



Board Secretary
Ontario Energy Board
2300 Yonge St
27th Floor
Toronto, ON M4P 1E4

November 16, 2011

Dear Ms. Walli,

**Re: Halton Hills Hydro Inc. Interrogatory Responses to Energy Probe Research Foundation
(EP) in proceeding EB-2011-0271**

Halton Hills Hydro Inc. ("HHHI") hereby submits its responses to EP Interrogatories to the Ontario Energy Board ("the Board").

Please find attached to this cover letter:

- 2 paper copies of the Interrogatory Responses to EP in proceeding EB-2011-0271.
- 1 electronic copy of the Interrogatory Responses to EP in proceeding EB-2011-0271.

A copy of the Interrogatory Responses to EP has also been filed through the Web Portal and electronic copies forwarded to all intervenors in EB-2011-0271.

In the event of any additional information, questions or concerns, please contact David Smelsky, Chief Financial Officer, at dsmelsky@haltonhillshydro.com or (519) 853-3700 extension 225, or Tracy Rehberg-Rawlingson, Regulatory Affairs Officer, at tracyr@haltonhillshydro.com or (519) 853-3700 extension 257.

Sincerely,

(Original signed)

David J. Smelsky, CMA
Chief Financial Officer
Halton Hills Hydro Inc.

Cc: Arthur Skidmore, President & CEO, HHHI
Richard King, Counsel to HHHI
Intervenors in proceeding EB-2011-0271

**HHHI Response to
Energy Probe Research Foundation (EP) Interrogatories
EB-2011-0217**

Interrogatory # 1

Ref: Exhibit 1, Tab 1, Schedule 13

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

Response:

- a) Halton Hills Community Energy Corporation is the parent company, owning 100% of the following subsidiaries:
 - (i) HHHI is the regulated distribution company;
 - (ii) SouthWestern Energy Inc. is a non-regulated entity with business activities including water and sewer billing, water heater rental and municipal lighting services;
 - (iii) Harvester Energy Canada Inc. is a non-regulated entity with business activities including renewable energy solutions;
 - (iv) 1820289 Ontario Inc. is a non-regulated entity in the business of rural wireless broadband.
- b) There are no costs included in the HHHI revenue requirement associated with the Board of Directors of HHCEC or any of the affiliates.

Interrogatory # 2

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

- a) Please confirm that the figures for 2011 and 2012 are based on MIFRS.
- b) Please provide a version of Table 2-1 that shows 2011 and 2012 based on CGAAP.

Response:

- a) The figures for 2011 and 2012 presented in Exhibit 2, Tab 1, Schedule 1, Table 2-1 are based on MIFRS.
- b) A Summary of Rate Base for 2011 and 2012 based on CGAAP is presented in Table EP 1-1 below.

Table EP 1-1 : Summary of Rate Base

Summary of Rate Base - CGAAP						
Description	2008 Board Approved	2008 Actual	2009 Actual	2010 Actual	2011 Test Year	2012 Bridge Year
Gross Fixed Assets	46,523,026	44,489,081	44,433,150	46,293,583	51,061,106	62,378,731
Accumulated Depreciation	13,717,909	14,937,219	16,263,098	19,011,780	21,808,457	25,547,657
Net Book Value	32,805,118	29,551,862	28,170,052	27,281,803	29,252,649	36,831,074
Average Net Book Value	31,484,974	29,224,560	28,860,957	27,725,928	28,267,119	33,041,862
Working Capital	43,128,000	41,268,334	40,238,995	45,952,348	50,591,717	52,856,102
Working Capital Allowance	6,469,200	6,190,250	6,035,849	6,892,852	7,588,758	7,928,415
Rate Base	37,954,174	35,414,810	34,896,806	34,618,780	35,855,876	40,970,277

Interrogatory # 3

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

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

Response:

The impact on the 2012 revenue requirement if the 2011 and 2012 depreciation rate for poles and conductors were based on a 60 year useful life, rather than 50 years as proposed is a reduction of \$71,763. The calculation is presented in Table EP 1-2.

Table EP 1-2 : 2012 Revenue Requirement using 60 Year Useful Life for Poles

Service Revenue Requirement	Poles & Conductors Amortize over 50 Years	Poles & Conductors Amortize over 60 Years	Change
OM&A Expenses	6,397,261	6,397,261	0
Amortization Expenses	1,624,165	1,567,179	(56,986)
Total Distribution Expenses	8,021,426	7,964,441	(56,986)
Regulated Return On Capital	3,084,733	3,089,331	4,598
PILs	131,542	112,166	(19,375)
Service Revenue Requirement	11,237,701	11,165,938	(71,763)

Interrogatory # 4

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

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

Response:

The impact on the 2012 revenue requirement if the 2011 and 2012 depreciation rate for computer hardware and software were based on lives of 5 and 3 years,

respectively, rather than the proposed 3 and 2 years is a reduction of \$126,331. The calculation is presented in Table EP 1-3 below.

Table EP 1-3 : 2012 Revenue Requirement using Revised Useful Life for Computer Hardware and Software

Service Revenue Requirement	Computer Hardware & Software Amortize over 3 & 2 Years Respectively	Computer Hardware & Software Amortize over 3 & 5 Years Respectively	Change
OM&A Expenses	6,397,261	6,397,261	0
Amortization Expenses	1,624,165	1,529,816	(94,349)
Total Distribution Expenses	8,021,426	7,927,078	(94,349)
Regulated Return On Capital	3,084,733	3,086,068	1,335
PILs	131,542	98,224	(33,318)
Service Revenue Requirement	11,237,701	11,111,369	(126,331)

Interrogatory # 5

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

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

Response:

Table 2 – 4 has been revised with the minimum, maximum and typical useful lives from the HHHI Kinetics report and is presented in Table EP 1-4 below.

Table EP 1-4 : Revised Table 2-4

Component	Previous Component	Existing Useful Life	Proposed Useful Life	Minimum	Typical	Maximum
Land	Land	N/A	N/A			
Overhead poles, fully dressed	Overhead Poles	25	50	40	44	50
Overhead conductors	Overhead Conductors & Devices	25	50	50	60	77
Overhead line switches, reclosures, fault circuit indicators	Overhead Conductors & Devices	25	40	30	50	60
Municipal substations – transformers incl grounding system	MS Station equipment	25	35	32	45	55
Municipal substations - DC service station incl battery & chargers	MS Station equipment	25	20	10	20	30
M.S. Switchgear	Overhead Conductors & Devices	10	40	30	40	60
Underground primary cable incl utility chambers	Underground Conductors & Devices	25	40	30	40	60
Underground secondary cable	Underground Services	25	40	40	40	60
Underground ducts and transformer switchgear foundation	Underground Conduit	25	50	30	50	80
Overhead transformers incl voltage regulator	Overhead Transformers	25	40	30	40	60
Underground transformers incl fault indicators	Underground Transformers	10	40	30	40	40
Underground switchgear and junction cubicle		-	20			
SCADA – battery, RTU, relay, IED		15	20	15	20	30
Industrial/Commercial, wholesale Energy Meters	Interval Meters – 1 Phase, 3 Phase & Meters YE Adj	25	20	20	30	60
PTs & CTs	Meters	25	45	30	45	50
Smart meters - meters	Meters	15	15	15	15	20
Smart meters - repeaters	Meters	15	15	5	10	15
Smart meters – data concentrators	Meters	15	15	10	20	20
Office Furniture and Equipment	Office Furniture and Equipment	10	5	5	10	15
Computer Equipment Hardware	Computer Equipment Hardware	5	3	3	4	5
Computer Software	Computer Software	1	2	2	4	5
Vehicles – bucket trucks	Transportation Equipment	5	12	5	10	15
Vehicles – trailers	Transportation Equipment	5	15	5	15	20
Vehicles – vans/cars	Transportation Equipment	5	8	5	8	10
Tools, Garage Equipment, Measurement & Testing Equipment	Tools, Garage Equipment, Measurement & Testing Equipment	10	10	5	8	10
Stores Equipment	Stores Equipment	10	10	5	8	10
Wireless Communication	Communication Equipment	-	10	2	5	10

Interrogatory # 6

Ref: Exhibit 2, Tab 1, Schedule 2

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

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

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

Response:

The impact on the revenue requirement of MIFRS in 2012 as compared to CGAAP is presented in Table EP 1-5 below.

Table EP 1-5 : impact on Revenue requirement of MIFRS vs. CGAAP in 2012

Halton Hills Hydro Inc.			
Revenue Deficiency Determination			
	MIFRS	CGAAP	
Description	2012 Test - Required Revenue	2012 Test - Required Revenue	Change
Revenue			
Revenue Deficiency	929,610	2,101,610	(1,171,999)
Distribution Revenue	9,165,845	9,165,845	0
Other Operating Revenue (Net)	1,142,245	1,142,245	0
Total Revenue	11,237,701	12,409,700	(1,171,999)
Costs and Expenses			
Administrative & General, Billing & Collecting	4,371,336	4,371,336	0
Operation & Maintenance	1,919,326	1,632,704	286,621
Depreciation & Amortization	1,624,165	2,908,516	(1,284,351)
Property Taxes	106,600	106,600	0
Capital Taxes	0	0	0
Deemed Interest	1,373,969	1,260,901	113,067
Total Costs and Expenses	9,395,395	10,280,057	(884,662)
Less OCT Included Above	0	0	0
Total Costs and Expenses Net of OCT	9,395,395	10,280,057	(884,662)
Utility Income Before Income Taxes	1,842,306	2,129,643	(287,337)
Income Taxes:			
Corporate Income Taxes	131,542	559,662	(428,120)
Total Income Taxes	131,542	559,662	(428,120)
Utility Net Income	1,710,764	1,569,981	140,783
Capital Tax Expense Calculation:			
Total Rate Base	44,644,156	40,970,277	3,673,879
Exemption	15,000,000	15,000,000	0
Deemed Taxable Capital	29,644,156	25,970,277	3,673,879
Ontario Capital Tax	0	0	0
Income Tax Expense Calculation:			
Accounting Income	1,842,306	2,129,643	(287,337)
Tax Adjustments to Accounting Income	(1,341,194)	2,402	(1,343,596)
Taxable Income	501,112	2,132,045	(1,630,933)
Income Tax Expense	131,542	559,662	(428,120)
Tax Rate Reflecting Tax Credits	26.25%	26.25%	0.00%
Actual Return on Rate Base:			
Rate Base	44,644,156	40,970,277	3,673,879
Interest Expense	1,373,969	1,260,901	113,067
Net Income	1,710,764	1,569,981	140,783
Total Actual Return on Rate Base	3,084,733	2,830,882	253,850
Actual Return on Rate Base	6.91%	6.91%	
Required Return on Rate Base:			
Rate Base	44,644,156	40,970,277	3,673,879
Return Rates:			
Return on Debt (Weighted)	5.13%	5.13%	
Return on Equity	9.58%	9.58%	
Deemed Interest Expense	1,373,969	1,260,901	113,067
Return On Equity	1,710,764	1,569,981	140,783
Total Return	3,084,733	2,830,882	253,850
Expected Return on Rate Base	6.91%	6.91%	
Revenue Deficiency After Tax	0	0	
Revenue Deficiency Before Tax	0	0	
Tax Exhibit	2012	2012	
Deemed Utility Income	1,710,764	1,569,981	140,783
Tax Adjustments to Accounting Income	(1,341,194)	2,402	(1,343,596)
Taxable Income prior to adjusting revenue to PILs	369,570	1,572,383	(1,202,813)
Tax Rate	26.25%	26.25%	0.00%
Total PILs before gross up	97,012	412,751	(315,739)
Grossed up PILs	131,542	559,662	(428,120)

The change in revenue requirements based on MIFRS is a result of the decrease in amortization expenses, increase in OM&A, increase in deemed interest expense and decrease in income tax expense.

The decrease in amortization expense is a result of the expected increase in useful lives that HHHI will adopt on transition to MIFRS. The increase in useful lives is based on the HHHI Kinetics Study.

The increase in OM&A is a result of HHHI capitalizing less OM&A under MIFRS versus CGAAP.

The increase in deemed interest expense is a result of the increase in rate base under MIFRS.

The reduction in income tax is driven mainly because of the large reduction in amortization expense under MIFRS, thus resulting in a smaller taxable income under MIFRS.

Interrogatory # 7

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

- a) Please explain the significant reduction in depreciation expense between CGAAP and MIFRS for both 2011 and 2012.**
- b) Additions to gross assets in 2011 under MIFRS are about 6% less than the 2011 CGAAP figures. However, in 2012, the MIFRS additions are 20% higher under IFRS than under CGAAP. Please explain why the 2012 MIFRS additions are larger than under CGAAP.**
- c) Please confirm that in both the CGAAP and MIFRS schedules the only difference between the opening balance in 2012 and the closing balance in 2011 for both gross assets and accumulated depreciation is the inclusion of smart meters in the opening 2012 balances.**
- d) Please explain why MIFRS additions to computer hardware shown in Table 2-11a is different than the amount shown in Table 2-11b (\$180,000 vs. \$213,224).**

Response:

- a) The significant reduction in depreciation expense between CGAAP and MIFRS for both 2011 and 2012 is a result of the expected increase in useful lives that HHHI will adopt on transition to MIFRS. The increase in useful lives is based on the HHHI Kinetrics Study.
- b) The fixed asset additions under MIFRS is greater than CGAAP because \$1,400,000 for HHHI solar panel green initiative and the relating depreciation expense was included in USoA Account 1830 under MIFRS and not included under CGAAP. The updated CGAAP fixed asset continuity schedule at December 31, 2012 is presented as Table EP 1-6 below.

Table EP 1-6 : Updated CGAAP fixed asset continuity schedule at December 31,
2012

CCA Class	OEB Description	Depreciation Rate	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
N/A	1905 Land		\$ 359,609			\$ 359,609	\$ -	\$ -		\$ -	\$ 359,609
47	1808 Buildings		\$ 3,080,205			\$ 3,080,205	\$ 721,897	\$ 123,208		\$ 845,105	\$ 2,235,100
13	1810 Leasehold Improvements		\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
47	1815 Transformer Station Equipment >50 kV		\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
47	1820 Distribution Station Equipment <50 kV		\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
47	1825 Storage Battery Equipment		\$ 4,335,006	\$ 34,861		\$ 4,369,867	\$ 1,224,336	\$ 174,097		\$ 1,398,433	\$ 2,971,434
47	1830 Poles, Towers & Fixtures		\$ 17,391,056	\$ 4,057,518		\$ 21,448,574	\$ 12,974,139	\$ 783,799		\$ 13,757,938	\$ 7,690,636
47	1835 Overhead Conductors & Devices		\$ 7,360,842	\$ 2,504,129		\$ 9,864,971	\$ 617,017	\$ 344,516		\$ 961,534	\$ 8,903,437
47	1840 Underground Conduit		\$ 1,380,654	\$ 493,240		\$ 1,873,894	\$ 125,410	\$ 65,091		\$ 190,501	\$ 1,683,393
47	1845 Underground Conductors & Devices		\$ 5,059,925	\$ 413,691		\$ 5,473,616	\$ 420,804	\$ 210,671		\$ 631,475	\$ 4,842,141
47	1850 Line Transformers		\$ 7,238,748	\$ 528,576		\$ 7,767,324	\$ 611,421	\$ 300,121		\$ 911,542	\$ 6,855,781
47	1855 Services (Overhead & Underground)		\$ 2,750,180	\$ -		\$ 2,750,180	\$ 524,633	\$ 110,007		\$ 634,640	\$ 2,115,540
47	1860 Meters		\$ 1,048,410	\$ -		\$ 1,048,410	\$ 61,856	\$ 41,936		\$ 103,792	\$ 944,617
47	1860 Meters (Smart Meters)		\$ 3,768,873	\$ -		\$ 3,768,873	\$ 501,430	\$ 251,625		\$ 753,055	\$ 3,015,818
N/A	1905 Land		\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
CEC	1906 Land Rights		\$ 146,075	\$ -		\$ 146,075	\$ 2,922	\$ 6,043		\$ 8,965	\$ 147,111
47	1908 Buildings & Fixtures		\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
13	1910 Leasehold Improvements		\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
8	1915 Office Furniture & Equipment (10 years)		\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
8	1915 Office Furniture & Equipment (5 years)		\$ 412,782	\$ 300		\$ 413,082	\$ 333,191	\$ 82,586		\$ 415,777	\$ 2,695
10	1920 Computer Equipment - Hardware		\$ 1,072,364	\$ 213,224		\$ 1,285,588	\$ 1,177,984	\$ 235,795		\$ 1,413,780	\$ 128,191
45	1920 Computer Equip.-Hardware(Post Mar. 22/04)		\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
45.1	1920 Computer Equip.-Hardware(Post Mar. 19/07)		\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
12	1925 Computer Software		\$ 1,234,681	\$ 363,000		\$ 1,597,681	\$ 1,415,829	\$ 283,236		\$ 1,699,065	\$ 101,385
10	1930 Transportation Equipment		\$ 2,519,028	\$ 230,000		\$ 2,749,028	\$ 1,621,977	\$ 329,254		\$ 1,951,231	\$ 797,797
8	1935 Stores Equipment		\$ 86,472	\$ -		\$ 86,472	\$ 59,024	\$ 8,647		\$ 67,672	\$ 18,800
8	1940 Tools, Shop & Garage Equipment		\$ 558,091	\$ 43,170		\$ 601,261	\$ 410,711	\$ 57,968		\$ 468,678	\$ 132,583
8	1945 Measurement & Testing Equipment		\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
8	1950 Power Operated Equipment		\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
8	1955 Communications Equipment		\$ 80,755	\$ -		\$ 80,755	\$ -	\$ -		\$ -	\$ 80,755
8	1955 Communication Equipment (Smart Meters)		\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
8	1960 Miscellaneous Equipment		\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
47	1975 Load Management Controls Utility Premises		\$ 563,902	\$ -		\$ 563,902	\$ 354,531	\$ 56,390		\$ 410,921	\$ 152,981
47	1980 System Supervisor Equipment		\$ 886,494	\$ 53,252		\$ 939,746	\$ 421,149	\$ 60,875		\$ 482,023	\$ 457,722
47	1985 Miscellaneous Fixed Assets		\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
47	1995 Contributions & Grants		\$ 6,504,174	\$ 1,396,208		\$ 7,900,382	\$ 1,270,373	\$ 288,091		\$ 1,558,464	\$ 6,341,917
etc.			\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
	Total		\$ 54,829,979	\$ 7,548,752	\$ -	\$ 62,378,731	\$ 22,309,887	\$ 3,237,776	\$ -	\$ 25,547,663	\$ 36,831,068

