

Board Staff Interrogatories
2012 IRM3 Electricity Distribution Rates
Greater Sudbury Hydro Inc. ("GSHi")
EB-2011-0169

2012 IRM3 Rate Generator Model

Board Staff Interrogatory No. 1

Ref: 2012 IRM3 Rate Generator Model – Sheet 6

A section of Sheet 6 "Current Rate Riders" of the 2012 IRM Rate Generator model is reproduced below.

44			
318	General Service Less Than 50 kW		
319	Low Voltage Service Rate	\$/kWh	0.00010
320	Rate Rider for Tax Change	\$/kWh	(0.00003)
321			

GSHi's 2011 tariff of rates and charges shows a Rate Rider for Tax of \$(0.0003) /kWh for the GS < 50 kW class. If GSHi has entered \$(0.00003) in error, please note the error and Board staff will make the appropriate changes. Otherwise, please provide evidence in support of the Rate Rider for Tax Change for the GS < 50 kW class.

Board Staff Interrogatory No. 2

Ref: Application, Manager's Summary – Page 4

Ref: 2012 IRM3 Rate Generator Model – Sheet 9

On page 4 of the Manager's Summary, GSHi states:

See Appendix B for the 2012 EDDVAR WorkForm and Special Purpose Charge and Account 1590 Variance reconciliations.

Board staff notes that Appendix B of GSHi's application, as filed October 28, 2011, only contains a reproduction of the 2012 EDDVAR WorkForm.

A section of Sheet 9 "2012 Cont.Sched.Def_Var" is reproduced below.

B		C		D		BU	BV	BW	BX	
Account Descriptions		Account Number	rest on Dec-31-10 Balances			2.1.7 RRR		Variance RRR vs. 2010 Balance (Principal + Interest)		
			Projected Interest from January 1, 2012 to April 30, 2012 on Dec 31-10 balance adjusted for disposition during 2011 ^{6,7}			Total Claim	As of Dec 31-10 *			
Group 1 Accounts										
23	LV Variance Account	1550	-\$	4	\$	289	\$	293	\$	0
25	RSVA - Wholesale Market Service Charge	1500	-\$	25,362	-\$	1,777,435	-\$	1,743,619	-\$	0
26	RSVA - Retail Transmission Network Charge	1584	-\$	8,003	-\$	556,624	-\$	545,955	-\$	1
27	RSVA - Retail Transmission Connection Charge	1586	-\$	166	-\$	11,414	-\$	11,193	-\$	0
28	RSVA - Power (excluding Global Adjustment)	1588	-\$	1,860	-\$	142,706	-\$	140,226	-\$	0
29	RSVA - Power - Sub-Account - Global Adjustment	1588	-\$	19,580	-\$	1,346,020	-\$	1,319,914	-\$	0
30	Recovery of Regulatory Asset Balances	1590	-\$	1,584	-\$	12,756	-\$	1,180,950	-\$	1,070,706
31	Disposition and Recovery of Regulatory Balances (2008) ⁷	1595	-\$	-	-\$	-	-\$	-	-\$	-
32	Disposition and Recovery of Regulatory Balances (2009) ⁷	1595	-\$	-	-\$	-	-\$	-	-\$	-
34	Group 1 Sub-Total (including Account 1588 - Global Adjustment)		\$	2,659	\$	167,261	-\$	906,968	-\$	1,070,704
35	Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)		-\$	16,921	-\$	1,078,753	-\$	2,226,902	-\$	1,070,705
36	RSVA - Power - Sub-Account - Global Adjustment	1588	\$	19,580	\$	1,346,020	\$	1,319,914	\$	0
37	Special Purpose Charge Assessment Variance Account	1521	\$	117	\$	9,863	\$	147,706	\$	138,090
39	Deferred Payments in Lieu of Taxes	1562	-\$	623	-\$	45,379	-\$	1,303,163	-\$	1,260,276
42	Group 1 Total + 1521 + 1562		\$	2,153	\$	131,745	\$	2,062,355	\$	2,192,890
The following is not included in the total claim but are included on a memo basis:										
45	Board-Approved CDM Variance Account	1567	\$	-	\$	-	\$	-	\$	-
46	PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	1592	\$	-	\$	-	\$	-	\$	-
47	PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592	\$	819	\$	56,773	\$	-	\$	55,681
48	PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Contra Account	1592	-\$	819	-\$	56,773	-\$	-	-\$	55,681
49	Disposition and Recovery of Regulatory Balances ⁷	1595	\$	-	\$	-	\$	-	\$	-

