, Schedule 1, page 1-5 Loss Adjustment Factors

a) Please provide the revenue adjustment related to Hydro Ottawa's proposal to modify its loss adjustment factors.

35) Issue 3.5: Are the proposed revenue offsets appropriate? **Reference: Exhibit C2, Tab 1, Schedule 1, pages 4 – 5.**

a) How many micro-fit customers does Hydro Ottawa have as of June 30, 2011?

b) How many micro-fit customers does Hydro Ottawa expect to have as of year-end 2011 and year-end 2012?

36) Issue 3.5: Are the proposed revenue offsets appropriate? **Reference: Exhibit C2, Tab 1, Schedule 5, pages 1 – 7.**

a) Table 1 shows a decrease in SSS Admin Charge revenue in 2011 versus 2010. However, the Application (page 3) suggests that revenues increase due to customer growth. Please reconcile.

b) The Application (page 6) suggests that 2011 duct revenues are consistent with 2010 actual results. However, Exhibit C2, Tab 1, Schedule 1, Attachment Z shows a material increase from $820 k to $1,358 k. Please reconcile.

c) Where in Table 1 (and also in Exhibit C2, Tab 1, Schedule 1, Attachment Z) are the revenues from Hydro One Networks for property rental reflected?

37) Issue 3.5: Are the proposed revenue offsets appropriate? **Reference: Exhibit C2, Tab 1, Schedule 1, Attachment Z.**

a) Are the forecast gains from Disposal of Property in 2012 the full amount of the anticipated gains?

b) If not, why not?

ISSUE 4: OPERATIONS, MAINTENANCE AND ADMINISTRATION COSTS

38) Issue 4.1: Is the Overall OM&A forecast appropriate? **Reference Exhibit D1, Tab 1, pages 5-8, Table 1 Summary.**

a) The following OM&A accounts show significant growth since the last Board approved (2008) or significant actual under spending from the Board approved followed significant growth in the bridge (2011) and test year (2012). Please provide a detailed explanation as to the reason for the variation. Please address any additional specific questions noted below. In the explanation please provide details as to what, if any, steps are being taken to mitigate cost increases.

i) 5100 Load Dispatching.

ii) 5035 Overhead Distribution Transformers.

iii) 5085 Miscellaneous Distribution expenses.

iv) 5135 Overhead Distribution Line Right-of way. Please explain why no spending was made in this area prior to 2011.

v) 5175 Maintenance of Meters. If related to introduction of smart meters, please explain the reasons why these meters are more costly to maintain.

vi) 5310 Meter Reading Expense (see v.).

vii) 5410 Community Relations.

viii) 5630 Outside Services.

ix) 6205 Charitable Contributions.

39) Issue 4.1: Is the overall OM&A forecast **appropriate Reference D1, Tab 1, Schedule 1, pages 1-20** *Preamble: The evidence shows that Ottawa Hydro has had actual customer number growth of approximately 1.5% and that its energy sales have virtually stayed the same since 2008 (see Exhibit C1, Tab 1 , Schedule 1, pages 11-15). CPI inflation was 2008:2.4%; 2009:0.3%; 2010:1.8%*

a) Please verify the CPI rates for 2008 through 2010 - or provide the inflation factor Hydro Ottawa used when reviewing proposed budgets.

b) Please explain what steps Hydro Ottawa management has taken to align OM&A costs to customer growth/energy sales and inflation.

c) Does Hydro Ottawa senior management provide a documented policy or direction to the various departments preparing budgets? If yes, please provide the communications provided for the preparation of budgets for 2009 through 2012.

d) If no documented communication was made to departments, then please explain how senior management provides direction and oversight in the budget process.

40) Issue 4.4: Are the 2012 compensation costs and employee levels appropriate? **Reference: Exhibit D3, Tab 1, Schedule 1, page 3.**

a) The evidence indicates that 16 of the 32 Management FTE increase as between 2008 Board approved and forecast in 2012 are attributable to position transfers from Hydro Ottawa Limited. What are the reasons for the remaining increase of 16 FTEs?

b) What steps, if any, has Hydro Ottawa taken to align FTE growth with customer growth or energy sales growth (decline)?

