

1 **Interrogatory #1**

2 **Ref: Application, Page 20 of 861, Threshold Test &**
3 **EB-2010-0145 Decision and Order dated April 20, 2011**
4

5 **Please confirm that the figure shown for the depreciation expense on page 20 of**
6 **\$2,060,280 and the figure of \$1,936,408 shown in the RRWF in the Settlement Agreement**
7 **attached to the EB-2010-0145 Decision and Order differ by the amount of the depreciation**
8 **expense allocated to transportation and stores.**

9 **Response:**

10 Woodstock Hydro (WHSI) confirms that the figure shown for depreciation expense on page 20 of
11 \$2,060,280 and the figure of \$1,936,408 shown in the RRWF in the Settlement Agreement
12 attached to the EB-2010-0145 Decision and Order differ by the amount of depreciation expense
13 allocated to transportation and stores.

14 As shown WHSI's Final Revenue Requirement Model for EB-2010-0145, this variance of
15 \$123,872 is reconciled as follows:

Total Depreciation Additions	\$ 2,060,280
Less :	
Transportation	\$ (118,100)
Stores	\$ (5,772)
<u>Net Depreciation</u>	<u>\$ 1,936,408</u>

17

1 **Interrogatory #2**

2 **Ref: Appendix E-1**

3

4 **a) Please confirm that the \$7,498,083 in total revenue shown in the "Load Actual - Most**
5 **Recent Year" sheet is based on current 2011 rates applied to actual 2010 kWh's and**
6 **customer numbers.**

7

8 **Response:**

9 a) WHSI confirms that the \$7,498,083 in total revenue shown in the "Load Actual – Most
10 Recent Year" sheet is based on current 2011 rates applied to actual 2010 kWh's and
11 customer numbers.

12

13 **b) Please explain and show the calculation of the tax rate of 23.2% shown at line X in the**
14 **"Incremental Capital Adjustment" sheet.**

15

16 **Response:**

17 The current tax rate of 23.15%, or 23.2% as shown rounded to 1 decimal point at line X in the
18 Incremental Capital Adjustment, is calculated as follows:

	Amount	Reference
Taxable Income	\$ 1,089,742	A
Small Business Credit (SBC)	\$ 500,000	B
Ontario Income Tax Rate	11.25%	C
Ontario Rate Reduction	-4.50%	D
Apprenticeship Tax Credits	\$ 24,000	E
Taxable Income * Ontario Income Tax Rate	\$ 122,595.98	F - A*C
SBC * Ontario Income Tax Rate -Ontario Tax Reduction	\$ (33,750.00)	G - (B*(C+D))
Ontario Income Tax net of SBC	\$ 88,845.98	H - (F + G)
Effective Provincial Tax Rate	8.15%	I - (H/ A)
Federal Income Tax Rate	15.00%	J
Effective Tax Rate Line X "Incremental Capital Adjustment	23.15%	K - (I + J)

19

1 **Interrogatory #3**

2 **Ref: Appendix E-1, Threshold Parameters Sheet**

3

4 **a) Please confirm that the price cap index will need to be updated to reflect the price**
5 **escalator and stretch factor when updated data becomes available.**

6

7 **Response:**

8 WHSI confirms that the price cap index will need to be updated to reflect the price escalator
9 and stretch factor when updated data becomes available.

10

11 **b) Please explain how the growth factor calculation shown on this sheet is the %**
12 **difference in distribution revenues between the most current complete year and the**
13 **base year, as specified on page 10 of the June 22, 2011 Chapter 3 of the Filing**
14 **Requirements for Transmission and Distribution Applications.**

15

16 **Response:**

17 As indicated in OEB Staff Interrogatory #1, the Incremental Capital Workform has pulled
18 incorrect data into sheet E1.1 with respect to load growth. In accordance with page 10 of the
19 June 22, 2011 Chapter 3 of the Filing Requirements for Transmission and Distribution
20 Applications, the correct growth factor should be 5.79% as calculated by OEB Staff and
21 confirmed by Woodstock Hydro.

22

23 **c) What is the impact on the value of the growth rate and the Threshold CAPEX if the**
24 **growth rate is calculated as the Board approved 2011 distribution revenues (shown**

1 in the "Current Revenues from Rates" sheet) divided by the revenues calculated in
2 the "Load Actual - Most Recent Year" sheet?
3

4 **Response:**

5 As calculated in OEB Staff Interrogatory No. 1, the growth rate is 5.79% and the Threshold
6 CAPEX is \$4,154,210.
7

1 **Interrogatory #4**

2 ***Ref: Application, Page 21 of 861, Eligible Incremental Capital Amount***

3

4 **a) Please confirm that, excluding the TS, the forecasted capital expenditures for 2012**
5 **are \$2,950,666.**

6

7 **Response:**

8 WHSI confirms that, excluding the TS, the forecasted capital expenditures for 2012 are
9 \$2,950,666.

10

11 **b) Are there any discretionary capital expenditures included in the amount noted in**
12 **part (a) above? If yes, please identify and quantify these discretionary**
13 **expenditures.**

14

15

16 **Response:**

17

18 There are no discretionary capital expenditures included in the amount noted in part (a) above.

19 Please refer to WHSI's response to VECC Interrogatory # 7 for further details.