a) Please provide the reconciliations for accounts 1590 and 1521.

b) Please account for the variances shown in column BX of Sheet 9 of the 2012 IRM3 Rate Generator Model.

Account 1521 – Special Purpose Charge

Board Staff Interrogatory No. 3

Ref: Application, page 4 – Manager's Summary

Ref: 2012 IRM3 Rate Generator Model – Sheet 9

A section of Sheet 9 - "2012 Cont. Sched.Def_Var" of the 2012 IRM3 Rate Generator Model is reproduced below.

Account Descriptions		Account Number	2010																						
			Opening Principal Amounts as of Jan 1-10	Transactions Debit of (Credit) during 2010 including interest and adjustments ¹	Board-Approved Dispositions during 2010	Other * Adjustments during Q1-2010	Other * Adjustments during Q2-2010	Other * Adjustments during Q3-2010	Other * Adjustments during Q4-2010	Closing Principal Balance as of Dec-31-10	Opening Interest Amounts as of Jan 1-10	Interest Jan to Dec-31-10	Board-Approved Dispositions during 2010	Adjustments during 2010 other ²	Closing Interest Amounts as of Dec-31-10										
23	Group 1 Accounts																								
24	LV Variance Account	1550	\$	33,903	-\$	34,985						-\$	262	\$	544	\$	12	\$	95						
25	RSVA - Wholesale Market Service Charge	1500	-\$	569,587	-\$	1,185,719						-\$	1,725,306	-\$	9,253	-\$	9,080	-\$	18,31						
26	RSVA - Retail Transmission Network Charge	1584	-\$	136,162	-\$	408,212						-\$	644,394	-\$	1,678	-\$	1,628	-\$	1,58						
27	RSVA - Retail Transmission Connection Charge	1586	-\$	42,059	-\$	30,763						-\$	11,306	-\$	821	-\$	724	-\$	11						
28	RSVA - Power (including Global Adjustment)	1588	-\$	68,361	-\$	182,881						-\$	126,530	-\$	853	-\$	14,240	-\$	13,69						
29	RSVA - Power - Sub-Account - Global Adjustment	1588	-\$	1,052,045	-\$	279,343						-\$	1,331,388	-\$	6,364	-\$	5,150	-\$	12,05						
30	Recovery of Regulatory Asset Balances	1590	-\$	96,314	-\$	11,429						-\$	107,743	-\$	1,675	-\$	827	-\$	2,50						
31	Disposition and Recovery of Regulatory Balances (2008) ⁷	1595	-\$	-	-\$	-						-\$	-	-\$	-	-\$	-	-\$	-						
32	Disposition and Recovery of Regulatory Balances (2009) ⁷	1595	-\$	-	-\$	-						-\$	-	-\$	-	-\$	-	-\$	-						
33																									
34	Group 1 Sub-Total (including Account 1588 - Global Adjustment)		-\$	521,047	-\$	350,961	-\$	-	-\$	-	-\$	-	-\$	1,800,886	-\$	18,388	-\$	1,428	-\$	-	-\$	-	-\$	17,17	
35	Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)		-\$	520,218	-\$	630,883	-\$	-	-\$	-	-\$	-	-\$	1,151,081	-\$	11,894	-\$	6,326	-\$	-	-\$	-	-\$	5,11	
36	RSVA - Power - Sub-Account - Global Adjustment	1588	-\$	1,052,045	-\$	279,343	-\$	-	-\$	-	-\$	-	-\$	1,331,388	-\$	6,364	-\$	5,150	-\$	-	-\$	-	-\$	12,05	
37	Special Purpose Charge Assessment Variance Account	1521	-\$	378,068	-\$	232,915					-\$	136,090	-\$	7,369	-\$	1,718	-\$		-\$			-\$		1,71	
38																									
39	Deferred Payments in Lieu of Taxes	1562	-\$	127,116								-\$	127,116	-\$	85,242	-\$	1,853	-\$					-\$		84,22
40																									
41	Group 1 Total + 1521 + 1562		-\$	793,619	-\$	583,771	-\$	-	-\$	-	-\$	-	-\$	136,090	-\$	81,758	-\$	66,644	-\$	2,133	-\$	-	-\$	-	68,77
42																									
43	The following is not included in the total claim but are included on a memo basis:																								
44	Board-Approved CDM Variance Account	1567										-\$	-	-\$	-							-\$	-		
45	PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	1592										-\$	-	-\$	-							-\$	-		
46	PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592			-\$	55,681						-\$	55,681	-\$								-\$	-		
47	PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Contra Account	1592			-\$	55,681						-\$	55,681	-\$								-\$	-		
48	Disposition and Recovery of Regulatory Balances ⁷	1595			-\$	55,681						-\$	55,681	-\$								-\$	-		
49																									
50																									