41) Issue 4.4: Are the 2012 compensation costs and employee levels appropriate? **Reference Exhibit D3, Tab 1, Schedule 1, page1 & 6, Tables 1 & 4.**

a) In respect to Table 4 for 2008-2012 please provide the number of employees in the rows marked: "Executive/Sr. Mgmt" and "Management." For Table 1 please disaggregate the row marked "Management" as between "Sr. Mgmt" and "Management"

42) Issue 4.4: Are the 2012 compensation costs and employee levels appropriate? **Reference D3, Tab 1, Schedule 1, page 7.**

a) Please explain the employee incentive compensation program, including the quantitative metrics used to determine incentive payout.

b) Are service quality indicators, customer or energy sales, costs per customer or other quantitative metrics are used to determine incentive pay. If not please explain why not?

c) For 2008, 2009 and 2010 and for each group: Executive; Senior Management; Management; and Non-unionized, please provide the percentage of incentive paid as compared to the maximum available to that group (for example, if the Executive group were eligible for a maximum incentive pay of 15% of base salary, then this would be calculated as the sum of actual incentive payments divided by 15% of total executive salaries).

43) Issue 4.4: Are the 2012 compensation costs and employee levels appropriate? **Reference Exhibit D1, Tab 1, Schedule 1, page 5**.

a) If Hydro Ottawa's capitalization policy was changed in 2007 why would this have an impact on the OM&A costs shown for 2008 onwards?

ISSUE 5: CAPITAL STRUCTURE AND CAPITAL COSTS

44) Issue 5.1: Is the proposed capital structure and rates of return on debt and equity appropriate? **Reference Exhibit A3-4-1, Attachment N, page 3.**

a) Please provide a copy of the dividend policy of Hydro Ottawa.

b) What impact on the amount of debt required being raised does this policy have?

45) Issue 5.1/5.2: Is the proposed capital structure and rates of return on debt and equity appropriate? **Reference Exhibit E1, Tab 1, Schedule 1, page 4**

a) Please explain the statement made at page 4: "Hydro Ottawa benefits from this financing arrangement with competitive pricing as it could not place external long term debt in the smaller incremental tranches that it normally receives from the Holding Company." Why can Hydro Ottawa not place external long term debt in small increments?

b) How does Ottawa Hydro determine that it gets a "competitive pricing?" In respect to Table 1 (E1/T1/S1/pg.3) Please provide the comparable rates that were considered in making that statement.

c) Since Ottawa Hydro is by far the predominant entity of the Holding Company how does any benefit arise?

d) Please provide the 2012 costs related that arise out of the 10 basis points "administration costs" paid to the Holding Company.

ISSUE 6: SMART METERS

46) Issues: 6.1 and 6.2: Is the proposed elimination of the smart meter rate adder and the inclusion of the smart meter costs in the 2012 revenue requirement appropriate? / Is the proposal not to dispose of the balances in variance accounts1555 and 1556 appropriate? **Reference: Exhibit I2, Tab 1, Schedule 1, page 1 Tables 1-3**

a) Provide a table that shows by class, the AMCD Capital invested, the revenue requirement and SM funding adder revenue collected from 2006-2010.

b) For the residential class provide the unit installed cost for single phase (and three phase meters and the numbers and total costs for 2006-2010).

c) Provide similar installed costs for the other classes.

47) Issue 6.2: Is the proposal not to dispose of the balances in variance accounts1555 and 1556 appropriate? **Reference Exhibit I2, Tab 1, Schedule 1, page 1 Table 5.**

a) Using installed class specific capital cost as the cost driver/allocator provide a version of Table 5 that shows the revenue requirements, revenue collected and net balance attributable to each rate class.

b) Compare the result to Table 5 and comment on the differences.

c) Provide an estimate of the Smart Meter Disposition Rate Rider per class would be if the forecast of capital and operating costs to end of 2011 was approved for disposition and recovery.

