

# **Response to Energy Probe Technical Conference Questions**

**Grimsby Power Inc.**  
**2012 Distribution Rate Application**  
**Board File No. EB-2011-0273**

**November 22, 2011**

## Table of Contents

QUESTION #1 - REF: ALL INTERROGATORY AND TCQ QUESTIONS .....	3
QUESTION #2 - REF: ENERGY PROBE INTERROGATORY #2 & EXHIBIT 1, CHART 1.2 .....	4
QUESTION #3 - REF: ENERGY PROBE INTERROGATORY #3 (B).....	5
QUESTION #4 - REF: ENERGY PROBE INTERROGATORY #4 (E) & BOARD STAFF INTERROGATORY #57 .....	6
QUESTION #5 - REF: ENERGY PROBE INTERROGATORY #5 .....	7
QUESTION #6 - REF: ENERGY PROBE INTERROGATORY #7 .....	8
QUESTION #7 - REF: ENERGY PROBE INTERROGATORY #8 .....	11
QUESTION #8 - REF: ENERGY PROBE INTERROGATORY #9 .....	12
QUESTION #9 - REF: ENERGY PROBE INTERROGATORY #9 (D) .....	13
QUESTION #10 - REF: ENERGY PROBE INTERROGATORY #9 (E) & BOARD STAFF INTERROGATORY #3 .....	14
QUESTION #11 - REF: ENERGY PROBE INTERROGATORY #14 & EXHIBIT 2, PAGE 51.....	15
QUESTION #12 - REF: BOARD STAFF INTERROGATORY #15 (A) .....	16
QUESTION #13 - REF: BOARD STAFF INTERROGATORY #15 & EXHIBIT 4, TABLE 4.2 .....	17
QUESTION #14 - REF: ENERGY PROBE INTERROGATORY #29 & EXHIBIT 4, TABLE 4.38 .....	18
QUESTION #15 - REF: BOARD STAFF INTERROGATORY #30 (E).....	19
QUESTION #16 - REF: ENERGY PROBE INTERROGATORY #32 & EXHIBIT 7, TABLE 7.3 .....	20
QUESTION #17 - REF: ENERGY PROBE INTERROGATORY #10 (B).....	21
QUESTION #18 - REF: VECC INTERROGATORY #10.....	23
QUESTION #19 - REF: BOARD STAFF INTERROGATORY #42 .....	25
QUESTION #20 - REF: BOARD STAFF INTERROGATORY #11 .....	26
QUESTION #21 - REF: ENERGY PROBE INTERROGATORY #29 (E) & EXHIBIT 4, PAGE 50 .....	27

**Question #1 - Ref: All Interrogatory and TCQ Questions**

- a) Please provide a list of all changes in the format of a tracking sheet (see attached example from Waterloo North) that Grimsby Power proposes to make to the calculation of the revenue requirement and/or revenue deficiency as a result of the responses provided to interrogatories, technical conference questions or updated/revised evidence. Please include a brief description of the change and the impact on the revenue deficiency. Please also include the impacts resulting from the Board's November 10th, 2011 letter related to the Cost of Capital Parameter Updates for 2012 Cost of Service Applications for Rates Effective January 1, 2012.

**Grimsby Power Inc.'s Response:**

A response will be provided at a later date.

- b) Please provide an updated RRWF reflecting any changes listed in the response to part (a).

**Grimsby Power Inc.'s Response:**

A response will be provided at a later date.

- c) Please provide a list of a changes that Grimsby Power proposes to make to any non-revenue requirement areas such as deferral & variance accounts, cost allocation, rate design, smart meters, etc. as a result of responses to interrogatories, technical conference questions or updated/revised evidence.

**Grimsby Power Inc.'s Response:**

A response will be provided at a later date.