On page 4 of the Application, GSHi states that it is requesting disposition of Account 1521. GSHi states that the total disposition for Accounts 1521 and 1562 amounts to a credit of \$35, 516.

a) Please confirm GSHi's SPC assessment amount and provide a copy of the original SPC invoice.

b) Please complete the following table related to the SPC.

SPC Assessment (Principal balance)	Amount recovered from customers in 2010	Carrying Charge for 2010	December 31, 2010 Year End Principal Balance	December 31, 2010 Year End Carrying Charge Balance	Amount recovered from customers in 2011	Carrying Charge for 2011	Forecasted December 31, 2011 Year End Principal Balance	Forecasted December 31, 2011 Year End Carrying Charge Balance	Carrying Charge for 2012 (Jan.1 to Apr.30)	Total for Disposition (Principal & Interest)

c) Under the "Transaction Debit / (Credit) during 2010 excluding interest and adjustments" column for account 1521 in the year 2010 in Sheet 9 of the 2012 IRM3 Rate Generator Model (see photo above), GSHi shows a credit of \$232,810. Under the "Other Adjustments during Q4 2010" column of the same sheet for account 1521, GSHi shows a credit of \$138,090. Please clarify the nature of each of these transactions.

Smart Grid Rate Adder for Proposed Community Storage Project

Board Staff Interrogatory No. 4

Ref: Application, Appendix E – Page 2

Ref: Application, Appendix E – Page 31, 32

On page 2 of the demonstration project overview report, filed by GSHi in Appendix E of their application, GSHi states that they were approached in mid-May 2011 by S&C Electric regarding the proposed community energy storage (CES) demonstration project. GSHi stated that they have accepted S&C Electric's proposal to host the CES project under the condition that the Board approves recovery of GSHi's contribution of funds through a funding adder.

On page 9 of the Smart Grid Fund Guidelines, found on page 31 Appendix E, the applications process for funding under the Smart Grid Fund is said to comprise of two stages: (i) the project overview submission stage and (ii) the Business Case Application stage.

Page 10 of the Smart Grid Fund Guidelines states that "only those applicants invited by the Ministry to submit a Business Case will be eligible to do so and

move to stage two. There is no commitment by the Ministry to fund applications even if the Applicant passes the first stage of the application process.”

