Response to Board Staff Interrogatories

Grimsby Power Inc.

2012 Distribution Rate Application

Board File No. EB-2011-0273

November 9, 2011

TABLE OF CONTENTS

Administration

1. Ref: Responses to Letter of Comment

a) Following publication of the Notice of Application, did Grimsby receive any letters of comment?

Grimsby Power Inc.'s Response:

No

b) If so, please confirm whether a reply was sent from Grimsby to the author of the letter. If confirmed, please file that reply with the Board.

Grimsby Power Inc.'s Response:

Not Applicable

c) If not confirmed, please explain why a response was not sent and confirm if Grimsby intends to respond.

Grimsby Power Inc.'s Response:

Not Applicable

2. Ref: Condition of Service

a) Please identify any rates and charges that are included in the Grimsby's conditions of service, but do not appear on the Board-approved tariff sheet, and provide an explanation for the nature of the costs being recovered.

Grimsby Power Inc.'s Response:

Grimsby Power Inc.'s conditions of service make reference to rate schedules but do not contain the rate schedules themselves. Grimsby Power Inc. publishes on its website the OEB Tariff of Rates and Charges as provided by the OEB. Therefore, there are no rates and charges in the conditions of service that do not appear on the Board approved tariff sheet.

b) Please provide a schedule outlining the revenues recovered from these rates and charges from 2006 to 2010 and the revenue forecasted for the 2011 bridge and 2012 test years.

Grimsby Power Inc.'s Response:

Not Applicable

c) Please explain whether in the Grimsby's view, these rates and charges should be included on the Grimsby's tariff sheet.

Grimsby Power Inc.'s Response:

Not Applicable

Rate Base

3. Ref: Exhibit 2/ Page 42 – 2011 Continuity Statement

a) In the above reference, Grimsby provides a Fixed Asset Continuity Schedule for 2011 Bridge Year. The gross assets ending balance under Meters (Smart Meters) category was $1,499,556. Please explain how this amount is derived.

Grimsby Power Inc.'s Response:

A closing balance is required in the account # 1860 Meters (Smart Meters) as this represents the opening balance in 2012. Table 2.19 contains two entries for smart meters as follows:

- Under OEB account 1860 – Meters (Smart Meters) = $1,499,556,
- Under OEB account 1955 – Communications Equipment (Smart Meters) - $10,669.

The sum of these two values equals $1,510,225 which is represented in Table 9.9 as the total capital expenditures for smart meters.

The detail of what comprises the $1,510,225 in capital costs for smart meters is detailed in the "Smart_Meter_Costs" tab of the 2012_GPI_Smart Meter Model filed with this interrogatory. The total is on line 96 of the spreadsheet. Line 96 indicates the value as $1,510,226 - a $1 dollar rounding error difference.

b) In the 2011 Bridge Year Fixed Asset Continuity Schedules, the net book value for Meters (Smart Meters) is $1,350,686. However in reference to Exhibit 9/ Page 30, the 2011 net fixed assets value for smart meter is $1,317,136. Please reconcile these two numbers and explain the differences.

Grimsby Power Inc.'s Response:

In the application Grimsby Power Inc. filed the "Smart Meter Rider Model". Under this model the average net fixed assets was calculated as follows:

Average Net Fixed Assets							
		2006	2007	2008	2009	2010	2011
Net Fixed Assets		Actual	Actual	Actual	Actual	Actual	Forecasted
Opening Capital Investment		$ -	$ -	$ -	$ -	$ 181,194	$ 1,312,751
Capital Investment		$ -	$ -	$ -	$ 181,194	$ 1,131,557	$ 197,475
Closing Capital Investment		$ -	$ -	$ -	$ 181,194	$ 1,312,751	$ 1,510,225
Opening Accumulated Amortization		$ -	$ -	$ -	$ -	$ 6,040	$ 55,838
Amortization Year One	15 years	$ -	$ -	$ -	$ 6,040	$ 37,719	$ 6,582
Amortization Thereafter		$ -	$ -	$ -	$ -	$ 12,080	$ 87,517
Closing Accumulated Amortization		$ -	$ -	$ -	$ 6,040	$ 55,838	$ 149,937
Opening Net Fixed Assets		$ -	$ -	$ -	$ -	$ 175,154	$ 1,256,913
Closing Net Fixed Assets		$ -	$ -	$ -	$ 175,154	$ 1,256,913	$ 1,360,288
Average Net Fixed Assets		$ -	$ -	$ -	$ 87,577	$ 716,033	$ 1,308,600
		2006	2007	2008	2009	2010	2011
Net Fixed Assets		Actual	Actual	Actual	Actual	Actual	Forecasted
Opening Capital Investment		$ -	$ -	$ -	$ -	$ -	$ 10,669
Capital Investment		$ -	$ -	$ -		$ 10,669	
Closing Capital Investment		$ -	$ -	$ -	$ -	$ 10,669	$ 10,669
Opening Accumulated Amortization		$ -	$ -	$ -	$ -	$ -	$ 1,067
Amortization Year One	5 years	$ -	$ -	$ -	$ -	$ 1,067	$ -
Amortization Thereafter		$ -	$ -	$ -	$ -	$ -	$ 2,134
Closing Accumulated Amortization		$ -	$ -	$ -	$ -	$ 1,067	$ 3,201
Opening Net Fixed Assets		$ -	$ -	$ -	$ -	$ -	$ 9,602
Closing Net Fixed Assets		$ -	$ -	$ -	$ -	$ 9,602	$ 7,468
Average Net Fixed Assets		$ -	$ -	$ -	$ -	$ 4,801	$ 8,535

In the Average Net Fixed Assets calculation, an error occurred in calculating the Capital Investment for 2010. The Hardware and Software amount of $10,669 was double counted. The amount of $10,669 should be deducted from $1,131,557 (Capital Investment in 2010) for a total of $1,120,888.

The Average Net Fixed Assets calculation would be changed as follows:

Average Net Fixed Assets							
		2006	2007	2008	2009	2010	2011
Smart Meters (Meters)		Actual	Actual	Actual	Actual	Actual	Forecasted
Opening Capital Investment		$ -	$ -	$ -	$ -	$ 181,194	$ 1,302,082
Capital Investment		$ -	$ -	$ -	$ 181,194	$ 1,120,888	$ 197,475
Closing Capital Investment		$ -	$ -	$ -	$ 181,194	$ 1,302,082	$ 1,499,556
Opening Accumulated Amortization		$ -	$ -	$ -	$ -	$ 6,040	$ 55,482
Amortization Year One	15 years	$ -	$ -	$ -	$ 6,040	$ 37,363	$ 6,582
Amortization Thereafter		$ -	$ -	$ -	$ -	$ 12,080	$ 86,805
Closing Accumulated Amortization		$ -	$ -	$ -	$ 6,040	$ 55,482	$ 148,870
Opening Net Fixed Assets		$ -	$ -	$ -	$ -	$ 175,154	$ 1,246,599
Closing Net Fixed Assets		$ -	$ -	$ -	$ 175,154	$ 1,246,599	$ 1,350,686
Average Net Fixed Assets		$ -	$ -	$ -	$ 87,577	$ 710,877	$ 1,298,643
		2006	2007	2008	2009	2010	2011
Smart Meters (Hardware & Software)		Actual	Actual	Actual	Actual	Actual	Forecasted
Opening Capital Investment		$ -	$ -	$ -	$ -	$ -	$ 10,669
Capital Investment		$ -	$ -	$ -		$ 10,669	
Closing Capital Investment		$ -	$ -	$ -	$ -	$ 10,669	$ 10,669
Opening Accumulated Amortization		$ -	$ -	$ -	$ -	$ -	$ 1,067
Amortization Year One	5 years	$ -	$ -	$ -	$ -	$ 1,067	$ -
Amortization Thereafter		$ -	$ -	$ -	$ -	$ -	$ 2,134
Closing Accumulated Amortization		$ -	$ -	$ -	$ -	$ 1,067	$ 3,201
Opening Net Fixed Assets		$ -	$ -	$ -	$ -	$ -	$ 9,602
Closing Net Fixed Assets		$ -	$ -	$ -	$ -	$ 9,602	$ 7,468
Average Net Fixed Assets		$ -	$ -	$ -	$ -	$ 4,801	$ 8,535

The Average Net Book Value calculation was used in the Table 9.11 to calculate the incremental revenue.

With the above correction, the 2011 Average Net Book Value calculated as an average between 2010 Closing Net Fixed Assets (Meters) of $1,246,599 and the 2011 Closing Net Fixed Assets (Meters) of $1,350,686, is $1,298,643.

Grimsby Power Inc. has made an error populating the Net Fixed Assets row for 2011 in Table 9.11. The value of $1,317,136 is incorrect. The correct Average Net Fixed Assets values in 2011 for both meters and hardware/software is as follows:

- Average Net Fixed Assets (Meters) $1,298,643
- Average Net Fixed Assets (Hardware/Software) $8,535

- Total Smart Meter Net Fixed Assets $1,307,178

The revised table 9.11 is as follows:

Table 9.11 Smart Meter Revenue Requirement Revised

	2006		2007		2008		2009		2010		2011	
Net Fixed Assets		$ -		$ -		$ -		$ 87,577		$ 715,678		$ 1,307,178
OM&A	$ -		$ -		$ -		$ -		$ 46,430		$225,880	
WCA	15%	$ -	15%	$ -	15%	$ -	15%	$ -	15%	$ 6,964	15%	$ 33,882
Rate Base		$ -		$ -		$ -		$ 87,577		$ 722,642		$ 1,341,060
Deemed ST Debt	4%	$ -	4%	$ -	4%	$ -	4%	$ 3,503	4%	$ 28,906	4%	$ 53,642
Deemed LT Debt	56%	$ -	56%	$ -	56%	$ -	56%	$ 49,043	56%	$ 404,680	56%	$ 750,994
Deemed Equity	40%	$ -	40%	$ -	40%	$ -	40%	$ 35,031	40%	$ 289,057	40%	$ 536,424
ST Interest	2.46%	$ -	2.46%	$ -	2.46%	$ -	2.46%	$ 86	2.46%	$ 711	2.46%	$ 1,320
LT Interest	5.97%	$ -	5.97%	$ -	5.97%	$ -	5.97%	$ 2,928	5.97%	$ 24,159	5.97%	$ 44,834
ROE	9.58%	$ -	9.58%	$ -	9.58%	$ -	9.58%	$ 3,356	9.58%	$ 27,692	9.58%	$ 51,389
		$ -		$ -		$ -		$ 6,370		$ 52,562		$ 97,543
OM&A		**$ -**		**$ -**		**$ -**				**$ 46,430**		**$ 225,880**
Amortization		$ -		$ -		$ -		$ 6,040		$ 50,509		$ 95,522
Grossed-up PILs		$ -		$ -		$ -		$ 1,452		$ 8,355		$ 14,124
Revenue Requirement		$ -		$ -		$ -		$ 13,862		$ 157,857		$ 433,069

Therefore, $1,307,178 is an average value including software and hardware whereas $1,350,686 is a year end value which does not include software and hardware.

Capital Expenditures

4. Ref: Exhibit 2/ Page 47 - 51 – 2012 Capital Expenditures (SmartMeter)

In Table 2.24, titled "2012 Test Year Proposed Capital Projects MIFRS", Grimsby proposes a capital expenditure of $19,529 for Metering (Smart Meters).

a) Since Grimsby plans to complete its smart meter deployment by the end of December 2011 (Exhibit 9, page 19), please explain why Grimsby is proposing to spend an additional $19,529 related to Metering (Smart Meters) in 2012 and provide more details about this expenditure.

Grimsby Power Inc.'s Response:

The mass deployment of smart meters as required to transition from electromechanical to electronic meters will be complete by the end of 2011. However, new customers are continuously connecting to the distribution system and as a result of this costs are incurred. This expenditure is comprised of $15,820 to install smart meters for new residential customers and $3,709 to install smart meters for new GS<50 customers.

b) Please confirm whether this expenditure is included in the smart meter cost recovery rate rider calculation shown in Exhibit 9/ page 32.

Grimsby Power Inc.'s Response:

This expenditure is not included in the smart meter cost recovery rider calculation. Grimsby Power assumed in its budget that all costs related to smart meters incurred after January 1, 2012 would be part of regular business and therefore, not allocated to deferral accounts.

5. Ref: Exhibit 2/ Page 41 – 2010 Capital Expenditures

In the above reference, Grimsby states that the total cost related to Smart Meter Mass Deployment for 2010 was $1,078,520. However, in Exhibit 9/ page 28, Table 9.9 shows the capital expenditures for 2010 was $1,131,557. Please explain the difference.

Grimsby Power Inc.'s Response:

The amount noted in Exhibit 2 - Page 41 is an error, it should be $1,131,557.

6. Ref: Exhibit 2/ Page 51 – 53 – 2012 Capital Expenditures (Fleet Replacement)

On pages 51, it states: "Grimsby Power Inc.'s utilizes an evaluation matrix shown in Table 2.25 below to guide its decision about truck replacement. This analysis shows that three trucks should be reviewed for a replacement decision. Of the three trucks, 2011's budget analysis shows that only Truck # 15 and 16, originally purchased in 1988 and 1989, are in need of replacement. As the usage on these vehicles is low only one truck will be purchased and it will be a 55ft Material Handling Aerial Device."

a) Please advise whether the fleet evaluation matrix as shown under Table 2.25 is performed by internal staff or external party.

Grimsby Power Inc.'s Response:

The fleet evaluation matrix shown in Table 2.25 is completed internally by Grimsby Power Inc. Management staff. All of Grimsby Power Inc.'s fleet is maintained by third party service providers and the information from these providers in terms of inspection and maintenance performed is utilized in the determination of scores within the matrix where applicable.

b) In Table 2.25, please explain what score 3 represents under Reliability category.

Grimsby Power Inc.'s Response:

The "Reliability" factor has three descriptions noted under "Description of Evaluation Criteria". A "3" represents the description "Repair two or three times in 3 month period".

c) In Table 2.25, please explain what score 4 represents under Maintenance and Repair Costs category.

Grimsby Power Inc.'s Response:

The "Maintenance and Repair Cost" factor has five descriptions noted under "Description of Evaluation Criteria". A "4" represents the description "Accumulated cost as compared to original purchase cost > 74% & < 100%".

d) In Table 2.25, please explain what score 3 represents under Condition category.

Grimsby Power Inc.'s Response:

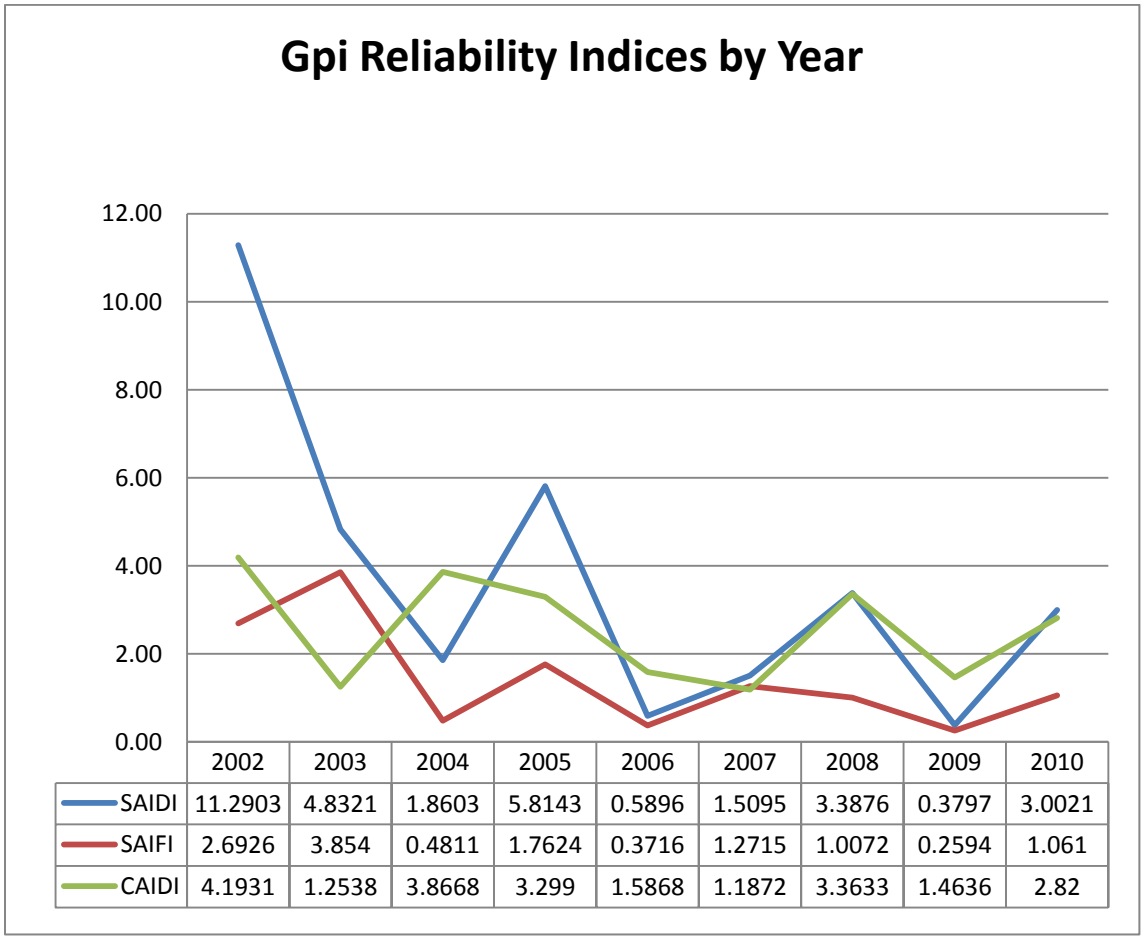
The "Condition" factor has five descriptions noted under "Description of Evaluation Criteria". A "3" represents the description "Good – Truck has signs of regular use".

7. Ref: Exhibit 2/ Page 16 – Service Reliability Indices

In Chart 2.2, Grimsby indicates that 2010 SAIDI, SAIFI, and CAIDI are 0.38, 0.27, and 1.41 respectively. However, in reference to the Board's 2010 Yearbook of Electricity Distributors (p.73), the annual SAIDI, SAIFI, CAIDI for Grimsby are 3.00, 1.06, and 2.82 respectively. Please reconcile these values and explain the reason(s) for the differences.

Grimsby Power Inc.'s Response:

In Chart 2.2 an error was made in populating the 2010 column. The numbers reported in the yearbook are correct. The revised chart is shown below.



	2002	2003	2004	2005	2006	2007	2008	2009	2010
SAIDI	11.2903	4.8321	1.8603	5.8143	0.5896	1.5095	3.3876	0.3797	3.0021
SAIFI	2.6926	3.854	0.4811	1.7624	0.3716	1.2715	1.0072	0.2594	1.061
CAIDI	4.1931	1.2538	3.8668	3.299	1.5868	1.1872	3.3633	1.4636	2.82

8. Ref: Exhibit 2/ Page 15 – Service Quality Indicators

Please provide last three historical years of the service quality indicators and provide an explanation for the indicators that were under performance and the actions taken to address this matter.

Grimsby Power Inc.'s Response:

Historical reliability indices for the years 2002 to 2010 are indicated in Chart 2.2 which has been corrected as indicated in Interrogatory # 7. Grimsby Power Inc.'s reliability indices calculated on a three year rolling average are shown in Grimsby Power Inc.'s Distribution Asset Management Plan in Exhibit 2 – Appendix 2.1 – Page 32 of 85. The trending in this chart would not indicate that Grimsby Power Inc. is under performing.

Load and Customer Forecasting

9. Ref: Exhibit 3/ Page 6/ Table 3.2 – Load Forecast - kWhs

In Table 3.2, Grimsby provides a summary of Load and Customer/Connection Forecast. Please provide Table 3.2 again but exclude any CDM adjustments from the Billed (kWh) column for 2011 and 2012 and recalculate the Growth (kWh) and Percent Change for 2011 and 2012.

Grimsby Power Inc.'s Response:

Table 3.2 with CDM adjustment values excluded in 2011 and 2012 as follows:

Table 3.2 Summary of Load and Customer/Connection Forecast (Revised)

Summary of Load and Customer/Connection Forecast						
Year	Billed (kWh)	Growth (kWh)	Percent Change (%)	Customer/ Connection Count	Growth	Percent Change (%)
Billed Energy (kWh) and Customer Count /Connections						
2006 Board Approved	161,637,489			11,915		
2003 Actual	157,104,641			11,184		
2004 Actual	157,313,949	209,308	0.13%	11,641	457	4.09%
2005 Actual	171,012,428	13,698,479	8.71%	11,921	279	2.40%
2006 Actual	169,025,475	(1,986,953)	-1.16%	12,046	125	1.05%
2007 Actual	173,068,981	4,043,506	2.39%	12,161	116	0.96%
2008 Actual	172,075,839	(993,142)	-0.57%	12,382	221	1.81%
2009 Actual	170,620,093	(1,455,746)	-0.85%	12,477	95	0.77%
2010 Actual	179,605,826	8,985,733	5.27%	12,654	177	1.42%
2011 Normalized Bridge	180,541,505	935,679	0.52%	12,882	228	1.80%
2012 Normalized Test	183,284,931	2,743,426	1.52%	13,114	233	1.81%

10. Ref: Exhibit 3/ Page 12/ Table 3.6 – Load Forecast - kWhs

In Table 3.6, Grimsby provides a comparison of Actual and Predicted kWhs for the period from 1999 to 2012.

a) Please confirm whether the Predicted kWh under "2011 Normalized Bridge" and "2012 Normalized Test" have included any CDM adjustments.
If the answer is yes, please provide the adjusted amount in kWh included in 2011 and 2012.

Grimsby Power Inc.'s Response:

Grimsby Power Inc. has included CDM adjustments in Table 3.6. The adjustments utilize a portion of Grimsby Power Inc.'s CDM targets and are as follows:

- 2011: 776,000 kWh
  - This represents 10% of the total 2011 – 2014 Grimsby Power CDM target

- 2012: 1,552,000 kWh
  - This represents 20% of total 2011 – 2014 Grimsby Power CDM target

The table below summarizes the differences:

Year	Predicted kWhs with CDM	Predicted kWh without CDM
2011 - Normalized Bridge	188,013,819	188,789,819
2012 - Normalized Test	190,071,518	191,623,518

b) Please confirm whether the Predicted kWh under "2012 Weather Normal –10 year average" and "2012 Weather Normal – 20 year trend" have included any CDM adjustments. If the answer is yes, please provide the amount for the CDM adjustments.

Grimsby Power Inc.'s Response:

Grimsby Power Inc. confirms that the CDM adjustment for 2012 was 1,552,000 kWh for both models.

The table below summarizes the differences:

Year	Predicted kWhs with CDM	Predicted kWh without CDM
2012 Weather Normal - 10 year average	190,553,317	192,105,317
2012 Weather Normal - 20 year trend	191,039,752	192,591,752

c) Please provide the annual values of HDD and CDD used to generate the Predicted kWh for "2011 Normalized Bridge", "2012 Normalized Test", "2012 Weather Normal – 10 years average" and "2012 Weather Normal – 20 year trend".

Grimsby Power Inc.'s Response:

Annual HDD and CDD values used in the application model are shown as follows:

Year	Annual HDD	Annual CDD
2011 Normalized Bridge	3,843	278
2012 Normalized Test	3,843	278
2012 Weather Normal - 10 year average	3,763	297
2012 Weather Normal - 20 year trend	3,726	314

d) Table 3.6 also shows that, on an annual basis, the estimated regression model underestimates actual purchased kWh consistently from 1999 to 2001, overestimates actual purchased kWh consistently from 2002 to 2005, and then underestimates actual purchased kWh from 2006 to 2010.

The maximum percentage error is 3.56%.

i. In light of these "runs" of under- and over-estimation, please provide further explanation as to why Grimsby considers that the estimated regression model is "reasonable".

Grimsby Power Inc.'s Response:

The following table shows the summary results of the regression used in the model:

Regression Statistics	
R Square	92.20%
Adjusted R Square	91.92%
Observations	144

	Coefficients	*t Stat*	*P-value*
Intercept	(12,588,627.38)	(7.21)	3.32E-11
Heating Degree Days	2,920.28	10.14	2.08E-18
Cooling Degree Days	36,689.28	16.52	1.63E-34
Number of Days in Month	452,205.45	8.04	3.66E-13
Spring Fall Flag	(866,250.13)	(7.12)	5.31E-11
Number of Customers	1,281.12	25.36	8.57E-54

The effect of each independent variable's coefficient on the energy purchased is quite large. The t-stat for each coefficient is significantly different from the absolute value of two and the P-value for each coefficient is close to zero, indicating that each chosen coefficient has a strong correlation to energy purchased; that is, it is very unlikely that the correlations are due to random coincidence. In addition, the R-square value is 92.2% and the adjusted R-square value is 91.9%, indicating that the independent variables chosen for this regression account for more than 90% of the variation in the dependent variable overall. In Grimsby Power Inc.'s view, this provides the evidence to support the position that the estimated regression model is reasonable.

Table 3.6 shows that on a year over year basis from 1999 forward, the model predicted purchases with error percentages as follows:

- 58.3% of the time less than 1%
- 16.7% of the time less than 2%
- 25% of the time greater than 2% but less than the max of 3.56%

This was deemed by Grimsby Power Inc. to be a reasonable model on which to base 2011 and 2012 energy purchase predictions.

ii. Given the trend shown Table 3.6, please provide Grimsby's explanations as to why the estimated model would not continue to underestimate purchased kWh beyond 2010.

Grimsby Power Inc.'s Response:

In this regression, 144 observation data points were used, and it happens that the regression line is beneath the data in the most recent years (annualized). But this line is a 'best fit' for all the data, and if the same correlations are valid into the future, then it is reasonable to expect that future data will 'balance' as much above the line as below it – that is, there is no evidence that future correlations will change such that the regression will consistently underestimate energy purchases.

iii. Please provide further explanation as to what other regression equations and/or variables Grimsby tried, the results of these alternatives and the utility's reasons for its preferred model.

Grimsby Power Inc.'s Response:

Other regression models were tried with the goal of minimizing the error associated with the regression and maximizing the significance of the coefficients. The independent variables used in the other regression analyses included number of customers, weather and calendar related events, Ontario real GDP and historical load peaks (see Exhibit 3 - Page 8 of 48 for commentary). It was determined that real GDP index values and historical peak data had less significance as a predictor of usage than the other variables.

Examples of three regression results follow:

Example 1 – Includes Ontario Real GDP:

Regression Statistics	
R Square	92.22%
Adjusted R Square	91.88%
Observations	144

	Coefficients	*t Stat*	*P-value*
Intercept	(12,985,147.15)	(6.97)	1.21E-10
Heating Degree Days	2,913.27	10.09	3.07E-18
Cooling Degree Days	36,620.75	16.44	3.30E-34
Number of Days in Month	451,957.44	8.02	4.29E-13
Spring Fall Flag	(869,133.87)	(7.13)	5.36E-11
Number of Customers	1,158.06	5.65	8.81E-08
Ontario Real GDP Monthly %	11,828.32	0.62	0.54

In this example, the P-value is significantly different from zero for the Ontario Real GDP variable. This indicates that it there is significant probability that there is no correlation between variations in Ontario Real GDP data and energy purchases. The t-stat is also less than the absolute value of two, indicating that the coefficient, when compared to its standard error may not be significantly different from zero.

Example 2 – Includes Ontario Real GDP and Peak Hours:

Regression Statistics	
R Square	92.23%
Adjusted R Square	91.83%
Observations	144

	Coefficients	*t Stat*	*P-value*
Intercept	(13,169,387.33)	(6.84)	2.48E-10
Heating Degree Days	2,916.07	10.06	3.78E-18
Cooling Degree Days	36,595.71	16.37	5.97E-34
Number of Days in Month	445,544.41	7.57	5.04E-12
Spring Fall Flag	(872,212.54)	(7.11)	5.83E-11
Number of Customers	1,158.30	5.64	9.61E-08
Ontario Real GDP Monthly %	11,887.01	0.62	0.54
Number of Peak Hours	1,106.49	0.40	0.69

In this example, the P-value is significantly different from zero for both the number of peak hours and the Ontario Real GDP variables. This indicates

that it there is significant probability that there is no correlation between variations in number of peak hours or Ontario Real GDP data and energy purchases. The t-stat is also less than the absolute value of two for these variables, indicating that their coefficients, when compared to their standard error may not be significantly different from zero.

Example 3 – Includes Peak Hours:

Regression Statistics	
R Square	92%
Adjusted R Square	92%
Observations	144

	Coefficients	*t Stat*	*P-value*
Intercept	(12,768,674.91)	(7.05)	7.90E-11
Heating Degree Days	2,923.08	10.12	2.57E-18
Cooling Degree Days	36,664.88	16.46	2.95E-34
Number of Days in Month	445,871.92	7.59	4.33E-12
Spring Fall Flag	(869,277.08)	(7.11)	5.78E-11
Number of Customers	1,281.96	25.27	1.97E-53
Number of Peak Hours	1,092.98	0.39	0.70

In this example, the P-value is significantly different from zero for the number of peak hours variable. This indicates that it there is significant probability that there is no correlation between variations in number of peak hours and energy purchases. The t-stat is also less than the absolute value of two for this variable, indicating that the coefficient, when compared to its standard error may not be significantly different from zero.

Other Revenues

11. Ref: Exhibit 3/ Page 35 – Summary of Other Operating Revenues

a) In Table 3.33, Grimsby indicates that the Revenues from Non-Utility & Other Property for 2011 is $98,600 which represents a 39% decrease as compared to 2010 actual ($162,065). Please explain the reason(s) for this decrease.

Grimsby Power Inc.'s Response:

The source of the decrease in 2011 Non-Utility Revenue Account 4375 for Grimsby Power is related to the OPA funding for CDM activities. The funding in 2011 is expected to be lower than 2010. This is a result of the new Conservation and Demand Management programs instituted by the OPA in 2011.

b)In Table 3.33, Grimsby indicates that the Interest and Dividend Income for 2011 is $3,000 which represents a 71% decrease as compared to 2010 actual ($10,180). Please explain the reason(s) for this decrease.

Grimsby Power Inc.'s Response:

The 2011 Interest and Dividend Income were understated based on the assumptions made at the time. The estimated amount should be close to the 2010 value of $10,100.

12. Ref: Exhibit 3/ Page 43 – Specific Service Charge

In the above reference, it states: "Grimsby Power Inc. proposes to remove the Prepaid Meter – Monthly Service Charge from its Schedule of Rates as this option is no longer available."
Please explain why this option is no longer available.

Grimsby Power Inc.'s Response:

In preparing its rate application Grimsby Power Inc. used a number of template documents. This reference was mistakenly left in this application. Grimsby Power Inc. does not have the "Prepaid Meter – Monthly Service Charge" in its specific service charge schedule.

Operating, Maintenance and Administrative ("OM&A") Expenses

13. Ref: Exhibit 4/ Page 2 – 3/ Table 4.1 – Summary of OM&A Expenses

Please identify the inflation rate used for 2011 and 2012 OM&A forecast and the source document for the inflation assumptions.

