

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Grimsby Power
Inc. for an order approving just and reasonable rates and
other charges for electricity distribution to be effective
January 1, 2012.

BOARD STAFF

**CROSS-EXAMINATION COMPENDIUM
OM&A**

DECEMBER 12, 2011

**Table 4.1 Summary of OM&A Expenses and Year over Year Comparisons
(Board Appendix 2-E)**

	2006	2006	Variance	Percentage Change
	Board-approved	Actuals	\$	%
Operations	\$ 207,528	\$ 187,438	-\$ 20,090	-9.68%
Maintenance	\$ 219,107	\$ 225,316	\$ 6,209	2.83%
Billing and Collecting	\$ 399,757	\$ 407,642	\$ 7,885	1.97%
Community Relations	\$ 5,388	\$ 53,288	\$ 47,900	889.01%
Administrative and General	\$ 719,186	\$ 635,882	-\$ 83,304	-11.58%
Total OM&A Expenses	\$ 1,550,966	\$ 1,509,565	-\$ 41,401	-2.67%
				1.90%

	2006	2007	Variance	Percentage Change
	Actuals	Actuals	\$	%
Operations	\$ 187,438	\$ 187,089	-\$ 349	-0.19%
Maintenance	\$ 225,316	\$ 271,420	\$ 46,105	20.46%
Billing and Collecting	\$ 407,642	\$ 483,317	\$ 75,676	18.56%
Community Relations	\$ 53,288	\$ 80,754	\$ 27,466	51.54%
Administrative and General	\$ 635,882	\$ 695,452	\$ 59,570	9.37%
Total OM&A Expenses	\$ 1,509,565	\$ 1,718,034	\$ 208,468	13.81%
Inflation Rate				2.10%

	2007	2008	Variance	Percentage Change
	Actuals	Actuals	\$	%
Operations	\$ 187,089	\$ 200,472	\$ 13,383	7.15%
Maintenance	\$ 271,420	\$ 409,935	\$ 138,515	51.03%
Billing and Collecting	\$ 483,317	\$ 487,755	\$ 4,438	0.92%
Community Relations	\$ 80,754	\$ 33,426	-\$ 47,328	-58.61%
Administrative and General	\$ 695,452	\$ 661,546	-\$ 33,906	-4.88%
Total OM&A Expenses	\$ 1,718,034	\$ 1,793,136	\$ 75,102	4.37%
Inflation Rate				2.30%

	2008	2009	Variance	Percentage Change
	Actuals	Actuals	\$	%
Operations	\$ 200,472	\$ 197,350	-\$ 3,122	-1.56%
Maintenance	\$ 409,935	\$ 380,246	-\$ 29,689	-7.24%
Billing and Collecting	\$ 487,755	\$ 463,965	-\$ 23,791	-4.88%
Community Relations	\$ 33,426	\$ 11,428	-\$ 21,999	-65.81%
Administrative and General	\$ 661,546	\$ 717,486	\$ 55,939	8.46%
Total OM&A Expenses	\$ 1,793,136	\$ 1,770,474	-\$ 22,662	-1.26%
Inflation Rate				1.30%

	2009	2010	Variance	Percentage Change
	Actuals	Actuals	\$	%
Operations	\$ 197,350	\$ 179,324	-\$ 18,026	-9.13%
Maintenance	\$ 380,246	\$ 397,852	\$ 17,606	4.63%
Billing and Collecting	\$ 463,965	\$ 506,789	\$ 42,825	9.23%
Community Relations	\$ 11,428	\$ 11,749	\$ 322	2.81%
Administrative and General	\$ 717,486	\$ 710,002	-\$ 7,483	-1.04%
Total OM&A Expenses	\$ 1,770,474	\$ 1,805,717	\$ 35,243	1.99%
Inflation Rate				1.30%

	2010	2011	Variance	Percentage Change
	Actuals	Actuals	\$	%
Operations	\$ 179,324	\$ 271,866	\$ 92,542	51.61%
Maintenance	\$ 397,852	\$ 418,385	\$ 20,533	5.16%
Billing and Collecting	\$ 506,789	\$ 504,524	-\$ 2,265	-0.45%
Community Relations	\$ 11,749	\$ 16,500	\$ 4,751	40.43%
Administrative and General	\$ 710,002	\$ 869,244	\$ 159,242	22.43%
Total OM&A Expenses	\$ 1,805,717	\$ 2,080,519	\$ 274,802	15.22%
Inflation Rate				