- a) Please provide details regarding the current status of S&C Electric’s application for the Smart Grid Fund. Please include a description of what stage of the application process S&C Electric and GSHi currently find themselves. Additionally, please provide best estimate timelines for the completion of application evaluation, if the process is not complete to date.
- b) Has GSHi considered what actions it would take were the Board to approve the proposed Smart Grid rate adder and S&C Electric and GSHi’s application were subsequently denied by the Ministry? Please describe the rationale for these proposed actions.

Board Staff Interrogatory No. 5

Ref: Filing Requirements: Distribution System Plans – Filing under Deemed Conditions of Licence – pages 19 and 20

Ref: Application, Appendix E – pages 11, 12 and 13

On pages 11 and 12 of Appendix E of the Application, GSHi provides information regarding their review of other demonstration projects that have been undertaken with CES technologies. On page 13, GSHi states that:

the MOE’s Smart Grid Fund evaluation process ensures that the proposed project does not unnecessarily duplicate other ongoing or planned demonstration projects, thereby avoiding redundant demonstration projects.

The Board’s *Filing Requirements for Distribution System Plans: Filing under Deemed Conditions of License* (EB-2009-0397), issued on March 25, 2010, state, among other things, that the following descriptive information should be provided for Smart Grid demonstration projects:

- a discussion of any joint participation agreements, information sharing arrangements and other efforts that the distributor has made to avoid undertaking projects that unnecessarily duplicate other ongoing or planned demonstration projects so as to avoid redundant demonstration projects; and
- a description of the formal evaluation that will be performed to assess the value of the projects. The evaluation should be suitable for sharing with other distributors.

On page 20, the Filing Requirements also state that “distributors must in all cases ensure that any information disclosure restrictions that cannot be avoided

will not hinder meaningful reporting or replication of the results of the study or demonstration project.

- a) Has GSHi contacted any other distributors to determine if any similar projects are planned or under way that may not be seeking funding through the Smart Grid Fund?
- b) What avenues did GSHi use to investigate other pilot studies undertaken using similar storage units in similar applications and environments? What criteria did GSHi use to determine its review of other demonstration projects complete?
- c) Please outline the criteria and framework that will be used to evaluate this demonstration project.
- d) Please provide details regarding the reporting requirements for the Smart Grid Fund. Please outline any restrictions on the sharing of information with other distributors and the Board for the proposed project that arise from either approval from the Smart Grid Fund or any agreements with S&C Electric.

Board Staff Interrogatory No. 6

Ref: Application, Appendix E - pages 17, 20, 21 and 22

Pages 20, 21 and 22 of Appendix E outline the budget for the proposed CES project including a break-down of the funds to be provided by S&C Electric, through the Smart Grid Fund and the proposed Smart Grid rate adder.

A section of page 20 of Appendix E of the Application is reproduced below.

Funding Sources	MOE Smart Grid Fund	4,000,000
	S&C Electric Canada	6,067,000
	GSHI	1,098,550
		11,165,550

A section of page 21 of Appendix E of the Application is reproduced below.

Installation	Sudbury Hydro	32	11,000.00		352,000.00
New total				1009	\$ 833,550.00
6 X 1 Φ Units		6	\$ 7,783.33	224	\$ 46,700.00
Regulators		3	\$ 22,666.67	56	\$ 68,000.00
Interruptions		4	\$ 66,000.00	56	\$ 264,000.00
St. Francis School		1	\$ 100,000.00	130	\$ 100,000.00
City Yard		1	\$ 99,000.00	130	\$ 99,000.00
1010 Lorne		1	\$ 128,000.00	195	\$ 128,000.00
SMS Rents		1	\$ 112,250.00	130	\$ 112,250.00
Harrison Drive secondary 120/240V		2	\$ 7,800.00	88	\$ 15,600.00