**Question #2 - Ref: Energy Probe Interrogatory #2 & Exhibit 1, Chart 1.2**

**The response to part (c) of the Energy Probe interrogatory indicates that the Town of Grimsby owns 90% of Niagara Power Inc. and that FortisOntario owns the remaining 10% of Niagara Power Inc. This is not consistent with Chart 1.2 in Exhibit 1 or with the statement on page 25 of Exhibit 1 that Grimsby Power Inc. has two shareholders, the Town of Grimsby and FortisOntario. Please reconcile.**

**Grimsby Power Inc.'s Response:**

The response to Energy Probe Interrogatory # 2(c) indicates that the percentage ownership is in the Niagara Power Inc. shares in Grimsby Power Inc. and not in the ownership of Niagara Power Inc. itself. The ownership in Grimsby Power Inc is represented at Niagara Power Inc. by 100 shares. Of which 90 shares are owned by The Town of Grimsby and 10 shares are owned by FortisOntario.

**Question #3 - Ref: Energy Probe Interrogatory #3 (b)**

The response implies that the 2012 GPI forecast of OM&A shown in Table 1.3 is based on CGAAP. However, the 2012 forecast of \$2,623,797 is elsewhere shown in the evidence as an MIFRS figure (Exhibit 4, page 3). Please confirm that the 2012 forecast shown in Table 1.3 is based on MIFRS.

**Grimsby Power Inc.'s Response:**

Grimsby Power Inc.'s response to the interrogatory question as noted above is incorrect. Table 1.3 – column "Grimsby Power (2012)" is in fact presented in MIFRS format. As a result of this Grimsby Power Inc.'s response to Energy Probe Interrogatory # 3(b) is also incorrect.

The requested information in Energy Probe Interrogatory # 3(b) is as provided below:

Small Southern Medium-High Undergrounding with Rapid Growth	Grimsby Power (2012) (CGAAP)	Grimsby Power	Orangeville Hydro	Niagara-on-the-Lake Hydro	Cooperative Hydro Embrun	Centre Wellington Hydro
Residential Customers	9703	9379	9963	6537	1777	5692
General Service <50kw Customers	683	662	1163	1224	170	709
General Service >50kw Customers	100	110	130	121	11	62
<b>Total Customers</b>	<b>10486</b>	<b>10151</b>	<b>11256</b>	<b>7882</b>	<b>1958</b>	<b>6463</b>
<b>Expenses</b>						
Operating	\$ 283,721	\$ 179,324	\$ 392,746	\$ 350,388	\$ 20,827	\$ 356,562
Maintenance	\$ 489,114	\$ 397,852	\$ 425,049	\$ 394,912	\$ 36,633	\$ 275,059
Administration	\$ 1,659,602	\$ 1,203,411	\$ 1,821,925	\$ 1,024,249	\$ 415,399	\$ 1,098,759
Other	\$ 27,540	\$ 25,130	\$ 6,286	\$ 31,673	\$ 2,350	\$ 112,510
<b>Total OM&amp;A Expenses</b>	<b>\$ 2,459,977</b>	<b>\$ 1,805,717</b>	<b>\$ 2,646,006</b>	<b>\$ 1,801,222</b>	<b>\$ 475,209</b>	<b>\$ 1,842,890</b>
<b>OM&amp;A Per Customer (2010 OEB Yearbook)</b>	<b>\$ 234.60</b>	<b>\$ 177.89</b>	<b>\$ 235.08</b>	<b>\$ 228.52</b>	<b>\$ 242.70</b>	<b>\$ 285.14</b>
<b>Percent Difference from Grimsby Power</b>			<b>32.1%</b>	<b>28.5%</b>	<b>36.4%</b>	<b>60.3%</b>
<b>OM&amp;A Per Customer (2009 OEB Yearbook)</b>	<b>\$ 250.22</b>	<b>\$ 177.19</b>	<b>\$ 214.76</b>	<b>\$ 236.76</b>	<b>\$ 211.57</b>	<b>\$ 270.02</b>

**Question #4 - Ref: Energy Probe Interrogatory #4 (e) & Board Staff Interrogatory #57**

Please update Table 2.1 by including a 2011 bridge year based on MIFRS and the corrected 2012 IFRS Test Year column reflecting the 2011 MIFRS net book value.