	2011	CGAAP 2012	Variance	Percentage Change
	Actuals	Forecast	\$	%
Operations	\$ 271,866	\$ 283,721	\$ 11,855	4.36%
Maintenance	\$ 418,385	\$ 489,114	\$ 70,729	16.91%
Billing and Collecting	\$ 504,524	\$ 590,270	\$ 85,746	17.00%
Community Relations	\$ 16,500	\$ 12,500	-\$ 4,000	-24.24%
Administrative and General	\$ 869,244	\$ 1,084,372	\$ 215,128	24.75%
Total OM&A Expenses	\$ 2,080,519	\$ 2,459,977	\$ 379,458	18.24%

Table 2: Additional Total OM&A Expense Comparative Information Table

Required Total OM&A Comparison

	2010 Actuals	2012 IFRS Forecast	Variance \$	Percentage Change %
Test Year versus Most	\$ 1,805,717	\$ 2,623,797	\$ 818,080	45.31%
	2006 Board-approved	2012 Forecast	Variance \$	Percentage Change %
Test Year versus LRY Board-	\$ 1,550,966	\$ 2,623,797	\$ 1,072,831	69.17%
Simple average of % variance for all years				6.80%
Compound annual growth rate for all years				11.09%

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

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

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

Grimsby Power Inc.’s Response:

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

Table 4.10 – Revised:

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

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

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

Grimsby Power Inc.'s Response:

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

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

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

Grimsby Power Inc.'s Response:

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

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

Grimsby Power Inc.'s Response:

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

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

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

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

Grimsby Power Inc.'s Response:

Yes.

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

Table 4.26 Pension Premium Information Revised

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

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

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

Grimsby Power Inc.'s Response:

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

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

**Appendix 2-K
Employee Costs**

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

Union
Change in FTE: No Change

One of the Line Staff was on leave for approximately six weeks thus, reducing wages during this period.

2010 Actual vs. 2009 Actual
Management
Change in FTE: Plus 1

During the period from early 2007 until mid 2009 numerous explorations were made with respect to potential mergers, amalgamations, or an outright sale of the utility. As these discussions were ongoing it was decided to delay the hiring of an executive in the role of President/CEO. In 2009 Niagara Power Inc. Board of Directors approved the acquisition of an interest in Grimsby Power Inc. to FortisOntario. With this acquisition and the subsequent stability it brought, the Board of Directors approved the search for a new President/CEO. The search ended in a successful placement in February of 2010.

Union
Change in FTE: No Change

2011 Bridge vs. 2010 Actual
Management
Change in FTE: No Change

Union
Change in FTE: Plus 1

The responsibility for financial record keeping and reporting rested with the Director of Finance who performed all of the day to day accounting functions. This task was found to be very onerous for one person and as a result of having only one person competent to perform this function a vacancy or extended absence posed a serious

risk to the completion of day to day accounting activities. Throughout the years from 2006 to late 2008 a period of instability occurred in the Finance Department with upheaval in the Director of Finance position. During this period a number of different people held this position. In October of 2008 a new Director of Finance was hired and stability was attained. However, in order to mitigate the risk, as experienced in the past, and lessen the work load to a reasonable level a new position, the Accounting Assistant, was created with responsibilities to perform the day to day accounting functions. Initially in 2010 this position was filled with a contract employee hired through a placement agency and then subsequently filled in April of 2011 with a permanent employee.

In addition to this permanent employee a coop student is budgeted to be hired into the Engineering Department for a 4 month work term to assist with Graphic Information System (GIS) development. Grimsby Power Inc. manages its GIS with regular employees, however additional resources are required to develop and concentrate on specific aspects of the GIS system. Hiring a coop student is an efficient way to complete this type of work. The student has not been included in the FTE count but is included in the Table 4.24 above in terms of expenses.