48) Issue 6.2: Is the proposal not to dispose of the balances in variance accounts 1555 and 1556 appropriate? **Reference: Exhibit I2, Tab 1, Schedule 1, page4- 7.**

a) Is the $404,500 related to smart meter remote disconnection included in any aspect of the rate proposal of Hydro Ottawa?

b) In respect to Table 4 at page 7 (I2/T1/S1) does the 1,690,890 represent an incremental and ongoing cost of the smart meter program. If so what are the 2011 and 2012 forecast costs.

c) In respect to page 5 (I2/T1/S1) the evidence states: "Hydro Ottawa has always indicated that the unit cost of installations would increase as the project continued after easier installations had been completed." Please explain this statement. In respect to 2009 and 2010 please how Ottawa Hydro differentiates as between the increase in per installation costs that are attributable to the change from third party installation to in-house installation, and the increase in cost inherent in the type of installation. For example, how does Ottawa Hydro know whether the costs per install have increased due to an increase in hourly labour costs or because each installation requires more hours of labour.

49) Issue 6.2: Is the proposal not to dispose of the balances in variance accounts 1555 and 1556 appropriate? Reference Exhibit I1, Tab 1, Schedule 2

a) If Hydro Ottawa is not proposing to dispose of the balances in the accounts why does it require a determination from the Board?

b) When does Hydro Ottawa propose disposing of the accounts?

ISSUE 7: COST ALLOCATION

50) Issue 7.1: Is Hydro Ottawa's cost allocation appropriate? Reference: Exhibit G1, Tab 1, Schedule 1, page 2 / OEB Staff IR #58 b).

a) Is the cost allocation model filed by Hydro Ottawa fully consistent with the revised OEB cost allocation model released on August 5, 2011?

b) If not, please file a revised cost allocation model consistent with the Board's August 5th directions.

c) In either case, please fully explain the basis for the weighting factors used for Services (Account 1855), Billing and Collection (Accounts 5315-5340, except 5335), Meter Reading and Meter Capital. In doing so, please indicate how the fact smart meters are now in rate base has been taken into account.

51) Issue 7.1: Is Hydro Ottawa's cost allocation appropriate? **Reference: Exhibit G1, Tab 1, Schedule 1, Appendix AJ, page 2.**

a) Please provide a revised copy of the schedule which includes Column 7B – Revenue At Existing Rates.

b) Please provide a schedule that sets out the derivation of Revenue at Existing Rates by Class (i.e., volumes and rates used).

ISSUE 8: RATE DESIGN

52) Issue 8.1: Are the fixed to variable splits for each class appropriate? **Reference: Exhibit G1, Tab 1, Schedule 1, page 7.**

a) Please confirm that for the GS<50; GS 50-1,499 and GS 1,500-4,999 classes both the 2011 MSC and the proposed 2012 MSC are above the Board's "upper bound".

b) Why is Ottawa proposing to increase the MSC for each of these classes when the existing value already exceeds the Board's "upper bound"?

53) Issue 8.1 Are the fixed to variable splits for each class appropriate? **Reference: Exhibit H1, Tab 2, Schedule 1, pages 1-4 and Attachment AL, pages 32-33.**

a) Please confirm that the calculation of the 11.73% factor used to adjust the fixed and variable charges for each class was based on: a) a Base Revenue Requirement that was increased by the cost of the TOC and b) Revenues at Existing Rates that were not reduce by the TOC.

b) Please provide a schedule that sets out the fixed and variable revenue by class for 2012 based on existing rates where variable revenues have been reduced by the TOC where applicable. In the same schedule please set out the resulting fixed-variable split for each class.