Grimsby Power Inc.'s Response:

As noted in Exhibit 4 – Page 5 of 66 the budget process was revised in 2010. The preparation of the 2011 OM&A (budget) forecast included the identification of expenses from an activity, task, and function level of detail. In the preparation of 2011's budget Grimsby Power Inc. used a 2.0% inflation rate which was applied to known direct and subcontractor expenses from a 2010 expense base. In the preparation of 2012's budget Grimsby Power Inc. used a 2.0% inflation rate which was applied to known material, direct and subcontractor expenses from a 2011 expense base. Where expenses for 2011 and 2012 OM&A were known the known costs were included in the budget.

A 2.0% inflation rate for the 2011 budget was determined by reviewing the TD Bank Financial Group Provincial Economic Forecast dated May 26, 2010 which has been attached as Appendix 1. On Page 4 of this document the forecasted CPI for Canada was 1.9% and for Ontario was 2.1% (2011 forecast column). Grimsby Power Inc. utilized the average of these two which is 2.0%.

A 2.0% inflation rate for the 2012 budget was determined by reviewing the TD Bank Financial Group Provincial Economic Forecast dated December 17, 2010 which has been attached as Appendix 2. On Page 3 of this document the forecasted CPI for Canada was 2.0% and for Ontario was 2.1% (2012 forecast column). The average of these two is 2.05%. Instead of rounding up to 2.1% Grimsby Power Inc. decided to use a more conservative 2% and eliminate the round up effect.

The percentage wage and salary increases for staff are as noted in Exhibit 4 – Page 44 of 66 – Table 4.25.

14. Ref: Exhibit 4/ Page 11 – 12 & 17 – Meter Reading

Grimsby states that it is phasing out a large part of its manual meter reading with the operationalization of its smart meters in 2011, and that the 2011 amount reflects only 6 months of manual meter reading expenses. The utility goes on to state that 72 GS > 50 kW customers will still require meter reading, the costs of which are being currently assessed as well as at least one check read for all meters.

In Table 4.5, Grimsby shows its annual meter reading expenses under Account 5310. The expenses range between $100,000 to $114,000 per annum from 2006 to 2009, and increase to $172,730 in 2010. The expenses then decrease to about $88,000 for 2011 bridge year and are forecasted at around $165,000 for the 2012 test year.

a) Please explain the increase in the meter reading expense in 2010.

Grimsby Power Inc.'s Response:

The value of $172,730 was calculated improperly and was due reclassifying an expense twice. The error was an amount of approximately $40,000. Table 4.5 in Exhibit 4 - Page 17 of 66 has been corrected as follows:

Table 4.5 Detailed Account by Account Billing and Collecting Expenses

Account	Description	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Bridge	2012 CGAAP Test	2012 IFRS Test
Billing and Collecting									
5305	Supervision	$ 8,214	$ 10,000	$ 9,228	$ 14,328	$ 9,824	$ 4,660	$ 4,284	$ 4,284
5310	Meter Reading Expense	$ 111,485	$ 106,073	$ 113,978	$ 100,061	$ 132,730	$ 87,665	$ 168,662	$ 166,644
5315	Customer Billing	$ 253,712	$ 308,072	$ 303,930	$ 298,993	$ 304,282	$ 357,358	$ 360,711	$ 360,711
5320	Collecting	$ 62,378	$ 58,275	$ 59,514	$ 54,583	$ 55,130	$ 42,935	$ 43,983	$ 43,983
5325	Collecting - Cash Over and Short	$ 0	-$ 243	-$ 63	-$ 70	$ 70	$ -	$ -	$ -
5330	Collection charges					$ 573	$ 5,906	$ 6,630	$ 6,630
5335	Bad Debt Expense	-$ 28,147	$ 1,140	$ 1,167	-$ 3,931	$ 4,180	$ 6,000	$ 6,000	$ 6,000
Total - Billing and Collecting		$ 407,642	$ 483,317	$ 487,755	$ 463,965	$ 506,789	$ 504,524	$ 590,270	$ 588,252

b) Since Grimsby will be operating under remote meter reading for the full year in 2012, except for GS > 50 kW customers, and with only an annual check read and special meter reads, please explain Grimsby's forecast of 2012 meter reading expenses.

Grimsby Power Inc.'s Response:

Grimsby Power Inc.'s meter reading expenses are noted in detail in the following table.

GL_#	GPI_GL_#	GPI_Acct_Description	Description of Line Item	Labour_Total	Equip_Total	Direct_Total	Total_Cost
	53100000	Meter_Reading_Expense_-_No_Sub_Account	Bell - Two Interval Meters Reading Exepense	$ -	$ -	$ 1,714	$ 1,714
			Contract Out Settlement Services - End to End Solution	$ -	$ -	$ 61,200	$ 61,200
			General Wages - Settlement Officer - Meter Data - Interval/Streetlights	$ 14,105	$ -	$ -	$ 14,105
			General Wages - Storekeeper - Regular and Final Readings	$ 5,188	$ 3,782	$ -	$ 8,970
			Rogers - Meter Readings	$ -	$ -	$ 612	$ 612
			Peterborough - Meter Service Provider - Service Contract	$ -	$ -	$ 6,610	$ 6,610
			Collective Utility Serv - Manual Meters Reading (Check Read Once per Year)	$ -	$ -	$ 5,916	$ 5,916
	53104001	Meter_Reading_Expense_-_Residential	MDMR Meter Data Fees - $0.48/month/meter or $0.48 x 9,651 = $4,848 per month	$ -	$ -	$ 56,671	$ 56,671
	53104002	Meter_Reading_Expense_-_GS_Less_Than_50	MDMR Meter Data Fees - $0.48/month/meter or $0.48 x 669 = $4,848 per month	$ -	$ -	$ 3,917	$ 3,917
	53105001	Meter_Reading_Expense_-_Customer_Information_System	SAP AMI Software Support Maintenance Fee	$ -	$ -	$ 6,930	$ 6,930
5310			**Total**				**$ 166,644**

The most significant fees are those related to the smart meter entity or the MDMR and the contracting out of settlement services. Please refer to IR # 15(d) for further comments on the MDMR costs.

c) Please confirm whether Grimsby has converted over to remote meter reading. If so, as of what date?

Grimsby Power Inc.'s Response:

Grimsby Power Inc. has converted to remote meter reading as of August 2, 2011.

15. Ref: Exhibit 4/ Page 22 – Smart Meter System Costs

In the above reference, Grimsby states that it will incur additional costs for implementation of Time-of-Use ("TOU") pricing/billing in 2012, for an amount of $129,960.

a) Please identify if there are any associated costs in years before 2012 for these activities. If so, where have they been recorded, in deferral/variance accounts 1555/1556 or regular operating accounts?

Grimsby Power Inc.'s Response:

In reviewing Table 4.10 an error occurred with inputting the line item KTI/Sensus Meter Fees. The cost noted of $30,618 should be $12,730. The revised table is shown below:

Table 4.10 – Revised:

	2006	2007	2008	2009	2010	2011 Bridge Year	2012 Test Year (CGAAP)
(4) Smart Meter System Costs							**112,072**
MDMR							60,588
AMI Software Support							6,930
KTI/Sensus Meter Fees							12,730
KTI/Sensus TGB Fees							31,824

In the Cost of Service Application Grimsby Power Inc. assumed that all smart meter costs after January 1, 2012 would become part of Grimsby Power Inc.'s regular operating accounts. Prior to January 1, 2012 all eligible smart meter costs were recorded in the deferral/variance accounts 1555/1556. For the activities listed in Table 4.10 costs incurred prior to January 1, 2012 are as noted in (b) below:

b) If there are analogous amounts in years before 2012, please provide the amounts by year and in the format shown in Table 4-10.

Grimsby Power Inc.'s Response:

For the line items referred to in Table 4.10 above the corresponding costs in prior years are detailed in the table below. Costs noted in years prior to 2012 were recorded in the deferral/variance accounts 1555/1556.

	2006	2007	2008	2009	2010	2011 Bridge Year	2012 Test Year (CGAAP)
Smart Meter System Costs				-	**36,597**	**96,640**	**112,072**
MDMR						3,190	60,588
AMI Software Support						6,930	6,930
KTI/Sensus Meter Fees						48,230	12,730
KTI/Sensus TGB Fees					36,597	38,290	31,824

c) For each category shown in Table 4-10, please identify whether the costs are expected to be one-time in 2012, or are expected to continue in subsequent years.

Grimsby Power Inc.'s Response:

All costs except the MDMR noted in Table 4.10 are expected to continue in subsequent years. Please refer to IR # 15(d) for further comments on the MDMR costs.

d) Please explain what the costs of $60,588 for MDMR are for. Please also confirm whether that these costs are not for meter data functions that are the responsibility of the Smart Metering Entity. If the costs are for meter data functions that are the responsibility of the Smart Metering Entity, please provide Grimsby's reasons for why these costs are recoverable pursuant to O. Reg. 426/06.

Grimsby Power Inc.'s Response:

Grimsby Power Inc. was anticipating that the fees for the use of the MDMR would come to fruition in 2012. However, it is our understanding that the IESO will be making a rate case for these fees. Since the MDMR fees have not been determined and the timeline has not been established for a rate

case Grimsby Power Inc. will remove the $60,588 from its 2012 budget and rate application.

16. Ref: Exhibit 4/ Page 22 – 23 / Table 4-11 – Computer Network and Website

In the above reference, Grimsby states that a website upgrade will occur in 2011, but table 4-11 shows costs in 2012 year of $10,000 for website maintenance and $8,568 to increase Internet Capacity.

a) Please explain the reason for increasing Internet capacity. Is this related to web presentment of TOU consumption and billing?

Grimsby Power Inc.'s Response:

Grimsby Power Inc. originally contracted with its service vendor to provide a capacity of 3Mbytes per second (mbps) symmetrical internet service with a CIR (committed information rate) of 3mbps. With the implementation of the CIS billing solution by Canadian Niagara Power Inc., the introduction of the smart meter systems (Sensus RNI), and the Harris Metersense ODS the performance of the internet was slowly being eroded. An upgrade occurred in 2011 which changed the capacity to a 10mbps symmetrical internet service with a CIR of 10mbps. Due to changes in the way the service provider bundles its services the upgrade was at no additional cost. In 2012 Grimsby Power Inc. will become fully functional on TOU rates and will be utilizing more internet capacity particularly with the MDM/R and sync operator services. However, the impact of implementing these changes on our internet service is unknown. Grimsby Power Inc. has included with its budget an amount of $8,568 for upgrading the service if and when needed.

The additional uses are directly related to the smart meter implementation and thus billing but are not related specifically to web presentment of TOU consumption and billing.

b) Please explain if the website upgrade occurs in 2011 or 2012. If in 2011, please explain where the 2011 costs are documented.

Grimsby Power Inc.'s Response:

Grimsby Power Inc. is currently in the process of upgrading its website. This work began at the end of 2010 is ongoing in 2011. Much of the functionality of the new website is related to the new conservation and demand

management programs and as such was funded by OPA funds. The amount received from OPA for this project was $7,450.

Grimsby Power Inc. did not forecast any expenses for the website in its 2011 budget.

Expenses forecasted in the 2012 budget are to maintain the new website and implement additional functionality. The additional functionality is outside of CDM and thus is included in Grimsby Power Inc.'s expenses.

c) Please explain whether the costs shown in Table 4-11 are one-time or recurring.

Grimsby Power Inc.'s Response:

Grimsby Power Inc. considers the costs in Table 4.11 as follows:

- Network Security Audit – This audit will likely identify issues that will need to be addressed in years to come. Expenses associated with this initial audit will therefore, be recurring.
- Web Site Maintenance – This will be an ongoing cost.
- Increase Internet Capacity – This will be an ongoing cost.

17. Ref: Exhibit 4 /Page 10 - Fleet

On page 10, it states: "The Operations Department is responsible and accountable for the maintenance and control of approximately eight fleet vehicles and associated equipment. Its objectives include organizing maintenance schedules to ensure vehicle reliability and safety, and the minimization of vehicle down time."
With the replacement of Bucket truck expecting in 2012, how much of the operation expense would be reduced and whether the reduction has been reflected in 2012 OM&A.

Grimsby Power Inc.'s Response:

The typical procurement (tender/evaluation/manufacturing & assembly time) for a bucket truck can easily be 12 months or more. With this in mind the delivery of the new bucket truck included in the 2012 budget will likely be in the late months of the year and possibly December of 2012. The expenses to maintain the existing equipment will, therefore continue throughout 2012 and as such have been included in 2012.

The inference that a reduction in expenses will occur as a result of replacing an old truck is not necessarily true. Truck maintenance costs cannot be predicted with any degree of certainty.

18. Ref: Exhibit 4 /Page 20 - 21 – Third Party Service Providers

a) On page 21, it states: "The Line Contractor amounts vary from year to year depending on the volume of projects and the type of work accomplished." According to Table 4.9 (Cost Drivers-Third Party Service Providers), the total increase for the Line Contractor costs for 2012 is $41,330 ($29,090 + $12,240). Please provide the associated projects or works that drive the increase of these Line Contractor costs.

Grimsby Power Inc.'s Response:

Table 4.9 shows Line Contractor costs as negative $29,090 and positive $12,240 for a net reduction from 2011 to 2012 of $16,850.

b) In reference to Exhibit 4/ Page 49-50, it explains the positive impact of hiring an additional Journeyman Lineman and one of the impact states: "Contract line work currently costs the corporation $100,000's of dollars each year. Additional line staff to Grimsby Power Inc. will reduce this spend by the amount of one full time equivalent (FTE) lineman…". Please explain why an additional Journeyman Lineman is needed while at the same time the proposed Line Contractor costs as stated above are still increasing in 2012.

Grimsby Power Inc.'s Response:

As stated above in Interrogatory # 18(a) the Line Contractor costs are decreasing from 2011 to 2012.

c) On page 21, it states: "GPI currently has a number of disparate systems and service provider which enable GPI to process meter data. This process includes the downloading of data from interval & wholesale meters, converting this data for use in the billing system, and comparing Grimsby Power Inc. data with IESO data in the settlement process. The net increase in costs is approximately $46,000 and includes a third party service to provide a consolidated end to end solution."

i) Please confirm whether this increase of the process meter data costs is related to smart meters.

Grimsby Power Inc.'s Response:

The settlement process as described in Grimsby Power Inc.'s application is not related to smart meters and the costs relate to existing processes.

Currently MicroFIT customers are being settled manually and not by the systems that process interval customers. It is conceivable that automated settlement processes would be developed for this type of customer as well as future FIT customers. Costs to add this functionality have not been included in the costs stated.

ii) Please clarify whether this meter data cost is one time or an ongoing cost.

Grimsby Power Inc.'s Response:

This meter data cost is an ongoing cost.

19. Ref: Exhibit 4/ Page 43 – Employee Compensation and Benefits

Table 4.24 provides the average wages, overtime, and benefits by classes and total. It appears that there are calculation errors for the total average for each category. If the errors are confirmed, please recalculate the total average for each category.

Grimsby Power Inc.'s Response:

Table 4.24 now contains the correct values for averages for each category for employee compensation and benefits.

Table 4.24 Employee Compensation and Benefits (Board Appendix 2-K)

Appendix 2-K
Employee Costs

	2006 - Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Bridge Year	2012 Test Year
Number of Employees (FTEs including Part-Time)[1]								
Executive		$ -	$ -	$ -	$ -	$ -	$ -	$ -
Management		$ 7	$ 7	$ 7	$ 7	$ 8	$ 8	$ 8
Non-Union		$ -	$ -	$ -	$ -	$ -	$ -	$ -
Union		$ 8	$ 8	$ 9	$ 9	$ 9	$ 10	$ 11
Total	$ -	$ 15	$ 15	$ 16	$ 16	$ 17	$ 18	$ 19
Number of Part-Time Employees								
Executive		$ -	$ -	$ -	$ -	$ -	$ -	$ -
Management		$ 1	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1
Non-Union		$ -	$ -	$ -	$ -	$ -	$ -	$ -
Union		$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total	$ -	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1
Total Salary and Wages								
Executive								
Management		$ 321,734	$ 391,759	$ 408,088	$ 423,621	$ 530,311	$ 551,754	$ 543,313
Non-Union								
Union		$ 434,156	$ 447,538	$ 524,576	$ 510,853	$ 533,906	$ 594,264	$ 691,844
Total	$ -	$ 755,890	$ 839,297	$ 932,664	$ 934,474	$ 1,064,217	$ 1,146,018	$ 1,235,157
Current Benefits								
Executive								
Management		$ 93,002	$ 138,473	$ 123,583	$ 137,785	$ 169,822	$ 171,863	$ 182,379
Non-Union								
Union		$ 133,702	$ 140,957	$ 176,361	$ 157,230	$ 160,860	$ 187,452	$ 216,281
Total	$ -	$ 226,704	$ 279,430	$ 299,944	$ 295,015	$ 330,682	$ 359,315	$ 398,660
Accrued Pension and Post-Retirement Benefits								
Executive								
Management		$ 2,987	$ 3,316	$ 3,429	$ 3,578	$ 4,051	$ 4,161	$ 7,215
Non-Union								
Union								
Total	$ -	$ 2,987	$ 3,316	$ 3,429	$ 3,578	$ 4,051	$ 4,161	$ 7,215
Total Benefits (Current + Accrued)								
Executive	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Management	$ -	$ 95,989	$ 141,789	$ 127,012	$ 141,363	$ 173,873	$ 176,024	$ 189,594
Non-Union	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Union	$ -	$ 133,702	$ 140,957	$ 176,361	$ 157,230	$ 160,860	$ 187,452	$ 216,281
Total	$ -	$ 229,691	$ 282,746	$ 303,373	$ 298,592	$ 334,733	$ 363,476	$ 405,875
Total Compensation (Salary, Wages, & Benefits)								
Executive	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Management	$ -	$ 417,724	$ 533,548	$ 535,100	$ 564,984	$ 704,184	$ 727,778	$ 732,907
Non-Union	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Union	$ -	$ 567,857	$ 588,495	$ 700,937	$ 668,082	$ 694,766	$ 781,716	$ 908,124
Total	$ -	$ 985,581	$ 1,122,043	$ 1,236,037	$ 1,233,066	$ 1,398,950	$ 1,509,494	$ 1,641,032
Compensation - Average Yearly Base Wages								
Executive								
Management		$ 49,498	$ 60,271	$ 62,783	$ 65,172	$ 70,708	$ 73,567	$ 72,442
Non-Union								
Union		$ 54,269	$ 55,942	$ 58,286	$ 56,761	$ 59,323	$ 59,426	$ 62,895
Total		$ 103,767	$ 116,213	$ 121,069	$ 121,934	$ 130,031	$ 132,994	$ 135,337
Compensation - Average Yearly Overtime								
Executive								
Management		$ 581	$ 774	$ 1,819	$ 917	$ 614	$ 632	$ 651
Non-Union								
Union		$ 2,905	$ 2,305	$ 3,673	$ 3,241	$ 2,910	$ 2,997	$ 3,087
Total		$ 3,486	$ 3,079	$ 5,492	$ 4,159	$ 3,523	$ 3,629	$ 3,738
Compensation - Average Yearly Incentive Pay								
Executive								
Management		$ 462		$ 4,615	$ 1,438		$ 3,476	$ 3,581
Non-Union								
Union								
Total		$ 462	$ -	$ 4,615	$ 1,438	$ -	$ 3,476	$ 3,581
Compensation - Average Yearly Benefits								
Executive								
Management		$ 14,768	$ 21,814	$ 19,540	$ 21,748	$ 23,183	$ 23,470	$ 25,279
Non-Union								
Union		$ 16,713	$ 17,620	$ 19,596	$ 17,470	$ 17,873	$ 18,745	$ 19,662
Total		$ 31,480	$ 39,433	$ 39,136	$ 39,218	$ 41,056	$ 42,215	$ 44,941
Total Compensation	$ -	$ 985,581	$ 1,122,043	$ 1,236,037	$ 1,233,066	$ 1,398,950	$ 1,509,494	$ 1,641,032
Total Compensation Charged to OM&A		$ 919,603	$ 1,053,056	$ 1,181,813	$ 1,122,110	$ 1,281,333	$ 1,339,957	$ 1,470,620
Total Compensation Capitalized	$ -	$ 65,978	$ 68,987	$ 54,224	$ 110,956	$ 117,617	$ 169,537	$ 170,412

20. Ref: Exhibit 4/ Page 31 - Low Income Energy Assistance Program (LEAP)

Please state whether or not Grimsby has included an amount in its 2012 Test year revenue requirement for any legacy program(s), such as Winter Warmth. If so, please identify the amount and provide a breakdown identifying the cost of each program along with a description of each program.

Grimsby Power Inc.'s Response:

Grimsby Power Inc. does not have any other legacy program in 2012 Test year revenue.

The only program plan for the 2012 test year is the LEAP (Low Income Energy Assistance Program). The amount was calculated following the letter issued by OEB on October 20, 2010 and is noted in Exihibit 4 – Page 31 of 66 – Low Income Energy Consumer Programs (LEAP).

21. Ref: Exhibit 4/ Page 50 – 51 - Ontario Municipal Employees - Retirement System Pension Expense

OMERS has announced a three-year contribution rate increase for its members and employers for the years 2011, 2012, and 2013. Please state whether or not Grimsby's proposed pension costs include this increase. If so, please provide the forecasted increase by years and the documentation to support the increases. If not, please state how Grimsby proposes to deal with this increase.

Grimsby Power Inc.'s Response:

Yes.

Grimsby Power Inc. did include the rate increase for 2011 and projected the employee's earnings out to December 31, 2011 using the 7.4% and 10.7% contribution rates. An increase for 2012 was also applied to our calculations, however prior to OMERS announcing the rate increase. The result is that our 2012 year estimate of $123,000 has been underestimated by $1,100. By using the now announced contribution rate of 8.3% and 12.8% Grimsby Power Inc. has determined that $124,100 will be the employer contribution amount for 2012.

Table 4.26 Pension Premium Information Revised

	2004 Actual	2005Actual	2006 Last Rebasing Year Actuals	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Bridge	2012 Test
OMERS Premiums Paid	$ 51,767	$ 46,173	$ 49,397	$ 58,064	$ 59,991	$ 63,503	$ 76,319	$ 103,000	$ 124,100

Green Energy Plan

22. Ref: Exhibit 4/ Appendix 4.4/ Page 6 – Transmitter Consultations - Exhibit 4/ Appendix 4.5/ Page 1 ; Board's Decision and Order on amending the transmission licence issue to Hydro One Network Inc. [EB-2011-0055] Page 3-4, paragraph 19

In the first reference Grimsby states that it has informally been advised of transmission capacity constraints by Hydro One and NWTC:

GPI sees no restrictions in the near future in the development of FIT and MicroFIT projects on its distribution system …. There may however, be limitations with respect to the transmission stations. Hydro One has informally notified GPI of a limitation on the transmission side of the Beamsville TS. … NWTC has recently indicated informally that the short circuit capacity of this station has limitations.

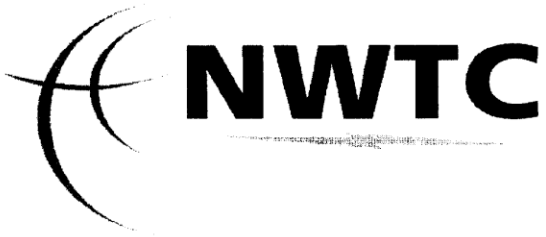
In the second reference OPA states:

The OPA notes that GPI's service territory is constrained due to the fact that the Allanburg 115kV TS has reached its short circuit limitation as specified by Hydro One. This constraint poses limitations for planned projects identified in GPI's current Plan for this area including capacity allocation exempt, capacity allocation required and microFIT projects. The OPA may be unable to award further FIT contracts in the area until this constraint has been addressed by Hydro One. This may result in some delay in connection of projects in the area.

a) Please file with the Board written confirmation of NWTC's assessment with respect to upstream transmission constraints

Grimsby Power Inc.'s Response:

Please find below the written confirmation of NWTC's assessment with respect to upstream transmission constraint(s):



APRIL 11, 2011

NIAGARA PENINSULA ENERGY INC.

GRIMSBY POWER.

RE FIT/MICRO FIT PROJECTS.

Gentlemen,

As a result of our meeting between Niagara Peninsula Energy, Grimsby Power and Niagara West Transformation Corporation on April 8, 2011 it was agreed that this letter will officially advise you that NWTC substation is currently at it's maximum interrupting capacity without connection from any embedded generation project.

On this basis NWTC is unable or willing to accommodate any embedded generation projects that are intended to be connected to your distribution system that originate from feeders out of NWTC substation.

Our substation is already being operated above 95% of the interrupting rating of the 27.6kV GIS.

The addition of any embedded generation both FIT and Micro Fit projects is likely to cause the interrupting rating of the equipment to exceed the existing fault level ratings.

NIAGARA WEST TRANSFORMATION CORPORATION
231 Roberts Road, Ontario L3M 5N2

b) Please clarify with Hydro One and/or the OPA whether Allanburg TS will be amongst the projects earmarked for upgrades as directed in the third reference.

Grimsby Power Inc.'s Response:

Please find below written confirmation (in the form of an e-mail) from Hydro One indicating that they have plans to upgrade the 115kv breakers at Allanburg TS by late 2013:

<<<<<Beginning of E-mail>>>>>

From:colleen.landgraff@HydroOne.com[mailto:colleen.landgraff@HydroOne.com]

Sent: Thursday,June02,2011, 12:13PM

Cc:rob.davidson@HydroOne.com

Subject: Hydro One - Allanburg Constraint Update

Allanburg Generation Capacity Conference Call Update

Hydro One recently held a conference call to discuss the Allanburg transmission system constraints and generation connections. We would like to further clarify the constraints and the appropriate process for connecting future generation.

Allanburg TS constraint

The limitation is due to existing high short circuit levels and the interrupting capability of the existing 115 kV breakers at Allanburg TS. To provide higher short circuit capacity, Hydro One plans to upgrade the 115 kV breakers by late 2013 which will accommodate approximately 100 to 200 MW of additional generation in the area depending on the size, type and location of the new generation.

Hydro One confirmed in the past that Capacity Allocation Exemption (CAE) projects that submitted applications to the OPA prior to June 4, 2010 can be accommodated. Hydro One has since determined that the remaining capacity for connecting generation in the area affected by Allanburg is 10 MW.

No further capacity will be available until the Allanburg breaker upgrades can be completed.

Connection applications

The 10 MW of remaining capacity is to be restricted to the connection of:

1. microFIT projects

2. CAE projects whose applications were submitted to the OPA between June 4, 2010 and December 7, 2010. These are referred to as Phase 3 CAE projects.

Threshold CIA's for the stations affected by the Allanburg constraint cannot be accepted until further notice.

Monitoring capacity

Hydro One will work with the OPA and the LDCs to monitor the capacity that will be used up by microFIT and Phase 3 CAE projects. Capacity will be allocated on a first come first served basis. Hydro One will notify LDCs when the 10MW limit is expected to be reached and at that time, further applications will not be approved. In the meantime LDCs can continue to process microFIT and CAE applications that have passed the OPA's eligibility test.

Hydro One will ask for periodic updates from the LDCs on microFIT offers to connect, issued CIA's underway and CIA's approved for CAE projects at the stations affected by the Allanburg constraint. microFIT offers to connect cannot be tracked by the OPA's web portal for projects that applied to the OPA prior to December 8, 2010 and the OPA does not track CIA status for CAE projects at this time.

If you have any questions, please contact your Account Executive.

Thank you,

Brad Colden

Manager, Customer Business Relations

Hydro One Networks

<<<<<End of E-mail>>>>>

c) Please clarify with NWTC if they are planning any work for transmission constraints relief. If not, why not?

Grimsby Power Inc.'s Response:

Please refer to Board Staff IR # 22(d).

d) Given that the OPA has indicated that these constraints may impact future FIT awards, please update the Board on potential mitigation measures to resolve these transmission constraints, and comment on a possible cost responsibility arrangement to upgrade the transmission assets in question.

Grimsby Power Inc.'s Response:

The transmission constraints are the responsibility of the Transmitters who have been granted Transmission System Licenses to operate these facilities. As a Distributor, Grimsby Power Inc. does not make decisions for either transmitter, whether this be Hydro One or Niagara West Transformation Corporation. Grimsby Power Inc.'s technical expertise currently does not include expertise on transmission assets and therefore, Grimsby Power Inc. declines to comment on potential mitigation measures.

In Grimsby Power Inc.'s opinion the cost responsibility to upgrade transmission assets lies with the transmitter and the renewable generator proponents.

23. Ref: Exhibit 4/ Appendix 4.4/ Page 6 – Distribution System Constraints Filing Requirements: Distribution System Plans – Filing under Deemed Condition of Licence, issued March 25, 2010 [EB-2009-0397], Part IV, p.6-7

The first reference highlights future distribution infrastructure upgrades:
In terms of the GPI electricity distribution system GPI has committed a long term strategy to rebuild most of its distribution infrastructure. […] This work is part of GPI's regular capital program.

a) Please confirm that the connection of the renewable projects thus far identified will have no significant impact on Grimsby's distribution system, and require no immediate upgrades.

Grimsby Power Inc.'s Response:

Grimsby Power Incorporated confirms that the connection of renewable projects thus far identified will have no significant impact on Grimsby Power Inc.'s distribution system, and require no immediate upgrades.

b) Do present plans to connect Renewables have any impacts on embedded or adjacent distributors?

Grimsby Power Inc.'s Response:

Grimsby Power Inc. does not have any embedded distributors.

In Grimsby Power Inc.'s opinion present plans to connect renewable generators will have an impact on adjacent distributors which share feeders and transformer stations. Any potential connections of new renewable generation are reviewed with the impacted distributor and upstream transmitter prior to connection.

c) If costs are forecast in 2012 as a result of the connection of renewables, please indicate what percentage of the planned "regular capital program" would be attributable to them.

Grimsby Power Inc.'s Response:

Grimsby Power did not forecast any costs in 2012 for the planned "regular capital program" as a result of the connection of renewables.

d) In accordance with the *Filing Requirements*, has Grimsby consulted with other distributors?

Grimsby Power Inc.'s Response:

In accordance with the filling Requirements Grimsby Power Inc. has consulted with the following:

- Ontario Power Authority
- Distributors: Hydro One and Niagara Peninsula Energy Incorporated.
- Transmitters: Hydro One and Niagara West Transformation Corporation

24. Ref: Exhibit 4/ Appendix 4.4/ Page. 4 – Future Connections - Exhibit 4/ Appendix 4.5/ Page 1

In the first reference, Grimsby states that 27 residential microFIT solar PV and 2 commercial FIT applications have been received by the OPA.

In the second reference, OPA indicates that:

To date, the OPA has received 1 capacity allocation required FIT application and 34 microFIT applications to GPI's system for a total of 1.25MW of FIT applications and 0.303MW of microFIT applications.

Please reconcile the number of the FIT and microFIT applications received by Grimsby and the OPA.