**Grimsby Power Inc.'s Response:**

**Table 2.1 Summary of Rate Base Revised**

Summary of Rate Base

Description	2010 Actual	2011 CGAAP Bridge Year	2011 MIFRS Test year	2012 CGAAP Test Year	2012 MIFRS Test Year on 2011 CGAAP	2012 MIFRS Test Year on 2011 MIFRS
Gross Fixed Assets	24,003,049	26,923,461	25,407,631	28,241,110	28,230,301	28,224,695
Accumulated Depreciation	12,700,493	13,852,471	13,242,828	14,988,455	14,561,570	13,945,559
Net Book Value	11,302,556	13,070,990	12,164,803	13,252,655	13,668,731	14,279,136
Average Net Book Value	11,353,918	12,186,773	11,733,679	13,161,823	13,369,860	13,221,969
Working Capital	17,156,886	18,792,616	18,935,498	19,616,788	19,780,608	19,780,610
Working Capital Allowance	2,573,533	2,818,892	2,840,325	2,942,518	2,967,091	2,967,092
Rate Base	13,927,451	15,005,665	14,574,004	16,104,341	16,336,952	16,189,061

**Question #5 - Ref: Energy Probe Interrogatory #5**

**Table 2.4 in Exhibit 2 has been revised. Has this revision been carried forward into the 2011 capital expenditures?**

**Grimsby Power Inc.'s Response:**

The revision has been carried forward into 2012 Capital Expenditures; the amount deducted being changed from \$ 45,682.48 to \$ 66,982.

**Question #6 - Ref: Energy Probe Interrogatory #7**

**Please update the cost of power calculations using the October 17, 2011 RPP Price Report figures, adjusted as shown below to match the months to the calendar year, with a forecast wholesale electricity price of \$31.38 and a load-weighted price for RPP customers of \$34.13 ( $31.38 \times (34.62 / 31.83)$ ).**

	<b>Months</b>	<b>Price</b>
Jan-12	1	38.15
Feb 12 - Apr 12	3	32.63
May 12 - July 12	3	27.22
Aug 12 - Oct 12	3	29.34
Nov 12 - Dec 12	2	<u>35.39</u>
Weighted Average		31.38

**Grimsby Power Inc.'s Response:**

The following depicts the cost of power calculations using the October 17, 2011 RPP Price Report figures, adjusted with a forecast wholesale electricity price of \$31.38 and a load-weighted price for RPP customers of \$34.13.



<b><u>2012 Load Foreacst</u></b>	<b>kWh</b>	<b>kW</b>	<b>2010 %RPP</b>
Residential	92,606,843		86%
General Service < 50 kW	18,314,894		80%
General Service 50 to 4,999 kW	68,877,755	188,723	6%
Street Lighting	1,578,145	4,403	0%
Unmetered Scattered Load	355,293		100%
<b>TOTAL</b>	<b>181,732,931</b>	<b>193,126</b>	

<b><u>Electricity - Commodity RPP</u></b>	<b>2012 Forecasted Metered</b>	<b>2012 Loss Factor</b>	<b>2012</b>		
<b>Class per Load Forecast RPP</b>					
Residential	79,882,431	1.0526	84,084,247	\$0.07515	\$6,318,931
General Service < 50 kW	14,668,259	1.0526	15,439,809	\$0.07515	\$1,160,302
General Service 50 to 4,999 kW	4,128,136	1.0526	4,345,276	\$0.07515	\$326,547
Street Lighting	0	1.0526	0	\$0.07515	\$0
Unmetered Scattered Load	354,218	1.0526	372,850	\$0.07515	\$28,020
<b>TOTAL</b>	<b>99,033,044</b>		<b>104,242,182</b>		<b>\$7,833,800</b>

