October 24, 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-2011-0271**
**Halton Hills Hydro Inc.  – 2012 Cost of Service Application**
**Energy Probe – Interrogatories**

Pursuant to Procedural Order No. 1, issued by the Board on October 14, please find attached the Interrogatories of Energy Probe Research Foundation (Energy Probe) in the EB-2011-0271 proceeding.

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

Yours truly,

David S. MacIntosh
Case Manager

cc: Arthur Skidmore, Halton Hills Hydro (By email)
David Smelsky, Halton Hills Hydro (By email)
Richard King, Norton Rose LLP (By email)
Randy Aiken, Aiken & Associates (By email)
Intervenors of Record (By email)

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**EB-2011-0271**

# 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 Halton Hills Hydro Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2012.

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

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**October 24, 2011**

**HALTON HILLS HYDRO INC.**
**2012 RATES REBASING CASE**
**EB-2011-0271**

**ENERGY PROBE RESEARCH FOUNDATION**
**INTERROGATORIES**

**Interrogatory # 1**

**Ref: Exhibit 1, Tab 1, Schedule 13**

a) **Please describe the business associated with each of the HHCEC companies listed in Chart 1-2.**

b) **Are there any costs included in the HHHI revenue requirement associated with the Board of Directors of HHCEC or any of the affiliates shown in Chart 1-2? If yes, please quantify.**

**Interrogatory # 2**

**Ref: Exhibit 2, Tab 1, Schedule 1, Table 2-1**

a) **Please confirm that the figures for 2011 and 2012 are based on MIFRS.**

b) **Please provide a version of Table 2-1 that shows 2011 and 2012 based on CGAAP.**

**Interrogatory # 3**

**Ref: Exhibit 2, Tab 1, Schedule 2, pages 3-4**

**What is the impact on the 2012 revenue requirement if the 2011 and 2012 depreciation rate for poles and conductors were based on a 60 year asset life, rather than 50 years as proposed by HHHI?**

**Interrogatory # 4**

**Ref: Exhibit 2, Tab 1, Schedule 2, page 12**

**What is the impact on the 2012 revenue requirement if the 2011 and 2012 depreciation rate for computer hardware and software were based on lives of 5 and 3 years, respectively, rather than the proposed 3 and 2 years?**

**Interrogatory # 5**

**Ref: Exhibit 2, Tab 1, Schedule 2, Table 2-4**

**Please add columns to Table 2-4 to reflect the minimum, maximum and typical useful lives from the Kinetrics report.**

**Interrogatory # 6**

**Ref: Exhibit 2, Tab 1, Schedule 2**

**The June 22, 2011 Filing Requirements state (at page 14) that:**

> ***"Utilities are required to identify in their rates application the financial differences and resulting revenue requirement impacts arising from the adoption of modified IFRS accounting. The particulars of this requirement are set out in the Board Report, the amendments posted November 8, 2010 and March 15, 2011 and the Addendum listed above."***

**Please show the impact on the revenue requirement of MIFRS in 2012 as compared to CGAAP. Please provide an explanation of the differences by line item between MIFRS and CGAAP.**

**Interrogatory # 7**

**Ref: Exhibit 2, Tab 2, Schedule 3, Tables 2-10a, 2-10b, 2-11a & 2-11b**

a) **Please explain the significant reduction in depreciation expense between CGAAP and MIFRS for both 2011 and 2012.**

b) **Additions to gross assets in 2011 under MIFRS are about 6% less than the 2011 CGAAP figures. However, in 2012, the MIFRS additions are 20% higher under IFRS than under CGAAP. Please explain why the 2012 MIFRS additions are larger than under CGAAP.**

c) **Please confirm that in both the CGAAP and MIFRS schedules the only difference between the opening balance in 2012 and the closing balance in 2011 for both gross assets and accumulated depreciation is the inclusion of smart meters in the opening 2012 balances.**

d) **Please explain why MIFRS additions to computer hardware shown in Table 2-11a is different than the amount shown in Table 2-11b ($180,000 vs. $213,224).**