**2012 Test vs. 2011 Bridge
Management
Change in FTE: No Change**

**Union
Change in FTE: Plus 1**

In early 2011 the position of Regulatory Analyst became vacant. Originally this position was created to be primarily responsible for regulatory activity. However, with the creation of conservation and demand management programs this position transitioned to be primarily responsible for the development and execution of CDM programs. As a result of the vacancy, this position is being re-aligned to reflect an increased responsibility for financial and regulatory functions and a decreased

responsibility for CDM. As a result of this re-alignment the pay structure has been changed to reflect the job description – an increase in wage rate.

In 2010, budget approval (for 2011) was granted to hire an additional lineman. The timing of this placement is to take place in mid to late December of 2011. Justification for this position is as documented below. As the FTE count for this position is insignificant in 2011 the full FTE has been recognized in 2012 (see Table 4.24).

In 2010 the Operations Department was staffed with three Journeyman Linemen (two experienced Lineman and one apprentice) who at the time had finished the third year of a four year program. In the past, the Line Superintendent has supplied back-up Journeyman Lineman services when required. On call is shared with one other Engineering staff member which makes a five week on call rotation which includes the Line Superintendent. This schedule in itself is not onerous but most line work requires a minimum of two Linemen which essentially reduces the on-call schedule to every two weeks. This complement of staff has the following negatives:

- On call duty is very frequent – equivalent to every two weeks;
- When one Lineman is on vacation only two lineman are available for regular work limiting what the crew can do;
- A regular crew of three Linemen has limitations which could result in the crew taking health & safety shortcuts – "the work has to get done attitude" which is not an acceptable outcome.

Adding an additional Journeyman Lineman (fully certified lineman (preferred) or apprentice) will result in the following positive changes:

- On call duty will be reduced;
- A regular crew of four Lineman is much more versatile in the work that can be accomplished making the work safer and more efficient;

- Contract line work currently costs the corporation \$100,000's of dollars each year. Additional line staff to Grimsby Power Inc. will reduce this spend by the amount of one full time equivalent (FTE) lineman;
- Grimsby Power Inc.'s current and future mobile equipment will not have to be increased to accommodate the extra Lineman. – no additional equipment expenses.

In addition to this permanent employee a coop student is budgeted to be hired into the Engineering Department for a 4 month work term to assist with GIS development. The same description as above in 2011 Bridge vs. 2010 Actual year applies.

OMERS PENSION EXPENSE AND POST RETIREE BENEFITS

OMERS Pension Expense

Grimsby Power Inc.'s employees are members of the Ontario Municipal Employees Retirement System ("OMERS"). Accordingly, Grimsby Power Inc. has provided the OMERS pension premium information for 2006 Actual, 2007 Actual, 2008 Actual, 2009 Actual, 2010 Actual, 2011 Bridge Year, and the 2012 Test Year in the Table 4.26 below.

Table 4.26 Pension Premium Information

	2006 Last Rebasing Year Actuals	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Bridge	2012 Test
OMERS Premiums Paid	\$ 49,397	\$ 58,064	\$ 59,991	\$ 63,503	\$ 76,319	\$ 103,000	\$ 123,000

Post – Retirement Benefits – Liability

Grimsby Power Inc. has provided post-retirement benefits accounting information as required and has included the change in Post-Retirement expense for 2006

Third Party Service Providers

Grimsby Power Inc. utilizes a number of third party service providers as the need dictates. The Table 4.9 below highlights the details of year to year changes and summary explanations follow.

Table 4.9 Cost Drivers – Third Party Service Providers

	2006	2007	2008	2009	2010	2011 Bridge Year	2012 Test Year (CGAAP)
(3) Third Party Service Providers	55,001	35,049	- 22,795	11,122	- 120,637	12,744	102,507
FortisOntario (Financial Services)	15,213	- 15,213		-	-	-	-
Financial Audit Services	52,995	- 12,990	- 29,074	37,413	- 7,287	- 7,557	670
Canada Post	-	6,895	9,774	4,090	4,407	6,724	1,500
Line Contractor (Maintenance 5120 & 5125)	-	3,490	21,526	- 23,460	43,848	7,557	- 29,090
NPI Board Fees	-	34,537	83	- 33,453	- 54,525	- 11,000	-
NPI Management Fees		1,110	- 27,111	- 3,467	- 121,000		
Canadian Niagara Power (CIS Related Costs)	-	-	-	27,990	11,910	5,100	900
Health & Safety	-	-	-	-	-	11,920	11,336
Line Contractor (Maintenance 5160)							12,240
Process Meter Data							46,000
HR Consultant							26,880
Training							32,071