Grimsby Power Inc.'s Response:

References to the number of applications presented to the OPA are a matter of timing. The additional microfit applications noted by the OPA are simply a result from the time difference between when Grimsby Power Inc.'s Basic Green Energy Act Plan was submitted to the OPA and when the OPA reviewed the Plan. The numbers of applications submitted to the OPA as of October 18th 2011 are as follows:

- 52- MicroFit applications for a total of 473.59 kW or 0.474MW
- 3- FIT for a total of 1350kW or 1.350MW

The above numbers quoted will continue to change moving forward.

25. Ref: Filing Requirements: Distribution System Plans – Filing under Deemed Condition of Licence, issued March 25, 2010 [EB-2009- 0397], Part V – General Strategy for Connecting Embedded Generation ;

Exhibit 4/ Appendix 4.4/ Page 8 / Table 2 and 3

In the first reference, bullet point 4 states: "the method and criteria that will be used to prioritize expenditures in accordance with the planned development of the system". Please provide the Board with Grimsby's prioritization methodology, and how it applies to the projects forecast (in the second reference above) for implementation over the 5-year horizon.

Grimsby Power Inc.'s Response:

With reference to Grimsby Power Inc.'s Green Energy Act Plan and the projects referenced in Table 2 and 3. Section 2.3 on Page 8 of 9 describes the project costs. Further to this, Grimsby Power anticipates (based on its current experience) that all projects on the five year horizon will be able to be connected to the distribution system without system upgrades. The costs noted in the plan of $25,000 per year on Page 7 of 9 are for third party professional services only. See Grimsby Power Inc. rate application Exhibit 4 – Page 62 of 66 regarding the treatment of O&M costs.

Grimsby Power has not developed a project prioritization methodology for connecting embedded generation because it is not foreseen to be required in the five year planning horizon.

26. Ref: Exhibit 4/ Appendix 4.4 – Project Description & Classification

The nature of the work to be undertaken by distributors to connect renewable generators has been classified within three different categories, each giving rise to a different cost responsibility split between generators and distributors. The three categories are: Connection, Expansion, and Renewable Enabling Improvement ("REI").

a) In the above reference, the GEA Plan refers to two FIT projects, namely a solar PV and a biogas one. Please indicate the expected in-service date for these projects.

Grimsby Power Inc.'s Response:

The two fit projects referred to in the GEA Plan have expected in-service dates as follows:

- Solar PV - OPA application ID 3773 – January 2012
- Biogas - OPA application ID 192- unknown at this time - customer has not proceeded with connection impact assessment (CIA).

b) Please provide project summaries and highlight the work Grimsby would be undertaking, including the feeder designation to which a given project would be connected to, and the capacity of the feeder.

Grimsby Power Inc.'s Response:

<u>SOLAR PV - OPA Application ID 3773</u>

Located at 69 Olive St., Grimsby is a 100kW roof mounted Solar PV, capacity exempt allocated, being connected to the 18M3 feeder originating from the Beamsville Transformer Station owned by Hydro One. The renewable generation capacity of the feeder we calculated to be at 0.84MW as per Hydro One's methodology. This station is identified as **TC** – Capacity Allocation Required projects are restricted at these stations due to Transmission Constraints (TC). All other projects will be assessed individually.

Grimsby Power along with Hydro One, have completed a Connection Impact Assessment for this project with favourable results to proceed.

Grimsby Power is in the process of preparing a connection cost estimate for this project. Distribution expansion will not be required for this project.

BIOGAS - OPA Application ID 192

Located at 442 Sobie Road East, Grimsby is proposed to be a 1000KW bioreactor, being connected to the 2508M4 from the Niagara West Transformer Station owned by Niagara West Transformation Corporation. The renewable generation capacity of the feeder currently is 0MW due to short circuit capacity limitations at the station.

At this time the proponent, Grimsby Energy Inc. has not requested a connection impact assessment (CIA).

Distribution expansion for this project is not required.

c) Please complete the table below:

Total number of Projects and Expected Investment in GEA projects:
2012 2013 2014 2015 2016
Connection
Expansion
REI
OM&A

Grimsby Power Inc.'s Response:

Please refer to Interrogatory # 25 above.

Costs for connection, expansion, and REI are currently anticipated to be zero dollars based on the proposed potential projects.

d) In reference to the *Report of the Board: Framework for Determining the Direct Benefits Accruing to Customers of a Distributor under Ontario Regulation 330/09, issued June 10, 2010 [EB-2009-0349*], please evaluate the above projects' cost responsibilities and the potential direct benefits accruing to Grimsby's ratepayers.

Grimsby Power Inc.'s Response:

There are no infrastructure projects anticipated (as stated in Interrogatory # 26(c) above and therefore, an evaluation of direct benefits is not applicable.

27. Ref: Exhibit 4/ Appendix 4.4 – GEA Plan Implementation Cost

On page 5 of the above reference, Grimsby states: "GPI has not forecasted any internal expenditures with respect to this GEA Plan. All internal expenditures will be retained under the current rate structure. GPI has forecasted $25,000 per year starting in 2012 for third party professional services with respect to this GEA Plan."

a) Please confirm that no additional human resources will be required to implement the GEA Plan.

Grimsby Power Inc.'s Response:

Based on Grimsby Power Inc.'s current experience it is not anticipated that additional human resources will be required to implement the GEA Plan.

b) Please describe what type of "third party professional services" Grimsby is referring to in the above reference, and the kind of work that will be performed, for instance: assistance with Smart Grid vs. renewables connections assistance, training of internal staff, conducting studies, etc.

Grimsby Power Inc.'s Response:

Grimsby Power Inc. envisions the following requirements to be provided by third party professional services:

- Engineering Studies – to determine the effect of various types of renewable technology on the distribution system.
- Market Studies – review technology developments as they relate to connecting renewable's to the distribution system and provide information to Engineering staff.
- Engineering Research – collect information on the evolution of distribution systems as more renewables are connected as experienced from other more mature markets.
- Consultation on Smart Grid Developments – the evolution of the smart grid technology will need to be captured so that appropriate decisions on asset procurement can be made.
- Training – communicate results of above studies/development to staff.

28. Ref: Exhibit 4/ Appendix 4.4 – Smart Grid

a) On page 5 of the above reference, Grimsby states: "Given the uncertain nature of Smart Grid development, GPI's strategy will be to adopt a very conservative approach to the implementation to Smart Grid Projects." Please provide further explanation of this "conservative approach".

Grimsby Power Inc.'s Response:

Grimsby Power Inc. does not view itself as being at the forefront of Smart Grid development. A conservative approach means minimizing the risk of implementing smart grid projects which do not have a proven business case. As such, Grimsby Power Inc. will monitor how others develop technologies and projects and when these have a proven to be a benefit to customers will proceed with a business case analysis for consideration by Grimsby Power Inc.'s Board of Directors.

b) On page 9 of the above reference, Grimsby states: "It is anticipated that costs to monitor and keep up to date with Smart Grid development will be contained within GPI's existing cost structure." Please confirm whether the costs related to Smart Grid development have been included in Exhibit 4 / page 31 in the amount of $27,204.

Grimsby Power Inc.'s Response:

The costs contained in the $27,204 are for Third Party service providers only and Grimsby Power Inc. has not allocated any internal costs specifically to smart grid development.

c) Please provide a breakdown of the Smart Grid related costs in the table below:

Area of Smart Grid work	Nature of Program (Pilot, Study, Planning exercise, Education & Training)	Capital expenditure (2012)	OM&A (2012)
2-Way Communication w/ customers			
Home Area Networks			
Dx System Optimization			
Network Automation			
Network Monitoring			

Grimsby Power Inc.'s Response:

Grimsby Power Inc. has not determined how the $27,204 included as O&M will be allocated amongst the categories provided. There has been no capital expenditures identified for 2012.

Cost of Capital and Rate of Return

29. Ref: Exhibit 5/ Page 6 and Exhibit 5/ Appendix 5.1 – Affiliated Longterm Debt

Grimsby documents that it has long-term affiliated debt in terms of a Promissory Note with the Town of Grimsby. A copy of the Promissory Note is provided in Appendix 5.1. The principal is stated as being for $5,782,746.01 at a rate of 7.25% and matures on February 1, 2020.

As provided, the copy provided in Appendix 5.1 is unsigned. Board staff also notes that the Promissory Note is dated December 18, 2007 but the terms as amended are to be effective January 1, 2004. It would appear that this note replaces and amends a previous Promissory Note.

a) Please provide an executed copy of the Promissory Note filed in Appendix 5.1.

Grimsby Power Inc.'s Response:

Grimsby Power Inc. has attached an executed copy of the Promissory Note dated December 18, 2007 as Appendix 3.

b) Please provide the details of the amendment(s) to the note.

Grimsby Power Inc.'s Response:

In 2000, the Ontario Energy Board had set the maximum interest rate that could be charged at 7.25%. The previous Promissory Note dated November 29, 2004 had the interest rate calculated as the greater of 4% per annum or the monthly average prime rate provided by the Corporation's bank each year in which the note is in effect or the Board may set a rate annually, which will be no lower than the interest 4% rate.

Since Grimsby Power Inc. had been paying the full 7.25% since January 1, 2004 the Promissory Note was amended to reflect the actual circumstance and payment.

c) Please explain why the amendments are effective back to January 1, 2004 when the Promissory Note is dated December 18, 2007.

Grimsby Power Inc.'s Response:

As stated in IR 29(b) above Grimsby Power Inc. had been paying the full 7.25% since 2004 therefore the Promissory Note was amended to set the interest rate on the promissory note at 7.25% retro actively to 2004 and the rate be in effect for the full term of the promissory note.

d) The Promissory Note indicates that the interest payment started from April 1, 2001. Please provide a copy of the original Promissory Note dated April 1, 2001.

Grimsby Power Inc.'s Response:

There is no promissory note dated April 1, 2001.

The date of April 1, 2001 refers to the first day of the month after the new distribution rates being approved for March 1, 2001 not the date of a Promissory Note. The date of April 1, 2001 was carried forward to the current note.

30. Ref: Exhibit 5/ Page 6 – Third-party Debt

Grimsby notes that it entered into a debt arrangement of $1.6 million on May 1, 2011 with the TD Bank for purposes of funding smart meter and other capital expenditures. The rate is stated as being calculated at Prime Rate + 0.5% and the loan has a term of 15 years.

The utility also states:

Grimsby Power Inc. plans to borrow $1,500,000 in 2012 to fund its 2011 capital projects. This instrument is anticipated to be organized in a similar fashion to the debt instrument taken out with TD Commercial Banking in 2011.

In Table 5-9, Grimsby shows debt financing with the TD Bank of $1,493,333 effective April 1, 2010 with a rate of 3% for 2010, $2,886,667 @ 3.0% for 2011 and $2,493,333 @ 3.0% for 2012.

a) Is the rate of the TD Bank fixed at 3.0% or is it periodically updated to correspond with Prime Rate + 0.5%? If the latter, what is the current rate being paid?

Grimsby Power Inc.'s Response:

On May 01, 2011 the loan was converted from a demand loan to a variable Term Loan on Prime Rate + 0.5%. The current rate being paid is at 3.50%.

b) Please reconcile the documentation on page 6 of this Exhibit with the debt shown in Table 5-9.

Grimsby Power Inc.'s Response:

For each year the Long Term Debt is reduced by the Short Term Debt paid during the year, as shown in the table below. After reconciling the two documents an error was found in the Table 5.9. The 2012 Long Term Debt changed from $8,276,079 to $8,462,746 and as the result of the correction, the 2012 Weighted Debt Cost changed from 5.97% to 5.90%.

Year		Financing	Short Term debt	Long Term Debt	% Interest	Interest	Weighted Debt Cost
2010							
	Smart Meter Funding	1,600,000	106,667	1,493,333	3.00%	44,800	
	Promissory Note			5,782,746	7.25%	419,249	
	Total Long Term Debt	**1,600,000**	**106,667**	**7,276,079**		**464,049**	**6.38%**
2011							
	Smart Meter Funding		106,667	1,386,667	3.00%	41,600	
	Capital Financing	1,500,000		1,500,000	3.00%	45,000	
	Promissory Note			5,782,746	7.25%	419,249	
	Total Long Term Debt	**1,500,000**	**106,667**	**8,669,413**		**505,849**	**5.83%**
2012							
	Smart Meter Funding		106,667	1,280,000	3.00%	38,400	
	Capital Financing		100,000	1,400,000	3.00%	42,000	
	Promissory Note			5,782,746	7.25%	419,249	
	Total Long Term Debt	**-**	**206,667**	**8,462,746**		**499,649**	**5.90%**

c) The statement quoted above states that Grimsby is borrowing in 2012 to finance 2011 capital projects. Please explain why Grimsby is obtaining debt financing a year later than when it is incurring the costs.

Grimsby Power Inc.'s Response:

The debt financing is arranged firstly as a demand loan. This would occur in 2011. In 2012 the demand loan would be converted to a term loan. This is the same arrangement utilized with the TD Bank for the $1,600,000 borrowed for 2010 projects (demand loan in 2010 converted to term loan in 2011).

d) When does Grimsby expect to incur the debt in 2012?

Grimsby Power Inc.'s Response:

Please refer to Interrogatory # 30(c) above.

e) Please update Table 5-9 showing each debt instrument separately.
Please ensure that the calculation of the proposed weighted average cost of long-term debt, proposed at 5.97% for 2012 is shown in the updated table.

Grimsby Power Inc.'s Response:

Below is the updated Table 5.9 showing each debt instrument separately. The interest rates used in this updated table are those as originally submitted in the rate application.

Table 5.9 (Original Interest Rates):

Weighted Debt Cost

Description	Debt Holder	Affliated with LDC?	Date of Issuance	Principal	Term (Years)	Rate%	Year Applied to	Interest Cost
Promissory Note	Town of Grimsby	Y	January 1, 2004	5,782,746	20	7.25%	2006	419,249
Promissory Note	Town of Grimsby	Y		5,782,746	20	7.25%	2007	419,249
Promissory Note	Town of Grimsby	Y		5,782,746	20	7.25%	2008	419,249
Promissory Note	Town of Grimsby	Y		5,782,746	20	7.25%	2009	419,249
Promissory Note	Town of Grimsby	Y		5,782,746	20	7.25%	2010	419,249
Smart Meter	TD Commercal Bank	N	April 1, 2010	1,493,333	15	3.00%	2010	44,800
Promissory Note	Town of Grimsby	Y		5,782,746	20	7.25%	2011	419,249
Smart Meter	TD Commercal Bank	N		1,386,667	15	3.00%	2011	41,600
Capital Financing	TD Commercal Bank	N		1,500,000	15	3.00%	2012	45,000
Promissory Note	Town of Grimsby	Y		5,782,746	20	7.25%	2012	419,249
Smart Meter	TD Commercal Bank	N		1,280,000	15	3.00%	2012	38,400
Capital Financing	TD Commercal Bank	N		1,400,000	15	3.00%	2012	42,000
								0
								0
								0
								0
								0

2006 Total Long Term Debt	5,782,746	**Total Interest Cost for 2006**	419,249
		Weighted Debt Cost Rate for 2006	7.25%
2007 Total Long Term Debt	5,782,746	**Total Interest Cost for 2007**	419,249
		Weighted Debt Cost Rate for 2007	7.25%
2008 Total Long Term Debt	5,782,746	**Total Interest Cost for 2008**	419,249
		Weighted Debt Cost Rate for 2008	7.25%
2009 Total Long Term Debt	5,782,746	**Total Interest Cost for 2009**	419,249
		Weighted Debt Cost Rate for 2009	7.25%
2010 Total Long Term Debt	7,276,079	**Total Interest Cost for 2010**	464,049
		Weighted Debt Cost Rate for 2010	6.38%
2011 Total Long Term Debt	8,669,413	**Total Interest Cost for 2011**	505,849
		Weighted Debt Cost Rate for 2011	5.83%
2012 Total Long Term Debt	8,462,746	**Total Interest Cost for 2012**	499,649
		Weighted Debt Cost Rate for 2012	5.90%

The calculation of the proposed weighted average cost of long-term debt has also been calculated at the actual interest rate of 3.50%.

Table 5.9 (Actual Interest Rates):

Weighted Debt Cost

Description	Debt Holder	Affliated with LDC?	Date of Issuance	Principal	Term (Years)	Rate%	Year Applied to	Interest Cost
Promissory Note	Town of Grimsby	Y	January 1, 2004	5,782,746	20	7.25%	2006	419,249
Promissory Note	Town of Grimsby	Y		5,782,746	20	7.25%	2007	419,249
Promissory Note	Town of Grimsby	Y		5,782,746	20	7.25%	2008	419,249
Promissory Note	Town of Grimsby	Y		5,782,746	20	7.25%	2009	419,249
Promissory Note	Town of Grimsby	Y		5,782,746	20	7.25%	2010	419,249
Smart Meter	TD Commercal Bank	N	April 1, 2010	1,493,333	15	3.00%	2010	44,800
Promissory Note	Town of Grimsby	Y		5,782,746	20	7.25%	2011	419,249
Smart Meter	TD Commercal Bank	N		1,386,667	15	3.50%	2011	48,533
Capital Financing	TD Commercal Bank	N		1,500,000	15	3.50%	2012	52,500
Promissory Note	Town of Grimsby	Y		5,782,746	20	7.25%	2012	419,249
Smart Meter	TD Commercal Bank	N		1,280,000	15	3.50%	2012	44,800
Capital Financing	TD Commercal Bank	N		1,400,000	15	3.50%	2012	49,000
								0
								0
								0
								0
								0

2006 Total Long Term Debt	5,782,746	**Total Interest Cost for 2006**	419,249
		Weighted Debt Cost Rate for 2006	7.25%
2007 Total Long Term Debt	5,782,746	**Total Interest Cost for 2007**	419,249
		Weighted Debt Cost Rate for 2007	7.25%
2008 Total Long Term Debt	5,782,746	**Total Interest Cost for 2008**	419,249
		Weighted Debt Cost Rate for 2008	7.25%
2009 Total Long Term Debt	5,782,746	**Total Interest Cost for 2009**	419,249
		Weighted Debt Cost Rate for 2009	7.25%
2010 Total Long Term Debt	7,276,079	**Total Interest Cost for 2010**	464,049
		Weighted Debt Cost Rate for 2010	6.38%
2011 Total Long Term Debt	8,669,413	**Total Interest Cost for 2011**	520,282
		Weighted Debt Cost Rate for 2011	6.00%
2012 Total Long Term Debt	8,462,746	**Total Interest Cost for 2012**	513,049
		Weighted Debt Cost Rate for 2012	6.06%

The reconciliation table shown in Interrogatory # 30(b) above has been recalculated for actual interest rates as shown below.

Year		Financing	Short Term debt	Long Term Debt	% Interest	Interest	Weighted Debt Cost
2010							
	Smart Meter Funding	1,600,000	106,667	1,493,333	3.00%	44,800	
	Promissory Note			5,782,746	7.25%	419,249	
	Total Long Term Debt	**1,600,000**	**106,667**	**7,276,079**		**464,049**	**6.38%**
2011							
	Smart Meter Funding		106,667	1,386,667	3.50%	48,533	
	Capital Financing	1,500,000		1,500,000	3.50%	52,500	
	Promissory Note			5,782,746	7.25%	419,249	
	Total Long Term Debt	**1,500,000**	**106,667**	**8,669,413**		**520,282**	**6.00%**
2012							
	Smart Meter Funding		106,667	1,280,000	3.50%	44,800	
	Capital Financing		100,000	1,400,000	3.50%	49,000	
	Promissory Note			5,782,746	7.25%	419,249	
	Total Long Term Debt	**-**	**206,667**	**8,462,746**		**513,049**	**6.06%**

Cost Allocation

31. Ref: Exhibit 7/ Page 5 – Cost Allocation Model

In reference to page 26 of the Board Report "Review of Electricity Distribution Cost Allocation Policy" (EB-2010-0219) dated March 31, 2011; the Board states that "the Board is of the view that default weighting factors should be utilized only in exceptional circumstances. …Default values and the basis on which they were derived will be included in the documentation; however, any distributor that proposes to use those default values will be required to demonstrate that they are appropriate given their specific circumstances."

On p. iv (Executive Summary) the Board report states that "the Board expects that, in most cases, a distributor that is required to file its application before the issuance of the revised CA Model will be able to comply with the policy by applying it to the current CA Model. If necessary, a distributor in this situation may update its cost of service application with the revised CA Model once it becomes available".

a) Please confirm that Grimsby has used the default values for Services and Billing.

Grimsby Power Inc.'s Response:

In the Rate Application, the weighting values used for Services and Billing were the default values.

b) Is it Grimsby's position that the default values are appropriate for its circumstances, as described at p. 26, or does it intend to update its cost allocation model, as described at p. iv?

Grimsby Power Inc.'s Response:

Due to timing, Grimsby Power did not include the Boards latest cost allocation model (version 2.0 from August 5th, 2011) in its rate application. In responding to Energy Probe Interrogatory #32, Grimsby Power has re-submitted the cost allocation study using the new cost allocation model along with new weighting factors for Services and Billing. Grimsby Power Inc. in consultation with its rate advisor derived the weighting factors from the professional judgment of its management staff as shown in the table below.

	1	2	3	7	9
	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load
Insert Weighting Factor for Services	1	1.5	0	0.1	1
Insert Weighting Factor for Billing and Collecting	1	1	7	3	3

The weighting factor for GS>50 is zero since there are no service drops for these customers.

32. Ref: Exhibit 7/ Page 5 - 12 – Cost Allocation Model

a) For the revenue recorded in account 4235 'Miscellaneous Service Revenues', please provide an estimate of how much is due to Account Set-up charges versus how much is due to all other specific service charges, in dollars and as a percentage of the account total.

Grimsby Power Inc.'s Response:

In determining an estimate for this question, historical data from 2009 and 2010 were reviewed to establish the proportion of Account 4235 revenues normally associated with Account Set-up charges, or otherwise. The estimate for Account Set-up charges is $61,964 (72.6% of $85,350). Other specific service charges would amount to $23,386 (27.4% of $85,350).

b) For the residual amount in account 4235, i.e. other than Account Set-up, please provide a table showing how this revenue is allocated amongst the customer classes using the allocator CWNB (as in Grimsby's application based on the Board's cost allocation model version 1.2) and alternatively using the allocator O&M (similar to the allocator OM&A used in the Board's cost allocation model version 2).

Grimsby Power Inc.'s Response:

The estimated allocations of non-Account set-up charges are shown in the table below:

	Residential	**GS<50**	**GS>50**	**SL**	**USL**	**Total**
Residual Amt in Account 4235:	**$23,386**					
Allocated						
by CWNB	$18,642	$2,624	$1,348	$4	$768	$23,386
by O&M	$17,042	$2,362	$3,202	$607	$173	$23,386
Allocators						
CWNB (vrsn 1.2)	79.71%	11.22%	5.76%	0.02%	3.29%	100.00%
O&M (vrsn 2.0)	72.87%	10.10%	13.69%	2.60%	0.74%	100.00%

Rate Design

33. Exhibit 8/ Page 2 - 4 – Fixed and Variable Revenue Allocation

In Table 8.4, the Total Base Revenue Requirement for USL class is $15,428; however in Table 8.6, the USL's Base Revenue Requirement is shown as $20,721. Please explain this discrepancy and adjust any calculations if changes are required.

Grimsby Power Inc.'s Response:

The USL's Base Revenue Requirement in Table 8.4 should be $20,721. Table 8.4 was corrected as shown below. No other adjustments are required as a result of the correction.

Customer Class	Total Base Revenue Requirement	Fixed Revenue	Fixed Revenue Proportion	2011 Test Year Customers	Proposed Fixed Distribution Charge
Residential	3,123,569	2,150,235	68.84%	9,703	18.47
GS < 50 kW	485,632	259,096	53.35%	683	31.62
GS >50	534,672	245,513	45.92%	100	204.19
Street Lighting	79,108	46,364	58.61%	2,548	1.52
USL	20,721	16,104	77.72%	80	16.78
TOTAL	4,243,703	2,717,312		13,114	

34. Ref: Exhibit 8/ Page 5 – Volumetric charge

In the above reference Grimsby states: "As a result, the proposed volumetric charge of $1.5533 per kW for the GS > 50 kW customer class is increased by $0.1749 per kW to include the amount of the Transformer Allowance in the GS > 50 kW class distribution volumetric rate." However, Table 8.6 indicates that the proposed volumetric charge for GS > 50 kW is $1.5322 per kW. Please reconcile the difference.

Grimsby Power Inc.'s Response:

The proposed volumetric charge in the Table 8.6 is correct and the reference in Exhibit 8/Page 5 should be changed from $1.5533 per kW to $1.5322 per kW.

35. Ref: Exhibit 8 – Low Voltage

In reference to Exhibit 1, Page 14, Grimsby requests an approval of revised low voltage rates as proposed and described in Exhibit 8. However it appears that such proposal is not included in the application; please provide the details of the revised low voltages rates proposal and the supporting calculations.

Grimsby Power Inc.'s Response:

The Low Voltage calculation was part of the bill impacts portion of the application. Grimsby Power Inc did not provide the calculation in the application. Please find the calculation below.

RATES - Low Voltage Adjustment

Customer Class	LV Adj. Allocated	Calculated kWh	Calculated kW	Volumetric Rate Type	LV/ Adj. Rates/kWh	LV Adj. Rates/ kW
Residential	67,973	92,606,843	0	kWh	0.0007	
GS < 50 kW	11,797	18,314,894	0	kWh	0.0006	
GS >50	49,116	68,877,755	188,723	kW		0.2603
Street Lighting	886	1,578,145	4,403	kW		0.2012
USL	229	355,293	0	kWh	0.0006	
TOTALS	**130,000**	**181,732,931**	**193,126**			

The rates comparison below between existing and proposed rates shows no change for residential, GS<50 and USL.

The rates calculated per kW for GS>50 and Street Lighting are decreased.

	Existing Rates		Proposed Rates	
Customer Class	Low Voltage per kWh	Low Voltage per kW	Low Voltage per kWh	Low Voltage per kW
Residential	0.0007		0.0007	
GS < 50 kW	0.0006		0.0006	
GS >50		0.2877		0.2603
Street Lighting		0.2194		0.2012
USL	0.0007		0.0007	

36. Ref: Exhibit 8/ Page 7 – Loss Factors

Table 8.8 indicates that the historical actual values of Grimsby's Distribution Loss Factor (DLF) increase from 1.03 in 2006 to 1.04 in 2007 and subsequent years.

a) Please provide an explanation for the increase in the actual DLF from 2006 onwards.

Grimsby Power Inc.'s Response:

The distributors loss factors in Table 8.8 have been updated to include four decimal places as shown in VECC IR #31(a). There is some variability in the loss factors from year to year with the average of 3.90%. The value for 2006 represents the largest swing from the average with a difference of 0.61%. The losses in any distribution system are impacted by any number of technical and non-technical factors. Grimsby Power Inc. has no quantifiable evidence or study to indicate why this year was more different (from the average) than the other years.

b) Please describe any steps that are contemplated to decrease Grimsby's DLF during the test year (2012) and beyond.

Grimsby Power Inc.'s Response:

Grimsby Power Inc. has implemented the following strategies to continually contribute to the decrease of Grimsby Power Inc.'s Distribution Loss Factor:

- Continue to purchase and install efficient transformers that meet the energy efficiency requirements of the latest CAN/CSA-C802.1 specifications.
- Continue with our long term strategy to rebuild our existing 8.3kV distribution system infrastructure to a higher more efficient distribution voltage of 27.6kV which will eliminate two (2) end of life, inefficient 8.32 kV distribution stations.
- Continue to perform system optimization studies and implement the recommendations based on the results of the studies. Such as rerouting certain feeders to balance the overall system and substation loading. Perform phase balancing to minimize losses on unbalanced phases and connect new services to the phases with the lightest load.

The above strategies will continue throughout the 2012 Test Year and beyond.

In the future, use smart metering data to check transformer loading to calculate the utilization factors of transformers. This will allow Grimsby Power Inc. to determine the most efficient size of transformation required to meet actual loads. This will maximize the reduction in transformer losses.

37. Ref: Exhibit 8/ Appendix 8.1 – LRAM Support

In the section, LRAM Support, the Table of Contents lists the following four attachments which were not included in the application:

- Attachment A – CDM Load Impacts by Class and Program
- Attachment B – Foregone Revenue by Class and Program
- Attachment C – LRAM Totals
- Attachment D – OPA CDM Final Results

Please provide a copy of each of the four attachments.

Grimsby Power Inc.'s Response:

Attachments A thru D are too large to convert to PDF format and include as pages to this Interrogatory. An excel spreadsheet with this information has been filed with the interrogatory evidence. File named "BS IR # 37 - GPI – LRAM – Attachment A – D - 2009".

38. Ref: Exhibit 8/ Appendix 8.1/ Page 1 – LRAM Support

Section 3.4.2 of the Filing Requirements indicates that distributors shall file any outstanding LRAM or SSM applications funded between 2005 and 2010 as part of their 2012 COS or IRM application. If a distributor does not file for the recovery of LRAM or SSM amounts in its 2012 rate application, it will forego the opportunity to recover LRAM or SSM for this legacy period of CDM activity. Grimsby's LRAM application is based on its 2005 to 2009 inclusive CDM results.

a) Please indicate whether Grimsby intends to file an application for LRAM or SSM for 2010.

Grimsby Power Inc.'s Response:

Grimsby Power Inc. intends to file an LRAM for results incremental to those calculated in the original submission. The updated report produced by Burman Energy Consultants Group dated October 13, 2011 is attached to this interrogatory as Appendix 4. Attachments A thru C are too large to convert to PDF format and include as pages to this interrogatory. An excel spreadsheet with this information has been filed with the interrogatory evidence. File named "BS IR # 38(a) - GPI – LRAM – Attachment A – C – 2010".

b) If the answer to a) is yes, please provide the following for 2010 in order to have an estimate of the total LRAM and SSM impact:

i. An estimate of the kW or kWh impacts net of free riders for each program and rate class.

Grimsby Power Inc.'s Response:

Below are the estimated kW and kWh impacts net of free riders for each CDM program and rate class. The total 2010 estimates by program and estimates by rate class were derived from Burman Energy CDM activity reports. Allocations by rate class were based on historical proportions on CDM activity from 2006 forward.

Estimate of kW and kWh impacts net of free riders for each CDM program and rate class

CDM Program	2010 kW			
	Residential	GS<50	GS>50	Total
Consumer	26.17	6.60	39.78	72.56
Business	20.17	5.09	30.66	55.92
Business, Industrial	118.23	29.83	179.73	327.79
Industrial	50.09	12.64	76.14	138.86
Total:	214.66	54.16	326.31	595.13

CDM Program	2010 kWH			
	Residential	GS<50	GS>50	Total
Consumer	105,232	21,581	111,647	238,460
Business	86,780	17,797	92,070	196,647
Business, Industrial	2,540	521	2,694	5,755
Industrial	71,629	14,689	75,995	162,314
Total:	266,182	54,587	282,407	603,176

ii. Estimated LRAM and SSM total amounts and rate riders by class.