<b><u>Electricity - Commodity Non-RPP</u></b>	<b>2012 Forecasted Metered</b>	<b>2012 Loss Factor</b>	<b>2012</b>		
<b>Class per Load Forecast</b>					
Residential	12,724,411	1.0526	13,393,715	\$0.07146	\$957,115
General Service < 50 kW	3,646,635	1.0526	3,838,448	\$0.07146	\$274,296
General Service 50 to 4,999 kW	64,749,619	1.0526	68,155,449	\$0.07146	\$4,870,388
Street Lighting	1,578,145	1.0526	1,661,156	\$0.07146	\$118,706
Unmetered Scattered Load	1,076	1.0526	1,132	\$0.07146	\$81
<b>TOTAL</b>	<b>82,699,887</b>		<b>87,049,901</b>		<b>\$6,220,586</b>

<u><b>Transmission - Network</b></u>		<b>Volume</b>	<b>2012</b>		
<b>Class per Load Forecast</b>		<b>Metric</b>			
Residential		kWh	97,477,963	\$0.0066	\$647,149
General Service < 50 kW		kWh	19,278,258	\$0.0061	\$117,141
General Service 50 to 4,999 kW		kW	188,723	\$2.4546	\$463,239
Street Lighting		kW	4,403	\$1.8512	\$8,151
Unmetered Scattered Load		kWh	373,982	\$0.0061	\$2,272
<b>TOTAL</b>					<b>\$1,237,952</b>

<u><b>Transmission - Connection</b></u>		<b>Volume</b>	<b>2012</b>		
<b>Class per Load Forecast</b>		<b>Metric</b>			
Residential		kWh	97,477,963	\$0.0054	\$525,792
General Service < 50 kW		kWh	19,278,258	\$0.0047	\$91,253
General Service 50 to 4,999 kW		kW	188,723	\$1.9125	\$360,940
Street Lighting		kW	4,403	\$1.4785	\$6,510
Unmetered Scattered Load		kWh	373,982	\$0.0047	\$1,770
<b>TOTAL</b>					<b>\$986,265</b>

<u><b>Wholesale Market Service</b></u>			<b>2012</b>		
<b>Class per Load Forecast</b>					
Residential		kWh	97,477,963	\$0.0052	\$506,885
General Service < 50 kW		kWh	19,278,258	\$0.0052	\$100,247
General Service 50 to 4,999 kW		kWh	72,500,725	\$0.0052	\$377,004
Street Lighting		kWh	1,661,156	\$0.0052	\$8,638
Unmetered Scattered Load		kWh	373,982	\$0.0052	\$1,945
<b>TOTAL</b>			<b>191,292,083</b>		<b>\$994,719</b>

<u><b>Rural Rate Assistance</b></u>			<b>2012</b>		
<b>Class per Load Forecast</b>					
Residential		kWh	97,477,963	\$0.0013	\$126,721
General Service < 50 kW		kWh	19,278,258	\$0.0013	\$25,062
General Service 50 to 4,999 kW		kWh	72,500,725	\$0.0013	\$94,251
Street Lighting		kWh	1,661,156	\$0.0013	\$2,160
Unmetered Scattered Load		kWh	373,982	\$0.0013	\$486
<b>TOTAL</b>			<b>191,292,083</b>		<b>\$248,680</b>

<b>2012</b>	
4705-Power Purchased	\$14,054,386
4708-Charges-WMS	\$994,719
4714-Charges-NW	\$1,237,952
4716-Charges-CN	\$986,265
4730-Rural Rate Assistance	\$248,680
4750-Low Voltage	\$130,000
<b>TOTAL</b>	<b>17,652,001</b>

**Question #7 - Ref: Energy Probe Interrogatory #8**

**Is the Grimsby Power treatment of the contributions and grants consistent with directions from the Board on how to deal with the MIFRS impact on contributions? Please explain.**

**Grimsby Power Inc.'s Response:**

Please refer to Board Staff Technical Conference Question # 13(a).