- c) Confirmed.
- d) The difference of \$33,224 between table 2-11a and 2-11b (\$180,000 vs. \$213,224) shown for computer hardware is the result of a misallocation. The amount presented in table 2-11a is the correct amount.

Interrogatory # 8

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

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

- a) Table 2-15 shows 2009 capital additions of \$2,201,410, which appears to be the additions shown in Table 2-8 before the reduction for contributions and grants. Please provide a revised Table 2-15 that matches the additions shown in Table 2-8 inclusive of contributions and grants.**
- b) Additions shown for 2010 in Table 2-16 total \$2,307,300, which does not match the additions shown in Table 2-9 with or without contributions and grants. Please reconcile these tables and provide revised tables.**

Response:

- a) The revised Table 2-15 that matches the additions shown in Table 2-8 inclusive of contributions and grants is presented as Table EP 1-7 below.

Table EP 1-7 : Revised Table 2-15 from Application

Projects	Actual
Wildwood Road - Pole Line Relocation	\$ 297,635
WCB/Steeles Avenue - Pole Relocation - Intersection	\$ 86,826
WCB Road Widening	\$ 721,799
27 Sideroad N of WCB - Pole Line Reconstruction	\$ 80,654
River Substation - Installation of new 10MVA transformer	\$ 470,342
4th Line/22 Sideroad Pole Line Upgrade	\$ 280,434
Projects under materiality	\$ 263,720
Capital Contribution and Grants	-\$ 799,341
Total	\$ 1,402,069

- b) The additions shown in table 2 – 9 are correct. The difference between table 2 -8 and 2 – 15 is because small projects below the materiality were not included in table 2 -15. The revised table 2 – 15 is presented as Table EP 1-8 below.

Table EP 1-8 : Revised Table 2-15 from Application

Projects	Actual
Pole Replacements - 2010	\$ 222,644
Pole Relocations on Queen Street, Georgetown	\$ 77,375
Reconductoring WCB from Guelph Street on Old Pine Crest Road to	\$ 74,063
8th Line - 3-Phase 44kV to 8.32kV Conversion from 27 Side Road	\$ 103,790
Kingham Road Pole Trans Conversion	\$ 599,725
SCADA-Mate Automated Switches for 27.6kV (2)	\$ 88,039
44kV Switches (2) Feeder ties	\$ 90,595
SCADA Windows Migration - 2nd payment	\$ 56,786
Transformers	\$ 627,913
IT GIS	\$ 96,698
Projects under materiality	\$ 636,918
Capital Contribution and Grants	-\$ 446,867
Total	\$ 2,227,679

Interrogatory # 9

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

- a) Please add two columns to Table 2-17 to reflect the most recent-year-to-date actual costs for each line item shown and the current year-end forecast of expenditures for 2011 based on the actual expenditures to date and the forecast for the remainder of the year.**
- b) For each project shown in Table 2-17 please indicate whether the project is already in service in 2011, or if not, the current projection of the in-service date. This response could be a third column added to the table.**

Response:

- a) The most recent-year-to-date actual costs for each line item and the current year-end forecast of expenditures for 2011 based on the actual expenditures to date and the forecast for the remainder of the year are presented in Table EP 1-9 below.**

Table EP 1-9 : Year to Date Costs

2011 (Bridge Year) Projected Capital Projects				
Project Description	Budgeted Costs	YTD Actual - Oct 2011	Forecast for 2011	In Date Service or Projected in Service Date
River Substation Transformer Fans	\$ 20,319	\$ 2,153	\$ 2,153	Yes
Ashgrove Substation Outfit New Control House	\$ 32,899	\$ 140	\$ 18,000	
Silver Creek Substn. - Feeder Reconfiguration (re-budget)	\$ 109,417	\$ 3,490	\$ 30,000	
Glen Williams Substaion - Outfit New Control House	\$ 32,899	\$ 439	\$ 1,800	
Mobile Truck Radio Repeater	\$ 10,122	\$ 753	\$ 7,105	Yes
SCADA Radio Expansion (3 years project)	\$ 52,613	\$ 1,788	\$ 50,000	Yes
Norval 44 kV Feeder Communications Re-design	\$ 16,603	\$ -	\$ -	
Continuation of Cyber Security Project from 2010	\$ 7,566	\$ 2,260	\$ 7,500	Yes
Substation Painting Program	\$ 8,121	\$ 6,644	\$ 6,644	Yes
Pole Replacements - 2011	\$ 777,092	\$ 285,508	\$ 650,000	yes
Regulator Relocation from 3rd Line (Acton)	\$ 56,522	\$ 22,871	\$ 22,871	Yes
Switchgear Replacement, John Street, Georgetown	\$ 72,111	\$ 1,364	\$ 20,264	
5th Line South Phase Reconfiguration for Scada-Mate Switch (2)	\$ 31,533	\$ 22,351	\$ 22,351	Yes
SCADA Infrastructure for 2011 - Scada-Mate Switches (QTY: 2)	\$ 136,209	\$ 38,084	\$ 104,314	yes
27.6kV Extension up Trafalgar Road (10 Side Road to 15 Side Road- ph1)	\$ 179,683	\$ 12,685	\$ 13,000	
27.6kV Extension/loop on 5 Side to _____. Design Only	\$ 11,083	-	\$ 7,000	
POLE TRANS CONVERSION - PHASE 2 at KINGHAM RD., ACTON	\$ 621,268	\$ 821,950	\$ 821,950	Yes
WIRELESS FAULT INDICATORS - VARIOUS LOCATIONS	\$ 40,903	\$ 19,454	\$ 40,903	Yes
Convert 8.32kV Line to 27.6kV (8th Line: 5th SdRd to Steeles) - Eng Only	\$ 5,366	\$ 181	\$ 5,366	yes
Convert 8.32kV Line to 27.6kV (8th Line: 5th SdRd to 10th SdRd) - Eng Only	\$ 5,366	\$ 107	\$ 5,366	yes
44kV and Extend 8.32kV - 27 Side Road	\$ 315,170	\$ 4,501	\$ 74,501	
4kV -extend F3 feeder from Armstrong Subs to Sinclair Av & Guelph	\$ 272,110	\$ 405	\$ 405	
Reconducting Main St (from River Dr to first pole North of CN track)	\$ 110,237	\$ 10,260	\$ 15,000	
GIS-ESRI implementation	\$ 67,080	\$ 41,604	\$ 55,000	Yes
44kV Distribution Automation (Procurement & installation 12 Load-break SWs)	\$ 437,324	\$ 145	\$ 20,000	
Wallace Street and McDonald Blvd.Relocate Poles and Anchors	\$ 16,469	\$ 18,035	\$ 18,035	Yes
Steeles Avenue - James Snow Parkway to 5th Line South (Phase 2 - Stage 1)	439,529	7,674	240,000	
Pole Relocations on 10 Side Road between 9th Line and WCB (Engineering Design)	4,553	-	-	
Generation - FIT	6,708	4,800	5,500	
Microfit	751	10,009	11,700	
HVAC Cooling Tower	146,075	124,075	144,075	Dec-11
Telephone System Upgrade	30,720	25,742	25,742	yes
Web Self-Service etc.	89,000	41,100	51,800	Dec-11
Replacement of one-third PC's	49,000	27,740	33,740	Dec-11
Vehecile Replacement	228,000	181,500	181,500	Yes
Plotter, scanner, copier	21,000	16,641	16,641	Yes
Tools	29,320	18,500	30,000	Yes
Dual redundant firewalls	4,000	4,660	4,660	yes
Total 2011 Capital Additions	4,494,743	1,779,614	2,764,888	

b) Please refer to Table EP 1-9 above.

Interrogatory # 10

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

- a) Are the land purchase costs forecast for 2011 for the transformer station (6th line) and distribution substation (Trafalgar Road) included in the capital expenditures shown in Table 2-17 for 2011? If so, please indicate where they are included in this table.**
- b) The evidence indicates the transformer station would be commissioned in 2014, but no date is given for the distribution substation. When is the substation expected to be in service?**

Response:

- a) The land purchase cost for the Trafalgar distribution substation was budgeted for 2010 but at the time of the filing of this COS application, this item was transferred to 2011 in the narrative but was not added to Table 2-17.
- b) The distribution substation is expected to be in service by the end of 2015.

Interrogatory # 11

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

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

Response:

- a) Confirmed.
- b) Table 2-18 as presented in the application did not include some miscellaneous projects that were included in Table 2-11a. A revised Table 2-18 with the other projects added is presented below in Table EP 1-10.

Table EP 1-10 : Revised Table 2-18 from Application

Project Description	Projected Cost
SCADA Radio Expansion (Year 2 of 3)	\$ 52,613
Ballinafad Substn. - Feeder Re-configuration	\$ 109,417
8 kV Rel improv - Silver Creek MS	\$ 107,978
Substation Painting Program	\$ 8,121
Pole Replacements - 2012	\$ 1,200,000
Smart Grid Infrastructure for 2012 - Scada-Mate Switches (QTY: 2)	\$ 125,614
W.C.B. -5 Sd Rd to Norval (Design 2012)	\$ 24,950
27.6kV Extension up Trafalgar Road - (10 Sd Rd to 15 Sd Rd) Phase 2 (2012)	\$ 327,972
Cutout Replacement program (AB Chance Porcelain Cutout in particular)	\$ 35,173
Pole Trans Conversion - Phase 3 at Kingham Rd. Acton -Final	\$ 653,459
Convert 8.32kV Line to 27.6kV (8th Line: 5th SdRd to Steeles) - Build/Construct	\$ 470,876
44kV Dist Automation (Procurement & inst 6 Load-break SWs in 2012)	\$ 437,324
Steeles Avenue - Trafalgar Rd to 5th Line South (Phase 2 - Stage 2)	\$ 496,638
Pole Relocations on Steeles Av between WCB & Trafalgar Rd (PR-2044B)	\$ 1,047,701
10 Sd Rd (2-Lane Reconst from 9th Ln to WCB). PR-1437C	-\$ 639
Convert inView Lite to inView Premium) Meter Reading	\$ 45,000
ERP System	\$ 350,000
Green Energy Initiative	\$ 1,400,000
Generation - FIT	\$ 6,708
Microfit	\$ 20,124
Substation Battery Load Test Bank	\$ 6,500
GPS Clock for SCADA host plus additional remote clocks as required in the field	\$ 5,000
Transcription software	\$ 15,000
Hydraulic Pruners x 2 @ \$2000ea	\$ 4,000
Hastings Switch Sticks x 6 @ \$120ea	\$ 720
Grounds x 2 sets @ \$1000ea	\$ 2,000
Battery Operated Crimper 6Ton	\$ 2,000
U/G stripping tool	\$ 400
Men Working signs	\$ 1,200
Chain saw	\$ 750
Hydraulic drill	\$ 1,200
Lashing Machine	\$ 5,000
Travellers x 10	\$ 1,000
Chance ground mats 58x58 x 2	\$ 900
Tool Aprons for bucket trucks x 4	\$ 500
Ratcheting Cable Cutters x 2	\$ 900
Insulated bypass jumpers for 44kV switch maint x 3	\$ 3,200
Road cones x 20	\$ 600
Service saver (for underground burn-offs)	\$ 5,000
Vehicle Lift/Rotary Hoist - Wade	\$ 10,000
3 - portable radios	\$ 3,000
System Operator Room - furniture & hardware	\$ 8,300
System Operator Room - Communication	\$ 2,500
Colour printer for file labels -	\$ 300
1 - Boom and Body for bucket truck replacement (116)	\$ 200,000
1 - Pole Trailer	\$ 30,000
Computer Hardware Costs:	
Replace Network Switches	\$ 8,000
Engineering dedicated Blade Server	\$ 12,000
Replacement of one-third PC's	\$ 30,000
Finance Multi-Function Printer Replacement	\$ 18,000
Boardroom Overhead Projector	\$ 6,000
Replace and enhance Firewall (High Availability)	\$ 6,000
Computer Software Costs:	
Sungard Measurement Canada Modifications	\$ 15,000
Sungard Modifications & System Change Requests	\$ 30,000
Web Development (HHH.com & TOU Portal)	\$ 7,000
Windows Server 2008 Upgrade x 4	\$ 16,000
Total 2012 Capital Additions	\$ 7,376,995


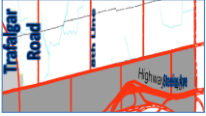
Interrogatory # 12

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

- a) Please explain the difference in the cost associated with the 2012 Pole Replacements of \$1,200,000 shown in Table 2-18 and the figure of \$1,213,816 shown for this project in Appendix C.**
- b) Please provide the Steeles Avenue - 5th Line South to Trafalgar Road project sheet that shows all of the IFRS related costs.**

Response:

- a) The \$1,200,000 amount was an earlier estimate. The correct amount in Table 2-18 should be \$1,213,816 as shown in Capital 2012 Project Sheet instead of \$1,200,000.
- b) The updated Steeles Avenue - 5th Line South to Trafalgar Road project sheet that shows all of the IFRS related costs is presented below.