- The reproduced section from page 20 of Appendix E of the Application shows the expected monetary contributions from the Smart Grid Fund, S&C Electric and GSHi. Please explain the rationale for the cost split provided.
- The snapshot from page 21 shows a breakdown of the installation expenditures included in the project budget. Please provide further details regarding each of the items shown including the extent of the work to be performed at each site listed.
- The snapshot from page 21 shows a sample breakdown of one of the categories presented in the cost breakdowns provided on pages 21 and 22 of Appendix E of the Application. Please clarify the nature of the costs in the coloured cells shown for each category (e.g. the \$352,000.00 amount shown in the snapshot above). Please explain why these total differ from the “New total” row provided for each cost category.
- On page 22 of Appendix E of the Application, GSHi indicates an expected annual expenditure of \$10,000 for an “Annual Security Audit.” Please provide further details regarding the nature and extent of the planned security audit. Please indicate who will be performing the audit. Please indicate what efforts GSHi will undertake to ensure the privacy of any customer data collected as part of this project.
- Please specify a time horizon for the overall demonstration project. Does work involving GSHi staff coincide with the overall project start date? If not, please indicate at which points in the time horizon provided that GSHi staff will be working on the proposed project.

Board Staff Interrogatory No. 7

Ref: Application, Appendix E – page 11

On page 11 of Appendix E of the Application, GSHi lists four possible barriers to implementation should the demonstration prove successful: (i) cost, (ii) forward compatibility, (iii) human machine interface (HMI) and (iv) the requirement that a distributor possess a SCADA system.

While describing issues related to forward compatibility, GSHi states:

The technology uses the proprietary S&C Intellicom Smart Grid Communication system and its protocol to communicate with the S&C proprietary HUB Controller. Until an open communication architecture is employed, all users of this technology are locked in to a single vendor.

- a) Has GSHi investigated the technologies of any other vendors prior to agreeing to partner with S&C Electric? Did any of the other vendors provide similar technologies with more open communication architectures? If so, are there any elements of S&C Electric's products that warranted their selection over a more forward compatible solution?
- b) Please provide details regarding any involvement, on the part of S&C Electric, in the ongoing development of communication architectures with industry associations/organizations.
- c) At the end of the demonstration project, does GSHi intend to scale-up the project? If any scale-up is planned, how does GSHi intend to address the barriers mentioned on page 11 of Appendix E? If a scalability study has been undertaken, please file the findings with the Board.
- d) Please indicate which entity will retain ownership of the 32 CES units and related hardware at the end of the proposed project..

Lost Revenue Adjustment Claim

Board Staff Interrogatory No. 8

Ref: Application, Manager's Summary – Page 5

Greater Sudbury notes that it had previously applied for LRAM recoveries for 2005 to 2007 Third Tranche CDM programs in its 2009 CoS application. Greater Sudbury further notes that after revisions to the submission, it received approval for some funding. The current submission includes an incremental claim for the Third Tranche CDM programs.

- a) Please confirm that the LRAM amount in this application was not included in Greater Sudbury's past LRAM claim.

Board Staff Interrogatory No. 9

Ref: Application, Appendix D

Greater Sudbury notes that it is requesting recovery of its LRAM savings resulting from Third Tranche CDM programs implemented in 2005 to 2007 and OPA CDM programs implemented in 2007 to 2010 for the years 2008 to 2010, for a total LRAM claim of \$328,086, including carrying charges.

- a) Please confirm that Greater Sudbury used final 2010 program evaluation results from the OPA to calculate its LRAM amount.
- b) If Greater Sudbury did not use final 2010 program evaluation results from the OPA, please explain why and update the LRAM amount accordingly.
- c) Please confirm when Greater Sudbury's last load forecast was approved by the Board.
- d) Please identify the CDM savings that were included in Greater Sudbury's last Board approved load forecast for CDM programs deployed from 2005 to 2010 inclusive.