**Interrogatory # 8**

**Ref: Exhibit 2, Tab 2, Schedules 1 & 3, Tables 2-7, 2-8, 2-9, 2-14, 2-15 & 2-16**

**Capital additions shown in Table 2-14 match the additions shown in Table 2-7 for 2008. However, the tables for 2009 and 2010 do not appear to match.**

a) **Table 2-15 shows 2009 capital additions of $2,201,410, which appears to be the additions shown in Table 2-8 before the reduction for contributions and grants. Please provide a revised Table 2-15 that matches the additions shown in Table 2-8 inclusive of contributions and grants.**

b) **Additions shown for 2010 in Table 2-16 total $2,307,300, which does not match the additions shown in Table 2-9 with or without contributions and grants. Please reconcile these tables and provide revised tables.**

**Interrogatory # 9**

**Ref: Exhibit 2, Tab 2, Schedule 3, Table 2-17**

a) **Please add two columns to Table 2-17 to reflect the most recent-year-to-date actual costs for each line item shown and the current year-end forecast of expenditures for 2011 based on the actual expenditures to date and the forecast for the remainder of the year.**

b) **For each project shown in Table 2-17 please indicate whether the project is already in service in 2011, or if not, the current projection of the in-service date. This response could be a third column added to the table.**

**Interrogatory # 10**

**Ref: Exhibit 2, Tab 2, Schedule 3, page 12 & Table 2-17**

a) **Are the land purchase costs forecast for 2011 for the transformer station (6th line) and distribution substation (Trafalgar Road) included in the capital expenditures shown in Table 2-17 for 2011? If so, please indicate where they are included in this table.**

b) **The evidence indicates the transformer station would be commissioned in 2014, but no date is given for the distribution substation. When is the substation expected to be in service?**

**Interrogatory # 11**

**Ref: Exhibit 2, Tab 2, Schedule 3, Tables 2-18 & 2-11a**

**a) Please confirm that the capital additions shown for 2012 in Table 2-18 of $6,919,025 is based on MIFRS.**

**b) Please reconcile the figure of $6,919,025 shown in Table 2-18 with the additions shown in Table 2-11a for 2012 (also based on MIFRS) of $7,376,995.**

**Interrogatory # 12**

**Ref: Exhibit 2, Tab 2, Schedule 3, Table 2-18 & Appendix C**

**a) Please explain the difference in the cost associated with the 2012 Pole Replacements of $1,200,000 shown in Table 2-18 and the figure of $1,213,816 shown for this project in Appendix C.**

**b) Please provide the Steeles Avenue - 5th Line South to Trafalgar Road project sheet that shows all of the IFRS related costs.**

**Interrogatory # 13**

**Ref: Exhibit 2, Tab 2, Schedule 3, Appendix C and Tables 2-11a & 2-11b**

**All of the projects shown in Appendix C for 2012 appear to have a MIFRS cost that is at or below the CGAAP based cost. However, the capital additions shown in Table 2-11a, which is based on MIFRS is higher than the capital additions shown in Table 2-11b that is based on CGAAP. Please reconcile.**

**Interrogatory # 14**

**Ref: Exhibit 2, Tab 2, Schedule 1, Tables 2-8 & 2-9**

**a) Please explain why there is a reduction of $589,000 in accumulated depreciation in account 1830 in Table 2-8, but no reduction in gross assets. Please confirm that this reduction in accumulated depreciation is reversed in Table 2-9.**

**b) For account 1860, please show the derivation of the reduction of $1,458,000 in gross meters and the accumulated depreciation reduction of $126,000 in Table 2-8. Please also show the derivation of the figures shown in Table 2-9.**

c) Please explain why there is a reduction of $203,763 in accumulated depreciation in account 1930 in Table 2-8 and a reduction of $50,461 in Table 2-9, but no reduction in gross assets, effectively increasing rate base for this account.

**Interrogatory # 15**

**Ref: Exhibit 2, Tab 2, Schedule 5 &**
**Exhibit 2, Tab 2, Schedule 1, Tables 2-8 & 2-9**

**Please reconcile the figures of $869,000 and $367,000 noted at line 14 of Schedule 5 that were removed from accumulated depreciation for stranded meters with the figures shown in Tables 2-8 and 2-9.**

**Interrogatory # 16**

**Ref: Exhibit 2, Tab 3, Schedule 2, Tables 2-22 & 2-23 &**
**Exhibit 2, Tab 2, Schedule 2, Tables 2-11a & 2-11b**

a) **Please explain why there is no difference in the 2012 capital additions shown in Tables 2-22 and 2-23 associated with the difference between CGAAP and MIFRS.**

b) **Please explain why the figures in Tables 2-22 and 2-23 do not match the figures in either of Tables 2-11a or 2-11b.**