 CAPITAL 2012 PROJECT SHEET		Work Order: WF xxxxxx Project ID: Project Driven by: Government-initiated Project Class: Regulatory compliance																												
Project Title: Steeles Avenue - 5th Line South to Trafalgar Rd																														
Project Designer: Chris Hale																														
Supporting Reference Material: The relocations of Halton Hills Hydro infrastructure to accommodate Region of Halton road improvement plans on Steeles Avenue between 5th Line South to west of Trafalgar Road.																														
Description: Anticipated design and relocation of HHH owned infrastructure to accommodate the Region of Halton's plans for road widening and ROW improvement plans.																														
Cost Estimate <table border="1"> <thead> <tr> <th>Breakdown</th> <th>GAAP</th> <th>IFRS</th> </tr> </thead> <tbody> <tr> <td>Op Labour</td> <td>\$0</td> <td>\$0</td> </tr> <tr> <td>Eng Labour</td> <td>\$4,984</td> <td>\$4,025</td> </tr> <tr> <td>Contractor</td> <td>\$1,067,775</td> <td>\$1,067,775</td> </tr> <tr> <td>Material</td> <td>\$511,500</td> <td>\$511,500</td> </tr> <tr> <td>Equipment</td> <td>\$1,560</td> <td>\$1,560</td> </tr> <tr> <td>Other Cost</td> <td>\$0</td> <td>\$0</td> </tr> <tr> <td>Recoverable</td> <td>\$537,159</td> <td>\$537,159</td> </tr> <tr> <td>Total</td> <td>\$1,048,659</td> <td>\$1,047,701</td> </tr> </tbody> </table>		Breakdown	GAAP	IFRS	Op Labour	\$0	\$0	Eng Labour	\$4,984	\$4,025	Contractor	\$1,067,775	\$1,067,775	Material	\$511,500	\$511,500	Equipment	\$1,560	\$1,560	Other Cost	\$0	\$0	Recoverable	\$537,159	\$537,159	Total	\$1,048,659	\$1,047,701		
Breakdown	GAAP	IFRS																												
Op Labour	\$0	\$0																												
Eng Labour	\$4,984	\$4,025																												
Contractor	\$1,067,775	\$1,067,775																												
Material	\$511,500	\$511,500																												
Equipment	\$1,560	\$1,560																												
Other Cost	\$0	\$0																												
Recoverable	\$537,159	\$537,159																												
Total	\$1,048,659	\$1,047,701																												
Project Authorization Assigned to: _____ Assigned Date: _____ Completion Date: _____ Authorized By: _____																														

Interrogatory # 13

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

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

Response:

Please refer to HHHI response to question 7, part b, above.

Interrogatory # 14

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

- a) Please explain why there is a reduction of \$589,000 in accumulated depreciation in account 1830 in Table 2-8, but no reduction in gross assets. Please confirm that this reduction in accumulated depreciation is reversed in Table 2-9.**
- b) For account 1860, please show the derivation of the reduction of \$1,458,000 in gross meters and the accumulated depreciation reduction of \$126,000 in Table 2-8. Please also show the derivation of the figures shown in Table 2-9.**
- c) Please explain why there is a reduction of \$203,763 in accumulated depreciation in account 1930 in Table 2-8 and a reduction of \$50,461 in Table 2-9, but no reduction in gross assets, effectively increasing rate base for this account.**

Response:

- a) The reduction of \$598,000 in accumulated depreciation in account 1830 shown Table 2-8 was the accumulated depreciation for stranded meter costs for 2009 that was incorrectly recorded in Account 1830. It is confirmed that this reduction in accumulated depreciation was reversed in 2009.
- b) The derivation of the reduction of \$1,458,000 in gross meters and the accumulated depreciation reduction of \$126,000 in Table 2-8 is presented below in Table EP 1-11. The calculations of the balances have been reviewed by HHHI auditors.

Table EP 1-11 : Derivation of Reduction in Gross Meters and Accumulated Depreciation

Stranded Meters						
As at December 31, 2009						
Methodology:						
Smart Meters	Total to be installed	Installed at December 31, 2009	% complete			
Residential	19,009	12,010	63%			
GS<50	1,558	96	6%			
GS>50	-	-				
	<u>20,567</u>	<u>12,106</u>	<u>59%</u>			
Calculation:						
		Cost	@60%	Acc. Dep'n.	@60%	NBV
Distribution Meters		1,454,139	872,483	(212,741)	(127,645)	1,241,398
Meters Opening Allocation		981,770	589,062	(981,770)	(589,062)	-
		<u>2,435,909</u>		<u>(1,194,511)</u>		<u>1,241,398</u>
# of Meters:						
Residential	19,009					
GS<50	1,558					
GS>50 @ \$300 each	200	6,000	0.246%	(2,942)		3,058
		<u>2,429,909</u>		<u>(1,191,569)</u>		<u>1,238,340</u>
		1,457,945	60%	(714,941)		743,004
Amount in Account 1830				589,000.00		
Amount in Account 1860				126,000.00		
				<u>715,000.00</u>		

Table EP 1-11 : Derivation of Reduction in Gross Meters and Accumulated Depreciation (cont'd)

Stranded Meters As at December 31, 2010					
Methodology:					
	# of Metered Customers @ Dec 31, 2010	# of Smart Meters Installed @ Dec 31, 2010	% Completion		
Smart Meters					
Residential	18,942	18,942	100%		
GS<50	1,519	1,519	100%		
GS>50 to 4,999	196	-			
	20,657	20,461			
Estimated historical costs of meters for GS >50 to 4,999 kW	\$ 340.00				
GL #	Description	Amount 31-Dec-10	Acc. Dep'n. 31-Dec-10	NBV	
100-0000-096-00-00	Distribution Meters	602,994	(171,935)	431,058	
100-0000-096-01-00	Meters Opening Allocation	981,770	(981,770)	-	
		1,584,764	(1,153,705)	431,058	
<i>Add Reversal of 2009 Stranded Meter Costs:</i>					
100-0000-096-00-00	Distribution Meters	869,000	(126,000)	743,000	
100-0000-096-01-00	Meters Opening Allocation	589,000	(589,000)	-	
<i>Revised GL Balance</i>					
100-0000-096-00-00	Distribution Meters	1,471,994	(297,935)	1,174,058	
100-0000-096-01-00	Meters Opening Allocation	981,770	(981,770)	-	
		2,453,764	(1,279,705)	1,174,058	
<i>Less Estimated Costs of Meters for GS > 50 to 4,999 (196 * \$340)</i>		66,640	0.9%	(2,827)	63,813
		2,387,124	(1,276,878)	1,110,245	
Estimated Costs of Stranded Meters		1,405,354	(295,108)	1,110,245	

- c) The reduction of \$203,763 in accumulated depreciation in account 1930 in Table 2-8 and \$50,461 in Table 2-9 are for disposal of assets. The disposal amounts were combined with the additions rather presented separately as disposals in the tables.

Interrogatory # 15

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

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

Response:

Please refer to HHHI interrogatory response to Board Staff question 9.

Interrogatory # 16

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

- a) Please explain why there is no difference in the 2012 capital additions shown in Tables 2-22 and 2-23 associated with the difference between CGAAP and MIFRS.**
- b) Please explain why the figures in Tables 2-22 and 2-23 do not match the figures in either of Tables 2-11a or 2-11b.**

Response:

- a) Both tables 2-22 and 2-23 are based on MIFRS. Revised tables are presented in part b below.
- b) Tables 2-22 and 2-23 do not include some miscellaneous projects that were included in Tables 2-11a or 2-11b. The updated Tables 2-22, shown as EP 1-12 and Table 2-23, shown as EP 1-13, with the miscellaneous projects are presented below.

Table EP 1-12 : Revised Table 2-22 (CGAAP)

OEB	1820	1830	1835	1840	1845	1850	1908	1915	1920	1925	1930	1940	1980	1995	Total
Project	Dist Station Equip below 50kV	Poles, Towers and Fittings	OH Conductor & Devices	Underground Conduit	UG Conductor & Devices	Line Transformers	Buildings and Fittings	Office Furniture & Equipment	Computer Equipment - Hardware	Computer Software	Transportation Equipment	Tools, Shop and Garage Equipment	System Supervisory Equipment	Contributions and Grants	
SCADA Radio Expansion (Year 2 of 3)	-	-	-	-	-	-	-	-	-	-	-	-	53,252	-	53,252
Ballinlad Substn. - Feeder Re-configuration	-	-	-	33,822	78,918	-	-	-	-	-	-	-	-	-	112,740
8 kV Rel improv - Silver Creek MS	-	47,026	70,540	-	-	-	-	-	-	-	-	-	-	-	117,566
Substation Painting Program	8,361	-	-	-	-	-	-	-	-	-	-	-	-	-	8,361
Pole Replacements - 2012	-	600,000	360,000	-	-	240,000	-	-	-	-	-	-	-	-	1,200,000
Smart Grid Infrastructure for 2012 - Scada-Mate Switch	-	-	128,850	-	-	-	-	-	-	-	-	-	-	-	128,850
W.C.B. - 5 Sd Rd to Norval (Design 2012)	-	-	28,867	-	-	-	-	-	-	-	-	-	-	-	28,867
27.6kV Extension up Trafalgar Road - (10 Sd Rd to 11)	-	165,809	112,890	-	-	74,085	-	-	-	-	-	-	-	-	352,784
Cutout Replacement program (AB Chance Porcelain)	-	-	37,570	-	-	-	-	-	-	-	-	-	-	-	37,570
Pole Trans Conversion - Phase 3 at Kingham Rd.	-	-	-	333,377	220,029	113,348	-	-	-	-	-	-	-	-	666,754
Convert 8.32kV Line to 27.6kV (8th Line: 5th SdRd to	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Steeles) - Build/Construct	-	212,399	161,828	15,171	15,171	101,142	-	-	-	-	-	-	-	-	505,712
Convert 8.32kV Line to 27.6kV (8th Line: 5th SdRd to	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10th SdRd) - Build/Construct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44kV Dist Automation (Procurement & inst 6 Load-	-	-	452,409	-	-	-	-	-	-	-	-	-	-	-	452,409
Steeles Avenue - Trafalgar Rd to 5th Line South	-	470,876	313,918	-	-	-	-	-	-	-	-	-	-	(233,760)	551,034
Pole Relocations on Steeles Av between WCB &	-	966,446	644,297	-	-	-	-	-	-	-	-	-	-	(562,084)	1,048,659
10 Sd Rd (2-Lane Reconst from 9th Ln to WCB). PR-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subdivision	-	-	-	62,129	50,832	-	-	-	-	-	-	-	-	(112,962)	-
Services	-	194,961	194,961	48,740	48,740	-	-	-	-	-	-	-	-	(487,403)	-
Convert inView Lite to inView Premium) Meter	-	-	-	-	-	-	-	-	-	45,000	-	-	-	-	45,000
ERP System	-	-	-	-	-	-	-	-	100,000	250,000	-	-	-	-	350,000
Generation - FIT	-	8,306	-	-	-	-	-	-	-	-	-	-	-	-	8,306
Microfit	24,918	-	-	-	-	-	-	-	-	-	-	-	-	-	24,918
Substation Battery Load Test Bank	\$6,500	-	-	-	-	-	-	-	-	-	-	-	-	-	6,500
GPS Clock for SCADA host plus additional remote	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
clocks as required in the field	\$5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000
Transcription software	\$15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	15,000
Hydraulic Pruners x 2 @ \$2000ea	-	-	-	-	-	-	-	-	-	-	-	\$4,000	-	-	4,000
Hastings Switch Sticks x 6 @ \$120ea	-	-	-	-	-	-	-	-	-	-	-	\$720	-	-	720
Grounds x 2 sets @ \$1000ea	-	-	-	-	-	-	-	-	-	-	-	\$2,000	-	-	2,000
Battery Operated Crimper 6Ton	-	-	-	-	-	-	-	-	-	-	-	\$2,000	-	-	2,000
UG stripping tool	-	-	-	-	-	-	-	-	-	-	-	\$400	-	-	400
Men Working signs	-	-	-	-	-	-	-	-	-	-	-	\$1,200	-	-	1,200
Chain saw	-	-	-	-	-	-	-	-	-	-	-	\$750	-	-	750
Hydraulic drill	-	-	-	-	-	-	-	-	-	-	-	\$1,200	-	-	1,200
Lashing Machine	-	-	-	-	-	-	-	-	-	-	-	\$5,000	-	-	5,000
Travellers x 10	-	-	-	-	-	-	-	-	-	-	-	\$1,000	-	-	1,000
Chance ground mats 50x50 x 2	-	-	-	-	-	-	-	-	-	-	-	\$900	-	-	900
Tool Aprons for bucket trucks x 4	-	-	-	-	-	-	-	-	-	-	-	\$500	-	-	500
Ratcheting Cable Cutters x 2	-	-	-	-	-	-	-	-	-	-	-	\$900	-	-	900
Insulated bypass jumpers for 44kV switch maint x 3	-	-	-	-	-	-	-	-	-	-	-	\$3,200	-	-	3,200
Road cones x 20	-	-	-	-	-	-	-	-	-	-	-	\$600	-	-	600
Service saver (for underground burn-offs)	-	-	-	-	-	-	-	-	-	-	-	\$5,000	-	-	5,000
Vehicle Lift/Rotary Hoist - Wade	-	-	-	-	-	-	-	-	-	-	-	\$10,000	-	-	10,000
3 - portable radios	-	-	-	-	-	-	-	-	-	-	-	\$3,000	-	-	3,000
System Operator Room - furniture & hardware	-	-	-	-	-	-	\$7,500	-	-	-	-	\$3,000	-	-	8,300
System Operator Room - Communication	-	-	-	-	-	-	\$2,500	-	-	-	-	\$800	-	-	2,500
Colour printer for file labels -	-	-	-	-	-	-	-	300	-	-	-	-	-	-	300
1 - Boom and Body for bucket truck replacement	-	-	-	-	-	-	-	-	-	-	\$200,000	-	-	-	200,000
1 - Pole Trailer	-	-	-	-	-	-	-	-	-	-	\$30,000	-	-	-	30,000
IT Capital Budget	-	-	-	-	-	-	-	-	80,000	68,000	-	-	-	-	148,000
Green Energy Initiative	-	1,400,000	-	-	-	-	-	-	-	-	-	-	-	-	1,400,000
	59,779	4,065,824	2,504,129	493,240	413,691	528,576	10,000	300	180,000	363,000	230,000	43,170	53,252	(1,396,208)	7,548,752

Table EP 1-13 : Revised Table 2-23 (IFRS)