FortisOntario (Financial Services) – In 2006 turnover in the Finance Department created a number of months where there was no Department Head. FortisOntario provided assistance to bridge the gap between vacancies. The turnover is discussed in detail later in this exhibit.

Financial Audit Services - Increases and decreases can be explained by the activity in any given year as follows:

- *During 2006 extra audit work was required related to Grimsby Power Inc.'s rebasing application.*
- *In 2009 accounting methods were changed. Starting in 2009 expenses were booked using the accrual method of accounting. 2009 is higher because it includes expenses booked for the 2008 Audit plus accrual expenses for 2009's Audit.*

Canada Post – Increases in direct postage costs from 2006 have been fairly consistent year over year.

Line Contractor (Maintenance 5120, 5125, 5160) - The Line Contractor amounts vary from year to year depending on the volume of projects and the type of work accomplished. Expenses allocated to these accounts would generally be line transfers or removal work on large projects or emergency overflow work created as a result of storm restoration activity.

NPI Board Fees and NPI Management Fees - Fees charged from the holding company NPI to Grimsby Power Inc. fluctuated over the years dependent on staffing and activity levels. This is discussed in detail in this exhibit under the Shared Services discussion. These fees ended with the hiring of the CEO in February 2010.

Canadian Niagara Power (CIS Related Costs) - The installation of the new SAP customer information system (CIS) took place in 2009, adding to costs in this year. These costs represent approximately one half year of monthly fees. The increase in 2010 is attributed to a full year of monthly fees.

Health and Safety Facilitator – In 2011 Grimsby Power Inc. began utilizing a health and safety facilitator to raise the profile of health and safety within the organization. The facilitator provides quality health and safety meeting content and various training & evaluation activities.

Process Meter Data – GPI currently has a number of disparate systems and service providers which enable GPI to process meter data. This process includes the downloading of data from interval & wholesale meters, converting this data for use in the billing system, and comparing Grimsby Power Inc. data with IESO data in the settlement process. The net increase in costs is approximately \$46,000 and includes a third party service to provide a consolidated end to end solution.

HR Consultant - In 2012 the collective agreement between Grimsby Power Inc. and the Power Workers Union will expire. Grimsby Power Inc. has budgeted professional services to assist with negotiations. In addition to this a review of compensation will be conducted.

Training - In 2012 Grimsby Power Inc. is planning in increasing its training program. Additional costs amount to \$32,071.

Smart Meter System Costs

By the end of 2011 GPI will move to time-of-use pricing and as a result additional expenses are incurred. The Table 4.10 below highlights the details.

Table 4.10 Cost Drivers – Smart Meter System Costs

	2006	2007	2008	2009	2010	2011 Bridge Year	2012 Test Year (CGAAP)
(4) Smart Meter System Costs							129,960
MDMR							60,588
AMI Software Support							6,930
KTI/Sensus Meter Fees							30,618
KTI/Sensus TGB Fees							31,824

Computer Network and Website

Grimsby Power Inc. has an internal network of computer servers and associated work stations utilized by most staff. A network security audit has never been conducted and a risk assessment indicates that this network is critical to the operation of the utility. An audit will be conducted to ascertain the condition of the system and to recommend enhancements (if necessary). Grimsby Power Inc.'s website has not been updated in a number of years and does not incorporate today's functionality. A web site upgrade will take place in 2011 and future costs will be incurred to keep the website current. See Table 4.11 below for detail.

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

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

Grimsby Power Inc.'s Response:

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

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

Grimsby Power Inc.'s Response:

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

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

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

Grimsby Power Inc.'s Response:

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

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

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

Grimsby Power Inc.'s Response:

This meter data cost is an ongoing cost.