**Interrogatory # 17**

**Ref: Exhibit 2, Tab 3, Schedule 3, Tables 2-24, 2-25 & 2-26**

**Tables 2-24 through 2-26 do not appear to include any general plant expenditures.**

**Please provide a table for each of 2013 through 2015 that shows forecasted capital expenditures on general plant (such as vehicles, computer hardware & software, tools, etc.) in addition to the capital projects shown, so that all forecast capital expenditures are shown. Please also include a total for the capital expenditures in each year.**

**Interrogatory # 18**

**Ref: Exhibit 2, Tab 3, Schedule 4**

**The evidence indicates that HHHI capitalizes, through internal cost allocations, any indirect administration support costs such as Finance, Human Resources or Corporate Services. Is this true under both CGAAP and MIFRS?**

**Interrogatory # 19**

**Ref: Exhibit 2, Tab 3, Schedule 7**

a) **Please explain how HHHI determined that the number of panels to be installed in 2012 would be 1,400.**

b) **What information does HHHI have with respect to the technology that is being used in other North American and international jurisdictions? Please provide all such information.**

c) **Will HHHI, one of its affiliates, or a third party or parties, own the solar panels connected to the HHHI panels?**

d) **How does HHHI propose to deal with the cost of energy produced by these solar panels? Will the individual panels be metered?**

e) **What is the expected generation associated with the 1,400 solar panels on a typical summer day and on a typical winter day?**

f) **Please explain how the installation of these solar panels will result in reduced non-commodity charges.**

g) **Has HHHI done any analysis to determine the reduction in losses?**

h) **Has HHHI done any cost benefit analysis to determine what the net impact on ratepayers of including $1.4 million in rate base is?**

**Interrogatory # 20**

**Ref: Exhibit 2, Tab 4, Schedule 2, page 1**

**Please explain how the cost of power calculations are affected by MIFRS.**

**Interrogatory # 21**

**Ref: Exhibit 2, Tab 4, Schedule 2, Tables 2-35 & 2-36**

a) **Please revise Tables 2-35 & 2-36 to reflect the use of the RPP price of $0.07298 per kWh only for RPP customers and a rate of $0.06837 per kWh for non-RPP customers (forecast whole electricity price of $40.15 plus Global Adjustment of $28.22).**

b) **Please update Tables 2-35 & 2-36 using the October 2011 Regulated Price Plan Price Report and the methodology in part (a) of using separate RPP and non-RPP prices.**

**Interrogatory # 22**

**Ref: Exhibit 3, Tab 1, Schedule 2, Table 3-1**

a) **Please provide a corrected Table 3-1, or explain the significant change in sentinel lighting and street lighting revenues between 2011 and 2012 at existing and proposed rates.**

b) **Please explain the change in each of the four revenue offsets shown between the revenue at existing rates in 2012 and the revenues at proposed rates. In particular, please indicate the changes in charges proposed for 2012 that result in increased revenues for late payment, specific service charges, other distribution revenue and other income and expenses.**

**Interrogatory # 23**

**Ref: Exhibit 3, Tab 2, Schedule 1, pages 6-9**

a) **The equation shown on page 6 does not include a coefficient for the number of customers, while Table 3-6 does. Please provide the corrected equation.**

b) **Please provide the coefficients and regression statistics for an equation that replaces the number of customers in the HHHI equation with a simple linear trend (1 to 84 over the historical period).**

c) **Please provide the forecasts for 2011 and 2012 in the same format as shown in Table 3-7 for the equation requested in part (b) above. Please also provide the predicted purchases and % difference based on the equation requested in part (b) above. Please use the same CDM forecast as used by HHHI.**

d) **What is the impact on the revenue forecast at existing rates of using the forecast from the equation requested in part (b) above? Please use the HHHI methodology to determine the billed energy forecast. Please also provide the impact on the revenue deficiency of using this forecast.**

e) **The evidence (page 9) indicates that HHHI has used a 7 year average for heating and cooling degree days. Did HHHI actually use an 8 year average (2003 through 2010)?**

**Interrogatory # 24**

**Ref: Exhibit 3, Tab 2, Schedule 1, Table 3-7**

**Please provide a table similar to Table 3-7 that for each of 2003 through 2010 provides the actual purchases and the normalized actual purchases using the following formula to calculate normalized actual purchases.**