Disposition of Account 1562 – Greater Sudbury

Board Staff Interrogatory No.10

2001 PILs Proxy amount

The PILs amount calculated in the 2001 PILs proxy is \$531,380. However the 2001 amount approved in the 2002 Board Decision is \$347,986 (2001 PILs, \$122,913 plus the adjustment 2001 deferred PILs amount, \$225,073).

- a) Please explain the reason for the variance. Did Greater Sudbury receive an amended decision?

Unmetered Scattered Load (USL)

Unmetered scattered load (USL) is not listed as one of the components of the billing and recovery in the spreadsheet Appendix 1a –GSH-PILS billed 20020501-20060403.xls, although the 2002, 2004, and 2005 Board decisions include USL as one of the rate categories. USL was to be billed using the GS<50kW rate which included PILs fixed and variable charge slivers.

- b) Please explain why the USL connections and energy (kWhs) and the associated rate slivers classified under GS<50kW rate class were not used in the calculation of PILs recoveries from ratepayers.

PILs Billed

The PILs billed spreadsheet Appendix 1a –GSH-PILS billed 20020501-20060403.xls, is missing customer counts, PILs slivers, kWh, fixed rates and variable rates (for 2001-2005). Please provide the information for all years in a table similar to the format used by Bluewater Power in its Continuity schedule spreadsheet: BluewaterPower_Continuity Schedule_Disposition_1562 Balance.xls (worksheet C1.1 2002 PILs Recovered) EB-2011-0153.

- c) In the 2002 worksheet, Greater Sudbury Hydro used an effective date of May 1, 2002 but the 2002 Board decision states an effective date of March 31, 2002 please explain.
- d) How did Greater Sudbury Hydro treat the implementation date of rate change at April 1, 2006 with respect to unbilled consumption at that date?
- e) Please explain the acronym NM used in Cell A23 in the ‘Summary by year’ worksheet.
- f) In the 1562 continuity GSHi worksheet, the collection amounts for 2004 (\$1,739,604) and 2005 (\$1,875,283) are significantly lower in comparison to collections from 2003 (\$2,130,506). Please explain the reason behind the declining collections after 2003.

Interest Expense

Ref: Interest Portion of True-up – 2003, 2004, 2005 SIMPIL - TAXCALC

When the actual interest expense, as reflected in the financial statements and tax returns, exceeds the maximum deemed interest amount approved by the Board, the excess amount is subject to a claw-back penalty and is shown in sheet TAXCALC as an extra deduction in the true-up calculations.

For the tax years 2001 to 2005:

- g) Did Greater Sudbury Hydro have interest expense related to liabilities other than debt that is disclosed as interest expense in its financial statements?
- h) Did Greater Sudbury Hydro net interest income against interest expense in deriving the amount it shows as interest expense in its financial statements and tax returns? If yes, please provide details to what the interest income relates.
- i) Did Greater Sudbury Hydro include interest expense on customer security deposits in interest expense for purposes of the interest true-up calculation?

- j) Did Greater Sudbury Hydro include interest income on customer security deposits in the disclosed amount of interest expense in its financial statements and tax returns?
- k) Did Greater Sudbury Hydro include interest expense on IESO prudentials in interest expense?
- l) Did Greater Sudbury Hydro include interest carrying charges on regulatory assets or liabilities in interest expense?
- m) Did Greater Sudbury Hydro include the amortization of debt issue costs, debt discounts or debt premiums in interest expense? If the answer is yes, did GSH also include the difference between the accounting and tax amortization amounts in the interest true-up calculations? Please explain.
- n) Did Greater Sudbury Hydro deduct capitalized interest in deriving the interest expense disclosed in its financial statements? If the answer is yes, did GSH add back the capitalized interest to the actual interest expense amount for purposes of the interest true-up calculations? Please explain.
- o) Please provide Greater Sudbury Hydro's views on which types of interest income and interest expense should be included in the excess interest true-up calculations.
- p) Please provide a table for the years 2001 to 2005 that shows all of the components of Greater Sudbury Hydro's interest expense and the amount associated with each type of interest.