Grimsby Power Inc.'s Response:

The incremental LRAM amounts with the inclusion of 2010 results is shown in the table below:

ATTACHMENT C
LRAM & SSM Totals

Rate Class

	LRAM $
OPA Programs	
RESIDENTIAL	$29,032.12
GENERAL SERVICE <50KW	$6,738.60
GENERAL SERVICE >50KW	$5,346.34
	$41,117.07

The calculation of the LRAM rate Rider utilizing the incremental values noted in the above table per rate class produces a revised Table 8.9 as shown below.

Table 8.9 Calculation of LRAM/SSM Rate Rider (Revised)

2012 Test Year - LRAM and SSM Rider

	Amounts		Billing Units (2012)		Rate Riders			Two Year Rate Rider	Rate Rider to Use
	LRAM	SSM			LRAM	SSM	Total	Total	Total
Rate Class	$	$		Metrics	$/unit (kWh or kW)	$/unit (kWh or kW)	$/unit (kWh or kW)	$/unit (kWh or kW)	$/unit (kWh or kW)
Residential	88,732.53		92,606,843	kWh	0.0010	0.0000	0.0010	0.0005	0.0005
GS < 50 kW	13,005.29		18,314,894	kWh	0.0007	0.0000	0.0007	0.0004	0.0004
GS >50	40,095.05		188,723	kW	0.2125	0.0000	0.2125	0.1062	0.1062
Total	141,832.87	0.00							

The incremental values noted above were added to the original LRAM amount values shown in Table 8.9 of the rate application.

Smart Meters

39. Ref: Exhibit 9 / Page 10, 19 - 27 – Smart Meter

Please confirm if Grimsby has recorded and tracked costs beyond minimum functionality in separate sub-accounts of Account 1555 and separate subaccounts of Account 1556 for capital expenditures and OM&A expenses, respectively. If so, please provide a breakdown by sub-account.

Grimsby Power Inc.'s Response:

Grimsby Power Inc. has not incurred any cost for capital expenditures or OM&A beyond minimum functionality.

40. Ref: Exhibit 9 / Page 10, 22 - 23 – Stranded Meter

a) Is Grimsby recording Stranded Meter Costs in "Subaccount Stranded Meter Costs" of Account 1555, or fixed assets (i.e., Account 1860, Meters), or both? How does Grimsby ensure that the same stranded meter assets are not recorded in both Account 1555 and Account 1860 (i.e. avoid double counting)?

Grimsby Power Inc.'s Response:

The stranded meters costs are recorded in a separate "Subaccount Stranded Meter Costs" of Account 1555.

By following the same process each quarter, there is no risk to double count the stranded meters booked. Each quarter the billing system provides the number of disposed meters. Based on those numbers the net book value of the stranded meters is booked to the "Subaccount Stranded Meter Costs" of Account 1555. At the same time the Meter account 1860 is reduced by the costs of the meters disposed and also the accumulated depreciation account 2105 is reduced accordingly.

b) Are the stranded meter costs recorded in Account 1555 comprised of the gross costs of the stranded meters, less any capital contributions, less the accumulated depreciation and less any proceeds from the disposition of the meters?

Grimsby Power Inc.'s Response:

Grimsby Power Inc. records in Account 1555 the gross costs of the stranded meters, less the accumulated depreciation. Grimsby Power cannot identify the meter portion of the capital contribution and did not receive any proceeds from the disposition of the stranded meters.

41. Ref: Exhibit 1/page 5, Exhibit 2/page 3 and Exhibit 9/pages 19 to 34 - Smart Meter rate riders

On Exhibit 1/page 5, Grimsby notes in its schedule of proposed rates and charges that its proposed smart meter rate rider is "significant" at $4.8458 per month per metered customer. Grimsby has used the term "smart meter rate rider" as an amalgamation of the Smart Meter Disposition Rider and the Stranded Meter Rate Rider. In Exhibit 9, Grimsby notes that the proposed Smart Meter Disposition Rate Rider is $1.66 per month per metered customer and the Stranded Meter Rate Rider would be $3.18 per month per metered customer. On Exhibit 2/page 3, Grimsby notes that it is proposing recovery of the amounts for stranded meters over a one year period.

a) Given that the smart meter rate rider is a fixed charge, how does Grimsby propose to collect a charge that is expressed to four decimal places (i.e. to hundredths of a cent).

Grimsby Power Inc.'s Response:

The methodology utilized on other fixed charges within the rate generator model is to round the value to two decimal places. When rounded the smart meter rate rider will become $4.85.

b) If the smart meter rate rider is "significant", please provide Grimsby's reasons for proposing recovery of the stranded meter amounts over one year rather than over a longer period.

Grimsby Power Inc.'s Response:

As stated in Exhibit 1 – Page 3 of 77 "Bill impacts for Grimsby Power Inc.'s average usage customers in the residential, GS<50kW, and GS>50kW are below 10%". The "OEB Chapter 2 of the Filing Requirements for Transmission and Distribution Applications - Section 2.11.10 – Mitigation Plan Approaches" references the necessity of a mitigation plan when the total bill increase exceeds 10%. Grimsby Power Inc. acknowledges that the smart meter rate rider is significant however, since the total bill impact is less than the 10% threshold Grimsby Power Inc. believes that it should be allowed to recover this amount over a one year period.

42. Ref: Exhibit 9/pages 19-34 – Smart Meter Disposition Rider

a) Using the Smart Meter model sent by the Board to all electricity distributors on September 13, 2011, please provide the Smart Meter model in working Microsoft Excel format supporting Grimsby Power's proposed Smart Meter Disposition Rider ("SMDR"). Please reflect any changes that may be necessary as a result of responses to other interrogatories by Board staff or intervenors with respect to Grimsby's smart meter proposal.

Grimsby Power Inc.'s Response:

As a result of preparing the Smart Meter model sent by the OEB on September 13, 2011 GPI recognizes that the cost of capital information used in each model, for each year, should be consistent with the capital structure and rates of return approved for that year in the IRM model for the year. Grimsby Power Inc.'s original smart meter model did not account for this.

The cost of capital information should therefore, be as follows for each year:

For 2009:

- Equity % = 43.3%
- Long Term Debt % = 56.7%

- Return on Equity = 9.0%
- Return on Long Term Debt = 7.25%

For 2010 and 2012

- Equity % = 40%
- Long Term Debt % = 60%

- Return on Equity = 9.0%
- Return on Long Term Debt = 7.25%

Under the Boards model the resulting "Cost_of_Service_Parameters" are as follows:

Grimsby Power Inc.

	2006	2007	2008	2009	2010	2011	2012 and later
Cost of Capital							
Capital Structure[1]							
Deemed Short-term Debt Capitalization			0.0%	0.0%	0.0%	0.0%	0.0%
Deemed Long-term Debt Capitalization	50.0%	50.0%	53.3%	57%	60%	60%	60%
Deemed Equity Capitalization	50.0%	50.0%	46.7%	43.3%	40.0%	40.0%	40.0%
Preferred Shares	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Capital Parameters							
Deemed Short-term Debt Rate			0.00%	0.00%	0.00%	0.00%	0.00%
Long-term Debt Rate (actual/embedded/deemed)[2]	6.25%	6.25%	7.25%	7.25%	7.25%	7.25%	7.25%
Target Return on Equity (ROE)	9.0%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
Return on Preferred Shares							
WACC	7.63%	7.63%	8.07%	8.01%	7.95%	7.95%	7.95%
Working Capital Allowance							
Working Capital Allowance Rate	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
(% of the sum of Cost of Power + controllable expenses)							
Taxes/PILs							
Aggregate Corporate Income Tax Rate	36.12%	36.12%	33.50%	33.00%	31.00%	28.25%	26.25%
Capital Tax (until July 1st, 2010)	0.30%	0.225%	0.225%	0.225%	0.075%	0.00%	0.00%
Depreciation Rates							
(expressed as expected useful life in years)							
Smart Meters - years	15	15	15	15	15	15	15
- rate (%)	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%
Computer Hardware - years	5	5	5	5	5	5	5
- rate (%)	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Computer Software - years	5	5	5	5	5	5	5
- rate (%)	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Tools & Equipment - years	10	10	10	10	10	10	10
- rate (%)	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Other Equipment - years	10	10	10	10	10	10	10
- rate (%)	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
CCA Rates							
Smart Meters - CCA Class	47	47	47	47	47	47	47
Smart Meters - CCA Rate	8%	8%	8%	8%	8%	8%	8%
Computer Equipment - CCA Class	45	50	50	50	50	50	50
Computer Equipment - CCA Rate	45%	55%	55%	55%	55%	55%	55%
General Equipment - CCA Class	8	8	8	8	8	8	8
General Equipment - CCA Rate	20%	20%	20%	20%	20%	20%	20%

Under the Boards model the resulting revenue requirement "SM_Rev_Reqt" are as follows:

Grimsby Power Inc.

	2006	2007	2008	2009	2010	2011	2012 and Later
Average Net Fixed Asset Values (from Sheet 4)							
Smart Meters	$ -	$ -	$ -	$ 87,577	$ 710,877	$ 1,298,643	$ 1,300,701
Computer Hardware	$ -	$ -	$ -	$ -	$ 1,426	$ 2,535	$ 1,901
Computer Software	$ -	$ -	$ -	$ -	$ 3,375	$ 6,000	$ 4,500
Tools & Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Net Fixed Assets	**$ -**	**$ -**	**$ -**	**$ 87,577**	**$ 715,678**	**$ 1,307,178**	**$ 1,307,103**
Working Capital							
Operating Expenses (from Sheet 2)	$ -	$ -	$ -	$ -	$ 46,430	$ 225,880	$ -
Working Capital Factor (from Sheet 3)	15%	15%	15%	15%	15%	15%	15%
Working Capital Allowance	$ -	$ -	$ -	$ -	$ 6,964	$ 33,882	$ -
Incremental Smart Meter Rate Base	**$ -**	**$ -**	**$ -**	**$ 87,577**	**$ 722,642**	**$ 1,341,060**	**$ 1,307,103**
Return on Rate Base							
Capital Structure							
Deemed Short Term Debt	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Deemed Long Term Debt	$ -	$ -	$ -	$ 49,656	$ 433,585	$ 804,636	$ 784,262
Equity	$ -	$ -	$ -	$ 37,921	$ 289,057	$ 536,424	$ 522,841
Preferred Shares	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Capitalization	$ -	$ -	$ -	$ 87,577	$ 722,642	$ 1,341,060	$ 1,307,103
Return on							
Deemed Short Term Debt	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Deemed Long Term Debt	$ -	$ -	$ -	$ 3,600	$ 31,435	$ 58,336	$ 56,859
Equity	$ -	$ -	$ -	$ 3,413	$ 26,015	$ 48,278	$ 47,056
Preferred Shares	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Return on Capital	$ -	$ -	$ -	$ 7,013	$ 57,450	$ 106,614	$ 103,915
				Error	Error	Error	Error
Operating Expenses	$ -	$ -	$ -	$ -	$ 46,430	$ 225,880	$ -
Amortization Expenses (from Sheet 4)							
Smart Meters	$ -	$ -	$ -	$ 6,040	$ 49,443	$ 93,388	$ 99,970
Computer Hardware	$ -	$ -	$ -	$ -	$ 317	$ 634	$ 634
Computer Software	$ -	$ -	$ -	$ -	$ 750	$ 1,500	$ 1,500
Tools & Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Amortization Expense in Year	$ -	$ -	$ -	$ 6,040	$ 50,509	$ 95,522	$ 102,104
Incremental Revenue Requirement before Taxes/PILs	$ -	$ -	$ -	$ 13,053	$ 154,389	$ 428,016	$ 206,019
Calculation of Taxable Income							
Incremental Operating Expenses	$ -	$ -	$ -	$ -	$ 46,430	$ 225,880	$ -
Amortization Expense	$ -	$ -	$ -	$ 6,040	$ 50,509	$ 95,522	$ 102,104
Interest Expense	$ -	$ -	$ -	$ 3,600	$ 31,435	$ 58,336	$ 56,859
Net Income for Taxes/PILs	$ -	$ -	$ -	$ 3,413	$ 26,015	$ 48,278	$ 47,056
Grossed-up Taxes/PILs (from Sheet 7)	$ -	$ -	$ -	$ 1,480.10	$ 7,609.12	$ 12,898.56	$ 14,630.15
Revenue Requirement, including Grossed-up Taxes/PILs	$ -	$ -	$ -	$ 14,533	$ 161,998	$ 440,915	$ 220,649

Under the Boards model the smart meter revenues collected "Funding_Adder_Revs" are as follows:

Smart Meter Rate Adder Collected (OEB Model):

Account 1555 - Sub-account Funding Adder Revenues

Date	Year	Quarter	Opening Balance	Funding Adder Revenues	Interest Rate	Interest	Closing Balance
Jan-06	2006	Q1	$ -		0.00%	$ -	$ -
Feb-06	2006	Q1	$ -		0.00%	$ -	$ -
Mar-06	2006	Q1	$ -		0.00%	$ -	$ -
Apr-06	2006	Q2	$ -		4.14%	$ -	$ -
May-06	2006	Q2	$ -	$ 227.00	4.14%	$ -	$ 227.00
Jun-06	2006	Q2	$ 227.00	$ 2,229.17	4.14%	$ 0.78	$ 2,456.95
Jul-06	2006	Q3	$ 2,456.95	$ 2,552.48	4.59%	$ 9.40	$ 5,018.83
Aug-06	2006	Q3	$ 5,018.83	$ 2,556.20	4.59%	$ 19.20	$ 7,594.23
Sep-06	2006	Q3	$ 7,594.23	$ 2,566.71	4.59%	$ 29.05	$ 10,189.99
Oct-06	2006	Q4	$ 10,189.99	$ 2,736.13	4.59%	$ 38.98	$ 12,965.10
Nov-06	2006	Q4	$ 12,965.10	$ 2,393.26	4.59%	$ 49.59	$ 15,407.95
Dec-06	2006	Q4	$ 15,407.95	$ 5,285.30	4.59%	$ 58.94	$ 20,752.19
Jan-07	2007	Q1	$ 20,752.19	$ 2,755.59	4.59%	$ 79.38	$ 23,587.16
Feb-07	2007	Q1	$ 23,587.16	$ 2,606.64	4.59%	$ 90.22	$ 26,284.02
Mar-07	2007	Q1	$ 26,284.02	$ 2,419.15	4.59%	$ 100.54	$ 28,803.71
Apr-07	2007	Q2	$ 28,803.71	$ 2,456.72	4.59%	$ 110.17	$ 31,370.60
May-07	2007	Q2	$ 31,370.60	$ 2,572.89	4.59%	$ 119.99	$ 34,063.48
Jun-07	2007	Q2	$ 34,063.48	$ 2,576.09	4.59%	$ 130.29	$ 36,769.86
Jul-07	2007	Q3	$ 36,769.86	$ 2,663.51	4.59%	$ 140.64	$ 39,574.01
Aug-07	2007	Q3	$ 39,574.01	$ 2,576.29	4.59%	$ 151.37	$ 42,301.67
Sep-07	2007	Q3	$ 42,301.67	$ 2,692.78	4.59%	$ 161.80	$ 45,156.25
Oct-07	2007	Q4	$ 45,156.25	$ 2,496.77	5.14%	$ 193.42	$ 47,846.44
Nov-07	2007	Q4	$ 47,846.44	$ 2,730.84	5.14%	$ 204.94	$ 50,782.22
Dec-07	2007	Q4	$ 50,782.22	$ 2,595.22	5.14%	$ 217.52	$ 53,594.96
Jan-08	2008	Q1	$ 53,594.96	$ 2,965.38	5.14%	$ 229.57	$ 56,789.91
Feb-08	2008	Q1	$ 56,789.91	$ 2,519.22	5.14%	$ 243.25	$ 59,552.38
Mar-08	2008	Q1	$ 59,552.38	$ 2,518.10	5.14%	$ 255.08	$ 62,325.56
Apr-08	2008	Q2	$ 62,325.56	$ 2,594.35	4.08%	$ 211.91	$ 65,131.82
May-08	2008	Q2	$ 65,131.82	$ 2,696.20	4.08%	$ 221.45	$ 68,049.47
Jun-08	2008	Q2	$ 68,049.47	$ 2,835.85	4.08%	$ 231.37	$ 71,116.69
Jul-08	2008	Q3	$ 71,116.69	$ 2,602.49	3.35%	$ 198.53	$ 73,917.71
Aug-08	2008	Q3	$ 73,917.71	$ 2,642.68	3.35%	$ 206.35	$ 76,766.74
Sep-08	2008	Q3	$ 76,766.74	$ 2,783.45	3.35%	$ 214.31	$ 79,764.50
Oct-08	2008	Q4	$ 79,764.50	$ 5,313.63	3.35%	$ 222.68	$ 85,300.81
Nov-08	2008	Q4	$ 85,300.81	-$ 84.73	3.35%	$ 238.13	$ 85,454.21
Dec-08	2008	Q4	$ 85,454.21	$ 2,466.96	3.35%	$ 238.56	$ 88,159.73
Jan-09	2009	Q1	$ 88,159.73	$ 2,795.23	2.45%	$ 179.99	$ 91,134.95
Feb-09	2009	Q1	$ 91,134.95	$ 2,678.26	2.45%	$ 186.07	$ 93,999.28
Mar-09	2009	Q1	$ 93,999.28	$ 2,444.75	2.45%	$ 191.92	$ 96,635.95
Apr-09	2009	Q2	$ 96,635.95	$ 2,744.64	1.00%	$ 80.53	$ 99,461.12
May-09	2009	Q2	$ 99,461.12	$ 2,514.58	1.00%	$ 82.88	$ 102,058.58
Jun-09	2009	Q2	$ 102,058.58	$ 2,660.56	1.00%	$ 85.05	$ 104,804.19
Jul-09	2009	Q3	$ 104,804.19	$ 2,719.56	0.55%	$ 48.04	$ 107,571.79
Aug-09	2009	Q3	$ 107,571.79	$ 2,729.13	0.55%	$ 49.30	$ 110,350.22
Sep-09	2009	Q3	$ 110,350.22	$ 2,659.88	0.55%	$ 50.58	$ 113,060.68
Oct-09	2009	Q4	$ 113,060.68	$ 2,738.94	0.55%	$ 51.82	$ 115,851.44
Nov-09	2009	Q4	$ 115,851.44	$ 2,664.46	0.55%	$ 53.10	$ 118,569.00
Dec-09	2009	Q4	$ 118,569.00	$ 2,776.30	0.55%	$ 54.34	$ 121,399.64

Jan-10	2010	Q1	$	121,399.64	$ 2,737.28	0.55%	$	55.64	$ 124,192.56
Feb-10	2010	Q1	$	124,192.56	$ 2,490.03	0.55%	$	56.92	$ 126,739.51
Mar-10	2010	Q1	$	126,739.51	$ 2,765.08	0.55%	$	58.09	$ 129,562.68
Apr-10	2010	Q2	$	129,562.68	$ 2,678.34	0.55%	$	59.38	$ 132,300.40
May-10	2010	Q2	$	132,300.40	$ 3,546.07	0.55%	$	60.64	$ 135,907.11
Jun-10	2010	Q2	$	135,907.11	$ 8,687.81	0.55%	$	62.29	$ 144,657.21
Jul-10	2010	Q3	$	144,657.21	$ 10,765.80	0.89%	$	107.29	$ 155,530.30
Aug-10	2010	Q3	$	155,530.30	$ 10,301.40	0.89%	$	115.35	$ 165,947.05
Sep-10	2010	Q3	$	165,947.05	$ 10,050.40	0.89%	$	123.08	$ 176,120.53
Oct-10	2010	Q4	$	176,120.53	$ 10,296.44	1.20%	$	176.12	$ 186,593.09
Nov-10	2010	Q4	$	186,593.09	$ 9,806.61	1.20%	$	186.59	$ 196,586.29
Dec-10	2010	Q4	$	196,586.29	$ 10,199.44	1.20%	$	196.59	$ 206,982.32
Jan-11	2011	Q1	$	206,982.32	$ 10,224.96	1.47%	$	253.55	$ 217,460.83
Feb-11	2011	Q1	$	217,460.83	$ 9,188.05	1.47%	$	266.39	$ 226,915.27
Mar-11	2011	Q1	$	226,915.27	$ 11,476.78	1.47%	$	277.97	$ 238,670.02
Apr-11	2011	Q2	$	238,670.02	$ 9,757.62	1.47%	$	292.37	$ 248,720.01
May-11	2011	Q2	$	248,720.01	$ 11,402.65	1.47%	$	304.68	$ 260,427.34
Jun-11	2011	Q2	$	260,427.34	$ 19,223.00	1.47%	$	319.02	$ 279,969.36
Jul-11	2011	Q3	$	279,969.36	$ 21,423.94	1.47%	$	342.96	$ 301,736.26
Aug-11	2011	Q3	$	301,736.26	$ 20,499.79	1.47%	$	369.63	$ 322,605.68
Sep-11	2011	Q3	$	322,605.68	$ 20,000.30	1.47%	$	395.19	$ 343,001.16
Oct-11	2011	Q4	$	343,001.16	$ 20,489.92	1.47%	$	420.18	$ 363,911.26
Nov-11	2011	Q4	$	363,911.26	$ 19,515.15	1.47%	$	445.79	$ 383,872.20
Dec-11	2011	Q4	$	383,872.20	$ 20,296.89	1.47%	$	470.24	$ 404,639.33
Jan-12	2012	Q1	$	404,639.33		1.47%	$	495.68	$ 405,135.01
Feb-12	2012	Q1	$	405,135.01		1.47%	$	496.29	$ 405,631.30
Mar-12	2012	Q1	$	405,631.30		1.47%	$	496.90	$ 406,128.20
Apr-12	2012	Q2	$	406,128.20		1.47%	$	497.51	$ 406,625.71
May-12	2012	Q2	$	406,625.71		1.47%	$	498.12	$ 407,123.83
Jun-12	2012	Q2	$	407,123.83		1.47%	$	498.73	$ 407,622.56
Jul-12	2012	Q3	$	407,622.56		1.47%	$	499.34	$ 408,121.90
Aug-12	2012	Q3	$	408,121.90		1.47%	$	499.95	$ 408,621.85
Sep-12	2012	Q3	$	408,621.85		1.47%	$	500.56	$ 409,122.41
Oct-12	2012	Q4	$	409,122.41		1.47%	$	501.17	$ 409,623.58
Nov-12	2012	Q4	$	409,623.58		1.47%	$	501.79	$ 410,125.37
Dec-12	2012	Q4	$	410,125.37		1.47%	$	502.40	$ 410,627.77
Total Funding Adder Revenues Collected					**$ 393,492.35**		**$**	**17,135.42**	**$ 410,627.77**

Under the Boards model the smart meter disposition rate rider "SMFA_SMDR_SMIRR" is as follows:

Smart Meter Rate Rider Calculation (OEB Model)

Calculation of Smart Meter Disposition Rider (per metered customer per month)

Years for collection or refunding			1
Deferred Incremental Revenue Requirement from 2006 to December 31, 2011		$	617,445.86
SMFA Revenues collected from 2006 to 2012 test year (inclusive)		$	410,627.77
Net Deferred Revenue Requirement		$	206,818.09
SMDR	Jan 1, 2012 to Dec 31, 2012	$	1.64
Check: Forecasted SMDR Revenues		$	206,364.48

Match

Grimsby Power Inc. has filed the electronic copy of the file with this Interrogatory Response.

b) As necessary, please update or augment all evidence in this Exhibit taking into account the documentation provided on the Notes page of the Smart Meter Model sent to distributors on September 13, 2011.

Grimsby Power Inc.'s Response:

Grimsby Power Inc. has taken into account the notes of the model sent by the Board on September 13, 2011. Grimsby Power Inc. wishes to withdraw its original model as proposed in its rate application and substitute it with the Boards model.

Grimsby Power Inc. is proposing to collect the difference from Residential, GS<50, and GS>50 customers as stated in our rate application.

43. Ref: Exhibit 9/ Page 30/ Table 9.11 – Smart Meter Revenue

Requirement
a) In this summary table, Grimsby has applied the deemed capital structure and proposed 2012 Cost of Capital parameters to determine the revenue requirement for all years. As Grimsby has no smart meter costs prior to 2009, this affects the deferred revenue requirement for 2009, 2010 and 2011. Please explain why Grimsby is applying the 2012 Cost of Capital in determining the revenue requirement for prior years.

Grimsby Power Inc.'s Response:

As a result of preparing the response to these interrogatories Grimsby Power Inc. recognizes that the 2009, 2010 and 2011 approved cost of capital parameters for the year should be used in the calculation of the deferred revenue requirement for 2009, 2010 and 2011 and this has been reflected in the information provided in response to Interrogatory 42 (a).

b) The OM&A costs for 2010 and 2011 are $4,067 and $143,260 respectively. Please explain the reason(s) for this significant increase.

Grimsby Power Inc.'s Response:

In reference to Table 9.11 Grimsby Power Inc.'s values are different than those noted above.

The increase in OM&A costs from $ 46,430 in 2010 to $ 225,880 in 2011 is mostly due to the new costs that Grimsby Power Inc has incurred in 2011 as the Smart Meter system matures. Differences are as follows:

Description of Cost	2010	2011	Variance
Meter Base Conversions	$ 5,767	$ 52,500	$ 46,733
Sensus/KTI - TGB	$ 36,596	$ 31,200	-$ 5,396
Sensus/KTI - Meter Data Fees		$ 48,230	$ 48,230
Smart Meter Security Audit		$ 20,340	$ 20,340
Smart Meter Consulting	$ 3,467	$ 24,000	$ 20,533
Harris - Metersense - ODS	$ 600	$ 39,490	$ 38,890
MDMR		$ 3,190	$ 3,190
SAP AMI Software License		$ 6,930	$ 6,930
Total	**$ 46,430**	**$ 225,880**	**$ 179,450**

44. Ref: Exhibit 9/page 31/Table 9.12 – Smart Meter Funding Adder Revenues

a) Do the Smart Meter Funding Adder revenues shown in this table include interest calculated using the applicable Board-issued Prescribed Interest Rate for Deferral and Variance Accounts?

Grimsby Power Inc.'s Response:

The information included in the Table 9.12 was calculated using the applicable Board-issued Prescribed Interest Rates for Deferral and Variance Accounts.

b) Please provide an update to Table 9.12 based on Sheet "8.Funding_Adder_Revs" of the Smart Meter Model send to distributors on September 13, 2011. Please show all information on that table.