OEB	1820	1830	1835	1840	1845	1850	1908	1915	1920	1925	1930	1940	1980	1995	Total
Project	Dist Station Equip below 50kV	Poles, Towers and Fixtures	OH Conductor & Devices	Underground Conduit	UG Conductor & Devices	Line Transformers	Buildings and Fixtures	Office Furniture & Equipment	Computer Equipment - Hardware	Computer Software	Transportation Equipment	Tools, Shop and Garage Equipment	System Supervisory Equipment	Contributions and Grants	
SCADA Radio Expansion (Year 2 of 3)	-	-	-	-	-	-	-	-	-	-	-	-	52,613	-	52,613
Ballinalfad Substn. - Feeder Re-configuration	-	-	-	32,825	76,592	-	-	-	-	-	-	-	-	-	109,417
8 kV Rel improv - Silver Creek MS	-	43,191	64,787	-	-	-	-	-	-	-	-	-	-	-	107,978
Substation Painting Program	8,121	-	-	-	-	-	-	-	-	-	-	-	-	-	8,121
Pole Replacements - 2012	-	600,000	360,000	-	-	240,000	-	-	-	-	-	-	-	-	1,200,000
Smart Grid Infrastructure for 2012 - Scada-Mate Sv	-	-	125,614	-	-	-	-	-	-	-	-	-	-	-	125,614
W.C.B. - 5 Sd Rd to Norval (Design 2012)	-	-	24,950	-	-	-	-	-	-	-	-	-	-	-	24,950
27.6kV Extension up Trafalgar Road - (10 Sd Rd t	-	154,147	104,950	-	-	68,874	-	-	-	-	-	-	-	-	327,972
Cutout Replacement program (AB Chance	-	-	35,173	-	-	-	-	-	-	-	-	-	-	-	35,173
Pole Trans Conversion - Phase 3 at Kingham Rd.	-	-	-	326,729	215,641	111,088	-	-	-	-	-	-	-	-	653,459
Convert 8.32kV Line to 27.6kV (8th Line: 5th	-	197,768	150,680	14,126	14,126	94,175	-	-	-	-	-	-	-	-	470,876
Convert 8.32kV Line to 27.6kV (8th Line: 5th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SdRd to 10th SdRd) - Build/Construct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44kV Dist Automation (Procurement & inst 6	-	-	437,324	-	-	-	-	-	-	-	-	-	-	-	437,324
Steeles Avenue - Trafalgar Rd to 5th Line South	-	424,393	282,929	-	-	-	-	-	-	-	-	-	-	(210,684)	496,638
Pole Relocations on Steeles Av between WCB &	-	965,562	643,708	-	-	-	-	-	-	-	-	-	-	(561,570)	1,047,701
10 Sd Rd (2-Lane Reconst from 9th Ln to WCB).	-	-	(1,278)	-	-	-	-	-	-	-	-	-	-	639	(639)
Subdivision	-	-	-	50,176	41,053	-	-	-	-	-	-	-	-	(91,229)	\$0
Services	-	168,850	168,850	42,212	42,212	-	-	-	-	-	-	-	-	(422,124)	\$0
Convert inView Lite to inView Premium) Meter	-	-	-	-	-	-	-	-	-	45,000	-	-	-	-	45,000
ERP System	-	-	-	-	-	-	-	-	100,000	250,000	-	-	-	-	350,000
Generation - FIT	-	6,708	-	-	-	-	-	-	-	-	-	-	-	-	6,708
Microfit	20,124	-	-	-	-	-	-	-	-	-	-	-	-	-	20,124
Substation Battery Load Test Bank	\$6,500	-	-	-	-	-	-	-	-	-	-	-	-	-	\$6,500
GPS Clock for SCADA host plus additional	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
remote clocks as required in the field	\$5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	\$5,000
Transcription software	\$15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	\$15,000
Hydraulic Pruners x 2 @ \$2000ea	-	-	-	-	-	-	-	-	-	-	-	\$4,000	-	-	\$4,000
Hastings Switch Sticks x 6 @ \$120ea	-	-	-	-	-	-	-	-	-	-	-	\$720	-	-	\$720
Grounds x 2 sets @ \$1000ea	-	-	-	-	-	-	-	-	-	-	-	\$2,000	-	-	\$2,000
Battery Operated Crimper 6Ton	-	-	-	-	-	-	-	-	-	-	-	\$2,000	-	-	\$2,000
U/G stripping tool	-	-	-	-	-	-	-	-	-	-	-	\$400	-	-	\$400
Men Working signs	-	-	-	-	-	-	-	-	-	-	-	\$1,200	-	-	\$1,200
Chain saw	-	-	-	-	-	-	-	-	-	-	-	\$750	-	-	\$750
Hydraulic drill	-	-	-	-	-	-	-	-	-	-	-	\$1,200	-	-	\$1,200
Lashing Machine	-	-	-	-	-	-	-	-	-	-	-	\$5,000	-	-	\$5,000
Travellers x 10	-	-	-	-	-	-	-	-	-	-	-	\$1,000	-	-	\$1,000
Chance ground mats 58x58 x 2	-	-	-	-	-	-	-	-	-	-	-	\$900	-	-	\$900
Tool Aprons for bucket trucks x 4	-	-	-	-	-	-	-	-	-	-	-	\$500	-	-	\$500
Ratcheting Cable Cutters x 2	-	-	-	-	-	-	-	-	-	-	-	\$900	-	-	\$900
Insulated bypass jumpers for 44kV switch maint x	-	-	-	-	-	-	-	-	-	-	-	\$3,200	-	-	\$3,200
Road cones x 20	-	-	-	-	-	-	-	-	-	-	-	\$600	-	-	\$600
Service saver (for underground bum-offs)	-	-	-	-	-	-	-	-	-	-	-	\$5,000	-	-	\$5,000
Vehicle Lift/Rotary Hoist - Wade	-	-	-	-	-	-	-	-	-	-	-	\$10,000	-	-	\$10,000
3 - portable radios	-	-	-	-	-	-	-	-	-	-	-	\$3,000	-	-	\$3,000
System Operator Room - furniture & hardware	-	-	-	-	-	-	\$7,500	-	-	-	-	800	-	-	\$8,300
System Operator Room - Communication	-	-	-	-	-	-	\$2,500	-	-	-	-	-	-	-	\$2,500
Colour printer for file labels -	-	-	-	-	-	-	-	300	-	-	-	-	-	-	\$300
1 - Boom and Body for bucket truck replacement	-	-	-	-	-	-	-	-	-	-	\$200,000	-	-	-	\$200,000
1 - Pole Trailer	-	-	-	-	-	-	-	-	-	-	\$30,000	-	-	-	\$30,000
IT Capital Budget	-	-	-	-	-	-	-	-	80,000	68,000	-	-	-	-	\$148,000
Green Energy Initiative	-	1,400,000	-	-	-	-	-	-	-	-	-	-	-	-	\$1,400,000
	54,745	3,960,619	2,397,685	466,069	389,624	514,137	10,000	300	180,000	363,000	230,000	43,170	52,613	(1,284,968)	7,376,995

Interrogatory # 17

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

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

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

Response:

In reviewing Tables 2-24 through to 2-26, HHHI discovered that the submitted tables were not the final versions. The corrected versions of these tables are included below as EP 1-14, EP 1-15 and EP 1-16 respectively.

Table EP 1-14 : Forecasted Capital Expenditures for 2013

Projects	Project Driven by	Estimated Costs
Pole Replacement 2013	HHH	\$1,300,000
W.C.B - 5 Side Rd to Norval (Construction 2013)	HHH	\$1,116,407
SCADA-Mate Switches (QTY: 3)	HHH	\$171,074
Ewing Street, Georgetown - Aging Pole Line Rehabilitation	HHH	\$157,206
Reconductoring WCB from Guelph Street	HHH	\$145,060
27.6kV Conversion Project, 5 Side Road (5th Line to 6th Line)	HHH	\$306,271
Tweedle Street	HHH	\$522,386
Convert 8.32kV Line to 27.6kV (8th Line: 5th SdRd to 10th SdRd) - Build/Construct	HHH	\$265,000
Pole Trans - Princness Ann Dr (Gtwn)	HHH	\$500,000
Substation upgrades	HHH	\$300,000
Vehicles - Rolling Stock	HHH	\$204,500
Computer Software	HHH	\$0
Computer Hardware	HHH	\$20,000
Tools	HHH	\$33,200
Total	-	\$5,041,104

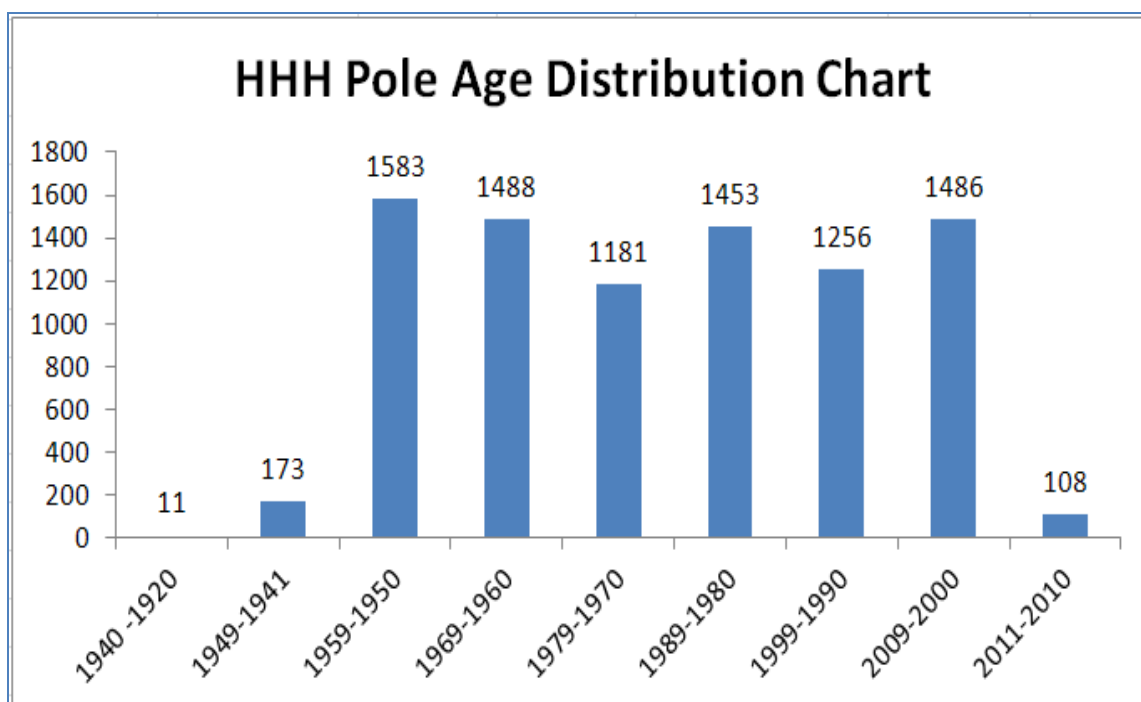
Table EP 1-15 : Forecasted Capital Expenditures for 2014

Projects	Project Driven by	Estimated Costs
Pole Replacements - 2014 (Estimated)	HHH	\$ 1,400,000
SCADA-Mate Switches (QTY: 2)	HHH	\$ 128,750
Pole, Conductor, Tx., and Switch Replacements on Church Street East, Acton.	HHH	\$ 363,998
27.6kV Conversion Project, 5 Side Road (6th Line to Trafalgar Road)	HHH	\$ 268,695
Glen Crescent Rebuild (Glen Williams)	HHH	\$ 157,781
Pole Trans - Division Rd, Clare St, George St, Rosemary St (Acton)	HHH	\$ 577,855
Substation upgrades	HHH	\$ 325,000
Vehicles - Rolling Stock	HHH	\$ 350,000
Computer Software	HHH	\$ -
Computer Hardware	HHH	\$ 10,000
Tools	HHH	\$ 17,350
Total	-	\$ 3,599,430

Table EP 1-16 : Forecasted Capital Expenditures for 2015

Projects	Project Driven by	Estimated Costs
Pole Replacements - 2015 (Estimated)	HHH	\$1,500,000
27.6kV Conversion Project, 5 Side Road (Trafalgar Road to 9th Line)	HHH	\$539,651
SCADA-Mate Switches (QTY: 2)	HHH	\$133,083
3rd Line South of 22nd Side Road (Acton)	HHH	\$340,374
Wildwood Road Oakridge Construction	Town of HH	\$577,855
Pole Trans - Acton Blvd, Norman St, McDonald St & Block A Reserve (Acton)	HHH	\$567,050
Substation upgrades	HHH	\$350,000
Vehicles - Rolling Stock	HHH	\$225,000
Computer Software	HHH	\$0
Computer Hardware	HHH	\$10,000
Tools	HHH	\$27,450
Total	-	\$4,270,463

The biggest difference between the two versions of the tables is the extent of planned pole replacements. The following graph shows the age profile of wood distribution poles within HHHI's franchise service territory. Recall that the expected in-service lifetime of a wood distribution pole ranges from 40 to 50 years (re: Table 1-1 Summary of Componentized Assets in Exhibit 2 / Appendix A / pp.6 – HHHI Kinectrics report) depending mostly upon type of wood, pole treatment and the prevailing ground conditions. HHHI has adopted a 50-year lifetime for wood distribution poles based on favourable historic field performance.



At the present replacement rate, the in-service stock is well exceeding its expected asset useful life at a rate greater than the existing pole replacement rate.

For budgetary purposes HHHI has simply used proxy costs for pole replacements – the true cost will depend upon whether it is a guy pole or a distribution pole, the number of circuits, other distribution apparatus and joint use attachments on the pole for the latter case, and whether or not the pole replacement project is being carried out as a road-widening or similar municipal infrastructure improvement project.

Interrogatory # 18

Ref: Exhibit 2, Tab 3, Schedule 4

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

Response:

No. This is only true under CGAAP.

Interrogatory # 19

Ref: Exhibit 2, Tab 3, Schedule 7

- a) Please explain how HHHI determined that the number of panels to be installed in 2012 would be 1,400.**
- b) What information does HHHI have with respect to the technology that is being used in other North American and international jurisdictions? Please provide all such information.**
- c) Will HHHI, one of its affiliates, or a third party or parties, own the solar panels connected to the HHHI panels?**
- d) How does HHHI propose to deal with the cost of energy produced by these solar panels? Will the individual panels be metered?**
- e) What is the expected generation associated with the 1,400 solar panels on a typical summer day and on a typical winter day?**

- f) Please explain how the installation of these solar panels will result in reduced non-commodity charges.**
- g) Has HHHI done any analysis to determine the reduction in losses?**
- h) Has HHHI done any cost benefit analysis to determine what the net impact on ratepayers of including \$1.4 million in rate base is?**

Response:

- a) HHH determined the number of eligible poles by using the following criteria:
 - Secondary conductor attached to pole (120v)
 - No tree or building shading now or projected for future
 - Direct sunlight at 180 degrees from 10 AM until 3 PM
 - Pole space availability 4.5m from ground
- b) The technology is being demonstrated in over 50 utility companies worldwide in Australia, Hawaii, Tampa Electric (TECO), Orlando Utilities Commission (OUC), Atlantic City Electric (ACE), Northeast Utilities (NU), San Diego Gas and Electric (SDG&E), and Kingdom Electricity (KEC) in Jordan. The largest deployment to date is in, Public Service Electricity and Gas Co (PSE&G) in New Jersey for deployment of 40 MW consisting of a solar unit on 200,000 utility poles in PSE&G's service territory.
- c) It is anticipated the HHHI will own the solar panels.
- d) HHHI propose that any power production, line loss reduction and transmission savings will be directly passed onto the customer through Deferral and Variance accounts.
- e) The performance of these four units has produced power to the secondary system at the rate of 0.78 kWh per day through all seasonal weather conditions, which is indicative of their long term performance. A range of 0.01 kWh to 1.80 kWh has been the highs and lows of the system to date.
- f) The electricity from the units is generated locally and directly placed on the secondary voltage lines where it is consumed by HHHI customers.

g) The expected line loss reduction could be calculated as follows:

$1,400 \text{ panels} \times .78\text{kWh} \times 365 \text{ days} = 398,590 \text{ kWh}$

2010 kWh purchases 520,541,000 kWh

$398,590 / 520,541,000 = .076\%$

Applied for loss factor $6.02\% \times (1 - .0076) = 6.01$

h) HHHI's cost benefit analysis is presented below:

Revenue Requirement	\$91,467
Deferral Account Offsets	\$35,496
Difference	\$55,971

There are also non-financial benefits associated with these units. Specifically, environmental benefits in terms of a reduced carbon footprint for the utility, improved efficiency that comes with distributed generation, improved public awareness about renewable energy options, and future smart grid opportunities.

Interrogatory # 20

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

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

Response:

The cost of power calculation is not affected by MIFRS. It should remain the same under CGAAP and MIFRS.

Interrogatory # 21

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

- a) Please revise Tables 2-35 & 2-36 to reflect the use of the RPP price of \$0.07298 per kWh only for RPP customers and a rate of \$0.06837 per kWh for non-RPP customers (forecast whole electricity price of \$40.15 plus Global Adjustment of \$28.22).**
- b) Please update Tables 2-35 & 2-36 using the October 2011 Regulated Price Plan Price Report and the methodology in part (a) of using separate RPP and non-RPP prices.**

Response:

- a) The updated Tables 2-35 and 2-36 with the \$0.07298 per kWh for RPP customers and a rate of \$0.06837 per kWh for non-RPP customers are presented below as Table EP 1-17 and Table EP 1-18 respectively.