**Question #8 - Ref: Energy Probe Interrogatory #9**

- a) Please confirm that GPI expects to have all of the capital expenditures shown in the original 2011 budget in service by the end of year, except for the \$220,000 budgeted for the ERP software implementation and \$214,989 related to the Ridge Road East project.

**Grimsby Power Inc.'s Response:**

As stated in EP Interrogatory # 8(c) these two projects have been delayed. Grimsby Power Inc. confirms that it expects to have all of its capital projects in service by the end of the year 2011 except as follows:

- ERP Software Implementation                      \$220,000
- Ridge Road East – Rabbit to C237R              \$214,989

- b) Will the \$220,000 for the ERP software implementation be spent and placed into service in the 2012 test year?

**Grimsby Power Inc.'s Response:**

Grimsby Power Inc. intends to move this project into 2012 and it would be expected to have this product in service by the end of the calendar year. This however, will be subject to Grimsby Power Inc. Board of Director approval.

- c) Will the \$214,989 for the Ridge Road East project be spent and placed into service in the 2012 test year?

**Grimsby Power Inc.'s Response:**

Grimsby Power Inc. intends to move this project into 2012 and it would be expected to have this project in service by the end of the calendar year. This however, will be subject to Grimsby Power Inc. Board of Director approval.

**Question #9 - Ref: Energy Probe Interrogatory #9 (d)**

- a) The reference to Board Staff Interrogatory #6 does not appear to answer the question posed. Please provide the correct reference.

**Grimsby Power Inc.'s Response:**

The correct reference is Energy Probe Interrogatory # 6.

- b) If the 2010 actual contributions of \$867,342 reflects three years of contributions from developers, for an average of about \$290,000, please explain the drop in contributions forecast for 2011 and 2012 to \$150,000.

**Grimsby Power Inc.'s Response:**

The contribution forecast for 2011 and 2012 value of \$150,000 does not include the assumed plant from subdivision development. The assumed plant on the capital contribution will be always equal with the fixed assets addition with zero impact on the total capital additions for the year. For this reason Grimsby Power Inc. does not provide provisions within its budgets for contributed capital from subdivision development.

The amount of \$150,000 represents the estimated amount that customers contribute to Grimsby Power Inc. for assets which do not include subdivision development.

**Question #10 - Ref: Energy Probe Interrogatory #9 (e) & Board Staff Interrogatory #3**

- a) Does the error noted in the response to the Board Staff interrogatory have any impact on the opening balance for 2012 in the fixed asset continuity schedule used to calculate the 2012 rate base? If yes, please quantify the impact.

**Grimsby Power Inc.'s Response:**

No, the error noted in the response to the Board Staff IR # 3 has no impact on the opening balance for 2012 in the fixed asset continuity schedule.

- b) Does the error noted in the response to the Board Staff interrogatory have any impact on the smart meter balances to be recovered? If yes, please quantify the impact.

**Grimsby Power Inc.'s Response:**

As part of Board Staff Technical Conference Question # 6 Grimsby Power Inc. has recalculated the Smart Meter Model based on the spreadsheet provided by the Board. As such, the error noted in the response to the Board Staff IR # 3 has been accounted for in the new model and therefore, has no impact on the smart meter recovery.

**Question #11 - Ref: Energy Probe Interrogatory #14 & Exhibit 2, page 51**

**The evidence indicates that two trucks will be replaced by one in 2012 because of the low usage on these two vehicles. Please indicate why one of these vehicles would not be sold in 2012. Please also provide the best estimate of the value of each of these two vehicles if they were to be sold in 2012.**

**Grimsby Power Inc.'s Response:**

The two vehicles being replaced were originally purchased in 1988 and 1989. Due to their age the risk of breakdown is high. Keeping both trucks until the new vehicle is placed into service provides a backup when one of them is unavailable due to breakdown.

As stated in response to Energy Probe Interrogatory # 14(a) the disposal value of these vehicles is unknown. Grimsby Power Inc. does not have the expertise to properly evaluate the value of this equipment nor does it know what the condition of the equipment will be in at the time of disposal in 2013. Therefore, Grimsby Power Inc. cannot provide an estimate of value with any degree of certainty or reliability.