1562 Disposition

- q) Please confirm the balance Greater Sudbury wishes to repay to its customers as at April 30, 2012.

Disposition of Account 1562 – West Nipissing

Board Staff Interrogatory No. 11

Unmetered Scattered Load (USL)

Unmetered scattered load (USL) is not listed as one of the components of the billing and recovery in the spreadsheet West Nipissing-Summary of PILS billed 20020501-20060403.xls, although the 2002, 2004, and 2005 Board decisions

include USL as one of the rate categories. USL was to be billed using the GS<50kW rate which included PILs fixed and variable charge slivers.

- a) Please explain why the USL connections and energy (kWhs) and the associated rate slivers classified under GS<50kW rate class were not used in the calculation of PILs recoveries from ratepayers.

PILs Billed

The PILs billed spreadsheet West Nipissing-Summary of PILS billed 20020501-20060403.xls, is missing customer counts, PILs slivers, kWh, fixed rates and variable rates (for 2001-2005). Please provide the information for all years in a table similar to the format used by Bluewater Power in its Continuity schedule spreadsheet: BluewaterPower_Continuity Schedule_Disposition_1562 Balance.xls (worksheet C1.1 2002 PILs Recovered) EB-2011-0153.

- b) In the 2002 worksheet, West NipissingEnergy used an effective date of May 1, 2002 but the 2002 Board decision states an effective date of March 31, 2002 please explain.
- c) How did West Nipissing Energy deal with the implementation date of rate change at April 1, 2006 with respect to unbilled consumption at that date?
- d) In the 1562 continuity WNESL worksheet, the collection amounts for 2004 (\$16,926) and 2005 (\$12,383) are significantly lower in comparison to collections from 2003 (\$25,775). Please explain the reason behind the declining collections after 2003.

Interest Expense

Ref: Interest Portion of True-up – 2003, 2004, 2005 SIMPIL - TAXCALC

When the actual interest expense, as reflected in the financial statements and tax returns, exceeds the maximum deemed interest amount approved by the Board, the excess amount is subject to a claw-back penalty and is shown in sheet TAXCALC as an extra deduction in the true-up calculations.

For the tax years 2001 to 2005:

- e) Did West Nipissing Energy have interest expense related to liabilities other than debt that is disclosed as interest expense in its financial statements?
- f) Did West Nipissing Energy net interest income against interest expense in deriving the amount it shows as interest expense in its

financial statements and tax returns? If yes, please provide details to what the interest income relates.

- g) Did West Nipissing Energy include interest expense on customer security deposits in interest expense for purposes of the interest true-up calculation?
- h) Did West Nipissing Energy include interest income on customer security deposits in the disclosed amount of interest expense in its financial statements and tax returns?
- i) Did West Nipissing Energy include interest expense on IESO prudentials in interest expense?
- j) Did West Nipissing Energy include interest carrying charges on regulatory assets or liabilities in interest expense?
- k) Did West Nipissing Energy include the amortization of debt issue costs, debt discounts or debt premiums in interest expense? If the answer is yes, did Nipissing also include the difference between the accounting and tax amortization amounts in the interest true-up calculations? Please explain.
- l) Did West Nipissing Energy deduct capitalized interest in deriving the interest expense disclosed in its financial statements? If the answer is yes, did Nipissing add back the capitalized interest to the actual interest expense amount for purposes of the interest true-up calculations? Please explain.
- m) Please provide West Nipissing Energy's views on which types of interest income and interest expense should be included in the excess interest true-up calculations.
- n) Please provide a table for the years 2001 to 2005 that shows all of the components of West Nipissing Energy's interest expense and the amount associated with each type of interest.

1562 Disposition

- o) Please confirm the balance West Nipissing Energy wishes to recover from its customers as of April 30, 2012.