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October 21, 2011

Kirsten Walli, Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto ON M4P 1E4

Dear Ms. Walli,

Re: EB-2011-0054 - Hydro Ottawa Limited 2012 Cost of Service Rate Application

Enclosed is Hydro Ottawa Limited's response to School Energy Coalition's Technical Conference Question #18c.

Hydro Ottawa Limited will submit two (2) hard copies with the Ontario Energy Board.

Yours truly,

*Original signed by P. Hoey*

Patrick Hoey  
Director, Regulatory Affairs

cc EB-2011-0054 Intervenors  
Violet Binette (Ontario Energy Board)  
Fred Cass (Aird & Berlis)



**Technical Conference Question**

c) [J2-1-1, J2-1-2, and K11, 11.1, Energy Probe #64] Please recalculate Tables 1 through 3 of J2-1-1, and the continuity schedules in J2-1-2, and Tables 1 through 6 of the Energy Probe IR response, using the Typical Lives set out in the Kinectrics Report.

**Response**

Hydro Ottawa Limited (Hydro Ottawa) has undertaken a rudimentary illustrative analysis in order to respond to School Energy Coalition's (SEC) request for information that compares components and service lives determined by Hydro Ottawa for the purposes of depreciation under International Financial Reporting Standards (IFRS) with the Typical Useful Lives set out in the Kinectrics Report.

As discussed with counsel for the SEC, Hydro Ottawa's IFRS analysis was the result of many months of effort that involved, among other things, the determination of IFRS compliant asset components to which costs should be assigned, applicable service lives, and the allocation of opening balance sheet costs to such components. The analysis was completed by Hydro Ottawa accountants, engineers and operating staff, and reviewed by IFRS project partner Ernst & Young.

In order to provide the information sought by SEC, Hydro Ottawa's engineering staff applied judgment as to how to allocate opening net book values to the full range of Kinectrics asset components, even though many of the components are not applicable to Hydro Ottawa's circumstances. Modelling worksheets were expanded to allow for additional components, allocation percentages were estimated and the depreciation models were re-run. The result of this work is by no means a rigorous and accurate calculation and, in any event, Hydro Ottawa does not accept that the comparison that SEC seeks to make to the Kinectrics Report is either appropriate or relevant. Subject to these comments, the information sought by SEC is provided as Attachment 1.



**List of Components with differing depreciation lives between Hydro Ottawa and Kinectrics Typical Life**

[illegible]

Components that do not require a further breakdown of the opening balance sheet NBV (6 out of 14)