**Normalized Actual Purchases = Actual Purchases + 9,462 x (NHDD - AHDD) + 55,453 x (NCDD - ACDD) where:**
**NHDD is the annual forecast for HDD used for 2012 (average of 2003 -2010);**
**AHDD is the actual HDD for the year;**
**NCDD is the annual forecast for CDD used for 2012 (average of 2003 - 2010);**
**ACDD is the actual CDD for the year.**

**Interrogatory # 25**

**Ref: Exhibit 3, Tab 2, Schedule 1, Tables 3-10, 3-11 & 3-12**

a) **Are the customer/connection data shown in these tables the average number of customers/connections or the year-end figures?**

b) **The 2012 forecast figures shown in Table 3-12 appear to have been calculated based on the 2011 forecast and the geomean shown in Table 3-11. However, it is not clear how the 2011 forecast customers for each rate class have been calculated. For example, there were 18,809 residential customers in 2010. Increasing this figure by the geomean of 1.022512 would result in a 2011 forecast of 19,232 as compared to 19,291 shown in Table 3-12. Similar differences exist for the 2011 forecast for other rate classes. Please clarify how the 2011 forecasts were determined.**

**Interrogatory # 26**

**Ref: Exhibit 3, Tab 2, Schedule 1, Table 3-14**

**Table 3-14 appears to be identical to Table 3-13. Please provide the correct Table 3-14 that reflects the growth rate in the annual usage per customer.**

**Interrogatory # 27**

**Ref: Exhibit 3, Tab 2, Schedule 1, Tables 3-13, 3-14 (corrected), 3-15, 3-18 & 3-21**

a) **Please explain the large use per customer for the USL class in 2006 shown in Table 3-13.**

b) **Please add lines to the corrected Table 3-14 that shows the Used and Geomean figures if the figures for 2007 through 2010 are used. For the USL class, please use a three year average for 2008 through 2010.**

c) **Please show the revised forecast of average annual use in Table 3-15 of using this four year average in place of the 7 year average used by HHHI.**

d) **Please provide a version of Tables 3-18 and 3-21 that reflects the impact of using the average uses from part (c) above.**

e) **What is the impact on the revenue forecast for 2012 at existing rates of the changes to the kWh and kW forecasts referred to in part (d) above?**

**Interrogatory # 28**

**Ref: Exhibit 3, Tab 2, Schedule 1, Table 3-16**

**Table 3-16 appears to be a repeat of Table 3-15. Please provide the correct Table 3-16.**

**Interrogatory # 29**

**Ref: Exhibit 3, Tab 3, Schedule 1 &**
**Exhibit 1, Appendix F**

a) **Please provide a table in the same level of detail as Table 3-23 that shows the most recent year-to-date revenues available for 2011 and the amount for the corresponding period in 2010.**

b) **What is included in account 4080 Distribution Services Revenue?**

c) **Please explain why accounts 4380 and 4385 have the same description.**

d) **Please explain the significant drop in revenues in account 4210 Rent from Electric Property between 2010 and 2011.**

e) **Please explain why the revenue shown for 2012 in account 4325 is $12,500 while it is shown as $25,000 in the pro-forma statements in Appendix F to Exhibit 1.**

f) **The pro-forma balance sheet in Exhibit 1, Appendix F shows a cash balance of more than $3 million. Does HHHI earn any return on this cash balance? If no, why not? If yes, how has the money been invested and what is the interest rate currently earned on this cash?**

**Interrogatory # 30**

**Ref: Exhibit 4**

**Are the figures provided in each of the tables shown in Exhibit 4 for 2011 and 2012 based on MIFRS or CGAAP?**

**Interrogatory # 31**

**Ref: Exhibit 4, Tab 2, Schedule 3, page 9**

**Please provide more details on the $30,000 in charitable donations included in OM&A expenses in 2012. Is this amount over and above the LEAP program funding of $13,000 included in the 2012 revenue requirement? Please confirm that HHHI has not included this $30,000 in the revenue requirement.**

**Interrogatory # 32**

**Ref: Exhibit 4, Tab 2, Schedule 4, Table 4-14 &**
**Exhibit 3, Tab 3, Schedule 1, Table 3-23**

a) **Please confirm that the intercompany revenue shown in Table 4-14 is included in account 4375 in Table 3-23.**