c) Please provide a schedule that sets out the proposed allocation of the Service Revenue Requirement ($166.046 M) to customer classes based on the proposed Revenue to Cost ratios (per Exhibit G1, Tab 1, Schedule 1, page 6) and Revenue Responsibility by Class (per Attachment AH, page 13)

d) Please provide a schedule that derives the MSC for each customer class based on: a) the class' allocation of the Service Revenue Requirement (per part 3) less the class' allocated Miscellaneous Revenues; b) the class' percentage for the fixed rate from part 2 and c) the forecast customer count for 2012.

e) Please provide a schedule that derives the variable rate for each customer class based on: (i) the class' allocation of the Service Revenue Requirement (per part 3) less the class' allocated Miscellaneous Revenues; ii) the class' percentage for the variable rate from part 2 and iii) the forecast customer energy/billing demand for 2012. (Note: For those classes where customers receive the TOC please include the cost for the class' TOC in the determination of the variable rate.)

54) Issue 8.3: Are the proposed LV rates appropriate? **Reference: Exhibit H3, Tab 1, Schedule 1, pages 2-3.**

a) Please provide a schedule that sets of the derivation of the "escalator" used to increase the 2010 LV costs (less Richmond DS) to the 2011 and 2012 values set out in Table 2.

55) Issue 8.3: Are the proposed LV rates appropriate? **Reference: Exhibit H3, Tab 1, Schedule 1, page 2 and Attachment AM, page 2.**

a) The text in Attachment AM suggests that the annual savings from the purchase of the Richmond DS and Fallowfield DS would be $600,000 annually. However, Table 2 suggests savings in the order of $300,000. Please reconcile.

56) Issue 8.4: Are the proposed loss factors appropriate? **References: Exhibit H4, Tab 1, Schedule 1, pages 3-5 /Exhibit H4, Tab 3, Schedule 1 /Attachment AN, pages 12-17.**.

a) Given Hydro Ottawa's progress to-date in implementing the Report's various recommendations, why not use a two-year average (i.e., 2009 and 2010) as opposed to a three-year average of historical losses?

ISSUE 9: DEFERRAL AND VARIANCE ACCOUNTS

ISSUE 10: LOST REVENUE ADJUSTMENT MECHANISM

57) Issue 10.1: Is the proposal related to LRAM appropriate? **Reference: Exhibit I3, Tab 1, Schedule 1, page 3.**

a) Please provide a schedule that sets out:
   - The total adjustment for CDM that was included in the 2008 Load Forecast (Note: Please clarify whether the adjustment was to forecast wholesale purchases or customer billed energy).
   - The break down of the load forecast adjustment by customer class.
   - The actual 2008 (verified) savings reported from 2008 CDM programs, broken down by customer class. (Note: Please confirm if the reported savings are based on customer billed energy or wholesale purchased energy).
   - The forecasted persistence of the savings from 2008 CDM programs in the years 2009 through 2012, broken down by customer class.

58) 10.1 Is the proposal related to LRAM appropriate? Reference: Exhibit I3, Tab 1, Schedule 1, page 3. *Preamble: OPA has provided Hydro Ottawa with the verified results for OPA funded programs for 2009.*

a) When will OPA results for 2010 Programs be available and how may this affect the LRAM and Load forecast?

b) Provide the results (kwh) Actual and forecast by year 2005-2012 for all OPA- funded *Residential* programs for 2005-2009.

c) For each program for each year tabulate the unit and total savings by year at the program/measure level, including any "co-branded market programs" such as Every Kilowatt Counts (EKC)

d) List and confirm OPA's input assumptions for EKC 2005 and 2006 including the measure life and unit kwh savings for Compact Fluorescent Lights and Seasonal Light Emitting Diodes. Confirm some of these assumptions were changed in 2007 and again in 2009 and compare the values

e) Confirm/ demonstrate whether the claimed savings shown in the response to part b) reflect the measure lives in place at the time the programs were run or reflect the latest OPA Measures and Assumptions list values.

f) Adjust the LRAM claim as necessary to reflect the measure lives (and Unit savings) for any/all measures that have expired starting in 2010

g) For the years 2009-2011 reconcile the changes with Table 2 and Attachment AE provided by the OPA.