**Question #12 - Ref: Board Staff Interrogatory #15 (a)**

**Does the cost correction from \$30,618 to \$12.730, shown in the interrogatory response that results in a revised Table 4.10, get carried forward into Table 4.1 for 2012 or does Table 4.1 already reflect the correct costs shown in the revised Table 4.10?**

**Grimsby Power Inc.'s Response:**

The error and subsequent cost correction to Table 4.10 was confined to the creation of this table only. The error does not affect Table 4.1.



**Question #13 - Ref: Board Staff Interrogatory #15 & Exhibit 4, Table 4.2**

Please provide a revised Table 4.2 that reflects the removal of the MDMR costs for 2012, the correction for the KTS/Sensus meter fees and any other corrections identified through the interrogatory process.

**Grimsby Power Inc.'s Response:**

With the removal of the MDMR costs for 2012 the total OM&A from Appendix 2-G is reduced by \$60,588. Other corrections have not been included within this table. The revised table is shown below:

**Table 4.2 OM&A Cost per Customer and per FTEE (Board Appendix 2-I) Revised**

Appendix 2-I  
OM&A Cost per Customer and per FTEE

	2006 - Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Bridge Year	2012 CGAAP Test Year	2012 IFRS Test Year
Number of Customers	11,915	9,468	9,584	9,768	9,909	10,062	10,272	10,486	10,486
Total OM&A from Appendix 2-G		\$ 1,509,565	\$ 1,718,034	\$ 1,793,136	\$ 1,770,474	\$ 1,805,716	\$ 2,080,519	\$ 2,399,390	\$ 2,563,209
OM&A cost per customer	\$ -	\$ 159.44	\$ 179.26	\$ 183.57	\$ 178.67	\$ 179.46	\$ 202.54	\$ 228.82	\$ 244.44
Number of FTEEs		14.5	14.5	15.5	15.5	16.5	17.5	18.5	18.5
Customers/FTEEs		652.97	660.97	630.19	639.29	609.82	586.97	566.81	566.81
OM&A Cost per FTEE		\$ 104,107.96	\$ 118,485.08	\$ 115,686.19	\$ 114,224.15	\$ 109,437.36	\$ 118,886.79	\$ 129,696.77	\$ 138,551.84

**Question #14 - Ref: Energy Probe Interrogatory #29 & Exhibit 4, Table 4.38**

- a) What is the value of the of the apprenticeship tax credit for 2012? Where has this been reflected in the calculation of the income tax shown in Table 4.38 in Exhibit 4?

**Grimsby Power Inc.'s Response:**

Grimsby Power will qualify for an apprenticeship tax credit in 2012, but no amount was budgeted for the apprenticeship in 2012.

- b) The response to part (a) indicates that at the time of the application submission the values of the reserves at the beginning of the year were unknown. Does GPI now have an estimate of these figures?

**Grimsby Power Inc.'s Response:**

Grimsby Power Inc. has not estimated these values.

- c) Please explain how the "Other Reserves from Schedule 13" and "Reserves @ End of the Year" in the Additions are related to the "Other Reserves from Schedule 13" and "Reserves @ Beginning of the Year" in the Deductions. For example, why is the addition of \$656,500 in 2012 for Reserves @ End of the Year equal to the 2011 deduction for Other Reserves from Schedule 13?

**Grimsby Power Inc.'s Response:**

Grimsby Power Inc. utilizes the services of a third party to prepare its tax returns. Grimsby Power Inc. is awaiting a response regarding this question from the third party.

A response will be provided at a later date.

**Question #15 - Ref: Board Staff Interrogatory #30 (e)**

- a) Please calculate the 2012 cost of debt using the 3.50% for the TD Commercial Bank loans, but replacing the 7.25% Town of Grimsby promissory note with the 5.01% rate from the Board's Nov. 10, 2011 Cost of Capital Parameter Updates for 2012 Cost of Service Applications for Rates Effective January 1, 2012 letter.