**b) Is there any mark up included in the intercompany revenues shown in Table 4-14? If yes, please indicate how the mark up is calculated for affiliate shown and the corresponding dollar amount.**

**c) Are the costs associated with providing the services that generate the revenues shown in Table 4-14 included in the OM&A forecast included in the 2012 revenue requirement?**

**Interrogatory # 33**

**Ref: Exhibit 4, Tab 2, Schedule 3, pages 3-8**

**a) Please provide a table, similar to Table 4-11 that provides a comparison between 2010 actual and the 2012 test year forecast. Please also provide a similar description of the variance drivers as contained on pages 5-8.**

**b) Please provide the increase in OM&A expenses between 2010 and 2012 that are due solely to the movement to MIFRS.**

**c) Please provide the increase in OM&A in 2012 as compared to 2010 for smart meter OM&A.**

**d) What was the amount of OM&A included in the 2010 costs related to meters?**

**e) Where in Table 4-11 (which account or accounts) is the increase of $462,710 related to smart meter OM&A shown?**

**Interrogatory # 34**

**Ref: Exhibit 4, Tab 1, Schedule 1, Table 4-1**

**Please provide the actual year-to-date expenditures for the most recent period available in 2011 in the same level of detail as shown in Table 4-1 (i.e. Operations, Maintenance, Billing and Collecting, Community Relations, Administrative and General and Total OM&A Expenses). Please also provide the figures for the corresponding period in 2010.**

**Interrogatory # 35**

**Ref: Exhibit 4, Tab 2, Schedule 2, Table 4-9**

**Please provide a table in the same level of detail as shown in Table 4-9, but with the 2011 and 2012 figures based on CGAPP, consistent with 2008 through 2010 data, with a bottom line adjustment to reflect the increased OM&A costs in each of 2011 and 2012 due to the change from CGAAP to MIFRS.**

**Interrogatory # 36**

**Ref: Exhibit 4, Tab 1, Schedule 1, Table 4-1**

**For each of the categories shown (Operations, Maintenance, Billing and Collecting, Administrative and General) for 2011 as compared to 2012;**

**a) Please show the amount of the increase in each category related to smart meters between 2011 and 2012.**

**b) What is the cost in each of 2010, 2011 and 2012 associated with smart meters?**

**c) Please explain any remaining increase between 2011 and 2012 (after accounting for any smart meter impacts) for each of the categories shown.**

**Interrogatory # 37**

**Ref: Exhibit 4, Tab 1, Schedule 1, Table 4-1**

**a) Please confirm that Table 4-1 does not include property taxes.**

**b) Please provide the actual property tax expense for 2008 through 2010 and the forecasts for 2011 and 2012. Please include any actual information available as part of the forecast for 2011.**

**Interrogatory # 38**

**Ref: Exhibit 4, Tab 2, Schedule 7, Tables 4-22 & 4-23**

**a) Please explain why no depreciation was calculated for 2011 in Table 4-22 or for 2012 in Table 4-23 for accounts 1908 and 1955 even though there were assets to be depreciated.**

b) **Please confirm that the depreciation figures shown in Table 4-23 can be less than "Total for Depreciation" divided by "Years" because some of the assets may already be fully depreciated. Are there any other reasons why the depreciation expense is less than the total for depreciation divided by the number of years?**

c) **Please explain why the depreciation expense in account 1808 in Table 4-23 ($82,064) is more than the total for depreciation ($3,080,205) divided by 42 years, or $73,338.**

d) **Please explain why the depreciation expense in account 1820 in Table 4-23 ($152,917) is more than the total for depreciation ($4,345,839) divided 40 years, or $108,646.**

**Interrogatory # 39**

**Ref: Exhibit 4, Tab 3, Schedule 2, Tables 4-25 & 4-27**

a) **Please explain why the UCC Prior Year Ending Balance shown in Table 4-27 for Class 10 is higher than the UCC Ending Balance in Table 4-25.**

b) **Why has HHHI put computer hardware into Class 10 rather than into Class 50 in both 2011 and 2012?**

c) **What is the impact on the 2012 CCA if the computer hardware additions in both 2011 and 2012 are put in Class 50 rather than Class 10?**

d) **Please confirm that Class 43.2 shown in Table 4-27 should have a CCA rate of 50%, not 5%. If this cannot be confirmed, please provide a reference that refers to a rate of 5% for Class 43.2.**