Table EP 1-17 : Revised Table 2-35 from Application

2012 Load Forecast	kWh	kW	2010 %RPP		
Residential	210,909,970		89%		
General Service < 50 kW	51,848,139		91%		
General Service 50 to 999 kW	116,644,470	326,358	16%		
General Service 1000 to 4 999 kW	103,667,742	281,618	0%		
Street Lighting	2,817,289	7,928	0%		
Sentinel Lighting	695,540	1,480	0%		
Unmetered Scattered Load	946,987		0%		
TOTAL	487,530,138	617,384			
Electricity - Commodity RPP	2012	2012 Loss	2012		
Class per Load Forecast RPP	Forecasted	Factor			
Residential	188,635,668	1.0602	199,991,535	0.07298	\$14,595,382
General Service < 50 kW	47,246,233	1.0602	50,090,457	0.07298	\$3,655,602
General Service 50 to 999 kW	18,746,433	1.0602	19,874,968	0.07298	\$1,450,475
General Service 1000 to 4 999 kW	0	1.0602	0	0.07298	\$0
Street Lighting	0	1.0602	0	0.07298	\$0
Sentinel Lighting	0	1.0602	0	0.07298	\$0
Unmetered Scattered Load	0	1.0602	0	0.07298	\$0
TOTAL	254,628,334		269,956,960		19,701,459
Electricity - Commodity Non-RPP	2012	2012 Loss	2012		
Class per Load Forecast	Forecasted	Factor			
Residential	22,274,302	1.0602	23,615,215	0.06837	\$1,614,572
General Service < 50 kW	4,601,906	1.0602	4,878,941	0.06837	\$333,573
General Service 50 to 999 kW	97,898,038	1.0602	103,791,499	0.06837	\$7,096,225
General Service 1000 to 4 999 kW	103,667,742	1.0602	109,908,540	0.06837	\$7,514,447
Street Lighting	2,817,289	1.0602	2,986,890	0.06837	\$204,214
Sentinel Lighting	695,540	1.0602	737,412	0.06837	\$50,417
Unmetered Scattered Load	946,987	1.0602	1,003,996	0.06837	\$68,643
TOTAL	232,901,803		246,922,492		16,882,091
Transmission - Network		Volume	2012		
Class per Load Forecast		Metric			
Residential		kWh	223,606,750	0.0057	\$1,274,558
General Service < 50 kW		kWh	54,969,397	0.0051	\$280,344
General Service 50 to 999 kW		kW	326,358	2.1993	\$717,760
General Service 1000 to 4 999 kW		kW	281,618	2.1993	\$619,362
Street Lighting		kW	7,928	1.5617	\$12,381
Sentinel Lighting		kW	1,480	1.5689	\$2,323
Unmetered Scattered Load		kWh	1,003,996	0.0051	\$5,120
TOTAL					\$2,911,848
Transmission - Connection		Volume	2012		
Class per Load Forecast		Metric			
Residential		kWh	223,606,750	0.0045	\$1,006,230
General Service < 50 kW		kWh	54,969,397	0.0042	\$230,871
General Service 50 to 999 kW		kW	326,358	1.7889	\$583,823
General Service 1000 to 4 999 kW		kW	281,618	1.7889	\$503,786
Street Lighting		kW	7,928	1.2616	\$10,002
Sentinel Lighting		kW	1,480	1.2879	\$1,907
Unmetered Scattered Load		kWh	1,003,996	0.0042	\$4,217
TOTAL					\$2,340,835

Table EP 1-17 : Revised Table 2-35 from Application (cont'd)

Wholesale Market Service					
Class per Load Forecast			2012		
Residential			223,606,750	0.0052	\$1,162,755
General Service < 50 kW			54,969,397	0.0052	\$285,841
General Service 50 to 999 kW			123,666,467	0.0052	\$643,066
General Service 1000 to 4 999 kW			109,908,540	0.0052	\$571,524
Street Lighting			2,986,890	0.0052	\$15,532
Sentinel Lighting			737,412	0.0052	\$3,835
Unmetered Scattered Load			1,003,996	0.0052	\$5,221
TOTAL			516,879,452		\$2,687,773
Rural Rate Assistance					
Class per Load Forecast			2012		
Residential			223,606,750	0.0013	\$290,689
General Service < 50 kW			54,969,397	0.0013	\$71,460
General Service 50 to 999 kW			123,666,467	0.0013	\$160,766
General Service 1000 to 4 999 kW			109,908,540	0.0013	\$142,881
Street Lighting			2,986,890	0.0013	\$3,883
Sentinel Lighting			737,412	0.0013	\$959
Unmetered Scattered Load			1,003,996	0.0013	\$1,305
TOTAL			516,879,452		\$671,943
Low Voltage					
Class per Load Forecast			2012		
Residential		kWh		0.0012	\$0
General Service < 50 kW		kWh		0.0011	\$0
General Service 50 to 999 kW		kW		0.4340	\$0
General Service 1000 to 4 999 kW		kW		0.4677	\$0
Street Lighting		kW		0.3311	\$0
Sentinel Lighting		kW		0.3351	\$0
Unmetered Scattered Load		kWh		0.0011	\$0
TOTAL					\$0

Table EP 1-18 : Revised Table 2-36 from Application

Description	2,012
4705-Power Purchased	36,583,550
4708-Charges-WMS	2,687,773
4714-Charges-NW	2,911,848
4716-Charges-CN	2,340,835
4730-Rural Rate Assistance	671,943
4750-Low Voltage	-
TOTAL	45,195,949

- b) The updated Tables 2-35 & 2-36 based on the October 2011, Regulated Price Plan Price Report and the methodology in part (a) of using separate RPP and non-RPP prices are presented below as Table EP 1-19 and Table 1-20 respectively.

Table EP 1-19 : Revised Table 2-35 from Application (Oct 2011 RPP)

2012 Load Forecast	kWh	kW	2010 %RPP		
Residential	210,909,970		89%		
General Service < 50 kW	51,848,139		91%		
General Service 50 to 999 kW	116,644,470	326,358	16%		
General Service 1000 to 4 999 kW	103,667,742	281,618	0%		
Street Lighting	2,817,289	7,928	0%		
Sentinel Lighting	695,540	1,480	0%		
Unmetered Scattered Load	946,987		0%		
TOTAL	487,530,138	617,384			
Electricity - Commodity RPP	2012 Forecasted	2012 Loss Factor	2012		
Class per Load Forecast RPP					
Residential	188,635,668	1.0602	199,991,535	0.07565	\$15,129,360
General Service < 50 kW	47,246,233	1.0602	50,090,457	0.07565	\$3,789,343
General Service 50 to 999 kW	18,746,433	1.0602	19,874,968	0.07565	\$1,503,541
General Service 1000 to 4 999 kW	0	1.0602	0	0.07565	\$0
Street Lighting	0	1.0602	0	0.07565	\$0
Sentinel Lighting	0	1.0602	0	0.07565	\$0
Unmetered Scattered Load	0	1.0602	0	0.07565	\$0
TOTAL	254,628,334		269,956,960		20,422,244
Electricity - Commodity Non-RPP	2012 Forecasted	2012 Loss Factor	2012		
Class per Load Forecast					
Residential	22,274,302	1.0602	23,615,215	0.07191	\$1,698,170
General Service < 50 kW	4,601,906	1.0602	4,878,941	0.07191	\$350,845
General Service 50 to 999 kW	97,898,038	1.0602	103,791,499	0.07191	\$7,463,647
General Service 1000 to 4 999 kW	103,667,742	1.0602	109,908,540	0.07191	\$7,903,523
Street Lighting	2,817,289	1.0602	2,986,890	0.07191	\$214,787
Sentinel Lighting	695,540	1.0602	737,412	0.07191	\$53,027
Unmetered Scattered Load	946,987	1.0602	1,003,996	0.07191	\$72,197
TOTAL	232,901,803		246,922,492		17,756,196
Transmission - Network		Volume Metric	2012		
Class per Load Forecast					
Residential		kWh	223,606,750	0.0057	\$1,274,558
General Service < 50 kW		kWh	54,969,397	0.0051	\$280,344
General Service 50 to 999 kW		kW	326,358	2.1993	\$717,760
General Service 1000 to 4 999 kW		kW	281,618	2.1993	\$619,362
Street Lighting		kW	7,928	1.5617	\$12,381
Sentinel Lighting		kW	1,480	1.5689	\$2,323
Unmetered Scattered Load		kWh	1,003,996	0.0051	\$5,120
TOTAL					\$2,911,848
Transmission - Connection		Volume Metric	2012		
Class per Load Forecast					
Residential		kWh	223,606,750	0.0045	\$1,006,230
General Service < 50 kW		kWh	54,969,397	0.0042	\$230,871
General Service 50 to 999 kW		kW	326,358	1.7889	\$583,823
General Service 1000 to 4 999 kW		kW	281,618	1.7889	\$503,786
Street Lighting		kW	7,928	1.2616	\$10,002
Sentinel Lighting		kW	1,480	1.2879	\$1,907
Unmetered Scattered Load		kWh	1,003,996	0.0042	\$4,217
TOTAL					\$2,340,835

Table EP 1-19 : Revised Table 2-35 from Application (Oct 2011 RPP) (cont'd)

<u>Wholesale Market Service</u>			2012		
Class per Load Forecast			2012		
Residential			223,606,750	0.0052	\$1,162,755
General Service < 50 kW			54,969,397	0.0052	\$285,841
General Service 50 to 999 kW			123,666,467	0.0052	\$643,066
General Service 1000 to 4 999 kW			109,908,540	0.0052	\$571,524
Street Lighting			2,986,890	0.0052	\$15,532
Sentinel Lighting			737,412	0.0052	\$3,835
Unmetered Scattered Load			1,003,996	0.0052	\$5,221
TOTAL			516,879,452		\$2,687,773
<u>Rural Rate Assistance</u>			2012		
Class per Load Forecast			2012		
Residential			223,606,750	0.0013	\$290,689
General Service < 50 kW			54,969,397	0.0013	\$71,460
General Service 50 to 999 kW			123,666,467	0.0013	\$160,766
General Service 1000 to 4 999 kW			109,908,540	0.0013	\$142,881
Street Lighting			2,986,890	0.0013	\$3,883
Sentinel Lighting			737,412	0.0013	\$959
Unmetered Scattered Load			1,003,996	0.0013	\$1,305
TOTAL			516,879,452		\$671,943
<u>Low Voltage</u>			2012		
Class per Load Forecast			2012		
Residential		kWh		0.0012	\$0
General Service < 50 kW		kWh		0.0011	\$0
General Service 50 to 999 kW		kW		0.4340	\$0
General Service 1000 to 4 999 kW		kW		0.4677	\$0
Street Lighting		kW		0.3311	\$0
Sentinel Lighting		kW		0.3351	\$0
Unmetered Scattered Load		kWh		0.0011	\$0
TOTAL					\$0

Table EP 1-20 : Revised Table 2-36 from Application (Oct 2011 RPP)

Description	2,012
4705-Power Purchased	38,178,440
4708-Charges-WMS	2,687,773
4714-Charges-NW	2,911,848
4716-Charges-CN	2,340,835
4730-Rural Rate Assistance	671,943
4750-Low Voltage	-
TOTAL	46,790,839

Interrogatory # 22

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

- a) Please provide a corrected Table 3-1, or explain the significant change in sentinel lighting and street lighting revenues between 2011 and 2012 at existing and proposed rates.
- b) Please explain the change in each of the four revenue offsets shown between the revenue at existing rates in 2012 and the revenues at proposed rates. In particular, please indicate the changes in charges proposed for 2012 that result in increased revenues for late payment, specific service charges, other distribution revenue and other income and expenses.

Response:

- a) The revised table 3-1 is presented below as Table EP 1-21.

Table EP 1-21 : Revised Table 3-1 from Application

Summary of Operating Revenue	2008 Board Approved	2008 Actual	2009 Actual	2010 Actual	2011 Bridge Year	2012 Test Year at Current Rates	2012 Test Year at Proposed Rates
Distribution Revenue							
Residential	\$ 5,114,430	\$ 5,190,474	\$ 5,365,267	\$ 5,445,033	\$ 5,700,180	\$ 5,614,990	\$ 6,246,392
General Service less than 50 kW	\$ 1,057,879	\$ 1,090,779	\$ 1,013,246	\$ 1,033,672	\$ 1,089,970	\$ 1,014,254	\$ 1,063,108
General Service 50 to 999 kW	\$ 2,300,170	\$ 1,462,483	\$ 1,542,822	\$ 1,434,146	\$ 1,344,406	\$ 1,211,053	\$ 1,471,168
General Service 1,000 to 4,999 kW	\$ 1,388,608	\$ 871,475	\$ 931,398	\$ 866,791	\$ 1,020,182	\$ 890,199	\$ 857,115
Sentinel Lighting	\$ 6,522	\$ 14,364	\$ 17,750	\$ 11,309	\$ 12,179	\$ 25,212	\$ 32,654
Street Lighting	\$ 53,606	\$ 113,873	\$ 172,027	\$ 245,580	\$ 343,783	\$ 372,074	\$ 386,703
Unmetered Scattered Load	\$ 30,149	\$ 24,117	\$ 27,346	\$ 30,188	\$ 28,716	\$ 38,063	\$ 38,316
MicroFIT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Distribution	\$ 9,951,364	\$ 8,767,565	\$ 9,069,856	\$ 9,066,719	\$ 9,539,416	\$ 9,165,845	\$ 10,095,456
%of Total Revenue	90%	88%	88%	87%	89%	89%	90%
Other Revenue							
Late Payment	\$ 226,000	\$ 170,410	\$ 178,372	\$ 178,084	\$ 167,500	\$ 172,792	\$ 172,792
Specific Service Charge	\$ 375,000	\$ 231,952	\$ 259,001	\$ 273,214	\$ 270,000	\$ 271,607	\$ 271,607
Other Distribution Revenue	\$ 502,000	\$ 81,706	\$ 157,938	\$ 244,951	\$ 272,000	\$ 249,346	\$ 249,346
Other Income & Expenses	\$ -	\$ 669,999	\$ 621,950	\$ 601,577	\$ 436,000	\$ 448,500	\$ 448,500
Total Revenue Offset	\$ 1,103,000	\$ 1,154,067	\$ 1,217,261	\$ 1,297,827	\$ 1,145,500	\$ 1,142,245	\$ 1,142,245
%of Total Revenue	10%	12%	12%	13%	11%	11%	10%
Grand Total	\$ 11,054,364	\$ 9,921,632	\$ 10,287,117	\$ 10,364,546	\$ 10,684,916	\$ 10,308,091	\$ 11,237,701

- b) The four revenue offsets at the existing rates in 2012 and at the proposed rates should have been the same as presented in the table in part a) above.

Interrogatory # 23

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

- a) The equation shown on page 6 does not include a coefficient for the number of customers, while Table 3-6 does. Please provide the corrected equation.**
- b) Please provide the coefficients and regression statistics for an equation that replaces the number of customers in the HHHI equation with a simple linear trend (1 to 84 over the historical period).**
- c) Please provide the forecasts for 2011 and 2012 in the same format as shown in Table 3-7 for the equation requested in part (b) above. Please also provide the predicted purchases and % difference based on the equation requested in part (b) above. Please use the same CDM forecast as used by HHHI.**
- d) What is the impact on the revenue forecast at existing rates of using the forecast from the equation requested in part (b) above? Please use the HHHI methodology to determine the billed energy forecast. Please also provide the impact on the revenue deficiency of using this forecast.**
- e) The evidence (page 9) indicates that HHHI has used a 7 year average for heating and cooling degree days. Did HHHI actually use an 8 year average (2003 through 2010)?**

Response:

- a) The corrected equation is as follows:
- HHHI's Monthly Predicted kWh Purchases
- = Heating Degree Days * 9,462
- + Cooling Degree Days * 55,453
- + Ontario Real GDP Index * 108,589
- + Number of Days in the Month * 1,007,943
- + Spring Fall Flag * (1,486,930)
- + Number of Customers * 420
- + Number of Peak Hours * 14,104
- + Intercept of (21,968,173)
- b) The coefficients and regression statistics for an equation that replaces the number of customers in the HHHI equation with a simple linear trend (1 to 84 over the historical period) is shown below:

Regression Analysis Results		
R Square	93.9%	
Adjusted R Square	93.5%	
F Test	194.87	
Variable	Coefficients	t Stat
Intercept	(19,876,084)	(3.72)
Heating Degree Days	9,606	16.79
Cooling Degree Days	56,605	15.96
Ontario Real GDP Monthly %	153,090	4.78
Number of Days in Month	990,727	8.55
Spring Fall Flag	(1,435,344)	(5.80)
Linear Trend	36,186	7.08
Number of Peak Hours	14,108	2.55

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

Actual Vs. Predicted Purchases (MWh)			
Year	Actual	Predicted	% Difference
2003	462,324	463,208	0.2%
2004	468,337	467,054	-0.3%
2005	495,176	494,250	-0.2%
2006	493,166	493,158	0.0%
2007	512,387	510,447	-0.4%
2008	507,787	509,310	0.3%
2009	499,800	503,064	0.7%
2010	520,541	519,026	-0.3%
2011		526,135	
2012		535,929	

- d) The impact on the revenue forecast at existing rates of using the forecast from the equation requested in part (b) above is an increase of \$181,837.

The impact on the revenue deficiency of using this forecast is a decrease of \$181,837.

- e) Yes, HHHI actually used an 8 year average (2003 through 2010).

Interrogatory # 24

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

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

Normalized Actual Purchases = Actual Purchases + 9,462 x (NHDD - AHDD) + 55,453 x (NCDD - ACDD) where:

NHDD is the annual forecast for HDD used for 2012 (average of 2003 - 2010);

AHDD is the actual HDD for the year;

NCDD is the annual forecast for CDD used for 2012 (average of 2003 - 2010);

ACDD is the actual CDD for the year.