Grimsby Power Inc.'s Response:

The updated Smart Meter Model (electronic version) has been filed with Grimsby Power Inc.'s response to the Interrogatory process. The updated Table 9.12 is as follows:

Table 9.12 Smart Meter Rate Adder Collected

Account 1555 - Sub-account Funding Adder Revenues

Date	Year	Quarter	Opening Balance	Funding Adder Revenues	Interest Rate	Interest	Closing Balance
Jan-06	2006	Q1	$ -		0.00%	$ -	$ -
Feb-06	2006	Q1	$ -		0.00%	$ -	$ -
Mar-06	2006	Q1	$ -		0.00%	$ -	$ -
Apr-06	2006	Q2	$ -		4.14%	$ -	$ -
May-06	2006	Q2	$ -	$ 227.00	4.14%	$ -	$ 227.00
Jun-06	2006	Q2	$ 227.00	$ 2,229.17	4.14%	$ 0.78	$ 2,456.95
Jul-06	2006	Q3	$ 2,456.95	$ 2,552.48	4.59%	$ 9.40	$ 5,018.83
Aug-06	2006	Q3	$ 5,018.83	$ 2,556.20	4.59%	$ 19.20	$ 7,594.23
Sep-06	2006	Q3	$ 7,594.23	$ 2,566.71	4.59%	$ 29.05	$ 10,189.99
Oct-06	2006	Q4	$ 10,189.99	$ 2,736.13	4.59%	$ 38.98	$ 12,965.10
Nov-06	2006	Q4	$ 12,965.10	$ 2,393.26	4.59%	$ 49.59	$ 15,407.95
Dec-06	2006	Q4	$ 15,407.95	$ 5,285.30	4.59%	$ 58.94	$ 20,752.19
Jan-07	2007	Q1	$ 20,752.19	$ 2,755.59	4.59%	$ 79.38	$ 23,587.16
Feb-07	2007	Q1	$ 23,587.16	$ 2,606.64	4.59%	$ 90.22	$ 26,284.02
Mar-07	2007	Q1	$ 26,284.02	$ 2,419.15	4.59%	$ 100.54	$ 28,803.71
Apr-07	2007	Q2	$ 28,803.71	$ 2,456.72	4.59%	$ 110.17	$ 31,370.60
May-07	2007	Q2	$ 31,370.60	$ 2,572.89	4.59%	$ 119.99	$ 34,063.48
Jun-07	2007	Q2	$ 34,063.48	$ 2,576.09	4.59%	$ 130.29	$ 36,769.86
Jul-07	2007	Q3	$ 36,769.86	$ 2,663.51	4.59%	$ 140.64	$ 39,574.01
Aug-07	2007	Q3	$ 39,574.01	$ 2,576.29	4.59%	$ 151.37	$ 42,301.67
Sep-07	2007	Q3	$ 42,301.67	$ 2,692.78	4.59%	$ 161.80	$ 45,156.25
Oct-07	2007	Q4	$ 45,156.25	$ 2,496.77	5.14%	$ 193.42	$ 47,846.44
Nov-07	2007	Q4	$ 47,846.44	$ 2,730.84	5.14%	$ 204.94	$ 50,782.22
Dec-07	2007	Q4	$ 50,782.22	$ 2,595.22	5.14%	$ 217.52	$ 53,594.96
Jan-08	2008	Q1	$ 53,594.96	$ 2,965.38	5.14%	$ 229.57	$ 56,789.91
Feb-08	2008	Q1	$ 56,789.91	$ 2,519.22	5.14%	$ 243.25	$ 59,552.38
Mar-08	2008	Q1	$ 59,552.38	$ 2,518.10	5.14%	$ 255.08	$ 62,325.56
Apr-08	2008	Q2	$ 62,325.56	$ 2,594.35	4.08%	$ 211.91	$ 65,131.82
May-08	2008	Q2	$ 65,131.82	$ 2,696.20	4.08%	$ 221.45	$ 68,049.47
Jun-08	2008	Q2	$ 68,049.47	$ 2,835.85	4.08%	$ 231.37	$ 71,116.69
Jul-08	2008	Q3	$ 71,116.69	$ 2,602.49	3.35%	$ 198.53	$ 73,917.71
Aug-08	2008	Q3	$ 73,917.71	$ 2,642.68	3.35%	$ 206.35	$ 76,766.74
Sep-08	2008	Q3	$ 76,766.74	$ 2,783.45	3.35%	$ 214.31	$ 79,764.50
Oct-08	2008	Q4	$ 79,764.50	$ 5,313.63	3.35%	$ 222.68	$ 85,300.81
Nov-08	2008	Q4	$ 85,300.81	-$ 84.73	3.35%	$ 238.13	$ 85,454.21
Dec-08	2008	Q4	$ 85,454.21	$ 2,466.96	3.35%	$ 238.56	$ 88,159.73
Jan-09	2009	Q1	$ 88,159.73	$ 2,795.23	2.45%	$ 179.99	$ 91,134.95
Feb-09	2009	Q1	$ 91,134.95	$ 2,678.26	2.45%	$ 186.07	$ 93,999.28
Mar-09	2009	Q1	$ 93,999.28	$ 2,444.75	2.45%	$ 191.92	$ 96,635.95
Apr-09	2009	Q2	$ 96,635.95	$ 2,744.64	1.00%	$ 80.53	$ 99,461.12
May-09	2009	Q2	$ 99,461.12	$ 2,514.58	1.00%	$ 82.88	$ 102,058.58
Jun-09	2009	Q2	$ 102,058.58	$ 2,660.56	1.00%	$ 85.05	$ 104,804.19
Jul-09	2009	Q3	$ 104,804.19	$ 2,719.56	0.55%	$ 48.04	$ 107,571.79
Aug-09	2009	Q3	$ 107,571.79	$ 2,729.13	0.55%	$ 49.30	$ 110,350.22
Sep-09	2009	Q3	$ 110,350.22	$ 2,659.88	0.55%	$ 50.58	$ 113,060.68
Oct-09	2009	Q4	$ 113,060.68	$ 2,738.94	0.55%	$ 51.82	$ 115,851.44
Nov-09	2009	Q4	$ 115,851.44	$ 2,664.46	0.55%	$ 53.10	$ 118,569.00
Dec-09	2009	Q4	$ 118,569.00	$ 2,776.30	0.55%	$ 54.34	$ 121,399.64

Jan-10	*2010*	*Q1*	$	121,399.64	$ 2,737.28	0.55%	$ 55.64	$	124,192.56
Feb-10	*2010*	*Q1*	$	124,192.56	$ 2,490.03	0.55%	$ 56.92	$	126,739.51
Mar-10	*2010*	*Q1*	$	126,739.51	$ 2,765.08	0.55%	$ 58.09	$	129,562.68
Apr-10	*2010*	*Q2*	$	129,562.68	$ 2,678.34	0.55%	$ 59.38	$	132,300.40
May-10	*2010*	*Q2*	$	132,300.40	$ 3,546.07	0.55%	$ 60.64	$	135,907.11
Jun-10	*2010*	*Q2*	$	135,907.11	$ 8,687.81	0.55%	$ 62.29	$	144,657.21
Jul-10	*2010*	*Q3*	$	144,657.21	$ 10,765.80	0.89%	$ 107.29	$	155,530.30
Aug-10	*2010*	*Q3*	$	155,530.30	$ 10,301.40	0.89%	$ 115.35	$	165,947.05
Sep-10	*2010*	*Q3*	$	165,947.05	$ 10,050.40	0.89%	$ 123.08	$	176,120.53
Oct-10	*2010*	*Q4*	$	176,120.53	$ 10,296.44	1.20%	$ 176.12	$	186,593.09
Nov-10	*2010*	*Q4*	$	186,593.09	$ 9,806.61	1.20%	$ 186.59	$	196,586.29
Dec-10	*2010*	*Q4*	$	196,586.29	$ 10,199.44	1.20%	$ 196.59	$	206,982.32
Jan-11	*2011*	*Q1*	$	206,982.32	$ 10,224.96	1.47%	$ 253.55	$	217,460.83
Feb-11	*2011*	*Q1*	$	217,460.83	$ 9,188.05	1.47%	$ 266.39	$	226,915.27
Mar-11	*2011*	*Q1*	$	226,915.27	$ 11,476.78	1.47%	$ 277.97	$	238,670.02
Apr-11	*2011*	*Q2*	$	238,670.02	$ 9,757.62	1.47%	$ 292.37	$	248,720.01
May-11	*2011*	*Q2*	$	248,720.01	$ 11,402.65	1.47%	$ 304.68	$	260,427.34
Jun-11	*2011*	*Q2*	$	260,427.34	$ 19,223.00	1.47%	$ 319.02	$	279,969.36
Jul-11	*2011*	*Q3*	$	279,969.36	$ 21,423.94	1.47%	$ 342.96	$	301,736.26
Aug-11	*2011*	*Q3*	$	301,736.26	$ 20,499.79	1.47%	$ 369.63	$	322,605.68
Sep-11	*2011*	*Q3*	$	322,605.68	$ 20,000.30	1.47%	$ 395.19	$	343,001.16
Oct-11	*2011*	*Q4*	$	343,001.16	$ 20,489.92	1.47%	$ 420.18	$	363,911.26
Nov-11	*2011*	*Q4*	$	363,911.26	$ 19,515.15	1.47%	$ 445.79	$	383,872.20
Dec-11	*2011*	*Q4*	$	383,872.20	$ 20,296.89	1.47%	$ 470.24	$	404,639.33
Jan-12	*2012*	*Q1*	$	404,639.33		1.47%	$ 495.68	$	405,135.01
Feb-12	*2012*	*Q1*	$	405,135.01		1.47%	$ 496.29	$	405,631.30
Mar-12	*2012*	*Q1*	$	405,631.30		1.47%	$ 496.90	$	406,128.20
Apr-12	*2012*	*Q2*	$	406,128.20		1.47%	$ 497.51	$	406,625.71
May-12	*2012*	*Q2*	$	406,625.71		1.47%	$ 498.12	$	407,123.83
Jun-12	*2012*	*Q2*	$	407,123.83		1.47%	$ 498.73	$	407,622.56
Jul-12	*2012*	*Q3*	$	407,622.56		1.47%	$ 499.34	$	408,121.90
Aug-12	*2012*	*Q3*	$	408,121.90		1.47%	$ 499.95	$	408,621.85
Sep-12	*2012*	*Q3*	$	408,621.85		1.47%	$ 500.56	$	409,122.41
Oct-12	*2012*	*Q4*	$	409,122.41		1.47%	$ 501.17	$	409,623.58
Nov-12	*2012*	*Q4*	$	409,623.58		1.47%	$ 501.79	$	410,125.37
Dec-12	*2012*	*Q4*	$	410,125.37		1.47%	$ 502.40	$	410,627.77
Total Funding Adder Revenues Collected					**$ 393,492.35**		**$ 17,135.42**	**$**	**410,627.77**

45. Ref: Exhibit 9/page 32 – 33 – Stranded Meters

In table 9.14, Grimsby documents that it has no net proceeds from the disposition of conventional meters stranded due to the replacement by Smart Meters.

a) Please provide further explanation as to why there was no net salvage value for the removed conventional meters.

Grimsby Power Inc.'s Response:

The labour, material and equipment required for scrap removal and disposal of the conventional meters was provided by Green-Port Environmental Managers Ltd. The disposal of the meters was a net zero transaction where the vendor was using the scrap value to cover their cost to dispose of the meters.

Grimsby is proposing that the Stranded Meter Rate Rider be collected from all metered customers, as the denominator shown in Table 9.15 is 10,486, the same as the denominator shown in Table 9.13.

b) Since Grimsby has only replaced conventional meters with Smart Meters for the Residential and GS < 50 kW customer classes, please provide Grimsby's views on whether the Stranded Meter Rate Rider should be collected only from customers in those two classes.

Grimsby Power Inc.'s Response:

Please refer to Board Staff IR # 46 in conjunction with this IR.

In order to be consistent with the collection of the Smart Meter Rate Adders which were collected from the Residential, GS<50 and GS>50 rate classes, Grimsby Power Inc. has chosen to apply the Stranded Meter Rate Rider to the same rate classes.

c) Please recalculate the Stranded Meter Rate Rider if it is only collected from Residential and GS < 50 kW customers, over the following recovery periods, as a fixed monthly charge:

i. One year (January 1 to December 31, 2012);
ii. Two years (January 1, 2012 to December 31, 2013);
iii. Three years (January 1, 2012 to December 31, 2014); and
iv. Four years (January 1, 2012 to December 31, 2015).

Grimsby Power Inc.'s Response:

The Stranded Meter Rate Rider(s) are recalculated as follows:

	Jan 1, 2012 - Dec 31, 2012	Jan 1, 2012 - Dec 31, 2013	Jan 1, 2012 - Dec 31, 2014	Jan 1, 2012 - Dec 31, 2015
Description of the Amount	**one year**	**two years**	**three years**	**four years**
Stranded meters costs	$ 400,564	$ 400,564	$ 400,564	$ 400,564
Metered Customers	10,386	10,386	10,386	10,386
Rate Rider to Recover Stranded Meter Costs	$ 3.21	$ 1.61	$ 1.07	$ 0.80

46. Exhibit 9/page 33 – Smart Meter Disposition Rider

Grimsby is proposing that the Smart Meter Disposition Rider ("SMDR") be collected over a period of one year as a fixed monthly charge from all metered customers, similar to how the Smart Meter Funding Adder ("SMFA") was applied. The Board issued *Guideline G-2008-0002: Smart Meter Funding and Cost Recovery* on October 22, 2008. Also, in 2010, PowerStream Inc. ("PowerStream") filed an application for review and partial disposition of costs for smart meters installed to December 31, 2009. The Board considered these costs and approved disposition under Board File No. EB-2010-0209.
In its Decision with respect to PowerStream's smart meter disposition application in 2010, the Board stated that "the Board is mindful that full cost causality should be the guiding principle."[1] However, the Board also noted that:

The Board finds that a cost allocation approach based on class specific revenue requirement calculations offset by class specific smart meter funding to be inconsistent with previous Board decisions, and that there has been no clear requirement to track costs by class. The Board notes that historical funding collected from customer classes other than Residential and GS<50 kW is not material. The Board finds that a class specific calculation of the residual amounts for disposition of smart meter costs for each rate class is unwarranted, as there is insufficient benefit given the additional complexity.[2]

The Board also noted that a more detailed approach could, depending upon a distributor's circumstances, result in rate volatility for some customers, and expressed its view that such volatility should be generally avoided.
Later in that same decision, with respect to PowerStream's proposal for a Smart Meter Incremental Revenue Requirement Rate Rider ("SMIRR"), the Board stated:

The Board is mindful that a cost allocation approach for the prospective revenue requirement should ideally be based on a class specific revenue requirement calculation. However, the Board is concerned about distributors' ability to track all individual costs on a class specific basis at this point in the smart meter initiative, given that the instructions that have been issued by the Board in the recent past have not included this requirement. The requirements for the tracking of smart meter related costs have evolved to the point where no class by class tracking has been required since the initial implementation plans were filed. Furthermore, a cost allocation methodology in a cost of service rate application is based on reasonable cost drivers rather than tracked costs.[3]

In its Decision, the Board approved a methodology whereby the smart meter disposition rider was calculated based on an allocation of the return on capital (interest expense and return on equity) and amortization expense proportional to the capital investments for each class. Further, the Board stated that it will entertain proposals supported by analysis for SMDRs and SMIRRs based on principles of cost causality and where the distributor has the necessary historical and forecasted data.

Grimsby has proposed that the Smart Meter Disposition Rider be collected uniformly from all metered customers, even though its GS > 50 kW customers did not receive such meters or are not serviced by the associated infrastructure investments.

a) Does Grimsby consider that it would be feasible to calculate a class specific Smart Meter Disposition Rider for each of the Residential and GS < 50 kW customers for which smart meters have been installed using the approach as approved for PowerStream in the EB-2010-0209 Decision?

Grimsby Power Inc.'s Response:

Grimsby Power Inc. has calculated its Smart Meter Disposition Rider consistent with the decision EB-2010-0209 approved for PowerStream. Grimsby Power Inc. considers this approach to be an effective way to recover costs for the Smart Meter implementation. An approach to calculate a class specific Smart Meter Disposition Rider would, in Grimsby Power Inc.'s opinion, add unwarranted complexity to the issue.

47. Ref: Exhibit 9/ Page 23 - 27 – Smart Meter Program

In the above reference, Grimsby provides the detailed descriptions of initiatives within the smart meter program. The initiatives include:

- Annual Security Audit;
- Meter Data Management (MDM) System or Operational Data Store (ODS);
- Business Process Redesign and Integration with the MDM/R;
- System Changes;
- Transition to TOU pricing;
- Web Presentment; and
- Consumer Education Plan

Please provide the breakdown of the costs in the following categories for each initiative.

	2011		2012	
	Capital Expenditures	OM&A	Capital Expenditures	OM&A
Annual Security Audit				
MDM System or ODS				
Business Process Redesign and Integration with the MDM/R				
System Changes				
Transition to TOU pricing				
Web Presentment				
Consumer Education Plan				

Grimsby Power Inc.'s Response:

	2011		2012	
Description of Cost	**Capital**	**OM&A**	**Capital**	**OM&A**
Smart Meter Security Audit		$ 20,340		
Harris - Metersense - ODS		$ 39,490		$ 16,378
Integration with MDMR		$ 30,930		$ 6,930
System Changes				
Transition to TOU Pricing				
Web Presentment			22400	4200
Consumer Education Plan				
SAP AMI Software License		$ 6,930		$ 6,930

In the above table Grimsby Power Inc. has included only costs which have been provided for within the corporate budgets. Costs for line items that are blank will be incorporated into existing expenses and have not been specifically identified as Smart Meter Costs.

Miscellaneous

48. Ref: Revenue Requirement Work Form (RRWF)

a) Based on the responses to the interrogatories from all parties, please submit a Microsoft Excel file containing an updated RRWF that represents any changes the applicant wishes to make to the amounts in the previous version of the RRWF included in the middle column.

Grimsby Power Inc.'s Response:

To be forwarded at a later date.

b) Please provide a list of all changes made to Grimsby's original application (by exhibit), including an updated derivation of its revenue requirement, PILs calculation, base rates, rate adders/riders, and bill impacts.

Grimsby Power Inc.'s Response:

To be forwarded at a later date.

Deferral and Variance Accounts

49. Ref: Exhibit 9 – General

Has Grimsby made any adjustments to deferral and variance account balances that were previously approved by the Board, subsequent to the balance sheet date that was cleared in the most recent rates proceeding? If yes, please provide explanations for the nature and amounts of the adjustments and include supporting documentation.

Grimsby Power Inc.'s Response:

The last time Grimsby Power Inc. received approval for disposition of the deferral and variance account balance was in the OEB Decision EB-2009-0198. At that the time the disposition of the deferral and variance accounts were based on the 2008 year end balances plus interest to April 30, 2010. The 2008 year end balances have not changed since they were approved for disposition.

50. Ref: Exhibit 9 / Page 13 – Retail Service Charges

a) Please confirm whether or not Grimsby has followed Article 490, Retail Services and Settlement Variances of the Accounting Procedures Handbook for Account 1518 and Account 1548. Please explain if Grimsby has not followed Article 490. In other words, please confirm that the higher of, the relevant revenues (i.e. account 4082, Retail Services Revenue and/or account 4084, STR Revenue) and the incremental expenses in the associated expense accounts (i.e. account 5315, Customer Billing, and possibly 5305, Supervision and 5340, Miscellaneous Customer Accounts Expenses) is reduced (i.e. revenues debited or expenses credited) at the end of each period, with an offsetting entry to the variance account. Please explain if Grimsby has not followed Article 490, and if so, please quantify the variance.

Grimsby Power Inc.'s Response:

Grimsby followed Article 490, Retail Services and Settlement Variances of the Accounting Procedures Handbook for Account 1518 and Account 1548 and an entry at the end of each period to the variance account was made by decreasing the higher of the revenue accounts and the expense accounts.

b) Please confirm that all costs incorporated into the variances reported in Account 1518 and Account 1548 are incremental costs of providing retail services.

Grimsby Power Inc.'s Response:

Grimsby confirms that all expenses associated with two variance accounts are incremental costs of providing retail services more precise the labour cost plus the EBT Hub Services.

51. Ref: Exhibit 9 / Page 13 – Special Purpose Charges

According to the Board letter of April 23, 2010 on the Special Purpose Charge: "In accordance with section 9 of the SPC Regulation, recovery of your SPC assessment is to be spread over a one-year period, starting from the date on which you begin billing to recover your assessment. The request for disposition of the balance in "Sub-account 2010 SPC Variance" and "Sub-account 2010 SPC Assessment Carrying Charges" should be made after that one-year period has come to an end, and all bills that include amounts on account of that assessment have come due for payment."
a) Please provide the timing of the completion of the recovery period.

Grimsby Power Inc.'s Response:

The Special Purpose Charges was recovered during the period May 01, 2010 to April 30, 2011.

b) Please provide the actual or most recent balance in account 1521, "Subaccount 2010 SPC Variance".

Grimsby Power Inc.'s Response:

As of end of August 31, 2011 the principal balance is a negative balance of $(1,164.55) and the carrying charges of $368.30.

c) Please provide the forecasted carrying charges in "Sub-account 2010 SPC Assessment Carrying Charges" as of December 31, 2011.

Grimsby Power Inc.'s Response:

Grimsby Power Inc.'s forecast for the carrying charges in "Sub-account 2010 SPC Assessment Carrying Charges" as of December 31, 2011 is $362.58.

d) Please explain why Grimsby is requesting the forecasted interest ($802) from January 1, 2011 to December 31, 2011 and not the principal (28,030) and interest ($276) as of December 31, 2010 as per Deferral/Variance Account (DVA) Work form.

Grimsby Power Inc.'s Response:

The Special Purpose Charges recovery from the customers started on May 01, 2010 when Grimsby began billing the customers in order to recover the amount remitted. The one year period came to an end at April 30, 2011. The 2010 year end balance does not cover the account activity and for the disposition the relevant balance is the end balance as of April 30, 2011.

52. Ref: Exhibit 9 / Page 5 – Global Adjustment

In the Board's Decision and Order ("EB-2009-0198") on Grimsby's 2010 IRM application, the Board stated: *The Board directs Applicant to further investigate and report to the Board in a proceeding no later than the rebasing proceeding Grimsby Power's projection of the costs that it would incur to accommodate the establishment of a separate rate rider to dispose of the global adjustment sub account.* In the above reference, it states: "Grimsby Power Inc. plans to dispose the global adjustment in a similar manner as the 2008 balances in the 2010 IRM Application, through a rate rider that would apply to all customers in the affected rate class. It is our understanding that CNPI resources, our CIS provider, has been in the midst of an SAP application upgrade and the transition to time of use billing. This has delayed the project to upgrade the Grimsby Power Inc system to have a separate rate rider to dispose of the Global Adjustment amount to Non- RPP customers."

a) Please provide the estimated time CNPI would complete the upgrade of Grimsby's system to have a separate rate rider to dispose of the GA amount to non-RPP customers.

Grimsby Power Inc.'s Response:

Grimsby Power Inc. is currently managing the transition to time of use rates and is expected to roll out these rates at the end of February 2012. Resources at CNPI are currently engaged on this transition process and will not be available to make the necessary changes in the billing system to meet a January 1, 2012 implementation date. Grimsby Power Inc. has had discussions with CNPI and it is possible to make the necessary changes to implement a rate rider for non-RPP customers with rates effective January 1, 2013.

b) Please state whether Grimsby will provide the detailed calculations for the Global Adjustment Rate Riders using non-RPP customers in the next rate application.

Grimsby Power Inc.'s Response:

Grimsby Power Inc. assumes that by the "next rate application" the Board Staff are referring to the IRM3 process. Based on the response to IR 52(a) above it is possible that detailed calculations could be available for the next rate application. However, the impact to CNPI has not yet been established and until such time that a schedule has been established will Grimsby Power Inc. have an answer that is more certain.

c) Please provide a comparison of the rate riders assuming an allocation of the Global adjustment amount using non RPP customers in one scenario and in another scenario, using all customers. Please provide the difference in the rate rider.

Grimsby Power Inc.'s Response:

The following methodology is used to calculate the Global adjustment rate rider using the scenarios requested:

1. Based on the 2010 consumption the percentage split between RPP and Non-RPP customers is as follows:

2010 KWH

	RPP KWH	NON-RPP KWH	TOTAL KWH	% RPP	%NON-RPP
RESIDENTIAL	83,202,103.40	13,253,199.49	96,455,302.89	86.3%	13.7%
GS<50	15,795,941.63	3,926,985.55	19,722,927.18	80.1%	19.9%
GS>50	4,218,172.41	66,161,835.26	70,380,007.67	6.0%	94.0%
S/L	-	1,651,933.09	1,651,933.09	0.0%	100.0%
USL	399,882.65	1,214.38	401,097.03	99.7%	0.3%
	103,616,100.09	84,995,167.77	188,611,267.86		

2. The percentages are applied to the total 2012 estimated consumption in order to calculate kWh/kW for each Non-RPP customer within each rate class':

2012 Data By Class	kW	kWhs	NON RPP kWhs	NON RPP kW
RESIDENTIAL CLASS		92,606,843	12,724,411	
GENERAL SERVICE <50 KW CLASS		18,314,894	3,646,635	
GENERAL SERVICE >50 KW NON TIME OF USE	188,723	68,877,755	64,749,619	177,412
GENERAL SERVICE >50 KW TIME OF USE				
STANDBY				
LARGE USER CLASS				
UNMETERED & SCATTERED LOADS		355,293	1,076	
SENTINEL LIGHTS				
STREET LIGHTING	4,403	1,578,145	1,578,145	4,403
Totals	193,126	181,732,931	82,699,887	181,815

3. Based on the kWh/kW for each Non-RPP customer class in the above table the percentage split between kWh and kW is calculated:

Allocators	Non RPP Cust. Num.'s (kWh)	Non RPP Cust. Num.'s (kW)
RESIDENTIAL CLASS	15.4%	0.0%
GENERAL SERVICE <50 KW CLASS	4.4%	0.0%
GENERAL SERVICE >50 KW NON TIME OF USE	78.3%	97.6%
GENERAL SERVICE >50 KW TIME OF USE	0.0%	0.0%
STANDBY	0.0%	0.0%
LARGE USER CLASS	0.0%	0.0%
UNMETERED & SCATTERED LOADS	0.0%	0.0%
SENTINEL LIGHTS	0.0%	0.0%
STREET LIGHTING	1.9%	2.4%
Totals	100%	100%

4. The percentage splits in the above table is used to allocate the Global adjustment amount between the Non-RPP customer classes:

Defferal and Variance Account:	Amount	ALLOCATOR	Residential	GS < 50 KW	GS > 50 Non TOU	Small Scattered Load	Street Lighting	Total
Global Adjustment - Account 1589	1,125,389	kWhs All customers	573,472	113,416	426,528	2,200	9,773	1,125,389
Global Adjustment - Account 1589	1,125,389	kWhs Non-RPP customers	173,155	49,624	881,120	15	21,476	1,125,389

5. The rate riders are calculated as follows:

Class	Residential	GS < 50 KW	GS > 50 Non TOU	Small Scattered Load	Street Lighting
Billing Determinants	kWh	kWh	kW	kWh	kW
Global Adjustment Rate Riders - All Customers	$ 0.0062	$ 0.0062	$ 2.2601	$ 0.0062	$ 2.2195
Global Adjustment Rate Riders - Non RPP Customers	$ 0.0136	$ 0.0136	$ 4.9665	$ 0.0136	$ 4.8773

53. Ref: Exhibit 9 / Page 4 - 5 – Cost of Power

In regards to account 1588 RSVA Power and 1588 RSVA Sub-account Global Adjustment:

a) Please provide a breakdown of energy sales and cost of power expense by Uniform System of Accounts (USoA) account number.

Grimsby Power Inc.'s Response:

Grimsby Power Inc. reported to the Board a detailed accounting of how the energy sales and cost of power was accounted for by way of letter dated May 13, 2011. This letter and detail is included as Appendix 8 to this Interrogatory.

On Page 3 the "Statement of Earnings and Retained Earnings for Months ending December 31, 2010" the accounts representing energy sales are noted under the "Sales" heading. The accounts representing cost of power are noted under "Cost of Sales". The values noted are as follows:

- Sales $18,747,910
- Cost of Sales $15,370,110
- Gross Profit $3,377,800

b) Please reconcile these numbers to the audited financial statements.

Grimsby Power Inc.'s Response:

With reference to Board IR #53(a) above Page 3 represents the Gross Profit as $3,377,800. Grimsby Power Inc.'s 2010 financial statements as included in the rate application as Appendix 1.3 – Page 3 notes the "Gross Profit" as $3,377,801 a difference of $1. This $1 is due to rounding conventions.

There are no differences between the energy sales and cost of power accounts numbers by Uniform System of Accounts (USoA) and the Audited Financial Statements

c) If there is a difference between the energy sales and cost of power expense reported numbers, please explain the difference.

Grimsby Power Inc.'s Response:

Not applicable

d) Does Grimsby pro-rate IESO Charge Type 146 Global Adjustment into the RPP portion and non-RPP portion? If not, why not? If so, please provide the supporting spreadsheet for the year 2010 which prorates the IESO Charge Type 146 Global Adjustment into RPP and non-RPP portions.

Grimsby Power Inc.'s Response:

Grimsby Power Inc. determines the Global Adjustment cost split between RPP and Non-RPP customers by determining the difference in cost between the known cost of the Global Adjustment (Type 146 from IESO invoice) and a calculation of Global Adjustment costs attributable to RPP customer consumption.

Grimsby Power Inc.'s CIS system is able to report kWhr consumption for RPP customers. The determinants used by Grimsby Power Inc. are as follows:

- kWhrs consumed at Tier 1 rates (RPP Only)
- kWhrs consumed at Tier 2 rates (RPP Only)

Other information used in the calculation is as follows:

- Global Adjustment Price – 2nd Estimation by IESO $/kWhr

The calculation is as follows:

- A = Cost of Global Adjustment for RPP Customers - Price ($/kWhr) x Tier 1 and Tier 2 Consumption (kWhrs)
- B = Global Adjustment Cost from IESO invoice ($)
- C = Cost for Non-RPP Global Adjustment ($)

- Equation C = B – A

The table below is Grimsby Power Inc.'s calculation for the Non-RPP portion of the IESO Charge Type 146 Global Adjustment for each month of 2010.

Description	Dec 2010	Nov 2010	Oct 2010	Sept 2010	Aug 2010	Jul 2010	Jun 2010	May 2010	Apr 2010	Mar 2010	Feb 2010	Jan 2010
Regulated Energy kWh Tier 1	5,282,337.22	4,126,367.11	4,206,995.32	4,544,492.43	4,595,549.58	4,142,967.51	3,870,103.20	4,940,043.66	5,325,780.81	5,203,250.48	5,846,529.18	5,696,211.79
Regulated Energy kWh Tier 2	1,323,493.42	2,207,859.88	3,116,519.10	5,209,807.55	5,597,510.65	3,698,335.37	2,384,016.01	1,204,087.11	1,436,570.36	1,936,605.96	2,305,639.81	1,981,495.53
Global Adjusment Calculation:	0.03327	0.03551	0.04139	0.02936	0.01330	0.00871	0.02575	0.02520	0.03648	0.03982	0.02675	0.02842
Return 1st	175,743.36	146,527.30	174,127.54	133,426.30	61,120.81	36,085.25	99,655.16	124,489.10	194,284.48	207,193.43	156,394.66	161,886.34
Return 2nd	44,032.63	78,401.10	128,992.73	152,959.95	74,446.89	32,212.50	61,388.41	30,343.00	52,406.09	77,115.65	61,675.86	56,314.10
Total :	**219,775.99**	**224,928.40**	**303,120.26**	**286,386.25**	**135,567.70**	**68,297.75**	**161,043.57**	**154,832.10**	**246,690.57**	**284,309.08**	**218,070.52**	**218,200.44**
Type 146 - IESO Global Adjustment Settlement Amount	562,556.82	494,701.34	562,556.82	422,926.93	233,130.32	149,182.03	397,599.49	352,726.28	459,102.48	573,183.66	380,431.97	450,857.79
RPP customers Global Adjustment	219,775.99	224,928.40	303,120.26	286,386.25	135,567.70	68,297.75	161,043.57	154,832.10	246,690.57	284,309.08	218,070.52	218,200.44
Non-RPP customers Global Adjustment	**342,780.83**	**269,772.94**	**259,436.56**	**136,540.68**	**97,562.62**	**80,884.28**	**236,555.92**	**197,894.18**	**212,411.91**	**288,874.58**	**162,361.45**	**232,657.35**

e) Is the RPP portion included in the 4705 control account and then incorporated into the variance reported in the 1588 control account? If not, why not? If so, please provide journal entries for the month of December 2010 to record the RPP portion of global adjustment in Account 4705 and incorporated into the variance reported in Account 1588.

Grimsby Power Inc.'s Response:

The RPP portion of the global adjustment expense (part of the IESO Charge Type 146) is included in the Account 4705 Power Purchased and variance Account 1588 RSVA Power at period-end.

The IESO Charge Type 142 is part of a month end entry. The charge is a true-up adjustment for both the cost of power purchased (attributable to RPP customers included in charge type 101) and the global adjustment (attributable to RPP customers included in the charge type 146). The IESO Charge Type 142 amount is booked in the account 4705 - Power Purchased. The amount has an offsetting effect on the global adjustment (attributable to the non RPP customers) that was also posted to the account 4705 when the IESO Charge Type 142 was booked.

By comparing the energy sales accounts 4006 to 4055 with cost of power account 4705 the higher of the revenue or expense is to be reduced. For the month of December 2010 the revenue was higher and was reduced with the offsetting entry to Account 1588 RSVA Power.

Therefore, Grimsby Power Inc. is confirming that the RPP portion is included in the 4705 control account and then incorporated into the variance reported in the 1588 control account.

The following entries were done for the month of December 2010:

- To record the global adjustment:
  - Debit account 4705, Power Purchase, Sub-Account Global Adjustment
  - Credit account series 4005-4055, Sale of Electricity

- To record the variance in account 1588, RSVA Power:
  - Debit account series 4005-4055, Sale of Electricity
  - Credit 1588, RSVA Power

f) Is the non-RPP portion included in Account 4705 sub-account Global Adjustment and then incorporated into the variance reported in Account 1588 sub-account Global Adjustment? If not, why not? If so, please provide journal entries for the month of December 2010 to record the non- RPP portion of global adjustment in Account 4705 sub-account Global Adjustment and incorporated into variance reported in Account 1588 subaccount Global Adjustment.

Grimsby Power Inc.'s Response:

The global adjustment attributable to non-RPP customers is accounted separately in the Account 4705 sub-account Global Adjustment and Account 1588 RSVA Power Sub-account Global Adjustment.

Only the non-RPP portion of the IESO Charge Type 146 is booked in Account 1588 RSVA Power Sub-account Global Adjustment.

The same treatment of comparing the revenue with the expenses (as noted in Board Staff IR # 53(e)) was applied to record the non-RPP portion of the global adjustment. By comparing the energy sales accounts 4015 - Energy Sales Sub-account Global Adjustment with cost of power account 4705, Power Purchased, Sub-account Global Adjustment, the higher of the revenue or expense account is to be reduced. For the month of December 2010 the

expense was reduced with an offsetting entry to Account 1588 RSVA Power Sub-account Global Adjustment.

