Response to Board Staff Interrogatories

Grimsby Power Inc.

2012 Distribution Rate Application

Board File No. EB-2011-0273

November 14, 2011

TABLE OF CONTENTS

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:

Grimsby Power has submitted a Microsoft Excel file containing an updated RRWF that represents the changes that Grimsby Power proposes to make to the amounts in the previous version of the RRWF included in the middle column.

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:

The following table provides a list of all changes made to Grimsby's original application by exhibit.

IR #	Board Staff	Exhibit	Initial Value	Corrected Value	Change to GL/SubAcct	Impact to Rate Model	Commentary
3b	X	9	1,350,686.00	1,307,178.00	1555	Yes	Net book value of smart meters in Table 9.11
11b	X	3	3,000.00	10,100.00	4405	Yes	For 2011 and 2012 interest should be the higher value.
14a	X	4	172,730.00	132,730.00	5310	Yes	2010 Meter reading expense was higher due to a double accounting entry.
15d	X	4	56,671.00	-	53104001	Yes	No MDMR fees.
15d	X	4	3,917.00	-	53104002	Yes	No MDMR fees.
21	X	4	123,000.00	124,100.00		No	OMER's premium for 2012 has been recalulated based on new information. Impact is immaterial. Do not change model from this question.
30e	X	5	505,849.00	520,282.00		Yes	2011 Interest Cost
30e	X	5	494,049.00	513,049.00		Yes	2012 Interest Cost
38	X	8				Yes	LRAM will change rate rider
42	X	9	1.66	1.64	1555	Yes	Smart Meter Rate Rider Change in Value
53	X	1				No	Exhibit 1 - Page 56 of 77 - Should "2010" be "2011"
54	X	9	1,013,324.16		1590/2350	No	Future Income Tax Liability
55	X	9	42,682.48	66,982.00	1830	Yes	Equivalent PST Savings
55	X	9	18,011.90	29,252.11	5085	Yes	Equivalent PST Savings
55	X	9	9,361.64	15,945.70	1592	Yes	HST Saving Account
56	X	9	211,045.49	271,172.83	1562	Yes	Account 1562 disposition - changes

The following table provides the base rates and rate adders/riders resulting from the changes made to Grimsby's original application.

Service Classification	Rate Type	Charge Unit	Rates
Residential	Monthly Service Charge	$	18.49
	Distribution Volumetric Rate	$/kWh	0.0105
	Low Voltage Rate Adder	$/kWh	0.0007
	Smart Meter Disposition Rider	$	1.64
	LRAM & SSM Rate Rider	$/kWh	0.0005
	Deferral/Variance Account Disposition Rate Rider	$	- 0.0055
	Stranded Meter Rate Rider	$	3.18
	RTSR - Network	$/kWh	0.0066
	RTSR - Line and Transformation Connection	$/kWh	0.0054
	Wholesale Market Service Charge (WMSC)	$/kWh	0.0052
	Rural Rate Protection Charge	$/kWh	0.0013
	Standard Supply Service Charge	$	0.25
General Service Less Than 50kW	Monthly Service Charge	$	31.53
	Distribution Volumetric Rate	$/kWh	0.0123
	Low Voltage Rate Adder	$/kWh	0.0006
	Smart Meter Disposition Rider	$	1.64
	LRAM & SSM Rate Rider	$/kWh	0.0004
	Deferral/Variance Account Disposition Rate Rider	$	- 0.0058
	Stranded Meter Rate Rider	$	3.18
	RTSR - Network	$/kWh	0.0061
	RTSR - Line and Transformation Connection	$/kWh	0.0047
	Wholesale Market Service Charge (WMSC)	$/kWh	0.0052
	Rural Rate Protection Charge	$/kWh	0.0013
	Standard Supply Service Charge	$	0.25