Response:

The requested information is provided below

Table EP 1-22 : Revised Table 3-7 from Application

	2003	2004	2005	2006	2007	2008	2009	2010
Actual Purchases	462,324,178	468,337,202	495,175,531	493,166,269	512,386,673	507,787,443	499,800,409	520,540,577
Actual HDD Values	3,982	3,798	3,797	3,379	3,719	3,836	3,836	3,501
Actual CDD Values	326	229	534	383	436	276	198	440
"Weather Normal" HDD Values	3,731	3,731	3,731	3,731	3,731	3,731	3,731	3,731
"Weather Normal" CDD Values	353	353	353	353	353	353	353	353
HDD coefficient fro Halton Hills Hydro regression model	9,462	9,462	9,462	9,462	9,462	9,462	9,462	9,462
CDD coefficient fro Halton Hills Hydro regression model	55,453	55,453	55,453	55,453	55,453	55,453	55,453	55,453
Weather Normal Adjustment based on the product of HDD and CDD coefficients and the difference between actual and weather normalized HDD and CDD values respectively	(850,819)	6,248,710	(10,670,683)	1,699,492	(4,492,840)	3,293,007	7,609,143	(2,625,024)
Estimated "weather normal purchases" calculated by adjusting actual purchases by the values derived in the row above	461,473,359	474,585,912	484,504,848	494,865,761	507,893,833	511,080,450	507,409,552	517,915,553

Interrogatory # 25

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

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

Response:

- a) The customer/connection data shown in tables 3-10, 3-11 & 3-12 are January number each year except 2003 which are June numbers.
- b) The 2011 forecasted customer number/connections for each rate class is calculated based on the June 2010 numbers and the Geomean. The calculation is presented below as Table EP 1-23.

Table EP 1-23 : 2011 Forecasted Customer Numbers/Connections

	Residential	GS<50	GS>50 to 999	GS> 1000 to 4999	Sentinels	Streetlights	USL
June 2010 Customer Numbers	18,867	1,606	168	11	328	4,362	138
Geomean	1.022512	1.007281	1.022774	1.046544	0.988349	1.019749	1.199141
2011 Forecast	19,291	1,617	172	12	324	4,448	165

Interrogatory # 26

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

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

Response:

The revised Table 3-14 that reflects the growth rate in the annual usage per customer is presented below in Table EP 1-24.

Table EP 1-24 : Revised Table 3-14 from Application

Year	Residential	GS<50	GS>50 to 999	GS> 1000 to 4999	Sentinels	Streetlights	USL
2004	-2.59%	-6.79%	0.59%	2.06%	7.84%	0.05%	
2005	4.66%	-2.30%	5.55%	-1.09%	13.55%	-2.69%	
2006	-2.32%	2.01%	5.02%	-15.81%	1.60%	3.28%	814.13%
2007	0.71%	9.01%	2.02%	-1.37%	26.26%	-0.99%	-50.40%
2008	-1.24%	-0.81%	-2.54%	-4.73%	11.25%	0.30%	-1.31%
2009	-2.74%	-4.62%	1.04%	-6.35%	19.23%	-0.70%	5.99%
2010	2.27%	0.82%	-7.86%	6.06%	3.73%	0.97%	-0.37%

Interrogatory # 27

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

- Please explain the large use per customer for the USL class in 2006 shown in Table 3-13.
- Please add lines to the corrected Table 3-14 that shows the Used and Geomean figures if the figures for 2007 through 2010 are used. For the USL class, please use a three year average for 2008 through 2010.
- Please show the revised forecast of average annual use in Table 3-15 of using this four year average in place of the 7 year average used by HHHI.
- Please provide a version of Tables 3-18 and 3-21 that reflects the impact of using the average uses from part (c) above.
- What is the impact on the revenue forecast for 2012 at existing rates of the changes to the kWh and kW forecasts referred to in part (d) above?

Response:

- a) The use per customer for the USL class in 2006 shown in Table 3-13 should have been 6,542 which are in line with the other years.
- b) The corrected Table 3-14 that shows the Used and Geomean figures that shows 2007 through 2010 are used and the USL class that uses a three year average for 2008 through 2010 is presented below in Table EP 1-25.

Table EP 1-25 : Revised Table 3-14 from Application

Year	Residential	GS<50	GS>50 to 999	GS> 1000 to 4999	Sentinels	Streetlights	USL
2004	0.9741	0.9321	1.0059	1.0206	1.0784	1.0005	
2005	1.0466	0.9770	1.0555	0.9891	1.1355	0.9731	
2006	0.9768	1.0201	1.0502	0.8419	1.0160	1.0328	
2007	1.0071	1.0901	1.0202	0.9863	1.2626	0.9901	0.4960
2008	0.9876	0.9919	0.9746	0.9527	1.1125	1.0030	0.9869
2009	0.9726	0.9538	1.0104	0.9365	1.1923	0.9930	1.0599
2010	1.0227	1.0082	0.9214	1.0606	1.0373	1.0097	0.9963
Based 2004 to 2010							
Used	0.9979	0.9951	1.0045	0.9674	1.1164	1.0002	0.8479
Geomean	0.9979	0.9951	1.0045	0.9674	1.1164	1.0002	0.8479
Based 2007 to 2010							
Used	0.9973	1.0098	0.9808	0.9829	1.1481	0.9989	1.0139
Geomean	0.9973	1.0098	0.9808	0.9829	1.1481	0.9989	1.0139

- c) The revised forecast of average annual use in Table 3-15 of using this four year average in place of the 7 year average is presented in the table below in Table EP 1-26.

Table EP 1-26 : Revised Table 3-15 from Application

Year	Residential	GS<50	GS>50 to 999	GS> 1000 to 4999	Sentinels	Streetlights	USL
2011	11,366	34,453	674,433	9,136,271	2,003	620	5,649
2012	11,336	34,791	661,516	8,980,067	2,299	620	4,790

- d) A version of Tables 3-18 and 3-21 that reflects the impact of using the average uses from part (c) above is presented below in Table EP 1-27.

Table EP 1-27 : Revised Tables 3-18 to 3-21 from Application

Year	Residential	GS<50	GS>50 to 999	GS> 1000 to 4999	Sentinels	Streetlights	USL
Non Weather Corrected Forecast							
2011	219,270,706	55,717,511	115,885,103	105,176,613	648,253	2,758,815	931,353
2012	223,601,962	56,672,875	116,254,268	108,190,050	735,564	2,810,269	946,987
Allocation of Weather Sensitive Amount							
2011	(9,677,278)	(2,459,033)	(3,835,849)	(878,471)	0	0	0
2012	(12,497,023)	(3,167,424)	(4,873,053)	(1,144,338)	0	0	0
Weather Corrected Forecast							
2011	209,593,429	53,258,478	112,049,254	104,298,141	648,253	2,758,815	931,353
2012	211,104,938	53,505,451	111,381,215	107,045,713	735,564	2,810,269	946,987

Year	GS> 1000 to				
	GS>50 to 999	4999	Sentinels	Streetlights	Total
2011	313,502	283,330	1,380	7,763	605,974
2012	311,632	290,794	1,566	7,908	611,900

- e) The impact on the revenue forecast for 2012 at existing rates based on the changes referred to in part (d) above is an increase of \$17,109.

Interrogatory # 28

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

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

Response:

The correct Table 3-16 is presented below as Table EP 1-28.

Table EP 1-28 : Revised Table 3-16 from Application

Year	Residential	GS<50	GS>50 to 999	GS> 1000 to 4999	Sentinels	Streetlights	USL
2010	219,395,039	54,904,269	118,681,727	103,523,032	630,370	2,762,258	931,353
2011	223,855,612	55,030,575	121,933,040	104,814,877	695,540	2,817,289	946,987

Interrogatory # 29

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

- a) Please provide a table in the same level of detail as Table 3-23 that shows the most recent year-to-date revenues available for 2011 and the amount for the corresponding period in 2010.**
- b) What is included in account 4080 Distribution Services Revenue?**
- c) Please explain why accounts 4380 and 4385 have the same description.**
- d) Please explain the significant drop in revenues in account 4210 Rent from Electric Property between 2010 and 2011.**
- e) Please explain why the revenue shown for 2012 in account 4325 is \$12,500 while it is shown as \$25,000 in the pro-forma statements in Appendix F to Exhibit 1.**
- f) The pro-forma balance sheet in Exhibit 1, Appendix F shows a cash balance of more than \$3 million. Does HHHI earn any return on this cash balance? If no, why not? If yes, how has the money been invested and what is the interest rate currently earned on this cash?**

Response:

- a) A table with the most recent year-to-date revenues for 2011 and the corresponding period for 2010 is presented as Table EP 1-29.**

Table EP 1-29 : Revised Table 3-23 from Application

Summary of Other Operating Revenues			
USoA #	USoA Description	2010 Actual Jan to Sept	2011 Bridge Year Jan to Sept
4235	Specific Service Charges	\$ 95,447	\$ 89,301
4225	Late Payment Charges	\$ 206,226	\$ 191,018
4080	Distribution Services Revenue	\$ 42,043	\$ 43,385
4082	Retail Services Revenues	\$ -	\$ -
4084	Service Transaction Requests (STR) Revenues	\$ -	\$ -
4210	Rent from Electric Property	\$ 190,756	\$ 129,924
4325	Revenues from Merchandise, Jobbing, Etc.	\$ -	\$ 13,177
4330	Costs and Expenses of Merchandising, Jobbing, Etc.	\$ -	\$ -
4355	Gain on Disposition of Utility and Other Property	\$ -	\$ -
4375	Revenues from Non-Utility Operations	\$ 262,519	\$ 268,852
4380	Expenses of Non-Utility Operations	\$ -	\$ -
4385	Expenses of Non-Utility Operations	\$ -	\$ -
4405	Interest and Dividend Income	\$ -	\$ -
		\$ 796,990	\$ 735,657

Specific Service Charges	\$ 95,447	\$ 89,301
Late Payment Charges	\$ 206,226	\$ 191,018
Other Operating Revenues	\$ 232,799	\$ 173,309
Other Income or Deductions	\$ 262,519	\$ 282,029
Total	\$ 796,990	\$ 735,657

Account 4235 Specific Service Charges		
	2010 Actual	2011 Bridge Year
NSF	\$ 4,494	\$ 6,597
Application Fee - Subdivision	\$ 20,923	\$ 5,000
Service Layouts	\$ 22,905	\$ 29,368
Sale of Scrap Material	\$ -	\$ -
Account Set-up	\$ 43,230	\$ 43,020
Miscellaneous	\$ 3,896	\$ 5,316
Consulting		
Premium Locate Charge		
Total	\$ 95,447	\$ 89,301

- b) Distribution revenue and the Standard Supply Services Administrative Charge are included in account 4080 - Distribution Services Revenue.
- c) The description for account 4385 should have been Non-Utility Rental Income.
- d) The drop in revenues in account 4210- Rent from Electric Property between 2010 and 2011 is the result of a filed audit. In 2011, HHHI conducted a field audit to determine the number of poles being rented by one of the renter. It was uncovered that HHHI was billing the renter based on the connections rather than the number of poles.

- e) The 2011 forecasted revenue is based on the correct number of poles whereas the 2010 number is overstated.
The revenue in account 4325 is \$25,000 in Exhibit 3, Tab 3, Schedule 1 & Exhibit 1, Appendix F. However account 4355 on Exhibit 3, Tab 3, Schedule 1 shows \$12,500 while Exhibit 1, Appendix F shows \$25,000. The difference is because only 50% of Gains on Disposal are included as revenue offset.
- f) The cash balance shown on the pro-forma balance sheet in Exhibit 1, Appendix F is only a projected balance. However, HHHI will invest any excess cash in short term GICs that needs to be liquid.

Interrogatory # 30

Ref: Exhibit 4

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

Response:

The tables shown in Exhibit 4 for 2011 and 2012 are based on MIFRS.

Interrogatory # 31

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

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

Response:

The following items are included in the \$30,000 charitable donations;

2011 Charitable Donations	
Organization	Amounts
Halton Hills Chambers of Commers	2,000
Georgetown Hospital Foundation	5,000
The Heritage Foundation	5,000
Light up the Hills - Christmas Lighting for Halton Hills	5,000
Other Donations	13,000
Total	30,000

Yes. This amount is over and above the LEAP funding included in the 2012 revenue requirement.

It is confirmed that HHHI has not included this \$30,000 in the revenue requirement for 2012.

Interrogatory # 32

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

- a) Please confirm that the intercompany revenue shown in Table 4-14 is included in account 4375 in Table 3-23.
- b) Is there any mark up included in the intercompany revenues shown in Table 4-14? If yes, please indicate how the mark up is calculated for affiliate shown and the corresponding dollar amount.
- c) Are the costs associated with providing the services that generate the revenues shown in Table 4-14 included in the OM&A forecast included in the 2012 revenue requirement?

Response:

- a) Confirmed.
- b) No.
- c) Yes.

Interrogatory # 33

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

- a) Please provide a table, similar to Table 4-11 that provides a comparison between 2010 actual and the 2012 test year forecast. Please also provide a similar description of the variance drivers as contained on pages 5-8.**
- b) Please provide the increase in OM&A expenses between 2010 and 2012 that are due solely to the movement to MIFRS.**
- c) Please provide the increase in OM&A in 2012 as compared to 2010 for smart meter OM&A.**
- d) What was the amount of OM&A included in the 2010 costs related to meters?**
- e) Where in Table 4-11 (which account or accounts) is the increase of \$462,710 related to smart meter OM&A shown?**

Response:

- a) A table with the comparison between 2010 actual and the 2012 test year forecast is presented below in Table EP 1-30.

Table EP 1-30 : Revised Table 4-11 from Application

USoA	Description	2010 Actual	2012 Test Year	2012 Test Year Variance from 2010 Actual
Operations				
5005	Operation Supervision and Engineering	\$ 137,107	\$ 261,670	\$ 124,563
5010	Load Dispatching	\$ -	\$ -	\$ -
5012	Station Buildings and Fixtures Expense	\$ 4,385	\$ 4,000	-\$ 385
5014	Transformer Station Equipment - Operation Labour	\$ -	\$ -	\$ -
5015	Transformer Station Equipment - Operation Supplies and Expenses	\$ -	\$ -	\$ -
5016	Distribution Station Equipment - Operation Labour	\$ 281,140	\$ 23,619	-\$ 257,521
5017	Distribution Station Equipment - Operation Supplies and Expenses	\$ 20,004	\$ 2,078	-\$ 17,925
5020	Overhead Distribution Lines and Feeders - Operation Labour	\$ 311,259	\$ 174,727	-\$ 136,532
5025	Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	\$ -	\$ -	\$ -
5030	Overhead Sub-transmission Feeders - Operation	\$ -	\$ -	\$ -
5035	Overhead Distribution Transformers - Operation	\$ -	\$ -	\$ -
5040	Underground Distribution Lines and Feeders - Operation Labour	\$ -	\$ -	\$ -
5045	Underground Distribution Lines and Feeders - Operation Supplies and Expenses	\$ 1,894	\$ 2,135	\$ 241
5050	Underground Sub-transmission Feeders - Operation	\$ -	\$ 273,738	\$ 273,738
5055	Underground Distribution Transformers - Operation	\$ -	\$ 133,957	\$ 133,957
5060	Street Lighting and Signal System Expense	\$ -	\$ -	\$ -
5065	Meter Expense	\$ 85,780	\$ 205,396	\$ 119,616
5070	Customer Premises - Operation Labour	\$ -	\$ 2,415	\$ 2,415
5075	Customer Premises - Operation Materials and Expenses	\$ -	\$ -	\$ -
5085	Miscellaneous Distribution Expenses	\$ 50,584	\$ 38,365	-\$ 12,219
5090	Underground Distribution Lines and Feeders - Rental Paid	\$ -	\$ -	\$ -
5095	Overhead Distribution Lines and Feeders - Rental Paid	\$ -	\$ -	\$ -
5096	Other Rent	\$ -	\$ -	\$ -
Total Distribution Expenses - Operations		\$ 892,155	\$ 1,122,101	\$ 229,946
Maintenance				
5105	Maintenance Supervision and Engineering	\$ -	\$ -	\$ -
5110	Maintenance of Buildings and Fixtures - Distribution Stations	\$ -	\$ -	\$ -
5112	Maintenance of Transformer Station Equipment	\$ -	\$ -	\$ -
5114	Maintenance of Distribution Station Equipment	\$ 21,018	\$ 132,049	\$ 111,032
5120	Maintenance of Poles, Towers and Fixtures	\$ 149,942	\$ 44,594	-\$ 105,348
5125	Maintenance of Overhead Conductors and Devices	\$ -	\$ 57,234	\$ 57,234
5130	Maintenance of Overhead Services	\$ -	\$ 56,490	\$ 56,490
5135	Overhead Distribution Lines and Feeders - Right of Way	\$ -	\$ 421,666	\$ 421,666
5145	Maintenance of Underground Conduit	\$ 19,813	\$ 23,408	\$ 3,596
5150	Maintenance of Underground Conductors and Devices	\$ -	\$ 9,884	\$ 9,884
5155	Maintenance of Underground Services	\$ 60,827	\$ 17,080	-\$ 43,747
5160	Maintenance of Line Transformers	\$ 22,493	\$ 34,820	\$ 12,327
5165	Maintenance of Street Lighting and Signal Systems	\$ 1,227	\$ -	-\$ 1,227
5170	Sentinel Lights - Labour	\$ -	\$ -	\$ -
5172	Sentinel Lights - Materials and Expenses	\$ -	\$ -	\$ -
5175	Maintenance of Meters	\$ -	\$ -	\$ -
5178	Customer Installations Expenses - Leased Property	\$ -	\$ -	\$ -
5195	Maintenance of Other Installations on Customer Premises	\$ -	\$ -	\$ -
Total Distribution Expenses - Maintenance		\$ 275,319	\$ 797,225	\$ 521,906