**Grimsby Power Inc.'s Response:**

Please refer to School Energy Coalition Technical Conference Question # 8.

- b) What is the impact on the revenue requirement of applying the long-term debt rate determined in part (a) above to the deemed 56% of rate base?

**Grimsby Power Inc.'s Response:**

The Revenue Requirement would be changed from \$4,579,534 to \$4,439,618.

**Question #16 - Ref: Energy Probe Interrogatory #32 & Exhibit 7, Table 7.3**

- a) Please update Table 7.3 in Exhibit 7 to reflect the status quo ratios resulting from the revised cost allocation model filed in Appendix 4 to the Energy Probe interrogatory, as well as any resulting changes in the proposed ratios shown in Table 7.3.

**Grimsby Power Inc.'s Response:**

Please refer to VECC Technical Conference Question # 1(d) Table (c) which is the updated version of Table 7.3 in Exhibit 7.

- b) Given the higher starting point in terms of the revenue to cost ratio for the street lighting class at 36% (as compared to 28.7%), does GPI still believe that a three year phase in to 70% for this rate class is required, or would a two year phase in be appropriate?

**Grimsby Power Inc.'s Response:**

Referring to Table (c) in Energy Probe Technical Conference Question # 16(a) above the status quo ratio for street lighting is 36.1%. The minimum policy range is set at 70% or a 33.9% difference. Grimsby Power Inc. believes that the 3 year phase in is still appropriate since the gap is over 10% per year.

**Question #17 - Ref: Energy Probe Interrogatory #10 (b)**

- a) Do the forecasts shown for 2012 include the reduction for CDM in 2012?

**Grimsby Power Inc.'s Response:**

Yes. Refer to Grimsby Power's Inc.'s response to VECC Technical Conference Question #5 (a).

- b) Please provide the regression statistics and 2012 forecast from an equation that includes heating and cooling degree days, number of days in the month, spring/fall lag, the trend variable from the Energy Probe Interrogatory and Ontario real GDP.

**Grimsby Power Inc.'s Response:**

Based on the above Regression, Grimsby Power Inc.'s Monthly Predicted KWh Purchases

$$\begin{aligned} &= \text{Heating Degree Days} * 2,984 \\ &+ \text{Cooling Degree Days} * 37,094 \\ &+ \text{Number of Days in Month} * 448,160 \\ &+ \text{Spring Fall Flag} * (853,573) \\ &+ \text{Number of Customers} * 372 \\ &+ \text{Trend Variable} * 20,449 \\ &+ \text{Ontario Real GDP Mthly} * 32,285 \\ &+ \text{Intercept of } (6,565,035) \end{aligned}$$

The statistics based on this regression are as follows:

**Statistical Results of Regression Analysis  
Additional Trend Variable and Real GDP**

<b>Statistic</b>	<b>Value</b>
R Square	93.23%
Adjusted R Square	92.93%
F-Test	314.4
T-stats by Coefficient	
Intercept	(3.16)
Heating Degree Days	11.06
Cooling Degree Days	17.83
Number of Days in Month	8.50
Spring-Fall Flag	(7.50)
Trend Variable	7.56
Ontario Real GDP	2.70

The 2012 forecasts based on this regression are as follows:

	<b>2012 Forecast</b>
With CDM adjustment	195,639,754
With no CDM adjustment	197,191,754

- c) Please provide a table that compares the adjusted R-squared, standard error and mean absolute percent error (MAPE) for the equation used by GPI, the equation from part (b) of Energy Probe interrogatory #10 and the equation requested in part (b) above.