e) **What is the impact on the 2012 CCA if the applicable rate is 50%, not 5%?**

**Interrogatory # 40**

**Ref: Exhibit 4, Tab 3, Schedule 1, Table 4-24**

a) **Did HHHI have any federal apprenticeship job creation, Ontario co-operative education or Ontario apprenticeship training tax credits in 2010? If yes, please identify the number of eligible positions for each of the tax credits.**

b) **Has HHHI included any tax credits in the calculation of 2012 for federal apprenticeship job creation, Ontario co-operative education or Ontario apprenticeship training tax credits? If no, please explain why not.**

c) **For each of the three tax credits noted above in parts (a) and (b), please identify the number of eligible positions for 2012 and the amount of the credit for each position.**

**Interrogatory # 41**

**Ref: Exhibit 4, Tab 3, Schedule 1, Table 4-24**

a) **Please confirm that the 2012 tax rate of 26.25% used includes a federal rate of 15.0% and a provincial rate of 11.25%.**

b) **Is HHHI aware that the provincial tax rate on the first $500,000 of taxable income is 4.5% and that the claw back on the small business deduction was eliminated as of July 1, 2010?**

c) **Is HHHI aware that the federal tax rate on the first $500,000 of taxable income is 11.0%, again with no claw back?**

d) **Please confirm that the impact of replacing the tax rate of 26.25% with a rate of 15.5% on the first $500,000 of taxable income is a reduction in taxes of $53,750. If this cannot be confirmed, please provide the impact, along with the appropriate calculations.**

**Interrogatory # 42**

**Ref: Exhibit 5, Tab 1, Schedule 1**

**The evidence indicates that, with respect to the return on equity and short-term debt rate, HHHI understands that the Board will be finalizing theses return for 2012 rates based on January 2012 market interest information and that HHHI's use of 9.58% for return on equity and 2.46% for short-term debt is without prejudice to any revised figures that may be adopted by the Board in early 2012. However, no such statement is made with respect to the requested long-term debt rate of 5.32% that is in accordance with the cost of capital parameter updates for 2011 cost of service applications issued by the Board on March 3, 2011.**

a) **Does HHHI propose that the long-term debt rate be revised to reflect January 2012 market interest information as is proposed for the return on equity and the short-term debt rate?**

b) **If the response to part (b) is no, please explain why the long-term debt rate should not be updated in the same manner as the return on equity and short-term debt rate.**

**Interrogatory # 43**

**Ref: Exhibit 7, Tab 1, Schedule 2, Table 7-4**

a) **Pease confirm that the column labeled "2011 Updated Revenue to Cost Ratios" are the revenue to cost ratios for 2012 before making any adjustments for the HHHI proposals.**

b) **Please confirm that the only classes outside of the Board approved ranges are the GS 1,000 - 4,999 kW and USL classes.**

c) **Assume that the GS 1,000 - 4,999 kW and USL classes have their revenue to cost ratios reduced to 120%. Please confirm that if the revenue to cost ratios for the sentinel lighting and GS 50 - 999 kW classes are raised to approximately 94.1% the revenues generated will match the overall revenue requirement without making any adjustments to the residential GS < 50 kW, and street lighting classes.**

**Interrogatory # 44**

**Ref: Exhibit 8, Tab 4, Schedule 1**

**Please show the weighting applied to the 3.48% loss factor associated with the five HONI feeders and the 0.6% loss factor for the other two feeders.**

**Interrogatory # 45**

**Ref: Exhibit 9, Tab 2, Schedule 1, pages 8-9**

**Given that the final SPC charges have been billed to customers as of August 15, 2011, why is HHHI proposing to not clear the balance in this account until the 2013 IRM filing?**

**Interrogatory # 46**

**Ref: Exhibit 9, Tab 4, Schedule 1, Table 9-14 &**
**Exhibit 9, Tab 4, Schedule 3, Table 9-18 &**
**Exhibit 3, Tab 2, Schedule 1, Table 3-4**

**a) The rate riders calculated in Tables 9-14 & 9-18 use the 2012 forecast of metered customers. Since this number is expected to increase in 2013-2016, how does HHHI propose to treat the additional revenue generated from this monthly per customer rate rider as a result of the increase in metered customers beyond 2012?**

**b) Please show how the forecast of metered customers of 20,608 relates to the customers/connections forecast for 2012 in Table 3-4 in Exhibit 3. Please provide all assumptions used in the reconciliation.**