Table EP 1-30 : Revised Table 4-11 from Application (cont'd)

USoA	Description	2010 Actual	2012 Test Year	
Billing and Collecting				
5305	Supervision	\$ 106,650	\$ 277,802	\$ 171,152
5310	Meter Reading Expense	\$ 131,177	\$ 206,840	\$ 75,663
5315	Customer Billing	\$ 369,933	\$ 629,320	\$ 259,387
5320	Collecting	\$ 405,420	\$ 466,428	\$ 61,008
5325	Collecting - Cash Over and Short	\$ 6,574	\$ -	\$ -6,574
5330	Collection Charges	\$ 2,412	\$ 3,300	\$ 888
5335	Bad Debt Expense	\$ 89,264	\$ 100,000	\$ 10,736
5340	Miscellaneous Customer Accounts Expenses	\$ -	\$ -	\$ -
Total Billing and Collecting Expenses		\$ 1,111,430	\$ 1,683,690	\$ 572,260
5405	Supervision	\$ -	\$ -	\$ -
5410	Community Relations - Sundry	\$ -	\$ -	\$ -
5415	Energy Conservation	\$ -	\$ -	\$ -
5420	Community Safety Program	\$ -	\$ -	\$ -
5425	Miscellaneous Customer Service and Informational Expenses	\$ -	\$ -	\$ -
5505	Supervision	\$ -	\$ -	\$ -
5510	Demonstrating and Selling Expense	\$ -	\$ -	\$ -
5515	Advertising Expenses	\$ -	\$ -	\$ -
5520	Miscellaneous Sales Expense	\$ -	\$ -	\$ -
Total Community Relations Expenses		\$ -	\$ -	\$ -
Administrative and General Expenses				
5605	Executive Salaries and Expenses	\$ 822,658	\$ 574,576	\$ -248,082
5610	Management Salaries and Expenses	\$ 26,498	\$ 250,004	\$ 223,507
5615	General Administrative Salaries and Expenses	\$ 540,503	\$ 661,911	\$ 121,408
5620	Office Supplies and Expenses	\$ 40,102	\$ 60,850	\$ 20,748
5625	Administrative Expense Transferred - Credit	\$ -	\$ -	\$ -
5630	Outside Services Employed	\$ 123,089	\$ 117,000	\$ -6,089
5635	Property Insurance	\$ 7,418	\$ 132,000	\$ 124,582
5640	Injuries and Damages	\$ 4,515	\$ -	\$ -4,515
5645	Employee Pensions and Benefits	\$ -	\$ 18,298	\$ 18,298
5650	Franchise Requirements	\$ -	\$ -	\$ -
5655	Regulatory Expenses	\$ 69,780	\$ 215,866	\$ 146,086
5660	General Advertising Expenses	\$ 7,769	\$ 1,500	\$ -6,269
5665	Miscellaneous General Expenses	\$ 78,826	\$ 91,110	\$ 12,284
5670	Rent	\$ -	\$ -	\$ -
5675	Maintenance of General Plant	\$ 379,820	\$ 564,530	\$ 184,710
5680	Electrical Safety Authority Fees	\$ -	\$ -	\$ -
5685	Independent Electricity System Operator Fees and Penalties	\$ -	\$ -	\$ -
5695	OM&A Contra Account	\$ -	\$ -	\$ -
6205	Donations (Charitable Contributions)	\$ 6,489	\$ 30,000	\$ 23,511
Total Administrative and General Expenses		\$ 2,107,467	\$ 2,717,646	\$ 610,179
Total OM&A		\$ 4,386,371	\$ 6,320,661	\$ 1,934,290

2012 Test Year vs. 2010 Actual

2012 Test Year OM&A of \$6,320,661 is greater than the 2010 Actual OM&A of \$4,386,371 by \$1,934,290. The main drive of the increase in OM&A in 2012 compare to 2010 is presented below in Table EP 1-31.

Table 1-31 : Increase in OM&A 2010 vs. 2012

Increase in OM&A between 2010 and 2012		Amount
Smart Meter OM&A included in 2012		462,710
Increase in OM&A relating to the transitioning to MIFRS		493,040
Increase in Tree trimming cost of		250,000
Increase in wages costs		510,510
Increase in benefit costs		309,477
Other OM&A Costs		(91,447)
Increase in OM&A		1,934,290

- b) The increase in OM&A expenses between 2010 and 2012 that is due solely to the movement to MIFRS is \$286,621.
- c) The increase in OM&A in 2012 as compared to 2010 for smart meter OM&A is \$462,000. In 2010 all smart meter OM&A expenses were recorded in the variance account 1556.
- d) In 2010 all OM&A expenses related smart meter were recorded in the deferral and variance account 1556 – Smart Meter OM&A Variance Account.
- e) The increase in OM&A 2012 related to smart meters is included in the following accounts in Table 4-11.

Billing and Collecting		
USoA	Description	2012 Test Year
5305	Supervision	118,547
5310	Meter Reading Expense	190,300
5315	Customer Billing	153,863
Total Smart OM&A		462,710

Interrogatory # 34

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

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

Response:

Reporting OM&A in the USoA format requires a manual mapping process that is preformed annually by HHHI for reporting to the OEB. Currently year to date OM&A is not available in the USoA format.

Interrogatory # 35

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

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

Response:

Table 4-9 with the 2011 and 2012 figures based on CGAAP, consistent with 2008 through 2010 data and with a bottom line adjustment to reflect the increased OM&A costs in each of 2011 and 2012 due to the change from CGAAP to MIFRS is presented below as Table EP 1-32.

Table EP 1-32 : Revised Table 4-9 from Application

USoA	Description	2008 Actual	2009 Actual	2010 Actual	2011 Bridge Year	2012 Test Year
Operations						
5005	Operation Supervision and Engineering	\$ 181,547	\$ 301,623	\$ 137,107	\$ 251,144	\$ 261,670
5010	Load Dispatching	\$ -	\$ -	\$ -	\$ -	\$ -
5012	Station Buildings and Fixtures Expense	\$ 1,023	\$ 57	\$ 4,385	\$ 4,000	\$ 4,000
5014	Transformer Station Equipment - Operation Labour	\$ -	\$ -	\$ -	\$ -	\$ -
5015	Transformer Station Equipment - Operation Supplies and Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
5016	Distribution Station Equipment - Operation Labour	\$ 21,801	\$ 157,120	\$ 281,140	\$ 15,166	\$ 18,578
5017	Distribution Station Equipment - Operation Supplies and Expenses	\$ 3,537	\$ 18,319	\$ 20,004	\$ 798	\$ 1,260
5020	Overhead Distribution Lines and Feeders - Operation Labour	\$ 101,982	\$ 146,927	\$ 311,259	\$ 35,556	\$ 133,044
5025	Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
5030	Overhead Sub-transmission Feeders - Operation	\$ -	\$ -	\$ -	\$ -	\$ -
5035	Overhead Distribution Transformers - Operation	\$ -	\$ -	\$ -	\$ -	\$ -
5040	Underground Distribution Lines and Feeders - Operation Labour	\$ -	\$ -	\$ -	\$ -	\$ -
5045	Underground Distribution Lines and Feeders - Operation Supplies and Expenses	\$ 3,633	\$ 8,264	\$ 1,894	\$ 819	\$ 1,295
5050	Underground Sub-transmission Feeders - Operation	\$ 159,770	\$ -	\$ -	\$ 55,703	\$ 208,434
5055	Underground Distribution Transformers - Operation	\$ 78,185	\$ -	\$ -	\$ 27,259	\$ 102,000
5060	Street Lighting and Signal System Expense	\$ -	\$ -	\$ -	\$ -	\$ -
5065	Meter Expense	\$ 101,901	\$ 102,275	\$ 85,780	\$ 120,136	\$ 205,396
5070	Customer Premises - Operation Labour	\$ 4,087	\$ -	\$ -	\$ 927	\$ 1,465
5075	Customer Premises - Operation Materials and Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
5085	Miscellaneous Distribution Expenses	\$ 38,063	\$ 85,156	\$ 50,584	\$ 24,582	\$ 29,564
5090	Underground Distribution Lines and Feeders - Rental Paid	\$ -	\$ -	\$ -	\$ -	\$ -
5095	Overhead Distribution Lines and Feeders - Rental Paid	\$ -	\$ -	\$ -	\$ -	\$ -
5096	Other Rent	\$ -	\$ -	\$ -	\$ -	\$ -
Total Distribution Expenses - Operations		\$ 695,529	\$ 819,741	\$ 892,155	\$ 536,089	\$ 966,705
Maintenance						
5105	Maintenance Supervision and Engineering	\$ 178,452	\$ -	\$ -	\$ -	\$ -
5110	Maintenance of Buildings and Fixtures - Distribution Stations	\$ -	\$ -	\$ -	\$ -	\$ -
5112	Maintenance of Transformer Station Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
5114	Maintenance of Distribution Station Equipment	\$ 120,490	\$ 10,873	\$ 21,018	\$ 85,252	\$ 104,190
5120	Maintenance of Poles, Towers and Fixtures	\$ 41,005	\$ 93,748	\$ 149,942	\$ 31,246	\$ 35,112
5125	Maintenance of Overhead Conductors and Devices	\$ 97,407	\$ -	\$ -	\$ 21,963	\$ 34,712
5130	Maintenance of Overhead Services	\$ 96,141	\$ -	\$ -	\$ 21,677	\$ 34,261
5135	Overhead Distribution Lines and Feeders - Right of Way	\$ 121,968	\$ -	\$ -	\$ 147,501	\$ 393,464
5145	Maintenance of Underground Conduit	\$ 17,714	\$ 11,728	\$ 19,813	\$ 16,994	\$ 19,313
5150	Maintenance of Underground Conductors and Devices	\$ 16,821	\$ -	\$ -	\$ 3,793	\$ 5,994
5155	Maintenance of Underground Services	\$ 20,559	\$ 27,762	\$ 60,827	\$ 9,636	\$ 12,326
5160	Maintenance of Line Transformers	\$ 35,433	\$ 29,025	\$ 22,493	\$ 21,989	\$ 26,627
5165	Maintenance of Street Lighting and Signal Systems	\$ -	\$ -	\$ 1,227	\$ -	\$ -
5170	Sentinel Lights - Labour	\$ -	\$ -	\$ -	\$ -	\$ -
5172	Sentinel Lights - Materials and Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
5175	Maintenance of Meters	\$ 5,363	\$ -	\$ -	\$ -	\$ -
5178	Customer Installations Expenses - Leased Property	\$ -	\$ -	\$ -	\$ -	\$ -
5195	Maintenance of Other Installations on Customer Premises	\$ -	\$ -	\$ -	\$ -	\$ -
Total Distribution Expenses - Maintenance		\$ 751,353	\$ 173,136	\$ 275,319	\$ 360,051	\$ 665,999

Table EP 1-32 : Revised Table 4-9 from Application (cont'd)

USoA	Description	2008 Actual	2009 Actual	2010 Actual	2011 Bridge Year	2012 Test Year
Billing and Collecting						
5305	Supervision	\$ 90,463	\$ 111,360	\$ 106,650	\$ 65,755	\$ 226,871
5310	Meter Reading Expense	\$ 134,104	\$ 134,696	\$ 131,177	\$ 16,300	\$ 206,840
5315	Customer Billing	\$ 332,214	\$ 424,460	\$ 369,933	\$ 590,390	\$ 680,251
5320	Collecting	\$ 350,642	\$ 343,066	\$ 405,420	\$ 421,870	\$ 466,428
5325	Collecting - Cash Over and Short	\$ 112	\$ -	\$ 6,574	\$ -	\$ -
5330	Collection Charges	\$ 2,759	\$ 3,286	\$ 2,412	\$ 3,300	\$ 3,300
5335	Bad Debt Expense	\$ 102,222	\$ 75,000	\$ 89,264	\$ 100,000	\$ 100,000
5340	Miscellaneous Customer Accounts Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Billing and Collecting Expenses		\$ 1,012,516	\$ 1,091,868	\$ 1,111,430	\$ 1,197,615	\$ 1,683,690
Community Relations						
5405	Supervision	\$ -	\$ -	\$ -	\$ -	\$ -
5410	Community Relations - Sundry	\$ -	\$ -	\$ -	\$ -	\$ -
5415	Energy Conservation	\$ -	\$ -	\$ -	\$ -	\$ -
5420	Community Safety Program	\$ -	\$ -	\$ -	\$ -	\$ -
5425	Miscellaneous Customer Service and Informational Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
5505	Supervision	\$ -	\$ -	\$ -	\$ -	\$ -
5510	Demonstrating and Selling Expense	\$ -	\$ -	\$ -	\$ -	\$ -
5515	Advertising Expenses	\$ 6,864	\$ 2,032	\$ -	\$ -	\$ -
5520	Miscellaneous Sales Expense	\$ -	\$ -	\$ -	\$ -	\$ -
Total Community Relations Expenses		\$ 6,864	\$ 2,032	\$ -	\$ -	\$ -
Administrative and General Expenses						
5605	Executive Salaries and Expenses	\$ 635,320	\$ 855,873	\$ 822,658	\$ 624,277	\$ 642,187
5610	Management Salaries and Expenses	\$ 351,057	\$ 27,061	\$ 26,498	\$ 331,142	\$ 352,870
5615	General Administrative Salaries and Expenses	\$ 463,306	\$ 546,540	\$ 540,503	\$ 815,200	\$ 957,459
5620	Office Supplies and Expenses	\$ 35,696	\$ 35,277	\$ 40,102	\$ 66,700	\$ 60,850
5625	Administrative Expense Transferred - Credit	\$ -	\$ -	\$ -	\$ -	\$ -
5630	Outside Services Employed	\$ 293,492	\$ 163,690	\$ 123,089	\$ 54,000	\$ 117,000
5635	Property Insurance	\$ 46,573	\$ -	\$ 7,418	\$ 155,000	\$ 132,000
5640	Injuries and Damages	\$ 48,151	\$ 33,608	\$ 4,515	\$ -	\$ -
5645	Employee Pensions and Benefits	\$ 28,192	\$ 2,271	\$ -	\$ -	\$ -
5650	Franchise Requirements	\$ -	\$ -	\$ -	\$ -	\$ -
5655	Regulatory Expenses	\$ 140,190	\$ 61,795	\$ 69,780	\$ 124,447	\$ 125,000
5660	General Advertising Expenses	\$ 7,507	\$ 4,172	\$ 7,769	\$ -	\$ -
5665	Miscellaneous General Expenses	\$ 77,890	\$ 92,642	\$ 78,826	\$ 1,500	\$ 3,000
5670	Rent	\$ -	\$ -	\$ -	\$ -	\$ -
5675	Maintenance of General Plant	\$ 488,285	\$ 523,030	\$ 379,820	\$ 284,080	\$ 297,280
5680	Electrical Safety Authority Fees	\$ -	\$ -	\$ -	\$ -	\$ -
5685	Independent Electricity System Operator Fees and Penalties	\$ -	\$ -	\$ -	\$ -	\$ -
5695	OM&A Contra Account	\$ -	\$ -	\$ -	\$ -	\$ -
6205	Donations (Charitable Contributions)	\$ 29,137	\$ 8,232	\$ 6,489	\$ 30,000	\$ 30,000
Total Administrative and General Expenses		\$ 2,644,796	\$ 2,349,649	\$ 2,107,467	\$ 2,486,346	\$ 2,717,646
Total OM&A - CGAAP		\$ 5,111,058	\$ 4,436,426	\$ 4,386,371	\$ 4,580,101	\$ 6,034,040
Increase in OM&A as result of MIFRS					224,809	286,621
Total OM&A based on MIFRS					\$ 4,804,910	\$ 6,320,661

Interrogatory # 36

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

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

- a) Please show the amount of the increase in each category related to smart meters between 2011 and 2012.**
- b) What is the cost in each of 2010, 2011 and 2012 associated with smart meters?**
- c) Please explain any remaining increase between 2011 and 2012 (after accounting for any smart meter impacts) for each of the categories shown.**

Response:

- a) In 2011 all OM&A expenses related smart meter were recorded in the deferral and variance account 1556 – Smart Meter OM&A Variance Account. In 2012 Smart Meter OM&A is included under Billing and Collections as presented below Table EP 1-33.