Therefore, Grimsby Power Inc. is confirming that the non-RPP portion is included in the 4705 sub account Global Adjustment and then incorporated into the variance reported in the 1588 sub account Global Adjustment.

The following entries were done for the month of December 2010:

- To record the global adjustment:
  - Debit account 4705, Power Purchase, Sub-Account Global Adjustment
  - Credit account series 4015, Sale of Electricity, Sub-Account Global Adjustment

- To record the variance in account 1588, RSVA Power:
  - Debit 1588, RSVA Power, Sub-Account Global Adjustment
  - Credit account 4705, Power Purchase, Sub-Account Global Adjustment

g) If any of part “d”, “e”, or “f” above is not followed, please make appropriate adjustments and file the updated evidence. Please provide explanations for the changes made by Applicant, if any.

Grimsby Power Inc.’s Response:

Grimsby Power Inc. is not proposing to make any adjustments to the evidence submitted.

54. Ref: Exhibit 9 / Page 6 – Account 1590

In October 2009 Accounting Procedure Handbook FAQs, Q and A #16 states: *The Accounting Procedures Handbook (APH) specifies that a utility can choose to report taxes on a future income taxes basis (even when the taxes payable method was in effect for rate-regulated entities) and that such treatment has no bearing on what the utility chooses to apply for in distribution rates. Article 440 at page 2, states: "…the method of accounting for future income taxes will not affect the manner in which just and reasonable rates are approved by the Board and the accounts provided in the Uniform System of Accounts (USoA) are provided only for the convenience of the electric utility."*

The USoA provides accounts for the electric utility to recognize future income taxes in accordance with CICA Handbook Section 3465—Income Taxes, as follows:
- *2296, Future Income Taxes – Current;*
- *2350, Future Income Taxes – Non-Current; and*
- *6115, Provision for Future Income Taxes.*

The Board does not prescribe financial reporting requirements for financial statement purposes. Consequently, the reporting of income taxes in financial statements, whether based on the taxes payable or the future income taxes method, is for the distributor to decide in accordance with CICA Handbook requirements.

In reference to Exhibit 9/ page 6, Grimsby stated that it established at the end of 2009 account 1590 Subaccount - Future Tax Liabilities in order to set-up the grossed-up future payments in lieu of taxes benefit and corresponding regulatory liabilities. The sub-account balance at the end of 2010 is $1,013,324. Each year the Future Tax Liability is recalculated and the differences recorded. No interest is recorded on this sub-account.

a) Please provide the Board authorization to support the establishment of the 1590 Sub account - Future Tax Liabilities

Grimsby Power Inc.'s Response:

Grimsby Power Inc. was not provided with authorization from the Board for the establishment of the 1590 Subaccount - Future Tax Liabilities. An explanation about the use of account 1590 is provided in Board Staff Interrogatory # 54(b) below.

b) Please explain why the Applicant did not use the accounts identified in the October 2009 APH FAQ.

Grimsby Power Inc.'s Response:

This account was established at the end of 2009 based on Grimsby Power Inc.'s interpretation of discussions with Grimsby Power Inc.'s auditors about the treatment of future tax liabilities. Grimsby Power Inc.'s intention is to reclassify the account balance to the correct accounts identified by OEB in the October 2009 APH FAQ.

c) Please clarify if the tax treatment is related to the Audited Financial Statements and not regulatory accounting.

Grimsby Power Inc.'s Response:

The tax treatment was made to conform with the amendment to the CICA Handbook Section 3465—Income Taxes. The amendment states:

> "That where future income taxes may be expected to be included in approved rates charged to customers in the future and to be recovered or returned to future customers, the recognition of a regulator asset or liability for the increase or reduction in future revenue is required. Furthermore, the regulatory asset or liability established by the requirement is a temporary difference for which additional income tax asset or liability is recognized."

As a result of this relationship between the regulatory accounts and future income tax Grimsby Power Inc. used the account 1590 for Future Tax Liabilities.

55. Exhibit 9 / Page 16; Exhibit 2/ Page 14 - 15 – HST/OVAT ITCs

a) The Board expects distributors to file for disposition of account 1592 in their cost of service applications. Please complete and file Appendix 2-T from Chapter 2 of the Filing Requirements issued on June 22, 2011 in support of the request to dispose of account 1592.

Grimsby Power Inc.'s Response:

In support of the request to dispose the account 1592 Grimsby Power Inc. has filed the Appendix 2-T from Chapter 2 of the Filing Requirements with the Interrogatory response.

b) The Provincial Sales Tax ("PST") and the Federal Goods and Services Tax were harmonized into the Harmonized Sales Tax ("HST") effective July 1, 2010. As a result of this harmonization, Applicants may benefit from an overall net reduction in costs in the form of Input Tax Credits ("ITCs"). This arises due to cost decreases from the receipt of additional ITCs on the purchases of goods and services previously subject to PST that become subject to the HST. These cost decreases may be partially offset by cost increases on certain items that were not previously subject to PST but become subject to the HST with no additional ITCs having been granted (i.e., these items are subject to recaptured ITC requirements).

   During the 2010 IRM application process, the Board directed electricity distributors to record in deferral account 1592 (PILs and Tax Variances, Sub-account HST/OVAT Input Tax Credits ("ITCs")), beginning July 1, 2010, the incremental ITCs received on distribution revenue requirement items that were previously subject to PST and became subject to HST.

   In December 2010, as part of its Frequently Asked Questions on the Accounting Procedures Handbook for electricity distributors, the Board provided accounting guidance on this matter and provided a simplified approach designed to facilitate administrative cost-saving opportunities.

   No additional amounts should be recorded in Account 1592 (PILs and Tax Variances, Sub-account HST/OVAT ITCs) for the Test Year and going forward, as the impact of the HST and associated ITCs on capital and operating costs in the Test Year should be reflected in the applied-for revenue requirement. For the 2012 Test Year for example, entries to record variances in the sub-account of Account 1592 would cover the period from July 1, 2010 to December 31, 2011

since the Test Year, which starts January 1, 2012 would include the HST impacts in rates going forward.

i. Notwithstanding the response to #55 a) above, please confirm that currently, Grimsby has no transactions recorded in account 1592, PILS & tax Variance for 2006 and Subsequent Years except the amount in Account 1592, sub-account HST/OVAT ITCs.

Grimsby Power Inc.'s Response:

Grimsby Power confirms that currently no transaction was recorded in account 1592, PILS &, PILS & tax Variance for 2006 and Subsequent Years except the amount in Account 1592, sub-account HST/OVAT ITCs.

i. Grimsby is requesting to dispose of account 1592, PILs & Tax Variance for 2006 & subsequent Years, sub account HST/OVAT Input Tax Credits (ITCs) in the amount of $9,362 (credit).

a) Please confirm that the amount requested is incremental ITCs.

Grimsby Power Inc.'s Response:

Grimsby Power confirms that the amount requested for disposal is incremental ITCs.

b) Please provide the assumptions used and detailed calculations for the total 2010 and 2011 amount of $98,628 (13%) and $60,695 (8%) respectively, as well as how the Applicant arrived at the capital HST/OVAT ITC portion of $711 in Table 2.4, HST Calculation, Exhibit 2, page 15.

Grimsby Power Inc.'s Response:

Table 2.4 HST Calculation (Revised)

2010 Inventory Issued off:

474,219.92	Capital Job Cost	88%
61,785.08	OM&A Job Cost	12%
536,005.00	Total 2010 Inventory issued off	100%

HST on Inventory Purchased

Jul -Dec 2010	Jan-Jun 2011	Jul-Dec 2011	Total
43,463.90	25,524.21	38,233.13	107,221.23
5,926.89	3,480.57	5,213.61	14,621.08
49,390.79	**29,004.78**	**43,446.74**	**121,842.31**

HST Calculation

	HST on Inventory	HST on Expenses	Total HST paid 13%	Equivalent PST 8%	Depreciation Years	PST Saving
Capital	107,221.23		107,221.23	65,982.30	25	2,639.29
OM&A	14,621.08	32,913.60	47,534.68	29,252.11		29,252.11
			154,755.91	**95,234.41**		**31,891.40**

50% returnable to ratepayers **15,945.70**

Grimsby Power Inc.'s original calculation did not include the period from July to December 2011. Therefore, a new analysis has been completed to include the period from July 1, 2011 to December 31, 2011.

The methodology utilized to calculate the tax savings resulting from the change in tax laws including values from Grimsby Power Inc.'s analysis (as shown in the above table) is as follows:

- Starting July 01, 2010 the total HST that would have had the PST component applied was recorded in a separate G/L account "HST Saving Account". This applied to inventory goods and services received.
- Inventory represents the largest expense upon which savings will be derived. In order to split the HST Saving's amount Grimsby Power Inc. calculated the percentage of inventory used between OM&A and Capital during 2010. The percentage serves as proxy on the inventory purchased between 2010 and 2011. By applying the percentage to the total HST Saving Account values the split in HST savings between OM&A and Capital is realized as follows:
    - $14,621.08 for OM&A
    - $107,221.23 for Capital.
- The HST savings on expenses during this period amounted to $ 32,913.60 (expenses subject to PST). This amount was added to the OM&A amount already calculated.
- The HST Saving amounts total $47,534.68 for OM&A and $107,221.23 for Capital (at 13%). The PST portion at 8% would therefore be calculated as $29,252.11 for OM&A and $65,982.30 for Capital.
- However, since the $65,982.30 is depreciated over a 25 year useful life the resulting savings would be $2,639.29.
- The total tax savings then amounts to $31,891.40 of which 50% is returnable to the ratepayers.

ii. Please confirm that Grimsby has followed the December 2010 FAQs accounting guidance regarding Account 1592, sub-account HST/OVAT ITCs. If this is not the case, please explain.

Grimsby Power Inc.'s Response:

Grimsby Power did not follow the December 2010 FAQs accounting guidance regarding Account 1592, sub-account HST/OVAT. The methods outlined in the December 2010 FAQ's were deemed by Grimsby Power Inc. to be inefficient as compared with the method chosen. Grimsby Power Inc. found that an allocation methodology would be appropriate in dealing with this issue.

iii. Please confirm that entries have been made to record variances in the sub-account account of Account 1592 to cover the period from July 1, 2010 to December 31, 2011. If this is not the case, please explain.

Grimsby Power Inc.'s Response:

The HST Saving amount calculated in the initial rate application (Table 2.4) booked in the variance Account 1592 sub-account HST/OVAT with the offset of:

- $42,682.48 from the 2011 capital
- $18,011.90 from 2011 OM&A expense.

These amounts cover the period July 1, 2010 to June 30, 2011.

The difference calculated for the period July 01 to December 31, 2011 will be booked in the variances Account 1592 sub-account HST/OVAT with the offset of:

- $23,299.82 from the 2011 capital
- $11,240.21 from 2011 OM&A expense

The total revised HST Saving amount calculated (see Table 2.4 Revised above) and booked in the variance Account 1592 sub-account HST/OVAT with the offset of:

- $65,982.30 from the 2011 capital
- $29,252.11 from 2011 OM&A expense.

iv. Please confirm that Grimsby does not intend to continue to use this sub-account for the Test Year and going forward. If this is not the case, please explain

Grimsby Power Inc.'s Response:

Grimsby Power Inc. confirms that it has no intention to continue to use this sub-account for the Test Year and going forward.

56. Ref: Exhibit 9/ Page 11 – Account 1562

The Board issued its decision and order in the combined proceeding on account 1562 deferred PILs (EB-2008-0381) on June 24, 2011. In this decision and order the Board stated that it expected distributors subject to section 93 of the *Electricity Act* to apply for final disposition of the balance in account 1562 in their next general rates application (either IRM3 or cost of service).

The evidence filed must be consistent with the level of detail found in the combined proceeding, including the findings in the Board's decision and the settled issues found in the settlement agreement. Board staff issued a letter on September 13, 2011 to provide further guidance to distributors related to clearing account 1562 deferred PILs balances.

The following questions are intended to place on the record of this application, the minimum evidence required for the review and disposition of account 1562.

a) Please provide the active Excel workbooks in Excel 2003 compatible files for rate applications, PILs proxies, SIMPIL models and the PILs 1562 continuity schedule as follows:

i) Rate application filing models (final versions) that support the Board's decisions for 2001 to 2005 for rates and the PILs proxies. Please verify that the rate schedule attached to the Board decision is the same as the rate schedule in the application filing model; otherwise you do not have the final model to use in the SIMPIL reconciliation.

Grimsby Power Inc.'s Response:

Since the period of 2001 – 2005 Grimsby Power Inc. has undergone a complete change in management. External consultants prepared the rate application filing models. As a result, the documentation available relating to this period of time is limited. Grimsby Power Inc. has been able to locate the 2001, 2002, 2004 and 2005 paper copies of the rate application filing models with attached rates as filed. The original excel models are not available. Note that since there was a rate freeze in 2003 there was no rate application model for that year. Grimsby Power Inc. was also able to locate the Board approved rate schedules for 2001, 2002, 2004 and 2005. Grimsby Power Inc. agreed the submitted rates from the paper copies of the RAM models to the Board decisions that were available as described below:

- For 2001 and 2002, the Board approval dated February 26, 2002 specifically indicates the approved PILs of $91,183 and $295,595 respectively which agrees to the PILs submitted by Grimsby Power Inc.

as seen in the 2001 and 2002 revised SIMPL models initial estimate column. Therefore, Grimsby Power Inc. is able to confirm that the final model was used for the SIMPIL reconciliation. See RAM documentation "2002,2002,2004,2005 RAM" filed as Appendix 9 with this interrogatory.

- For 2004, Grimsby Power Inc. used the PILs initial estimate of $295,545 which was submitted in RP-2004-0050, EB-2004-0036. The rate schedule that was submitted in RP-2004-0050, EB-2004-0036 agreed with the Board approved rates. Therefore, Grimsby Power Inc. used the final model for the SIMPL reconciliation. See RAM documentation "2002,2002,2004,2005 RAM" filed as Appendix 9 with this interrogatory.
- For 2005, Grimsby Power Inc. has a Board approved rate schedule for Residential, General Service < 50 KW, General Service > 50 KW and Street lighting rates that agrees to the rates that Grimsby Power Inc. included in their submission, RP – 2005-0013, EB – 2005-0032. Note that the final PILs proxy of $262,948 included in the revised filing and the Board approved rates agrees to the initial estimate used in the 2005 revised SIMPL model and therefore the final model was used for the SIMPL reconciliation based on the information that Grimsby Power Inc. has available.

ii) Signed Board decisions for each year that an application was filed requesting PILs to be included in rates

Grimsby Power Inc.'s Response:

Grimsby Power Inc. has available the Board decisions from 2002 (which includes the approved rates for 2001 and 2002), 2004 and 2005. It is noted again that since there was a rate freeze there was no rate application in 2003 and the rates remained the same as 2002. Copies of these decisions are included in Appendix 5.

iii) Final tax returns, notices of assessment, reassessment and statements of adjustments for each tax period 2001-2005.

Grimsby Power Inc.'s Response:

In conjunction with Grimsby Power Inc.'s response to this interrogatory Grimsby Power Inc. has filed copies of the following (attached as Appendix 6):

- 2001 – 2005 Federal Returns
- 2001 – 2005 Ontario Returns
- 2001 – 2005 Notice of Assessments for each year

It is noted that there were no reassessments for any of the years 2001 to 2005. This has been confirmed with the Ministry of Revenue on October 19, 2011.

iv) Revised SIMPIL models for the tax years 2001-2005 that eliminate any errors that may have arisen. Halton Hills in the combined proceeding, and Hydro One Brampton in EB-2010-0132 (draft Rate Order), filed revised SIMPIL models that can be used.

Grimsby Power Inc.'s Response:

In conjunction with Grimsby Power Inc.'s response to this interrogatory, Grimsby Power Inc. has filed the following revised SIMPIL models:

- 2001 SIMPIL Model
- 2002 SIMPIL Model
- 2003 SIMPIL Model
- 2004 SIMPIL Model
- 2005 SIMPIL Model

v) Account PILs 1562 continuity schedule for the period October 1, 2001 to April 30, 2006 that shows:

- The PILs proxy amounts allowed for the number of months in each tax period. Please provide the supporting calculations and references to Board documents such as the Accounting Procedures Handbook and Frequently Asked Questions.
- The amounts billed to customers during the same tax periods. Collections from customers have been defined as the amounts billed to customers. The PILs associated with unbilled revenue accruals must be included in collections. Please provide the supporting Excel workbooks used to calculate the amounts billed to customers.
- The deferral account and true-up variances that are calculated in the SIMPIL workbook TAXCALC sheet for each tax period.
- The proportion of the Large Corporation Tax (LCT) included in 2005 rates that relates to the period January 1, 2006 to April 30, 2006. LCT was repealed with effect from January 1, 2006.
- Interest carrying charges for each tax period. Please provide the interest rate chosen for each tax period. Please explain how interest carrying charges were calculated and provide the supporting worksheets.

Please note the following:

- Application PILs proxy model details and final tax data should be input into SIMPIL models and balanced to the source documents for each tax period.
- Items that should not true up to ratepayers under the methodology should be isolated from those items that are included in the true-up.
- The income tax rate chosen for each tax year should be supported. There are different income tax rates for calculating the tax affect and the true-up amounts under the methodology.
- The capital tax rates and thresholds or exemptions chosen should be supported.

Grimsby Power Inc.'s Response:

Grimsby Power Inc. has included the PILs 1562 Continuity schedule for the period October 1, 2001 to April 30, 2006 in the 2005 Revised SIMPIL model. This continuity schedule shows the PILs proxy amounts allowed for the number of months in each calendar year. Grimsby Power Inc. has also attached the supporting calculations in each of the revised SIMPIL models for 2001 to 2005.

The amounts billed to customers during the same tax period were also included in the PILs 1562 Calculation in the 2005 SIMPIL model. Grimsby

Power Inc. has provided the supporting excel workbook used to calculate the amounts billed to customers for 2004. See Excel file "PIL's Variance 2004" filed with this interrogatory. Grimsby Power Inc. has searched its records to locate the supporting schedules for the years 2001 to 2005. The supporting schedules for 2001, 2002, 2003 and 2005 cannot be found and the management staff which was involved with these documents are no longer with Grimsby Power Inc., so there is no way of identifying their whereabouts. Grimsby Power Inc. has provided a summary of the amounts billed to customers which was calculated based on the rates and kwh from the CIS system in the particular year. See Excel file "Customer Billings Summary" filed with this interrogatory. For 2005, information was not available for the monthly customer billings. The only information that was available was total billings for January to March of $105,642 and for April to December of $177,738. As a result of the lack of information, an estimated amount per month was used by prorating the January to March total by three months and the April to December total by nine months.

The PILs 1562 continuity schedules include the deferral account and true-up variances calculated in the revised SIMPIL workbook TAXCALC tab for each of the 2001 to 2005 tax years. There was no Large Corporations Tax included in the 2005 rates for the period from January 1, 2006 to April 30, 2006 because the base taxable capital was less than the exemption amount.

Interest carrying charges for each tax period were included and a supporting schedule was attached to show how the carrying charges were calculated. See Excel file "Grimsby Carrying Charges" filed with this interrogatory.

In addition Board staff would like to know the following:

b) In the years from 2001 to 2005, if Grimsby generated or utilized tax losses, and had no taxable income, please explain how it choose the income tax rates used in calculating the tax impact and the gross-up amounts in the SIMPIL reconciliations. Please explain why Grimsby believes that it chose the correct income tax rates for determining the trueup amounts under the SIMPIL methodology.

Grimsby Power Inc.'s Response:

In years 2001 and 2002, Grimsby Power Inc. generated and utilized tax losses so that their taxable income was nil. This resulted in actual tax rates also being nil. For the true-up calculations, the tax rates used were 40.62% (39.5% grossed up) and 38.62% (37.5% grossed up) based on the Board decision and order in the combined proceeding on account 1562 deferred PILs (EB-2008-0381). It is believed that these are the correct rates as per pg. 19 of the Board's decision which states that the Applicants are to use the applicable tax rate percentages from the applicable table above…' [table provided on pg. 17 of the Board's decision which provides the tax rates above]. The maximum tax rates in the table were used because Grimsby Power Inc. is not eligible for the minimum tax rate in the table provided.

c) Please explain how Grimsby correctly accounts for the declining income tax rates and other changes in tax rules and legislation during the period 2001-2005 in its SIMPIL model reconciliations. Specifically, there were errors in the 2001 and 2003 SIMPIL models that were released for reporting to the Board. Please explain how Grimsby overcame the errors that would have arisen from following the formula logic in the original models.

Grimsby Power Inc.'s Response:

Any errors that would have arisen following the formula logic in the original models were corrected upon completion of the attached SIMPIL models. The Board's methodology requires that all input errors must be corrected by the

Applicant and materiality on these errors should be zero. As a result, any formula and input errors were corrected accordingly.

d) Please confirm whether or not Grimsby used data from its final tax returns, and any tax adjustments that appeared in notices of reassessment and statements of adjustments rendered by the Ontario Ministry of Revenue, for the tax years 2001 through 2005 in calculating the final balance in PILs account 1562.

Grimsby Power Inc.'s Response:

Grimsby Power Inc. used data from its final tax returns and there have not been any Notices of Reassessment. This has been confirmed with the Ministry of Revenue on October 19, 2011.

e) Please confirm that Grimsby excluded regulatory assets and liabilities, when they were created or collected, in the calculation of the final balance in its PILs account 1562 regardless of the actual tax treatment accorded those amounts. This includes accounting adjustments, provisions for impairment, changes in the impairment reserve, and any other transactions related to regulatory assets and liabilities.

Grimsby Power Inc.'s Response:

All regulatory assets and liabilities were excluded from the true-up calculation and adjustments made for tax purposes were recorded in "TAXREC 3 – No True-up" tab in the SIMPIL models.

f) Please confirm that Grimsby treated the amortization of fees and charges related to borrowing debt as interest expense when it calculated the trueup variances charged to ratepayers. Under the PILs and SIMPIL methodology, interest expense does not true up except for excess interest above the maximum deemed interest approved by the Board in each application.

Grimsby Power Inc.'s Response:

The amortization of fees and charges relating to borrowed debt was treated as interest expense when Grimsby Power Inc. calculated the true-up variances charged to ratepayers. Only the excess interest expense that was

above the maximum deemed interest approved by the Board in each application was included in the true –up.

g) Please confirm that Grimsby excluded variances associated with Ontario Capital Tax (OCT) in the income tax true-up reconciliation. Under the SIMPIL methodology, OCT does not true up for income tax purposes, only for OCT purposes in the appropriate section of SIMPIL sheet TAXCALC.

Grimsby Power Inc.'s Response:

Variances associated with Ontario Capital Tax (OCT) have been excluded from the income tax true up reconciliation.

h) In 2005 EDR, a deduction for CDM expenses was made in the PILs proxy model. Please confirm that Grimsby has entered a corresponding tax (accounting) amount on the same row in SIMPIL to determine the appropriate true-up.

Grimsby Power Inc.'s Response:

No deduction for CDM expenses was made in Grimsby's 2005 PILs proxy model.

i) Please confirm that all tax years from 2001 through 2005 are statute-barred (i.e. no longer open for audit). If any year remains open for audit by the Ministry of Revenue, please identify the year and explain the reasons why the tax year is not statute-barred.

Grimsby Power Inc.'s Response:

It has been confirmed that all tax years from 2001 through 2005 are statue barred as the dates on all Notices of Assessment (attached in Appendix 6) are more than four years. This has been confirmed with the Ministry of Revenue on October 19, 2011.

Modified International Financial Reporting Standards

57. Ref: Exhibit 1/ Page 20 – Administration, Bridge and Test Year Updates - Exhibit 2/ Page 42, 43, 47; Exhibit 4/ Page 57 – 58; Report of the Board: Transition to International Financial Reporting Standards ("IFRS") July 28, 2009 [EB-2008-0408] - Letter of the Board: Transition to IFRS – Amendment to Board Policy, November 8, 2010

Grimsby has filed financial information for the years 2006 to 2010 that represents actual results and forecasted information for the 2011 Bridge and 2012 Test Years in accordance with Canadian Generally Accepted Accounting Principles (CGAAP). Grimsby also filed financial information for the 2012 Test Year in accordance with Modified International Financial Reporting Standards (MIFRS) and in compliance with the Board's letter dated March 15, 2011. Grimsby has also provided comparisons between CGAAP and MIFRS for 2012 where there are differences between the two accounting standards. However, the Applicant has not filed financial information for the 2011 Bridge Year in MIFRS including the comparisons between CGAAP and MIFRS where there are differences between the two accounting standards in 2011.

In the November 2010 letter the Board stated:

9.1.2 Electricity distributors filing cost of service applications for rates in the year they choose to adopt IFRS for financial reporting must provide the required actual years, the bridge year and the forecasts for the test year(s) in CGAAP based format. An electricity distributor may choose to present modified IFRS based forecasts for the bridge and test years, if the distributor seeks to have rates set on the basis of modified IFRS. If the distributor is seeking rates based on modified IFRS accounting, the distributor must identify financial differences and resulting revenue requirement impacts arising from the adoption of modified IFRS accounting.[4]

The Board also has stated:

The Board agrees that regulated net book value should be used as the basis for setting opening rate base values upon the adoption of IFRS accounting, and that historical acquisition cost should be used as the basis for reporting PP&E for regulatory purposes going forward.[5]

For financial reporting purposes, on the date of transition to IFRS, the December 31, 2010 net book value becomes the January 1, 2011 gross value for PP&E (with accumulated depreciation set to zero). However, the Board has stated that the integrity of the December 31, 2010 gross value and accumulated depreciation values should be preserved for regulatory purposes and carried forward to January 1, 2011 values.

The continuity of historic cost should be established by the Applicant by using the December 31, 2010 regulatory gross capital cost and accumulated depreciation values

as the opening January 1, 2011 regulatory gross capital cost and accumulated depreciation values.

a) Please provide a Fixed Asset Continuity Schedule based on MIFRS for the 2011 Bridge Year, maintaining asset continuity by using the December 31, 2010 regulatory gross capital and accumulated depreciation as the opening January 1, 2011 regulatory gross capital cost and accumulated depreciation values.

Grimsby Power Inc.'s Response:

Fixed Asset Continuity Schedule – 2011 Bridge Year – MIFRS

Appendix 2-B
Fixed Asset Continuity Schedule

MIFRS 2011

				Cost						Accumulated Depreciation						
CCA Class	OEB	Description	Depreciation Rate	2010 Closing Balance	Capital Contribution Allocation	2011 Opening Balance	Additions	Disposals	Closing Balance	2010 Closing Balance	Capital Contribuion Allocation	2011 Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1805	Land		$ -		$ -			$ -			$ -	$ -		$ -	$ -
47	1808	Buildings		$ -		$ -			$ -			$ -	$ -		$ -	$ -
13	1810	Leasehold Improvements		$ -		$ -			$ -			$ -	$ -		$ -	$ -
47	1815	Transformer Station Equipment >50 kV		$ -		$ -			$ -			$ -	$ -		$ -	$ -
47	1820	Distribution Station Equipment <50 kV		$ 143,555		$ 143,555			$ 143,555	-$ 143,555		-$ 143,555	$ -		-$ 143,555	$ -
47	1825	Storage Battery Equipment		$ -		$ -			$ -			$ -	$ -		$ -	$ -
47	1830	Poles, Towers & Fixtures	1.67%	$ 7,472,266	-$ 134,848	$ 7,337,418	$ 463,603		$ 7,801,021	-$ 4,318,324	$ 32,660	-$ 4,285,665	-$ 117,488		-$ 4,403,153	$ 3,397,868
47	1835	Overhead Conductors & Devices	1.67%	$ 2,115,766	-$ 91,407	$ 2,024,359	$ 192,187		$ 2,216,546	-$ 444,451	$ 22,138	-$ 422,312	-$ 35,341		-$ 457,653	$ 1,758,892
47	1840	Underground Conduit	1.43%	$ 5,110,882	-$ 796,425	$ 4,314,458	$ 15,000		$ 4,329,458	-$ 2,822,893	$ 192,890	-$ 2,630,002	-$ 56,111		-$ 2,686,113	$ 1,643,345
47	1845	Underground Conductors & Devices	2.86%	$ 1,803,450	-$ 755,741	$ 1,047,708	$ 118,186		$ 1,165,894	-$ 379,539	$ 183,037	-$ 196,502	-$ 31,623		-$ 228,125	$ 937,769
47	1850	OH Line Transformers	2.86%	$ 5,310,162	-$ 134,096	$ 5,176,066	$ 178,081		$ 5,354,147	-$ 3,132,934	$ 32,478	-$ 3,100,457	-$ 101,375		-$ 3,201,832	$ 2,152,315
47	1850	UG Line Transformers	3.33%	$ 2,109,146	-$ 1,432,787	$ 676,359	$ 89,946		$ 766,305	-$ 451,336	$ 347,014	-$ 104,322	-$ 71,804		-$ 176,125	$ 590,180
47	1855	Services Overhead	1.67%	$ 152,165	-$ 17,713	$ 134,452	$ 12,261		$ 146,713	-$ 30,283	$ 4,290	-$ 25,993	-$ 2,343		-$ 28,336	$ 118,377
47	1855	Services Underground	2.50%	$ 1,753,216	-$ 1,453,755	$ 299,460	$ 19,881		$ 319,341	-$ 366,862	$ 352,093	-$ 14,769	-$ 7,735		-$ 22,504	$ 296,837
47	1860	Meters (Stranded)	4.00%	$ 31,848		$ 31,848		-$ 12,507	$ 19,340	-$ 8,873	$ -	-$ 8,873	-$ 1,274	$ 7,928	-$ 2,218	$ 17,122
47	1860	Meters (Industrial/Commercial)	6.67%	$ 263,001	-$ 160,420	$ 102,582	$ 3,803	-$ 11,327	$ 95,058	-$ 44,052	$ 38,853	-$ 5,199	-$ 5,369	$ 7,180	-$ 3,388	$ 91,670
	1860	Meters (CT's & PT's)	2.86%	$ 94,103		$ 94,103			$ 94,103	-$ 15,360	$ -	-$ 15,360	-$ 2,689		-$ 18,049	$ 76,054
47	1860	Meters (Smart Meters)	6.67%	$ -		$ -			$ 1,499,556			$ -	$ -		$ -	$ 1,499,556
N/A	1905	Land		$ 111,556		$ 111,556			$ 111,556			$ -	$ -		$ -	$ 111,556
CEC	1906	Land Rights		$ -		$ -			$ -			$ -	$ -		$ -	$ -
47	1908	Buildings & Fixtures	2.00%	$ 622,852		$ 622,852			$ 622,852	-$ 311,426		-$ 311,426	-$ 12,457		-$ 323,883	$ 298,969
47	1908	Buildings & Fixtures	2.50%	$ 56,223		$ 56,223			$ 56,223	-$ 26,852		-$ 26,852	-$ 1,406		-$ 28,257	$ 27,966
47	1908	Buildings & Fixtures	4.00%	$ 76,605		$ 76,605	$ 77,240		$ 153,846	-$ 5,516		-$ 5,516	-$ 4,514		-$ 10,030	$ 143,816
13	1910	Leasehold Improvements		$ -		$ -			$ -			$ -	$ -		$ -	$ -
8	1915	Office Furniture & Equipment (10 years)	10.00%	$ 137,239		$ 137,239			$ 137,239	-$ 112,165		-$ 112,165	-$ 4,995		-$ 117,160	$ 20,079
8	1915	Office Furniture & Equipment (5 years)		$ -		$ -			$ -			$ -	$ -		$ -	$ -
45	1920	Computer Equipment - Hardware	20.00%	$ 129,178		$ 129,178	$ 11,500		$ 140,678	-$ 98,650		-$ 98,650	-$ 11,511		-$ 110,161	$ 30,517
12	1925	Computer Software	20.00%	$ 467,221		$ 467,221	$ 222,500		$ 689,721	-$ 269,059		-$ 269,059	-$ 79,904		-$ 348,963	$ 340,758
10	1930	Transportation Equipment	6.67%	$ 745,593		$ 745,593	$ 30,000	-$ 10,773	$ 764,820	-$ 722,130		-$ 722,130	-$ 4,661	$ 10,773	-$ 716,018	$ 48,803
8	1935	Stores Equipment		$ 47,086		$ 47,086			$ 47,086	-$ 47,086		-$ 47,086	$ -		-$ 47,086	$ -
8	1940	Tools, Shop & Garage Equipment	10.00%	$ 156,678		$ 156,678			$ 156,678	-$ 99,425		-$ 99,425	-$ 8,272		-$ 107,697	$ 48,981
8	1945	Measurement & Testing Equipment	20.00%	$ 70,448		$ 70,448	$ 5,000		$ 75,448	-$ 55,176		-$ 55,176	-$ 7,345		-$ 62,520	$ 12,928
8	1950	Power Operated Equipment		$ -		$ -			$ -			$ -	$ -		$ -	$ -
8	1955	Communications Equipment		$ -		$ -			$ -			$ -	$ -		$ -	$ -
8	1955	Communication Equipment (Smart Meters)	20.00%	$ -		$ -			$ 10,669			$ -	$ -		$ -	$ 10,669
8	1960	Miscellaneous Equipment		$ -		$ -			$ -			$ -	$ -		$ -	$ -
47	1975	Load Management Controls Utility Premises		$ -		$ -			$ -			$ -	$ -		$ -	$ -
47	1980	System Supervisor Equipment		$ -		$ -			$ -			$ -	$ -		$ -	$ -
47	1985	Miscellaneous Fixed Assets		$ -		$ -			$ -			$ -	$ -		$ -	$ -
47	1995	Contributions & Grants	4.00%	-$ 4,977,193	$ 4,977,193	$ -			$ -	$ 1,205,453	-$ 1,205,453	$ -	$ -		$ -	$ -
WIP	2055	Construction Work in Progress		$ 4,740		$ 4,740	-$ 4,740		$ -			$ -	$ -		$ -	$ -
				$ -		$ -			$ -			$ -	$ -		$ -	$ -
		Total		**$ 24,007,789**	**$ -**	**$ 24,007,789**	**$ 1,434,448**	**-$ 34,607**	**$ 26,917,856**	**-$ 12,700,493**	**$ -**	**-$ 12,700,493**	**-$ 568,216**	**$ 25,881**	**-$ 13,242,828**	**$ 13,675,028**

10		Transportation
8		Stores Equipment

Less: Fully Allocated Depreciation	
Transportation	
Stores Equipment	
Net Depreciation	-$ 568,216

b) Please update the 2012 Test Year Fixed Asset Continuity Schedule based on MIFRS with the opening balances based on the closing 2011 Bridge Year balances based on MIFRS from (a) above.