**Grimsby Power Inc.'s Response:**

The table below depicts the statistical measures requested for the three regressions:

<b>Statistic</b>	<b>GPI Model</b>	<b>Energy Probe Interr. #10</b>	<b>Energy Probe Technical Conf. Qstn #17</b>
Adjusted R Square	91.92%	92.69%	92.93%
Standard Error	529,018.0	505,723.4	494,571.1
Mean Absolute Percent Error	3.01%	2.82%	2.79%

**Question #18 - Ref: VECC Interrogatory #10**

**Please expand the table provided in the response to include data for 1999 through 2008.**

**Grimsby Power Inc.'s Response:**

The two tables below depict the corresponding data from 1999 through 2008.

	1999	2000	2001	2002	2003
Actual Purchases	147,636,897	151,402,551	155,743,857	162,988,397	159,962,674
Actual HDD values	3,699	3,999	3,619	3,750	4,121
Actual CDD values	349	204	287	397	243
"Weather Normal" HDD values	3,843	3,843	3,843	3,843	3,843
"Weather Normal" CDD values	278	278	278	278	278
HDD coefficients for GPI regression model	2,920	2,920	2,920	2,920	2,920
CDD coefficients for GPI regression model	36,689	36,689	36,689	36,689	36,689
Weather Normal adjustment based on the product of HDD and CDD coefficients, and the differences between actual and weather normalized HDD and CDD values respectively	2,188,672	(2,275,287)	(310,140)	4,080,347	(482,418)
Estimated "weather normal purchases" calculated by adjusting actual purchases by the values derived in the row above	145,448,225	153,677,838	156,053,997	158,908,050	160,445,092

	2004	2005	2006	2007	2008
Actual Purchases	164,668,533	177,744,778	177,010,661	182,668,136	181,594,867
Actual HDD values	3,941	3,976	3,505	3,866	3,975
Actual CDD values	186	400	276	336	209
"Weather Normal" HDD values	3,843	3,843	3,843	3,843	3,843
"Weather Normal" CDD values	278	278	278	278	278
HDD coefficients for GPI regression model	2,920	2,920	2,920	2,920	2,920
CDD coefficients for GPI regression model	36,689	36,689	36,689	36,689	36,689
Weather Normal adjustment based on the product of HDD and CDD coefficients, and the differences between actual and weather normalized HDD and CDD values respectively	(3,083,057)	4,865,073	(1,063,226)	2,184,430	(2,164,720)
Estimated "weather normal purchases" calculated by adjusting actual purchases by the values derived in the row	167,751,590	172,879,704	178,073,887	180,483,706	183,759,587



**Question #19 - Ref: Board Staff Interrogatory #42**

- a) Please explain the derivation of the long-term cost of debt and return on equity shown in the smart meter model for 2009, 2010 and 2011.

**Grimsby Power Inc.'s Response:**

The cost of debt and return on equity are the Board approved rates from the last rebasing application in 2006. These are the only rates Grimsby Power Inc. is approved to use for these years.

- b) Please explain why there is no short-term debt component shown.

**Grimsby Power Inc.'s Response:**

Short term rates were not available in 2006 the last time Grimsby Power Inc. rebased. For the years 2009, 2010 and 2011 the short term rates are not applicable. See response to Energy Probe Technical Conference Question # 19(a) above.

**Question #20 - Ref: Board Staff Interrogatory #11**

**Given that the 2011 interest and dividend income should be approximately \$10,000 instead of the \$3,000 shown in the original evidence, should the 2012 forecast also be increased from \$3,000 to \$10,000? If not, why not?**

**Grimsby Power Inc.'s Response:**

This change will apply to both 2011 and 2012.

**Question #21 - Ref: Energy Probe Interrogatory #29 (e) & Exhibit 4, page 50**

**Please explain why the co-op student to be hired for a 4 month period as noted on page 50 of Exhibit 4 does not qualify for the Ontario Co-operative Education Tax Credit.**

**Grimsby Power Inc.'s Response:**

The Engineering Department budgeted for a co-op student position in 2011 for a 4 month work term to assist with GIS work. It was decided during 2011 that a co-op student was not required. Therefore, the tax credit will not be applicable in 2011.

This is referred to in Energy Probe Interrogatory #29(e).