Table EP 1-33 : 2011 Smart Meter OM&A

Billing and Collecting		
USoA	Description	2012 Test Year
5305	Supervision	118,547
5310	Meter Reading Expense	190,300
5315	Customer Billing	153,863
Total Smart OM&A		462,710

- b) Please refer to the response to question 33 part d) and part a) above.
- c) The increase in OM&A between 2011 and 2012 after accounting for smart meter impacts is presented below in Table EP 1-34.

Table EP 1-34 : The increase in OM&A between 2011 and 2012 after accounting for smart meter impacts

Increase in OM&A between 2011 and 2012 excluding Smart Meter Costs		Amount
Increase in OM&A between 2011 and 2012		1,515,751
Less: OM&A relating to Smart Meters		462,000
		1,053,751
Other Increase in OM&A between 2011 and 2012		
Increase in tree trimming costs		230,000
Increase in wages costs		300,743
Increase in benefit costs		254,671
Increase in OM&A relating to the transitioning to MIFRS		286,621
Other OM&A Costs		(18,284)
		1,053,751

Interrogatory # 37

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

- a) Please confirm that Table 4-1 does not include property taxes.**
- b) Please provide the actual property tax expense for 2008 through 2010 and the forecasts for 2011 and 2012. Please include any actual information available as part of the forecast for 2011.**

Response:

- a) Confirmed.
- b) The actual property tax expense for 2008 through 2011 and the forecast for 2012 are presented below in Table EP 1-35.

Table EP 1-35 : Actual Property Tax

	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Forecast
Municipal Property Taxes	\$ 81,644	\$ 83,946	\$ 85,302	\$ 87,753	\$ 95,680
Pils Payment to Ontario Electricity Financial Corporation	\$ 10,419	\$ 5,369	\$ 10,251	\$ 9,086	\$ 10,920
Total	\$ 92,063	\$ 89,315	\$ 95,553	\$ 96,839	\$ 106,600

Interrogatory # 38

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

- a) Please explain why no depreciation was calculated for 2011 in Table 4-22 or for 2012 in Table 4-23 for accounts 1908 and 1955 even though there were assets to be depreciated.
- b) Please confirm that the depreciation figures shown in Table 4-23 can be less than "Total for Depreciation" divided by "Years" because some of the assets may already be fully depreciated. Are there any other reasons why the depreciation expense is less than the total for depreciation divided by the number of years?
- c) Please explain why the depreciation expense in account 1808 in Table 4-23 (\$82,064) is more than the total for depreciation (\$3,080,205) divided by 42 years, or \$73,338.
- d) Please explain why the depreciation expense in account 1820 in Table 4-23 (\$152,917) is more than the total for depreciation (\$4,345,839) divided 40 years, or \$108,646.

Response:

- a) The asset additions shown in account 1908 for 2011 and 2012 should have been under 1808. The depreciation expense is included in account 1808.

The asset additions shown in account 1955 for 2011 and 2012 should have been under 1830. The depreciation expense is included in account 1830.

- b) Confirmed.

- c) The depreciation expense in account 1808 in Table 4-23 (\$82,064) is more than the total for depreciation (\$3,080,205) divided by 42 years, or \$73,338 because some of the additions in account 1808 have been included in 1908 as explained in part a) above.

Also contributing to this difference is the result of componentization of assets as required by IFRS. In order to componentizing its fixed assets, HHHI was required to develop a depreciation model to derive the net book value of the assets to be componentized at December 31, 2010. In order to ensure that the net book value of the assets from the

depreciation model agrees with the audited balances, HHHI was required to make an adjustment to its 2011 depreciation expenses.

d) Please refer to response to part c) above.

Interrogatory # 39

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

- a) Please explain why the UCC Prior Year Ending Balance shown in Table 4-27 for Class 10 is higher than the UCC Ending Balance in Table 4-25.**
- b) Why has HHHI put computer hardware into Class 10 rather than into Class 50 in both 2011 and 2012?**
- c) What is the impact on the 2012 CCA if the computer hardware additions in both 2011 and 2012 are put in Class 50 rather than Class 10?**
- d) Please confirm that Class 43.2 shown in Table 4-27 should have a CCA rate of 50%, not 5%. If this cannot be confirmed, please provide a reference that refers to a rate of 5% for Class 43.2.**
- e) What is the impact on the 2012 CCA if the applicable rate is 50%, not 5%?**

Response:

- a) The UCC Prior Year Ending Balance shown in Table 4-27 for Class 10 should have been higher than the UCC Ending Balance in Table 4-25. A revised Table 4-27 is presented below as Table EP 1-36.

Table EP 1-36 : Revised Table 4-27 from Application

CCA Continuity Schedule (2012)													
Class	Class Description	UCC Prior Year Ending Balance	Less: Non-Distribution Portion	Less: Disallowed FMV Increment	UCC Bridge Year Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule (1/2 Additions Less Disposals)	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System	16,623,573	0	0	16,623,573	0	0	16,623,573	0	16,623,573	4%	664,943	15,958,630
1	Buildings and Fixtures	2,083,709	0	0	2,083,709	10,000	0	2,093,709	5,000	2,088,709	4%	83,548	2,010,161
8	Other Equipment	2,791,409	0	0	2,791,409	43,470	0	2,834,879	21,735	2,813,144	20%	562,629	2,272,520
10	Computer Hardware	51,727	0	0	51,727	180,000	0	231,727	90,000	141,727	30%	42,518	189,209
10	Fleet	677,942	0	0	677,942	230,000	0	907,942	115,000	792,942	30%	237,883	670,060
46	Scada Comm Equipment	105,410	0	0	105,410	0	0	105,410	0	105,410	30%	31,623	73,787
45	Computer Equipment	26,850	0	0	26,850	0	0	26,850	0	26,850	45%	12,083	14,768
49	Electricity Distribution Equipment	11,955,456	0	0	11,955,456	5,150,525	0	17,105,981	2,575,263	14,530,719	8%	1,162,457	15,943,524
12	Computer Software	78,040	0	0	78,040	363,000	0	441,040	181,500	259,540	100%	259,540	181,500
50	Computer Equipment	0	0	0	0	0	0	0	0	0	55%	0	0
43.2	Machinery and Equipment (Solar Panel)	0	0	0	0	1,400,000	0	1,400,000	700,000	700,000	5%	35,000	1,365,000

- b) The addition of computer hardware into Class 10 rather than into Class 50 in both 2011 and 2012 was an oversight.
- c) The impact on the 2012 CCA if the computer hardware additions in both 2011 and 2012 are put in Class 50 rather than Class 10 is an increase of \$55,106.
- d) It is confirm that Class 43.2 shown in Table 4-27 should have a CCA rate of 50%, not 5%. However, HHHI has intentionally used 5% as the CCA to ensure that CCA offset the depreciation expense for accounting purposes. Thus, eliminating any tax timing differences.
- e) The impact on the 2012 CCA if the rate is 50%, not 5% is an increase of \$315,000.

Interrogatory # 40

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

- a) Did HHHI have any federal apprenticeship job creation, Ontario co-operative education or Ontario apprenticeship training tax credits in 2010? If yes, please identify the number of eligible positions for each of the tax credits.**
- b) Has HHHI included any tax credits in the calculation of 2012 for federal apprenticeship job creation, Ontario co-operative education or Ontario apprenticeship training tax credits? If no, please explain why not.**
- c) For each of the three tax credits noted above in parts (a) and (b), please identify the number of eligible positions for 2012 and the amount of the credit for each position.**

Response:

- a) HHHI had federal apprenticeship job creation, Ontario co-operative education and Ontario apprenticeship training tax credits in 2010. The number of eligible positions for each of the tax credits are presented below in Table EP 1-36.

Table EP 1-36 : Eligible Positions for Tax Credits

2010 - Tax Credits				
Federal apprenticeship job creation	Start Date of Employment as Apprentice	Salary	Amount of Credit -10%	Lesser of 10% Amount or \$2,000
Powerline Technician	4/30/2010	33,700	3,370	2,000
Powerline Technician	4/28/2008	75,584	7,558	
		109,284	10,928	2,000
Ontario apprenticeship training		Salary	Amount of Credit -35%	Lesser of 35% Amount or \$10,000
Powerline Technician	4/30/2010	33,700	11,795	6,712
Powerline Technician	4/28/2008	75,584	26,454	10,000
		109,284	38,249	16,712
Ontario co-operative education		Salary	Amount of Credit -25%	Lesser of 25% Amount or \$3,000
Co -op Student #1		8,767	2,192	2,192
Co -op Student #2		7,711	1,928	1,928
Co -op Student #3		8,806	2,202	2,202
Co -op Student #4		8,329	2,082	2,082
Co -op Student #4		8,344	2,086	2,086
		41,957	10,489	10,489

- b) HHHI did not include any tax credits for federal apprenticeship job creation, Ontario co-operative education or Ontario apprenticeship training in the calculation of its 2012 revenue requirement. HHHI will update its 2012 revenue requirement to reflect these tax credits. Details of the calculations are presented in part c) below.
- c) The number of eligible position and the amount for each of the three tax credits for 2012 are presented below in Table EP 1-37.

Table EP 1-37 : Eligible Positions for Tax Credits for 2012

2012 - Tax Credits				
Federal apprenticeship job creation	Start Date of Employment as Apprentice	Salary	Amount of Credit -10%	Lesser of 10% Amount or \$2,000
New Powerline Technician	1/1/2012	53,074	5,307	2,000
Powerline Technician	4/30/2010	76,891	7,689	-
Powerline Technician	4/28/2008	84,873	8,487	-
		214,838	21,484	2,000
Ontario apprenticeship training		Salary	Amount of Credit -35%	Lesser of 35% Amount or \$10,000
New Powerline Technician	1/1/2012	53,074	18,576	10,000
Powerline Technician	4/30/2010	76,891	26,912	10,000
Powerline Technician	4/28/2008	84,873	29,706	-
		214,838	75,193	20,000
Ontario co-operative education		Salary	Amount of Credit -25%	Lesser of 25% Amount or \$3,000
Co -op Student #1		17,000	4,250	3,000
Co -op Student #2		12,300	3,075	3,000
Co -op Student #3		12,000	3,000	3,000
			-	-
			-	-
		41,300	10,325	9,000
Total Tax Credit				31,000

Interrogatory # 41

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

- a) Please confirm that the 2012 tax rate of 26.25% used includes a federal rate of 15.0% and a provincial rate of 11.25%.**
- b) Is HHHI aware that the provincial tax rate on the first \$500,000 of taxable income is 4.5% and that the claw back on the small business deduction was eliminated as of July 1, 2010?**
- c) Is HHHI aware that the federal tax rate on the first \$500,000 of taxable income is 11.0%, again with no claw back?**
- d) Please confirm that the impact of replacing the tax rate of 26.25% with a rate of 15.5% on the first \$500,000 of taxable income is a reduction in taxes of \$53,750. If this cannot be confirmed, please provide the impact, along with the appropriate calculations.**

Response:

- a) Confirmed.
- b) Yes.
- c) Yes.
- d) Confirmed.

Interrogatory # 42

Ref: Exhibit 5, Tab 1, Schedule 1

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

- a) Does HHHI propose that the long-term debt rate be revised to reflect January 2012 market interest information as is proposed for the return on equity and the short-term debt rate?**
- b) If the response to part (b) is no, please explain why the long-term debt rate should not be updated in the same manner as the return on equity and short-term debt rate.**

Response:

- a) Yes. HHHI proposes that the long-term debt rate be revised to reflect January 2012 market interest information as is proposed for the return on equity and the short-term debt rate.**
- b) Not Applicable.**

Interrogatory # 43

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

- Please confirm that the column labeled "2011 Updated Revenue to Cost Ratios" are the revenue to cost ratios for 2012 before making any adjustments for the HHHI proposals.
- Please confirm that the only classes outside of the Board approved ranges are the GS 1,000 - 4,999 kW and USL classes.
- Assume that the GS 1,000 - 4,999 kW and USL classes have their revenue to cost ratios reduced to 120%. Please confirm that if the revenue to cost ratios for the sentinel lighting and GS 50 - 999 kW classes are raised to approximately 94.1% the revenues generated will match the overall revenue requirement without making any adjustments to the residential GS < 50 kW, and street lighting classes.

Response:

- Confirmed.
- Confirmed.
- Table EP 1-39 below is the result of revenue to cost ratios changes requested.

Table EP 1-39 : Revised Revenue to Cost Ratios

Cost Allocation Based Calculations								
Class	Total Revenue	Check Revenue Cost Ratios from 2012 Cost Allocation Model - Line 75 from O1 in CA	Proposed Revenue to Cost Ratio	Proposed Revenue	Miscellaneous Revenue	Proposed Base Revenue	Board Target Low	Board Target High
Residential	6,952,568	98.14%	98.14%	6,952,568	755,423	6,197,146	85%	115%
GS < 50 kW	1,303,077	104.33%	104.33%	1,303,077	183,666	1,119,411	80%	120%
GS >50 to 999 kW	1,454,920	86.78%	94.10%	1,577,711	118,307	1,459,404	80%	120%
GS 1000 to 4,999 kW	1,021,435	136.47%	120.00%	898,173	38,941	859,232	80%	120%
Sentinel Lights	31,227	82.11%	94.10%	35,787	3,401	32,386	80%	120%
Street Lighting	449,936	105.34%	105.30%	449,759	39,285	410,474	70%	120%
USL	45,231	130.46%	120.00%	41,604	3,221	38,383	80%	120%
TOTAL	11,258,395	100.0%		11,258,680	1,142,245	10,116,435		
						10,116,149		
						285	This need to be zero	

Interrogatory # 44

Ref: Exhibit 8, Tab 4, Schedule 1

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

Response:

HHHI applied the 3.48% HONI loss factor to its total load.

Distribution Loss Factor:

$$1.0630 - [(5/7 * 3.4\%) * 1.0630]$$

Interrogatory # 45

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

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

Response:

HHHI has requested to clear balances in its deferral and variance accounts as of December 31, 2010, because these amounts have been audited. HHHI is not proposing to clear the final balance in the SPC account until 2013 because it will not be audited until the first quarter of 2012 as part of HHHI 2011 audit.

Interrogatory # 46

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

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

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

Response:

- a) HHHI proposes that any additional revenue generated from this monthly per customer rate rider should be recognized as utility revenue. Since this amount is based on a forecast, HHHI believes that the revenue to be recovered can be either short or over and as such no further treatment is necessary.
- b) HHHI will update the number of Metered Customers on Table 9 – 14 in accordance with the 2012 forecast in Table 3-4 in Exhibit 3. The updated table is presented below as EP 1-40.

Table 1-40 : Revised Table 9-14 from Application

Description	Values	Reference
Metered Customers	21,542	B
Number of Months of Recovery	48	C
Stranded Meter Costs	\$ 1,132,006	D
Rate Rider to Recover Stranded Meter Costs	\$ 1.09	=(D/B/C)
Metered Customer per Table 3-4 in Exhibit 3		
Residential	19,726	
GS < 50	1,629	
GS > 50 - 999	176	
GS 1000 - 4,999	12	
Total	21,542	