Grimsby Power Inc.'s Response:

Fixed Asset Continuity Schedule – 2012 Test Year – MIFRS

Appendix 2-B
Fixed Asset Continuity Schedule

2012 IFRS based on the closing 2011 MIFRS

CCA Class	OEB	Description	Depreciation Rate	2012 Opening Balance	Additions	Disposal	Closing Balance	Accumulated Depreciation: 2011 Closing Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1805	Land		$ -			$ -	$ -	$ -		$ -	$ -
47	1808	Buildings		$ -			$ -	$ -	$ -		$ -	$ -
13	1810	Leasehold Improvements		$ -			$ -	$ -	$ -		$ -	$ -
47	1815	Transformer Station Equipment >50 kV		$ -			$ -	$ -	$ -		$ -	$ -
47	1820	Distribution Station Equipment <50 kV		$ 143,555			$ 143,555	-$ 143,555	$ -		-$ 143,555	$ -
47	1825	Storage Battery Equipment		$ -			$ -	$ -	$ -		$ -	$ -
47	1830	Poles, Towers & Fixtures	1.67%	$ 7,801,021	$ 204,352		$ 8,005,373	-$ 4,403,153	-$ 116,317		-$ 4,519,470	$ 3,485,903
47	1835	Overhead Conductors & Devices	1.67%	$ 2,216,546	$ 242,816		$ 2,459,362	-$ 457,653	-$ 37,760		-$ 495,413	$ 1,963,949
47	1840	Underground Conduit	1.43%	$ 4,329,458			$ 4,329,458	-$ 2,686,113	-$ 55,402		-$ 2,741,515	$ 1,587,942
47	1845	Underground Conductors & Devices	2.86%	$ 1,165,894	$ 148,446		$ 1,314,340	-$ 228,125	-$ 34,330		-$ 262,455	$ 1,051,885
47	1850	OH Line Transformers	2.86%	$ 5,354,147	$ 184,446		$ 5,538,593	-$ 3,201,832	-$ 144,517		-$ 3,346,349	$ 2,192,244
47	1850	UG Line Transformers	3.33%	$ 766,305			$ 766,305	-$ 176,125	-$ 25,544		-$ 201,669	$ 564,636
47	1855	Services Overhead	1.67%	$ 146,713	$ 14,770		$ 161,483	-$ 28,336	-$ 2,358		-$ 30,694	$ 130,789
47	1855	Services Underground	2.50%	$ 319,341	$ 28,901		$ 348,242	-$ 22,504	-$ 8,345		-$ 30,849	$ 317,393
47	1860	Meters (Stranded)	4.00%	$ 19,340	$ 13,910		$ 33,250	-$ 2,218	-$ 1,052		-$ 3,270	$ 29,981
47	1860	Meters (Industrial/Commercial)	6.67%	$ 95,058			$ 95,058	-$ 3,388	-$ 6,108		-$ 9,496	$ 85,562
47	1860	Meters (Other CT's & PT's	2.86%	$ 94,103			$ 94,103	-$ 18,049	-$ 2,689		-$ 20,737	$ 73,365
47	1860	Meters (Smart Meters)	6.67%	$ 1,499,556	$ 19,529		$ 1,519,085	$ -	-$ 100,621		-$ 100,621	$ 1,418,464
N/A	1905	Land		$ 111,556			$ 111,556	$ -	$ -		$ -	$ 111,556
CEC	1906	Land Rights		$ -			$ -	$ -	$ -		$ -	$ -
47	1908	Buildings	2.00%	$ 622,852	$ 82,570		$ 705,422	-$ 323,883	-$ 12,457		-$ 336,340	$ 369,082
47	1908	Paving/Fencing	2.50%	$ 56,223			$ 56,223	-$ 28,257	-$ 1,406		-$ 29,663	$ 26,560
47	1908	Other Fixtures	4.00%	$ 153,846			$ 153,846	-$ 10,030	-$ 7,805		-$ 17,836	$ 136,010
13	1910	Leasehold Improvements		$ -			$ -	$ -	$ -		$ -	$ -
8	1915	Office Furniture & Equipment (10 years)	10.00%	$ 137,239			$ 137,239	-$ 117,160	-$ 3,925		-$ 121,085	$ 16,154
8	1915	Office Furniture & Equipment (5 years)		$ -			$ -	$ -	$ -		$ -	$ -
45	1920	Computer Equipment - Hardware	20.00%	$ 140,678	$ 17,850		$ 158,528	-$ 110,161	-$ 10,278		-$ 120,440	$ 38,089
12	1925	Computer Software	20.00%	$ 689,721	$ 24,950		$ 714,671	-$ 348,963	-$ 100,237		-$ 449,200	$ 265,472
10	1930	Transportation Equipment	6.70%	$ 764,820	$ 299,000		$ 1,063,820	-$ 716,018	-$ 14,149		-$ 730,166	$ 333,654
8	1935	Stores Equipment		$ 47,086			$ 47,086	-$ 47,086	$ -		-$ 47,086	$ -
8	1940	Tools, Shop & Garage Equipment	10.00%	$ 156,678	$ 1,600		$ 158,278	-$ 107,697	-$ 6,959		-$ 114,656	$ 43,623
8	1945	Measurement & Testing Equipment	20.00%	$ 75,448			$ 75,448	-$ 62,520	-$ 5,970		-$ 68,490	$ 6,958
8	1950	Power Operated Equipment		$ -			$ -	$ -	$ -		$ -	$ -
8	1955	Communications Equipment	20.00%	$ -	$ 23,700		$ 23,700	$ -	-$ 2,370		-$ 2,370	$ 21,330
8	1955	Communication Equipment (Smart Meters)	20.00%	$ 10,669			$ 10,669	$ -	-$ 2,134		-$ 2,134	$ 8,535
8	1960	Miscellaneous Equipment		$ -			$ -	$ -	$ -		$ -	$ -
47	1975	Load Management Controls Utility Premises		$ -			$ -	$ -	$ -		$ -	$ -
47	1980	System Supervisor Equipment		$ -			$ -	$ -	$ -		$ -	$ -
47	1985	Miscellaneous Fixed Assets		$ -			$ -	$ -	$ -		$ -	$ -
47	1995	Contributions & Grants		$ -			$ -	$ -	$ -		$ -	$ -
	2005	Property under Capital Lease		$ -			$ -	$ -	$ -		$ -	$ -
							$ -	$ -	$ -		$ -	$ -
		Total		**$ 26,917,855**	**$ 1,306,840**	**$ -**	**$ 28,224,695**	**-$ 13,242,828**	**-$ 702,731**	**$ -**	**-$ 13,945,559**	**$ 14,279,137**

10		Transportation
8		Stores Equipment

Less: Fully Allocated Depreciation
Transportation
Stores Equipment
Net Depreciation -$ 702,731

c) In Exhibit 2/ page 43, Grimsby provides a Capital Projects table (table 2.20) for 2011 Bridge Year based on CGAAP. Please provide a similar Capital Projects table based on MIFRS for the 2011 Bridge Year.

Grimsby Power Inc.'s Response:

Appendix 2-A
Capital Projects Table

MIFRS 2011

USoA #	Description	CCA Class	Elmtree East Rabbit - C229W to	Padmount Transformers	Primary Cable Silicone Injection	Ridge Road East - Rabbit - to C237R	Service Work	Elmtree - Mountain to Allen	ERP Implementation - Back	Replace Existing HVAC Equipment	General Plant Under Threshold	Distribution Plant Under Threshold	Contributions and Grants	Total
1830	Poles, Towers, & Fixtures	47	$ 170,009			$ 83,166		$ 51,054				$ 159,373		$ 463,603
1835	Overhead Conductors & Devices	47	$ 101,329			$ 39,023		$ 38,766				$ 13,068		$ 192,186
1840	Underground Conduit	47										$ 15,000		$ 15,000
1845	Underground Conductors &	47		$ 3,156	$ 110,699							$ 4,330		$ 118,186
1850	Line Transformers	47	$ 93,260	$ 79,411	$ 1,822	$ 64,547		$ 20,274				$ 8,713		$ 268,027
1855	Services	47					$ 32,142							$ 32,142
1860	Metering	47										$ 3,803		$ 3,803
1908	Buildings & Fixtures	47								$ 40,000	$ 32,500			$ 72,500
1915	Office Furniture & Equipment	8												$ -
1920	Computer Equipment Hardware	45									$ 11,500			$ 11,500
1925	Computer Software	12							$ 220,000		$ 2,500			$ 222,500
1930	Transportation Equipment	10									$ 30,000			$ 30,000
1940	Tools, Shop, & Garage Equipment	8												$ -
1945	Measurement & Test Equipment	8									$ 5,000			$ 5,000
Total			**$ 364,598**	**$ 82,567**	**$ 112,521**	**$ 186,736**	**$ 32,142**	**$ 110,094**	**$ 220,000**	**$ 40,000**	**$ 81,500**	**$ 204,288**	**$ -**	**$ 1,434,448**

d) In Exhibit 4/ page 57, Grimsby provides a Depreciation Expense table (table 4.34) for 2011 Bridge Year based on CGAAP. Please provide a similar Depreciation Expense table based on MIFRS for 2011 Bridge Year.

Grimsby Power Inc.'s Response:

Appendix 2-M
Depreciation and Amortization Expense

MIFRS 2011

Account	Description	2010 Closing Balance	Capital Contribution Allocations	2011 Opening Balance (a)	Less Fully Depreciated[1] (b)	Net for Depreciation (c) = (a) - (b)	Additions (d)	Total for Depreciation x (d) [2]	Years (f)	Depreciation Rate (g) = 1 / (f)	Depreciation Expense (h) = (e) / (f)
1805	Land	$ -		$ -		$ -	$ -	$ -			
1808	Buildings	$ -		$ -		$ -	$ -	$ -			
1810	Leasehold Improvements	$ -		$ -		$ -	$ -	$ -			
1815	Transformer Station Equipment >50 kV	$ -		$ -		$ -	$ -	$ -			
1820	Distribution Station Equipment <50 kV	$ 143,555		$ 143,555	$ 143,555	$ -	$ -	$ -			
1825	Storage Battery Equipment	$ -		$ -		$ -	$ -	$ -			
1830	Poles, Towers & Fixtures	$ 7,472,266	-$ 134,848	$ 7,337,418	$ 519,929	$ 6,817,489	$ 463,603	$ 7,049,290	60.00	1.67%	$ 117,488
1835	Overhead Conductors & Devices	$ 2,115,766	-$ 91,407	$ 2,024,359		$ 2,024,359	$ 192,187	$ 2,120,452	60.00	1.67%	$ 35,341
1840	Underground Conduit	$ 5,110,882	-$ 796,425	$ 4,314,458	$ 394,193	$ 3,920,265	$ 15,000	$ 3,927,765	70.00	1.43%	$ 56,111
1845	Underground Conductors & Devices	$ 1,803,450	-$ 755,741	$ 1,047,708		$ 1,047,708	$ 118,186	$ 1,106,801	35.00	2.86%	$ 31,623
1850	OH Line Transformers	$ 5,310,162	-$ 1,566,883	$ 3,743,279	$ 284,192	$ 3,459,087	$ 178,081	$ 3,548,128	35.00	2.86%	$ 101,375
1850	UG Line Transformers	$ 2,109,146		$ 2,109,146		$ 2,109,146	$ 89,946	$ 2,154,119	30.00	3.33%	$ 71,804
1855	Services Overhead	$ 152,165	-$ 17,713	$ 134,452		$ 134,452	$ 12,261	$ 140,583	60.00	1.67%	$ 2,343
1855	Services Underground	$ 1,753,216	-$ 1,453,755	$ 299,460		$ 299,460	$ 19,881	$ 309,401	40.00	2.50%	$ 7,735
1860	Meters (Stranded)	$ 31,848		$ 31,848		$ 31,848		$ 31,848	25.00	4.00%	$ 1,274
1860	Meters (Industrial/Commercial)	$ 263,001	-$ 160,420	$ 102,582	$ 23,950	$ 78,632	$ 3,803	$ 80,533	15.00	6.67%	$ 5,369
1860	Meters (Other CT's & PT's	$ 94,103		$ 94,103		$ 94,103		$ 94,103	35.00	2.86%	$ 2,689
1860	Meters (Smart Meters)			$ -		$ -		$ -	15.00	6.67%	$ -
1905	Land	$ 111,556		$ 111,556		$ 111,556		$ 111,556			
1906	Land Rights	$ -		$ -		$ -		$ -			
1908	Buildings & Fixtures	$ 622,852		$ 622,852		$ 622,852		$ 622,852	50.00	2.00%	$ 12,457
1908	Buildings & Fixtures	$ 56,223		$ 56,223		$ 56,223		$ 56,223	40.00	2.50%	$ 1,406
1909	Buildings & Fixtures	$ 76,605		$ 76,605		$ 76,605	$ 72,500	$ 112,855	25.00	4.00%	$ 4,514
1910	Leasehold Improvements	$ -		$ -		$ -		$ -			
1915	Office Furniture & Equipment (10 Years)	$ 137,239		$ 137,239	$ 87,289	$ 49,950		$ 49,950	10.00	10.00%	$ 4,995
1915	Office Furniture & Equipment (5 Years)	$ -		$ -		$ -		$ -			
1920	Computer Equipment - Hardware	$ 129,178		$ 129,178	$ 77,371	$ 51,807	$ 11,500	$ 57,557	5.00	20.00%	$ 11,511
1925	Computer Software	$ 467,221		$ 467,221	$ 178,952	$ 288,269	$ 222,500	$ 399,519	5.00	20.00%	$ 79,904
1930	Transportation Equipment	$ 745,593		$ 745,593	$ 690,684	$ 54,909	$ 30,000	$ 69,909	15.00	6.67%	$ 4,661
1935	Stores Equipment	$ 47,086		$ 47,086	$ 47,086	$ 0		$ 0			
1940	Tools, Shop & Garage Equipment	$ 156,678		$ 156,678	$ 73,956	$ 82,722		$ 82,722	10.00	10.00%	$ 8,272
1945	Measurement & Testing Equipment	$ 70,448		$ 70,448	$ 36,225	$ 34,223	$ 5,000	$ 36,723	5.00	20.00%	$ 7,345
1950	Power Operated Equipment	$ -		$ -		$ -		$ -			
1955	Communications Equipment	$ -		$ -		$ -		$ -	5.00	20.00%	$ -
1955	Communication Equipment (Smart Meters)	$ -		$ -		$ -		$ -	5.00	20.00%	$ -
1960	Miscellaneous Equipment	$ -		$ -		$ -		$ -			
1975	Load Management Controls Utility Premises	$ -		$ -		$ -		$ -			
1980	System Supervisor Equipment	$ -		$ -		$ -		$ -			
1985	Miscellaneous Fixed Assets	$ -		$ -		$ -		$ -			
1995	Contributions & Grants	-$ 4,977,193	$ 4,977,193	$ -		$ -		$ -			
2055	Construciton Work in Progress	$ 4,740		$ 4,740		$ 4,740		$ -			
		$ -		$ -		$ -	$ -	$ -			
	Total	$ 24,007,789	$ 0	$ 24,007,789	$ 2,557,382	$ 21,450,407	$ 1,434,448	$ 22,167,631			$ 568,216

e) Please update the 2012 Test Year Depreciation Expense based on MIFRS from (d) above.

Grimsby Power Inc.'s Response:

Appendix 2-M
Depreciation and Amortization Expense

MIFRS 2012 based on MIFRS 2011

Account	Description	2012 Opening Balance (a)	Less Fully Depreciated[1] (b)	Net for Depreciation (c) = (a) - (b)	Additions (d)	Total for Depreciation (d) [2]	Years (f)	Depreciation Rate (g) = 1 / (f)	Depreciation Expense (h) = (e) / (f)
1805	Land	$ -		$ -	$ -	$ -			
1808	Buildings	$ -		$ -	$ -	$ -			
1810	Leasehold Improvements	$ -		$ -	$ -	$ -			
1815	Transformer Station Equipment >50 kV	$ -		$ -	$ -	$ -			
1820	Distribution Station Equipment <50 kV	$ 143,555	$ 143,555	$ -	$ -	$ -			
1825	Storage Battery Equipment	$ -		$ -	$ -	$ -			
1830	Poles, Towers & Fixtures	$ 7,801,021	$ 924,182	$ 6,876,838	$ 204,352	$ 6,979,014	60	1.67%	$ 116,317
1835	Overhead Conductors & Devices	$ 2,216,546	$ 72,373	$ 2,144,172	$ 242,816	$ 2,265,580	60	1.67%	$ 37,760
1840	Underground Conduit	$ 4,329,458	$ 451,301	$ 3,878,156	$ -	$ 3,878,156	70	1.43%	$ 55,402
1845	Underground Conductors & Devices	$ 1,165,894	$ 38,570	$ 1,127,325	$ 148,446	$ 1,201,548	35	2.86%	$ 34,330
1850	OH Line Transformers	$ 5,354,147	$ 388,283	$ 4,965,864	$ 184,446	$ 5,058,087	35	2.86%	$ 144,517
1850	UG Line Transformers	$ 766,305		$ 766,305		$ 766,305	30	3.33%	$ 25,544
1855	Services Overhead	$ 146,713	$ 12,615	$ 134,098	$ 14,770	$ 141,483	60	1.67%	$ 2,358
1855	Services Underground	$ 319,341		$ 319,341	$ 28,901	$ 333,792	40	2.50%	$ 8,345
1860	Meters (Residential)	$ 19,340		$ 19,340	$ 13,910	$ 26,295	25	4.00%	$ 1,052
1860	Meters (Industrial/Commercial)	$ 95,058	$ 3,439	$ 91,619	$ -	$ 91,619	15	6.67%	$ 6,108
1860	Meters (Other CT's & PT's	$ 94,103		$ 94,103	$ -	$ 94,103	35	2.86%	$ 2,689
1860	Meters (Smart Meters)	$ 1,499,556		$ 1,499,556	$ 19,529	$ 1,509,321	15	6.67%	$ 100,621
1905	Land	$ 111,556		$ 111,556	$ -	$ 111,556			
1906	Land Rights	$ -		$ -	$ -	$ -			
1908	Buildings & Fixtures	$ 622,852		$ 622,852	$ -	$ 622,852	50	2.00%	$ 12,457
1908	Buildings & Fixtures	$ 56,223		$ 56,223	$ -	$ 56,223	40	2.50%	$ 1,406
1909	Buildings & Fixtures	$ 153,846		$ 153,846	$ 82,570	$ 195,131	25	4.00%	$ 7,805
1910	Leasehold Improvements	$ -		$ -	$ -	$ -			
1915	Office Furniture & Equipment (10 Years)	$ 137,239	$ 97,986	$ 39,253	$ -	$ 39,253	10	10.00%	$ 3,925
1915	Office Furniture & Equipment (5 Years)	$ -		$ -	$ -	$ -			
1920	Computer Equipment - Hardware	$ 140,678	$ 98,212	$ 42,467	$ 17,850	$ 51,392	5	20.00%	$ 10,278
1925	Computer Software	$ 689,721	$ 201,014	$ 488,708	$ 24,950	$ 501,183	5	20.00%	$ 100,237
1930	Transportation Equipment	$ 764,820	$ 702,090	$ 62,731	$ 299,000	$ 212,231	15	6.67%	$ 14,149
1935	Stores Equipment	$ 47,086	$ 47,086	$ -	$ -	$ -			
1940	Tools, Shop & Garage Equipment	$ 156,678	$ 87,890	$ 68,789	$ 1,600	$ 69,589	10	10.00%	$ 6,959
1945	Measurement & Testing Equipment	$ 75,448	$ 45,600	$ 29,849	$ -	$ 29,849	5	20.00%	$ 5,970
1950	Power Operated Equipment	$ -		$ -	$ -	$ -			
1955	Communications Equipment	$ -		$ -	$ 23,700	$ 11,850	5	20.00%	$ 2,370
1955	Communication Equipment (Smart Meters)	$ 10,669		$ 10,669	$ -	$ 10,669	5	20.00%	$ 2,134
1960	Miscellaneous Equipment	$ -		$ -	$ -	$ -			
1975	Load Management Controls Utility Premises	$ -		$ -	$ -	$ -			
1980	System Supervisor Equipment	$ -		$ -	$ -	$ -			
1985	Miscellaneous Fixed Assets	$ -		$ -	$ -	$ -			
1995	Contributions & Grants	$ -		$ -	$ -	$ -			
2055	Construciton Work in Progress	$ -		$ -	$ -	$ -			
		$ -		$ -	$ -	$ -			
	Total	$ 26,917,855	$ 3,314,196	$23,603,660	$1,306,840	$ 24,257,080			$ 702,731

58. Ref: Exhibit 2/ Page 9 - 10 – Capitalization Policy Report of the Board: Transition to International Financial Reporting Standards ("IFRS") July 28, 2009 [EB-2008-0408]

In the Report of the Board stated:

The utility will file a copy of its capitalization policy, identifying any updates to the policy, as part of its first rate filing after IFRS adoption. Revenue requirement impacts of any change in capitalization policy must be specifically and separately quantified.[6]

Grimsby stated that it does not have any formal written capitalization policies but it has existing business processes. Grimsby has not mentioned any changes to its accounting practices since its 2006 cost of service application, EB-2005-0371. However, Grimsby is proposing its test year based on Modified International Financial Reporting Standards ("MIFRS").

a) Please confirm whether or not Grimsby will establish and document its formal written capitalization policies and if so, by when.

Grimsby Power Inc.'s Response:

The formal capitalization policies are part of the MIFRS implementation and are expected to be completed in conjunction with the production of 2012 audited financial statements. Therefore, the expected completion date will likely be in the 2nd quarter of 2013.

b) Please detail all changes to accounting practices arising from the adoption of MIFRS (e.g. changes in capitalized overhead, depreciation rates, etc.) that Grimsby may include once it establishes and documents its formal written capitalization policies.

Grimsby Power Inc.'s Response:

As a result of the adoption of the MIFRS the following accounting practices have been changed:

- Capitalization of Overheads
- Depreciation Rates
- Capitalization of Borrowing Costs for "Qualifying" Assets
- Level of Componentization for determining Depreciation
- Derecognition of Assets (when they are removed from service)

c) Please state the dollar impact on the revenue requirement of these changes as outlined in b).

Grimsby Power Inc.'s Response:

As a result of the adoption of MIFRS Grimsby Power Inc.'s revenue requirement was reduced from $ 4,906,180 under CGAAP to $4,583,444 under MIFRS. This is represented in the table produced for Board Staff IR #58(e)(i) below.

d) Please detail all changes to the capitalization practices as are being implemented by Grimsby's existing business processes, including any changes since the last rebasing application filed with the Board.

Grimsby Power Inc.'s Response:

Changes to capitalization practices since the last rebasing are described in the rate application in Exhibit 4 – Page 19 of 66 under the heading "Change in Allocation Method". An estimate of the changes notes that $154,135 has been allocated to OM&A. The amount of $ 154,135 represents the costs allocated during 2010 and realigned with the USofA accounts in the 2012 Test Year (CGAAP). These changes were a result of a realignment with the USofA accounts and not MIFRS. The specific amounts of the re-allocations are as follows:

Supervision	49,820
Director of Engineering	45,471
Engineering training	16,896
Network+GIS	41,948
TOTAL	**$154,135.19**

Since the last rebasing application filed with the Board, Grimsby Power Inc. has changed its capitalization practices by following the MIFRS rules/standards as noted below:

- The capitalization of vehicle repair and maintenance expenses through an allocation process has been eliminated;

- The capitalization of labour and training expenses relating to stores activities through an allocation process has been eliminated;
- The capitalization of Engineering supervisory labour and expenses through an allocation process has been eliminated;
- Amortization of the vehicles is intended to be allocated but due to the small dollar value ($3,893) it is not material and therefore, has not been added to the allocation;
- The useful lives of assets has been changed as noted in Exhibit 2 – Page 10 of 65 – Table 2.3.
- The depreciation schedules of assets has been changed based on the new useful lives.

e) Please state the dollar impact on the revenue requirement of the changes due to:

i. Changes to the accounting practices due to MIFRS to each major component of the revenue requirement (e.g. rate base, operating costs, etc), including the overall impact on the proposed revenue requirement;

ii. Changes to the capitalization practices due to MIFRS to each major component of the revenue requirement (e.g. rate base, operating costs, etc), including the overall impact on the proposed revenue requirement; and

Grimsby Power Inc.'s Response:

To be forwarded at a later date.

iii. Other changes to the capitalization practices since 2006 that are not related to MIFRS to each major component of the revenue requirement (e.g. rate base, operating costs, etc), including the overall impact on the proposed revenue requirement.

Grimsby Power Inc.'s Response:

Please refer to Board IR # 58(d) above.

59. Ref: Report of the Board: Transition to International Financial Reporting Standards ("IFRS") July 28, 2009 [EB-2008-0408] – Gains and Losses on Retirements and Impairments

Grimsby did not present the accounting policy change on treatment of asset impairment.

Under IFRS, asset retirement obligations include estimates of the cost of constructive obligations which was not required under CGAAP, and a revaluation of those obligations during the lives of the assets.

The Board has stated:

Utilities shall identify separately in their rate applications the depreciation expense associated with amortizing asset retirement costs and the accretion expense associated with the amortization of the asset retirement obligations. The Board will assess these costs independently of other amortization costs to determine the portion, if any, of these costs that should be recovered in revenue requirement.

Where a utility for financial reporting purposes under IFRS has accounted for the amount of gain or loss on the retirement of assets in a pool of like assets as a charge or credit to income, for reporting and rate application filings the utility shall reclassify such gains and losses as depreciation expense and disclose the amount separately. Where a utility for financial reporting purposes under IFRS has reported a gain or loss on disposition of individual assets, such amounts should be identified separately in rate filings for review by the Board.[7]

Where for financial reporting purposes under IFRS a utility has recorded an asset impairment loss, for rate application filings such losses shall be reclassified to PP&E and identified separately to allow consideration of whether and how such amounts are to be reflected in rates.[8]

a) Please confirm whether or not Grimsby has any Asset Retirement Obligations ("ARO").

i. If yes, please identify and provide a detailed breakdown of the major asset components.

Grimsby Power Inc.'s Response:

Grimsby Power has no Asset Retirement Obligations (AROs).

b) If Grimsby has AROs, please confirm whether or not Grimsby has identified the accounting change on AROs.

i. If so, please provide the accounting change and quantify the changes due to the adoption of IFRS for the test year and bridge year.

Grimsby Power Inc.'s Response:

Not Applicable

ii. If not, please provide the reasons and the plan when this is to be addressed.

Grimsby Power Inc.'s Response:

Not Applicable

c) For the AROs identified, please provide the depreciation expenses and accretion expenses and show how these expenses are currently included in the rate application.

Grimsby Power Inc.'s Response:

Not Applicable

d) Please confirm that Grimsby has identified the gain or loss on the retirement of assets in a group of like assets. Please provide the treatment of the retirement for rate application purposes and disclose the amount. If the gains/losses are not charged to depreciation expense please state the reasons.

Grimsby Power Inc.'s Response:

Grimsby has reviewed all proposed capital projects in the forecast period to determine whether any assets will be retired and thus a loss on retirement should be estimated. Each project was reviewed. The assets to be retired were found to be greater than 25 years old and therefore had a net book value (NBV) of zero. No loss on retirement will occur.

e) Please disclose any asset impairment loss recorded under IFRS which should be reclassified to PP&E. Please describe:

i. The nature of the losses;

Grimsby Power Inc.'s Response:

Grimsby Power does not have any asset impairment loss.

ii. The amounts of the losses; and

Grimsby Power Inc.'s Response:

Not Applicable

iii. Whether and how such amounts are to be reflected in rates.

