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September 21, 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 – Technical Conference Questions on Updated Evidence

Pursuant to Procedural Order No. 1, issued by the Board on July 29, 2011, please find attached Technical Conference Questions of Energy Probe Research Foundation (Energy Probe) in respect of the updated evidence 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

Phone: (416) 964-9223 Fax: (416) 964-8239 E-mail: EnergyProbe@nextcity.com Internet: www.EnergyProbe.org

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.

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION ("ENERGY PROBE")

UPDATED EVIDENCE

September 20, 2011

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

ENERGY PROBE RESEARCH FOUNDATION
TECHNICAL CONFERENCE QUESTIONS

UPDATED EVIDENCE

Question #23

Ref: Exhibit A2, Tab 1, Schedule 2, Table 1

a) **Please explain why the Amortization expense increased from $47,320 to $47,416 in the updated table, despite the decrease in rate base.**

b) **Please provide a breakdown of the increase in the Payment in Lieu of Taxes from $5,951 to $8,567 in the updated table. Please include such drivers as changes in the CCA due to the delay in the CIS project.**

c) **Please breakdown the decrease of $6,814 in the 2012 Load at 2011 rates from $146,865 to $140,051 in the updated table due to the transformer ownership credit, the SM adder, the change in suite metering customers/volumes and any other changes to the forecast.**

Question #24

Ref: Exhibit A2, Tab 1, Schedule 3, Table 1 &
Exhibit A2, Tab 1, Schedule 2, Table 1

a) **The causes of the deficiency shown in the updated table shows an increase in amortization expense of $3,657. In the original evidence this was shown as $4,794. This implies a decrease in the amortization expense from that originally filed. However, as noted in Exhibit A2, Tab 1, Schedule 2, Table 1, the updated amortization expense appears to have increased from that originally filed. Please reconcile.**

b) **Please explain the difference in the figures shown in the updated Table 1 as compared to the original evidence for OM&A expenses from $4,882 to $7,727 when there does not appear to be any change in the OM&A expense forecast for 2012.**

c) **Please explain the changes between the original evidence and the updated evidence of the figures in Table 1 of Exhibit A2, Tab 1, Schedule 3 for the increase in return on equity ($6,404 to $5,411) and the increase in interest ($3,296 to $3,493). In particular, please show how the reduction in rate base of approximately $8.4 million results in a reduction of $993,000 in the return on equity and an increase of $197,000 in interest costs.**

Question #25

Ref: Exhibit B1, Tab 1, Schedule 1, Table 1

a) **The 2011 closing net asset balance has been reduced by $2,847 from $550,361 in the original evidence to $547,514 in the update. The 2011 CIP has decreased by $3,697 from $26,946 in the original evidence to $23,249 in the update. Please explain how much of these two changes is due solely to the CIS project (if any) and what are the drivers of the remainder of the changes.**

b) **Is the increase in the 2012 CIP from $27,858 to $38,866 due solely to the CIS project? If not, please provide the other drivers of this increase.**

Question #26

Ref: Exhibit B1, Tab 1, Schedule 1, Table 5

a) **Please confirm that the 2011 capital expenditures (net of contributed capital) have been reduced from $84,888 as shown in the original evidence to $78,255 as shown in the update, for a reduction of $6,633.**

b) **What are the drivers of this decrease in the 2011 capital expenditures net of contributed capital? In particular how much of the decrease is directly related to reduction in the forecast of suite metering customers?**

Question #27

Ref: Exhibit B3, Tab 1, Schedule 1, Table 7

a) **Please explain the increase in the 2012 amortization expense for IT assets from $8,086 in the original evidence to the update forecast of $8,197. Please provide the change that is related to the inclusion of smart meters in rate base.**

b) Please disaggregate the change in services and meters from the original evidence to the update as a result of the inclusion of smart meters in the rate base and the impact of the lower suite metering forecast.

Question #28

Ref: Exhibit B5, Tab 3, Schedule 1, Tables 1 & 4

a) A comparison of the original and updated Table 1 shows a reduction of $794,00 for Services and Meters. A comparison of Table 4 shows an increase of $1,943 for smart meters and a reduction of $1,440 for suite metering. Please reconcile these figures.

b) How was the reduction in suite metering calculated and how is it related to the reduction in the number of suite metering customers forecast for 2011?

c) Please explain the increase in miscellaneous expenditures shown in Table 4 from $62 to $220.

Question #29

Ref: Exhibit B5, Tab 3, Schedule 2, Table 1

a) Please confirm that there is no change between the original evidence and the update for the 2011 capital expenditures for information service and technology.

b) Please explain the increase forecast for miscellaneous.

Question #30

Ref: Exhibit B5, Tab 5, Schedule 1, Table 1

Please provide a version of Table 1 that excludes the capital expenditures related to the Facilities Strategy and CIS Transition Project from the main body of the table, including the net total line, but then adds these expenditures on at the bottom of the table in separate lines for each of the Facilities Strategy and CIS Transition projects, with a further net total equal to that shown in Table 1.

Question #31

Reference: Exhibit C1, Tab 1, Schedule 1, Table 7

a) **Please explain why the updated table shows a reduction in the 2011 residential customers as compared to the original evidence, but an increase in the kWh sales from 739,200 to 900,000.**

b) **Please show how the 5,400,000 kWh figure for 2012 residential volumes was estimated.**

c) **Please confirm that Hydro Ottawa originally forecast the loss of 9 GS > 50 customers in 2011 and 2012 as a result of conversions to suite metering, but is now forecasting a total of 3 conversions through to the end of 2012.**

d) **Please explain how the kW sales loss for 2011 and 2012 have been forecast for the GS> 50 class. Please explain how the corresponding losses in the original evidence were forecast and explain any differences or changes that have taken place.**

Question #32

Ref: Exhibit C1, Tab 1, Schedule 1, Tables 7, 10 & 11

Please explain why the GS1000I average customers and year end customers in the updated forecast for 2011 and 2012 are only 1 and 3 higher (averages) and 4 and 3 higher for 2011 and 2012 (year-end) when the number of conversions shown in Table 7 are 3 lower in each of 2011 and 2012.

Question #33

Ref: Exhibit D6, Tab 1, Schedule 1, Attachment AD

Please explain the reduction in the Historical Year UCC decrease in CCA class 50 in the updated evidence (324,022) as compared to the original evidence (1,660,421).

Question #34

Ref: Exhibit E1, Tab 1, Schedule 1, Table 1, Updated

a) **Has Hydro Ottawa issued the September 1, 2011 promissory note to Hydro Ottawa Holding Inc.? If yes, please provide the amount and rate actually issued.**

b) **Please provide a copy of the loan agreement between the holding company and its source of the financing that is used to finance Hydro Ottawa.**

Question #35

Ref: Exhibit G1, Tab 1, Schedule 1, Attachment AJ

The table on page 3 in part (d) shows the increase in the Sentinel Lighting revenue to cost ratio in 2013 and 2014. Which rate class will benefit from the increased revenues from the sentinel class?