Service Classification	Rate Type	Charge Unit	Rates
General Service Greater Than 50kW	Monthly Service Charge	$	203.66
	Distribution Volumetric Rate	$/kW	1.7031
	Low Voltage Rate Adder	$/kW	0.2603
	Smart Meter Disposition Rider	$	1.64
	LRAM & SSM Rate Rider	$/kW	0.1062
	Deferral/Variance Account Disposition Rate Rider	$/kW	- 2.5414
	Stranded Meter Rate Rider	$	3.18
	RTSR - Network	$/kW	2.4546
	RTSR - Line and Transformation Connection	$/kW	1.9125
	Wholesale Market Service Charge (WMSC)	$/kWh	0.0052
	Rural Rate Protection Charge	$/kWh	0.0013
	Standard Supply Service Charge	$	0.25
Unmetered Scattered Load	Monthly Service Charge	$	15.77
	Distribution Volumetric Rate	$/kWh	0.0122
	Low Voltage Rate Adder	$/kWh	0.0006
	Deferral/Variance Account Disposition Rate Rider	$/kWh	- 0.0041
	RTSR - Network	$/kWh	0.0061
	RTSR - Line and Transformation Connection	$/kWh	0.0047
	Wholesale Market Service Charge (WMSC)	$/kWh	0.0052
	Rural Rate Protection Charge	$/kWh	0.0013
	Standard Supply Service Charge	$	0.25
Steet Lighting	Monthly Service Charge	$	1.30
	Distribution Volumetric Rate	$/kW	6.3716
	Low Voltage Rate Adder	$/kW	0.2012
	Deferral/Variance Account Disposition Rate Rider	$/kW	- 2.3700
	RTSR - Network	$/kW	1.8512
	RTSR - Line and Transformation Connection	$/kW	1.4785
	Wholesale Market Service Charge (WMSC)	$/kWh	0.0052
	Rural Rate Protection Charge	$/kWh	0.0013
	Standard Supply Service Charge	$	0.25
MicroFIT Generator	Monthly Service Charge	$	5.25
Allowances	Transformer Allowance for Ownership - per kW of billing demand/month	$/kW	-0.60
	Primary Metering Allowance for transformer losses - applied to measured demand and energy	%	-1.00

The requested updated revenue requirement, PILs calculation and bill impacts are provided in updated Excel files listed on the last page.

Modified International Financial Reporting Standards

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 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 have been changed as noted in Exhibit 2 – Page 10 of 65 – Table 2.3.
- The depreciation schedules of assets have 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:

The requested information is provided in the table below:

Major Components of Revenue Requirement	CGAAP	Variance - Change in Accounting Practices	Variance - Change in Capitalization Policy	MIFRS
OM&A Expenses	2,448,737	0	163,820	2,612,557
Amortization Expenses	1,135,984	-500,253	73,369	709,099
Total Distribution Expenses	**3,584,721**	**-500,253**	**237,189**	**3,321,656**
Add: Regulated Return On Capital	1,178,689	18,323	-1,283	1,195,728
Add: PILs	138,970	-90,004	13,414	62,380
Service Revenue Requirement	**4,902,380**	**-571,935**	**249,320**	**4,579,765**
Rate Base	**16,090,505**	**250,127**	**-17,516**	**16,323,116**

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.

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 (7.2%)				(25,863)			
Amount included in Revenue Requirement on rebasing				**(127,506)**			

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:

The Net Book Value of the assets is expected to increase as a result of the transition from financial reporting under CGAAP to MIFRS by $ 406,572.

Based on the *Addendum to Report of the Board: Implementing International Financial reporting Standards in an Incentive Rate Mechanism Environment* (EB-2008-0408) dated June 13, 2011, Grimsby Power requests this amount be moved to a PP&E deferral account for disposition to customers. As directed, this amount will not attract carrying charges but will attract the same level of return Grimsby Power has used in determining revenue requirement for this cost of service application. This return is calculated at 7.2% and is applied in the calculation of the annual disposition amount.

Grimsby Power proposes the amount to be disposed through a rate rider on variable distribution revenue during the four year disposition period. Grimsby Power is seeking the annual rate riders included in the table below be approved for final disposition of this account.

2012 Data By Class	Dx Revenue	Allocation	kWh/kW	Rate
RESIDENTIAL CLASS	$3,123,569	93,851	92,606,843	(0.0010)
GENERAL SERVICE <50 KW CLASS	$ 485,632	14,591	18,314,894	(0.0008)
GENERAL SERVICE >50	$ 534,672	16,065	188,723	(0.0851)
UNMETERED & SCATTERED LOADS	$ 20,721	623	355,293	(0.0018)
STREET LIGHTING	$ 79,108	2,377	4,403	(0.5398)
Totals	**$4,243,703**	**$127,506**		

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 are not material and therefore, Grimsby Power Inc. has not incorporated it into the revenue requirement.

List of Excel Files

- Cost Allocation Model Version 2
- 2012 GPI Smart Meter Model
- Revenue Requirement Work Form
- Test Year Income Tax PILs Work Form
- Chapter 2 Appendices 2-T and 2-V