Grimsby Power Inc.'s Response:

Not Applicable

60. Ref: Exhibit 2 – Capitalization Assets Report of the Board: Transition to International Financial Reporting Standards ("IFRS") July 28, 2009 [EB-2008-0408]

The Board has stated:

The Board will require utilities to adhere to IFRS capitalization accounting requirements for rate making and regulatory reporting purposes after the date of adoption of IFRS.[9]

IAS 16 Property, Plant and Equipment states that the cost of PP&E comprises of any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

IAS 23 states that directly attributable borrowing costs are capitalized upon qualifying assets only. It also indicated that a qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

The Board also stated:

The Board will continue to publish interest rates for CWIP as it does now. Where incurred debt is acquired on an arms length basis, the actual borrowing cost should be used for determining the amount of carrying charges to be capitalized to CWIP for rate making during the period, in accordance with IFRS. Where incurred debt is not acquired on an arm's length basis, the actual borrowing cost may be used for rate making, provided that the interest rate is no greater than the Board's published rates. Otherwise, the distributor should use the Board's published rates.[10]

In regards in the impact of MIFRS on capital expenditures,

a) Please confirm if the costs capitalized are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. If not, please explain.

Grimsby Power Inc.'s Response:

Grimsby Power Inc. confirms that costs capitalized are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

b) Has Grimsby consulted with its external auditors or professional advisors regarding the change in capitalization of overhead within IFRS requirements? If yes, please provide supporting documentation. If not, please identify if there is any plan in the near future for such a consultation.

Grimsby Power Inc.'s Response:

As stated in Grimsby Power Inc.'s Rate Application KPMG was contracted to lead Grimsby Power Inc. staff through the transition from CGAAP to IFRS standards. Throughout the process the decisions made were documented so that a reference was created upon which to base future decisions. The basis under which Grimsby Power Inc. has changed its method of applying burdens to capital is explained in detail in the document titled "Conclusion Document – Standard: IAS 16 – Property, Plant, and Equipment" attached as Appendix 7. The changes noted in the conclusion document have been implemented in the reporting of 2012 financials under modified IFRS rules.

c) Please identify all overhead related items (e.g. indirect costs, corporate centre costs) and identify the items that are ineligible and how much overhead in total has been removed from capitalization for ineligible costs.

Grimsby Power Inc.'s Response:

Please refer to Board Staff IR # 60(b) above.

d) Please identify the burden rates related to the capitalization of costs of self-constructed assets:

i. Prior to transition (from the last rebasing application to January 1,2011), and

Grimsby Power Inc.'s Response:

Grimsby Power Inc. uses a legacy software (APPX) system which applies percentage burden rates as follows:

- Labour
  - 40% Payroll
  - 35% Engineering as applicable
- Material
  - 35% Engineering
  - 15% Stores
- Trucks
  - 50% of Truck Rate

These rates have not been changed since the system went live in 2006 and in fact have not changed since the previous system to APPX was put into use. The percentage rates and truck rates were based on utility industry norms of the past.

ii. After transition (on or after January 1, 2011).

Grimsby Power Inc.'s Response:

Grimsby Power Inc. has evaluated its financial systems in order to answer this interrogatory. Grimsby Power Inc. does not have the ability, at this time, to justify what the rates will be after conversion to MIFRS. In order to determine burden rates for the future, Grimsby Power Inc. will need to analyze its current methodology of applying burdens and change its systems accordingly.

e) Please provide the following information in detail for overhead costs on self-constructed assets for the bridge and test years.

	Dollar Impact		Directly Attributable	
Nature of the Overhead Costs	**Bridge Year**	**Test Year**	**Yes/No**	**Reasons for Capitalization(MIFRS Principles)**

Grimsby Power Inc.'s Response:

Grimsby Power Inc. does not have the ability to break out costs as required in this question. However, Grimsby Power Inc. can provide a detailed breakdown of expenses which are allocated across capital and OM&A accounts. The reasons why these items are allowed to be distributed to capital are detailed in Appendix 7 - Conclusion Document – Standard: IAS 16 – Property, Plant, and Equipment prepared by KPMG. The table below identifies these costs in 2012.

Row Labels	Sum of Labour_Total	Sum of Equip_Total	Sum of Mat_Total	Sum of Direct_Total	Sum of SubCont_Total	Sum of Total_Cost
9000	**$ 214,005**	**$ -**	**$ -**	**$ 340,437**	**$ -**	**$ 554,442**
Payroll_Allocations_-_CPP_Employer	$ -	$ -	$ -	$ 41,447	$ -	$ 41,447
Payroll_Allocations_-_EAP_Program	$ -	$ -	$ -	$ 2,448	$ -	$ 2,448
Payroll_Allocations_-_EHT	$ -	$ -	$ -	$ 25,070	$ -	$ 25,070
Payroll_Allocations_-_EI_Employer	$ -	$ -	$ -	$ 18,271	$ -	$ 18,271
Payroll_Allocations_-_Health_Benefits	$ -	$ -	$ -	$ 115,546	$ -	$ 115,546
Payroll_Allocations_-_OMERS	$ -	$ -	$ -	$ 120,826	$ -	$ 120,826
Payroll_Allocations_-_PPE	$ -	$ -	$ -	$ 5,000	$ -	$ 5,000
Payroll_Allocations_-_Statutory_Holidays	$ 66,331	$ -	$ -	$ -	$ -	$ 66,331
Payroll_Allocations_-_Vacations	$ 147,674	$ -	$ -	$ -	$ -	$ 147,674
Payroll_Allocations_-_WSIB	$ -	$ -	$ -	$ 11,830	$ -	$ 11,830
9100	**$ -**	**$ -**	**$ -**	**$ 28,621**	**$ -**	**$ 28,621**
Trucks_Allocations_-_Fuel	$ -	$ -	$ -	$ 18,360	$ -	$ 18,360
Trucks_Allocations_-_Insurance	$ -	$ -	$ -	$ 8,731	$ -	$ 8,731
Trucks_Allocations_-_Licensing_and_Certifications	$ -	$ -	$ -	$ 1,530	$ -	$ 1,530
Grand Total	**$ 214,005**	**$ -**	**$ -**	**$ 369,058**	**$ -**	**$ 583,063**

The table below identifies these costs in 2011

Row Labels	Sum of Labour_Total	Sum of Equip_Total	Sum of Mat_Total	Sum of Direct_Total	Sum of SubCont_Total	Sum of Total_Cost
9000	**$ 184,385**	**$ -**	**$ -**	**$ 273,861**	**$ -**	**$ 458,246**
Payroll_Allocations_-_CPP_Employer	$ -	$ -	$ -	$ 36,300	$ -	$ 36,300
Payroll_Allocations_-_EAP_Program	$ -	$ -	$ -	$ 2,400	$ -	$ 2,400
Payroll_Allocations_-_EHT	$ -	$ -	$ -	$ 21,488	$ -	$ 21,488
Payroll_Allocations_-_EI_Employer	$ -	$ -	$ -	$ 15,225	$ -	$ 15,225
Payroll_Allocations_-_Health_Benefits	$ -	$ -	$ -	$ 107,400	$ -	$ 107,400
Payroll_Allocations_-_OMERS	$ -	$ -	$ -	$ 76,394	$ -	$ 76,394
Payroll_Allocations_-_PPE	$ -	$ -	$ -	$ 5,000	$ -	$ 5,000
Payroll_Allocations_-_Statutory_Holidays	$ 55,447	$ -	$ -	$ -	$ -	$ 55,447
Payroll_Allocations_-_Vacations	$ 128,939	$ -	$ -	$ -	$ -	$ 128,939
Payroll_Allocations_-_WSIB	$ -	$ -	$ -	$ 9,654	$ -	$ 9,654
9100	**$ -**	**$ -**	**$ -**	**$ 29,700**	**$ -**	**$ 29,700**
Trucks_Allocations_-_Fuel	$ -	$ -	$ -	$ 18,000	$ -	$ 18,000
Trucks_Allocations_-_Insurance	$ -	$ -	$ -	$ 9,000	$ -	$ 9,000
Trucks_Allocations_-_Licensing_and_Certifications	$ -	$ -	$ -	$ 1,500	$ -	$ 1,500
Trucks_Allocations_-_Truck_Trailer_Repairs_and_Regular_Maintenance	$ -	$ -	$ -	$ 1,200	$ -	$ 1,200
Grand Total	**$ 184,385**	**$ -**	**$ -**	**$ 303,561**	**$ -**	**$ 487,946**

f) Please identify the overall level of increase in OM&A expense in the test year in relation to a decrease in capitalized overhead.

Grimsby Power Inc.'s Response:

Please refer to Energy Probe IR # 23.

g) Please provide a variance analysis for this increase in OM&A expense for the test year in respect to each of the bridge year and historical years.

Grimsby Power Inc.'s Response:

Please refer to Energy Probe IR # 23.

h) Please confirm that all borrowing costs that are directly attributable to the acquisition, construction, or production of PP&E costs are capitalized to PP&E and not expensed. If this is not the case, please explain.

Grimsby Power Inc.'s Response:

All capital projects included in the 2012 capital forecast were reviewed to determine if they were qualifying assets for the purposes of capitalizing interest. No "qualifying assets" were included in the capital forecast. As a result, no directly attributable interest was capitalized to any assets in the capital forecast.

i) Where incurred debt is not acquired on an arm's length basis, are the actual borrowing costs used? Please explain.

Grimsby Power Inc.'s Response:

Not Applicable

j) Please confirm that if the interest rate is greater than the Board's most recently published CWIP interest rates, Grimsby has used the Board's published rates to calculate borrowing costs included in the construction costs. If this is not the case, please explain.

Grimsby Power Inc.'s Response:

Not Applicable

61. Ref: Addendum to Report of the Board: Implementing International Financial Reporting Standards in an Incentive Rate Mechanism Environment, June 13, 2011 [EB-2008-0408]

In Appendix A: Summary of Board Policy in this Addendum, the Board stated:
The Board authorizes the creation of a generic IFRS transition PP&E deferral account to record differences arising as a result of accounting policy changes caused by the transition from CGAAP to MIFRS.

Differences may arise with Property, Plant, and Equipment balances due to implementing IFRS.

a) Referencing to the specific section of the application, please confirm if the Applicant has performed a calculation or has provided a balance in the Board approved PP&E Deferral Account.

Grimsby Power Inc.'s Response:

In the application Grimsby Power Inc. did not perform any calculation for the PP&E Deferral Account.

b) If the answer to part "a" above is no, please update the appropriate schedules and calculate a balance for the PP&E Deferral Account.

Grimsby Power Inc.'s Response:

Grimsby Power Inc. calculated the differences in respect to changes in the useful life of assets. The changes in asset useful life have impacts on amortization expense as it is presented in the following tables:

Appendix 2-M
Depreciation and Amortization Expense

Year: CGAAP 2011

Account	Description	Opening Balance (a)	Less Fully Depreciated[1] (b)	Net for Depreciation (c) = (a) - (b)	Additions (d)	Total for Depreciation (e) = (c) + ½ x (d) [2]	Years (f)	Depreciation Rate (g) = 1 / (f)	Depreciation Expense (h) = (e) / (f)
1805	Land	$ -		$ -	$ -	$ -			
1808	Buildings	$ -		$ -	$ -	$ -			
1810	Leasehold Improvements	$ -		$ -	$ -	$ -			
1815	Transformer Station Equipment >50 kV	$ -		$ -	$ -	$ -			
1820	Distribution Station Equipment <50 kV	$ 143,555	$ 143,555	$ -	$ -	$ -			
1825	Storage Battery Equipment	$ -		$ -	$ -	$ -			
1830	Poles, Towers & Fixtures	$ 7,472,266	$ 519,929	$ 6,952,337	$ 505,277	$ 7,204,975	25.00	4.00%	$ 288,199
1835	Overhead Conductors & Devices	$ 2,115,766		$ 2,115,766	$ 215,534	$ 2,223,533	25.00	4.00%	$ 88,941
1840	Underground Conduit	$ 5,110,882	$ 394,193	$ 4,716,689	$ 15,000	$ 4,724,189	25.00	4.00%	$ 188,968
1845	Underground Conductors & Devices	$ 1,803,450		$ 1,803,450	$ 121,408	$ 1,864,154	25.00	4.00%	$ 74,566
1850	OH Line Tranformers	$ 5,310,162	$ 284,192	$ 5,025,970	$ 221,041	$ 5,136,491	25.00	4.00%	$ 205,460
1850	UG Line Transformers	$ 2,109,146		$ 2,109,146	$ 112,350	$ 2,165,321	25.00	4.00%	$ 86,613
1855	Services Overhead	$ 152,165		$ 152,165		$ 152,165	25.00	4.00%	$ 6,087
1855	Services Underground	$ 1,753,216		$ 1,753,216	$ 54,140	$ 1,780,286	25.00	4.00%	$ 71,211
1860	Meters (Stranded)	$ 31,848		$ 31,848		$ 31,848	25.00	4.00%	$ 1,274
1860	Meters (Industrial/Commercial)	$ 263,001	$ 23,950	$ 239,051	$ 3,803	$ 240,953	25.00	4.00%	$ 9,638
1860	Meters (CT's & PT's)	$ 94,103		$ 94,103		$ 94,103	25.00	4.00%	$ 3,764
1860	Meters (Smart Meters)	$ -		$ -		$ -			
1905	Land	$ 111,556		$ 111,556	$ -	$ 111,556			
1906	Land Rights	$ -		$ -	$ -	$ -			
1908	Buildings & Fixtures	$ 622,852		$ 622,852	$ -	$ 622,852	50.00	2.00%	$ 12,457
1908	Buildings & Fixtures	$ 56,223		$ 56,223	$ -	$ 56,223	40.00	2.50%	$ 1,406
1908	Buildings & Fixtures	$ 76,605		$ 76,605	$ 77,240	$ 115,226	25.00	4.00%	$ 4,609
1910	Leasehold Improvements	$ -		$ -	$ -	$ -			
1915	Office Furniture & Equipment (10 Years)	$ 137,239	$ 87,289	$ 49,950	$ -	$ 49,950	10.00	10.00%	$ 4,995
1915	Office Furniture & Equipment (5 Years)	$ -		$ -	$ -	$ -			
1920	Computer Equipment - Hardware	$ 129,178	$ 77,371	$ 51,807	$ 11,500	$ 57,557	3.00	33.33%	$ 19,186
1925	Computer Software	$ 467,221	$ 178,952	$ 288,269	$ 222,500	$ 399,519	5.00	20.00%	$ 79,904
1930	Transportation Equipment	$ 745,593	$ 690,684	$ 54,909	$ 30,000	$ 69,909	5.00	20.00%	$ 13,982
1935	Stores Equipment	$ 47,086	$ 47,086	$ -	$ -	$ -			
1940	Tools, Shop & Garage Equipment	$ 156,678	$ 73,956	$ 82,722	$ -	$ 82,722	10.00	10.00%	$ 8,272
1945	Measurement & Testing Equipment	$ 70,448	$ 36,225	$ 34,223	$ 5,000	$ 36,723	5.00	20.00%	$ 7,345
1950	Power Operated Equipment	$ -		$ -	$ -	$ -			
1955	Communications Equipment	$ -		$ -	$ -	$ -			
1955	Communication Equipment (Smart Meters)	$ -		$ -	$ -	$ -			
1960	Miscellaneous Equipment	$ -		$ -	$ -	$ -			
1975	Load Management Controls Utility Premises	$ -		$ -	$ -	$ -			
1980	System Supervisor Equipment	$ -		$ -	$ -	$ -			
1985	Miscellaneous Fixed Assets	$ -		$ -	$ -	$ -			
1995	Contributions & Grants	-$ 4,977,193		-$ 4,977,193	-$ 150,000	-$ 5,052,193	25.00	4.00%	-$ 202,088
2055	Construciton Work in Progress	$ 4,740		$ 4,740	-$ 4,740	$ -			
		$ -		$ -	$ -	$ -			
	Total	$ 24,007,789	$ 2,557,382	$ 21,450,407	$ 1,440,053	$ 22,170,434			$ 974,788

Appendix 2-M
Depreciation and Amortization Expense

MIFRS 2011

Account	Description	2010 Closing Balance	Capital Contribution Allocations	2011 Opening Balance (a)	Less Fully Depreciated[1] (b)	Net for Depreciation (c) = (a) - (b)	Additions (d)	Total for Depreciation (e) = (c) + ½ x (d) [2]	Years (f)	Depreciation Rate (g) = 1 / (f)	Depreciation Expense (h) = (e) / (f)
1805	Land	$ -		$ -		$ -	$ -	$ -			
1808	Buildings	$ -		$ -		$ -	$ -	$ -			
1810	Leasehold Improvements	$ -		$ -		$ -	$ -	$ -			
1815	Transformer Station Equipment >50 kV	$ -		$ -		$ -	$ -	$ -			
1820	Distribution Station Equipment <50 kV	$ 143,555		$ 143,555	$ 143,555	$ -	$ -	$ -			
1825	Storage Battery Equipment	$ -		$ -		$ -	$ -	$ -			
1830	Poles, Towers & Fixtures	$ 7,472,266	-$ 134,848	$ 7,337,418	$ 519,929	$ 6,817,489	$ 463,603	$ 7,049,290	60.00	1.67%	$ 117,488
1835	Overhead Conductors & Devices	$ 2,115,766	-$ 91,407	$ 2,024,359		$ 2,024,359	$ 192,187	$ 2,120,452	60.00	1.67%	$ 35,341
1840	Underground Conduit	$ 5,110,882	-$ 796,425	$ 4,314,458	$ 394,193	$ 3,920,265	$ 15,000	$ 3,927,765	70.00	1.43%	$ 56,111
1845	Underground Conductors & Devices	$ 1,803,450	-$ 755,741	$ 1,047,708		$ 1,047,708	$ 118,186	$ 1,106,801	35.00	2.86%	$ 31,623
1850	OH Line Transformers	$ 5,310,162	-$ 1,566,883	$ 3,743,279	$ 284,192	$ 3,459,087	$ 178,081	$ 3,548,127	35.00	2.86%	$ 101,375
1850	UG Line Transformers	$ 2,109,146		$ 2,109,146		$ 2,109,146	$ 89,946	$ 2,154,119	30.00	3.33%	$ 71,804
1855	Services Overhead	$ 152,165	-$ 17,713	$ 134,452		$ 134,452	$ 12,261	$ 140,583	60.00	1.67%	$ 2,343
1855	Services Underground	$ 1,753,216	-$ 1,453,755	$ 299,460		$ 299,460	$ 19,881	$ 309,401	40.00	2.50%	$ 7,735
1860	Meters (Stranded)	$ 31,848		$ 31,848		$ 31,848		$ 31,848	25.00	4.00%	$ 1,274
1860	Meters (Industrial/Commercial)	$ 263,001	-$ 160,420	$ 102,582	$ 23,950	$ 78,632	$ 3,803	$ 80,533	15.00	6.67%	$ 5,369
1860	Meters (Other CT's & PT's	$ 94,103		$ 94,103		$ 94,103		$ 94,103	35.00	2.86%	$ 2,689
1860	Meters (Smart Meters)			$ -		$ -		$ -	15.00	6.67%	$ -
1905	Land	$ 111,556		$ 111,556		$ 111,556		$ 111,556			
1906	Land Rights	$ -		$ -		$ -		$ -			
1908	Buildings & Fixtures	$ 622,852		$ 622,852		$ 622,852		$ 622,852	50.00	2.00%	$ 12,457
1908	Buildings & Fixtures	$ 56,223		$ 56,223		$ 56,223		$ 56,223	40.00	2.50%	$ 1,406
1909	Buildings & Fixtures	$ 76,605		$ 76,605		$ 76,605	$ 72,500	$ 112,855	25.00	4.00%	$ 4,514
1910	Leasehold Improvements	$ -		$ -		$ -		$ -			
1915	Office Furniture & Equipment (10 Years)	$ 137,239		$ 137,239	$ 87,289	$ 49,950		$ 49,950	10.00	10.00%	$ 4,995
1915	Office Furniture & Equipment (5 Years)	$ -		$ -		$ -		$ -			
1920	Computer Equipment - Hardware	$ 129,178		$ 129,178	$ 77,371	$ 51,807	$ 11,500	$ 57,557	5.00	20.00%	$ 11,511
1925	Computer Software	$ 467,221		$ 467,221	$ 178,952	$ 288,269	$ 222,500	$ 399,519	5.00	20.00%	$ 79,904
1930	Transportation Equipment	$ 745,593		$ 745,593	$ 690,684	$ 54,909	$ 30,000	$ 69,909	15.00	6.67%	$ 4,661
1935	Stores Equipment	$ 47,086		$ 47,086	$ 47,086	$ -		$ -			
1940	Tools, Shop & Garage Equipment	$ 156,678		$ 156,678	$ 73,956	$ 82,722		$ 82,722	10.00	10.00%	$ 8,272
1945	Measurement & Testing Equipment	$ 70,448		$ 70,448	$ 36,225	$ 34,223	$ 5,000	$ 36,723	5.00	20.00%	$ 7,345
1950	Power Operated Equipment	$ -		$ -		$ -		$ -			
1955	Communications Equipment	$ -		$ -		$ -		$ -	5.00	20.00%	$ -
1955	Communication Equipment (Smart Meters)	$ -		$ -		$ -		$ -	5.00	20.00%	$ -
1960	Miscellaneous Equipment	$ -		$ -		$ -		$ -			
1975	Load Management Controls Utility Premises	$ -		$ -		$ -		$ -			
1980	System Supervisor Equipment	$ -		$ -		$ -		$ -			
1985	Miscellaneous Fixed Assets	$ -		$ -		$ -		$ -			
1995	Contributions & Grants	-$ 4,977,193	$ 4,977,193			$ -		$ -			
2055	Construciton Work in Progress	$ 4,740		$ 4,740		$ 4,740		$ -			
		$ -		$ -		$ -	$ -	$ -			
	Total	$ 24,007,789	$ -	$ 24,007,789	$ 2,557,382	$ 21,450,407	$ 1,434,448	$ 22,167,631			$ 568,216

2011 MIFRS vs. CGAAP Depreciation Expense

CCA Class	OEB	Description	CGAAP	MIFRS	Variance
N/A	1805	Land			
47	1808	Buildings			
13	1810	Leasehold Improvements			
47	1815	Transformer Station Equipment >50 kV			
47	1820	Distribution Station Equipment <50 kV			
47	1825	Storage Battery Equipment			
47	1830	Poles, Towers & Fixtures	288,199	117,488	(170,711)
47	1835	Overhead Conductors & Devices	88,941	35,341	(53,600)
47	1840	Underground Conduit	188,968	56,111	(132,857)
47	1845	Underground Conductors & Devices	74,566	31,623	(42,943)
47	1850	OH Line Transformers	205,460	101,375	(104,085)
47	1850	UG Line Transformers	86,613	71,804	(14,809)
47	1855	Services Overhead	6,087	2,343	(3,744)
47	1855	Services Underground	71,211	7,735	(63,476)
47	1860	Meters (Stranded)	1,274	1,274	-
47	1860	Meters (Industrial/Commercial)	9,638	5,369	(4,269)
	1860	Meters (CT's & PT's)	3,764	2,689	(1,075)
47	1860	Meters (Smart Meters)		-	
N/A	1905	Land			
CEC	1906	Land Rights			
47	1908	Buildings & Fixtures	12,457	12,457	-
47	1908	Buildings & Fixtures	1,406	1,406	-
47	1908	Buildings & Fixtures	4,609	4,514	(95)
13	1910	Leasehold Improvements			
8	1915	Office Furniture & Equipment (10 years)	4,995	4,995	-
8	1915	Office Furniture & Equipment (5 years)			
45	1920	Computer Equipment - Hardware	19,186	11,511	(7,674)
12	1925	Computer Software	79,904	79,904	-
10	1930	Transportation Equipment	13,982	4,661	(9,321)
8	1935	Stores Equipment			
8	1940	Tools, Shop & Garage Equipment	8,272	8,272	-
8	1945	Measurement & Testing Equipment	7,345	7,345	-
8	1950	Power Operated Equipment			
8	1955	Communications Equipment		-	
8	1955	Communication Equipment (Smart Meters)		-	
8	1960	Miscellaneous Equipment			
47	1975	Load Management Controls Utility Premises			
47	1980	System Supervisor Equipment			
47	1985	Miscellaneous Fixed Assets			
47	1995	Contributions & Grants	(202,088)	-	202,088
WIP	2055	Construction Work in Progress			
		Total	**974,788**	**568,216**	**(406,572)**

c) Please provide a breakdown of the amount that is to be recorded in the PP&E deferral account from the transition date to MIFRS that is, as of January 1, 2011. Please provide the supporting analysis of the amounts in this account. Please provide an analysis similar to Appendix A of the March 31, 2011 *Staff Discussion Paper – Transition to IFRS*.11

Grimsby Power Inc.'s Response:

Grimsby Power Inc. has calculated the amount to be included in the PP&E deferral account from January 1, 2011 is $406,572 (Difference in Closing net PP&E, CGAAP vs MIFRS). The details are noted in the table below:

Deferral Account PP&E Componets of Rate Base
Rebasing in 2012 based on MIFRS

	2009	2010	2011	2012	2013	2014	2015
				Rebase			
Basis of Rates	IRM	IRM	IRM	**MIFRS**			
Forecast vs Actual Used in Rebasing Year	Actual	Actual	Forecast	Forecast			
PP&E Values under CGAAP							
Opening net PP&E	10,928,875	11,405,281	11,307,296				
Additions	1,062,086	193,395	1,405,446				
Depreciation	585,680	291,380	948,906				
Closing net PP&E	11,405,281	11,307,296	11,763,836				
PP&E Values under CGAAP FOR 2009+10, MIFRS Tereafter							
Opening net PP&E	10,928,875	11,405,281	11,307,296				
Additions	1,062,086	193,395	1,405,447				
Depreciation	585,680	291,380	542,335				
Closing net PP&E	11,405,281	11,307,296	12,170,408				
Difference in Closing net PP&E, CGAAP vs MIFRS	**-**	**-**	**(406,572)**				
Deferral Account - Rebasing in 2012 under MIFRS							
Opening balance	**-**	**-**	-	(406,572)	(304,929)	(203,286)	(101,643)
Amount added in the year			(406,572)	NA	NA	NA	NA
Sub-total			**(406,572)**	**(406,572)**	**(304,929)**	**(203,286)**	**(101,643)**
Amount of amortization, included in depreciation expense				101,643	101,643	101,643	101,643
Closing balance in deferral account				**(304,929)**	**(203,286)**	**(101,643)**	**-**
Deferral Amortization account Effect on the Revenue Requirement							
Amortization of deferred balance				101,643			
Return on rate base associated with deferred balance at WACC (15%)				60,986			
Amount included in Revenue Requirement on rebasing				**162,629**			

d) Please provide a proposal for the disposition of this deferral account and rationale. (Please refer to the June 13, 2011 Addendum to the Report of the Board on IFRS.)

Grimsby Power Inc.'s Response:

To be forwarded at a later date.

62. Ref: Exhibit 2 – Intangible Assets

IFRS requires certain assets to be recorded as intangible assets (e.g. computer software and land rights) that were previously included in PP&E.

The Board has said:

Where IFRS requires certain assets to be recorded as intangible assets that were previously included in PP&E (e.g. computer software and land rights), utilities shall include such intangible assets in rate base and the amortization expense in depreciation expense for determining revenue requirement.[12]

Grimsby did not present the accounting policy change on asset reclassification from PP&E to intangible assets.

a) Has the Applicant identified the accounting policy change on asset reclassification from PP&E to intangible assets? If so, please provide the accounting policy change and quantify the changes due to the adoption of IFRS for the test year and bridge year. If not, please provide the reasons and the plan when this is to be addressed.

Grimsby Power Inc.'s Response:

Computer software asset(s) are classified under IFRS as intangible assets. However, there is no impact on the depreciation expense or on the revenue requirement for the cost of service rate application purpose. Therefore, Grimsby Power Inc. decided to keep the software under tangible assets.

b) For the assets identified in (a), please propose the regulatory treatment in accordance with the Board report.

Grimsby Power Inc.'s Response:

Grimsby Power applied the regulatory treatment in accordance with the Board report and didn't move the software to the intangible assets, in this way the software is part of the rate base.

63. Ref: Exhibit 4 – Treatment of Other Post-Employment Benefits

The IAS revisions are effective January 1, 2013, but early adoption is permitted. These revisions include the elimination of the option to defer recognition of gains and losses, known as the "corridor method".

a) Please confirm if Grimsby has unamortized actuarial gains and losses and past service costs at the date of transition (January 1, 2011).

Grimsby Power Inc.'s Response:

Grimsby Power Inc. does not have unamortized actuarial gains or losses and past service costs at the date of transition.

b) If yes, what is the accounting treatment of the unamortized actuarial gains and losses and past service costs at the date of transition (January 1, 2011)?

Grimsby Power Inc.'s Response:

Not Applicable

c) What is the proposed regulatory treatment of these amounts – are these amounts incorporated anywhere in the revenue requirement? Please explain.

Grimsby Power Inc.'s Response:

Not Applicable

d) Please confirm whether or not Grimsby has adopted the IASB's June 2011 revisions to IAS 19, Employee Benefits, and state whether the impacts of this early adoption are incorporated anywhere in the revenue requirement.

Grimsby Power Inc.'s Response:

The impacts of IASB's June 2011 revisions to IAS 19, Employee Benefits is not material and therefore, Grimsby Power Inc. has not incorporated it into the revenue requirement.

List of Appendices

APPENDIX 1 – TD Bank Financial Group Provincial Economic Forecast dated May 26, 2010

APPENDIX 2 - TD Bank Financial Group Provincial Economic Forecast dated December 17, 2010

APPENDIX 3 – Promissory Note

APPENDIX 4 - Burman Energy Consultants Group Inc. – Grimsby Power Inc. – LRAM Support dated October 13, 2011

APPENDIX 5 – Board Decisions

APPENDIX 6 – 2001 – 2005 Federal Returns, 2001 – 2005 Ontario Returns, 2001 – 2005 Notice of Assessments

APPENDIX 7 - Conclusion Document – Standard: IAS 16 – Property, Plant, and Equipment

APPENDIX 8 – Grimsby Power Letter to the Board – May 13, 2011

APPENDIX 9 – 2000,2002,2004,2005 RAM

List of Excel Files

- BS IR # 37 – GPI – LRAM – Attachment A-D - 2009
- BS IR # 38(a) – GPI - LRAM – Attachment A-C – 2010
- Cost Allocation Model Version 2
- 2012 GPI Smart Meter Model 20110913
- Grimsby 2002 SIMPIL Revised
- Grimsby 2003 SIMPIL Revised
- Grimsby 2004 SIMPIL Revised
- Grimsby 2005 SIMPIL Revised
- PIL's Variance 2004
- Customer Billings Summary
- Grimsby Carrying Charges