Ontario Energy Board
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273

VT INCEPIT FIDELIS SIC PERMANET
Ontario

BY E-MAIL

December 20, 2011

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Walli:

Re: Halton Hills Hydro Inc.
2012 Electricity Distribution Cost of Service Application
Board Staff Supplementary Interrogatories
Board File No. EB-2011-0271

In accordance with Procedural Order No. 2, please find attached Board Staff Interrogatories in the above proceeding. Please forward the following to Halton Hills Hydro Inc. and to all other registered parties to this proceeding.

In addition please advise Halton Hills Hydro Inc. that responses to interrogatories are due by January 24, 2012.

Yours truly,

Original signed by

Neil Mather
Project Advisor

Encl.

Board Staff Supplementary Interrogatories

Halton Hills Hydro Inc.

EB-2011-0271

Rate Base Assets

62.

Ref: Response to OEB Staff Interrogatories #2 (c) & #3

The *Report of the Board Transition to International Financial Reporting Standards* [EB 2008-0408] states at p. 17:

> The Board will continue to publish interest rates for CWIP as it does now. Where incurred debt is acquired on an arm's length basis, the actual borrowing cost should be used for determining the amount of carrying charges to be capitalized to CWIP for rate making during the period, in accordance with IFRS. Where incurred debt is not acquired on an arm's length basis, the actual borrowing cost may be used for rate making, provided that the interest rate is no greater than the Board's published rates. Otherwise, the applicant should use the Board's published rates.

HHHI stated in response to Board Staff IR #2:

> Interest rates to be used for capitalization will be limited to OEB's published rate for CWIP for regulatory reporting purposes.

a) Please confirm that the debt was not acquired on an arm's length basis. If not confirmed, please explain.

b) Does HHHI's capitalization policy include the treatment of the arm's length borrowing costs transactions regarding CWIP?

   i. If yes, does the HHHI's capitalization policy for arm's length borrowing costs transactions for CWIP conform to the Board's Report under EB 2008-0408?

   ii. If no, please explain.

63.

Reference: Response to OEB Staff Interrogatories #4(c)

In Table OEB 1 -1, there has been an overall increase in the burden rates related to the capitalization of costs for equipment rates (compared to labour and material overhead rates) for self constructed assets from September 2010 to April 2011 to April 2012.

Please explain the reasons for these increases.

HHHI's Renewable Generation Initiative

64.

Reference: Response to OEB staff # 14(a)

a) Please describe the voltage data that the Smart Energy Module will produce (for example whether the data will be a snapshot of voltage as the unit is interrogated, a continuous hourly record, a record of whether voltage has strayed outside a tolerance band, etc.)

b) Please describe how HHHI expects to use the new data to help regulate voltage on its secondary lines.

65.

Reference: Response to OEB staff # 14(b)

Please describe the function of the "communicator" component, including a description of what data it stores, how the data will reach HHHI's information systems, and any on-going cost of processing data.

66.

Reference: Response to OEB staff # 14(b)

Given that the Smart Energy Module includes a meter, does HHHI propose to measure the output from the solar panels and make a settlement transaction with the Ontario Power Authority as a FIT or microFIT generator? If so:

a) Does the meter meet the technical requirements for the settlement?

b) What revenue does HHHI expect to receive from the OPA on a monthly or annual basis?

67.

Reference: Response to Energy Probe # 19(h)

a) Please provide the name or description of the deferral account that would be used to record the revenue benefit described in the interrogatory response, together with HHHI's proposal on when and how the balance would be disposed of to the benefit of HHHI's customers.

b) Please provide details on the assumptions that HHHI made in deriving its estimate of $35,496 per year, for example what is the assumed load reduction at the time of HHHI's billing demand for transmission network and connection charges.

Challenges Associated with Distributed Generation

68.

References: Response to OEB Staff # 15

a) Please provide HHHI's expected year by year expenditures for feeder protection upgrades over the period 2012-2016.

b) Please clarify/expand on HHHI's rationale for considering the cost of the work to be part of HHHI's main capital plan and not HHHI's Green Energy Plan, even though the need for the work is presented as being related to distributed generation.

Distribution System Enhancements for Smart Grid Development

69.

Reference: Response to OEB staff # 16(b)

Section 5.1 of HHHI's Green Energy Plan indicates that the cost of overcurrent protection is approximately $15,000 per feeder, and explains in a note that this cost is described in other documents such as the 5-year capital plan.

a) Please confirm that the cost of the overcurrent protection is a component within Feeder Reconfiguration projects (Silver Creek in 2011, Ballinafad in 2012, others in future). If not confirmed, please explain where the ongoing cost of the overcurrent protection has been included.

b) Please provide HHHI's expected year by year expenditures for modernizing the feeder protections in its substations during the period 2012-2016.

c) Please confirm that the feeder protection modernization referenced in (a) above would be carried out irrespective of any Green Energy Act initiatives.

OM&A

70.
Reference: Response to OEB staff # 22(b)

The response to OEB staff # 22(b) shows a recurring cost for bill inserts and TOU brochures at a constant annual level.

Does HHHI expect to refine or design new brochures and inserts as the distributor and consumers gain experience with time-of-use rates and Smart Meter data, such that the assumption of a constant annual expense is reasonable?

Treatment of Pensions and Other Post-Employment Benefits

71.

Reference: Response to OEB staff # 34 (including Appendix OEB 1-D)

a) Appendix OEB 1-D has two columns, one for 2009 and the other titled “Projected Calendar Year 2010”. Are the data in the second column now final (despite the wording of the column heading)? If not final, please provide any update of the actual unamortized actuarial gain and loss for the year 2010 instead of the amount shown which is a gain of $53,902.

b) If the data in Appendix OEB 1-D are not final, please provide any update for 2010 of the “Unamortized Past Service (Gain)/Loss”, which is shown in section D of the table as a gain of $51,490.

c) Does HHHI have projections for 2012 of “Unrecognized Loss/(Gain)” in section B of the table (shown as a gain of $53,902 in 2010), and of “Unamortized Past Service (Gain)/Loss” in section D of the table (shown as a gain of $51,490 in 2010).

d) In its response to #34(b), HHHI stated that its unamortized gains and losses were not recorded at the date of transition to IFRS. Please explain why HHHI did not record the unamortized gains and losses at the date of transition***.***

e) In its response to #34(d), HHH stated that it had not early adopted the changes in IAS 19 and so there has been no change in revenue requirement. What regulatory accounting treatment is HHHI proposing regarding:

   i. the unamortized actuarial gain and loss when it adopts the changes in IAS 19?

   ii. the unamortized past service gains or losses?

72.

Reference: Board Staff Interrogatories #44

In its response to the Board staff interrogatory #44(d), HHHI stated the following with respect to the Special Purpose Charge ("SPC"):

> The obligation on distributors in section 8 of the SPC Regulation is to make application to the Board by April 2012. If the Board will allow disposition on non-audited balances, HHHI would be willing to include the balance of Account 1521, including projected carrying costs to April 30, 2012 in our DVA disposition request.

Board staff notes that the Filing Requirements (Section 2.12.3) do not require the principal balance of Account 1521 to be audited.

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

SPC Assessment (Principal balance)	Amount recovered from customers in 2010	Carrying Charges for 2010	December 31, 2010 Year End Principal Balance	December 31, 2010 Year End Carrying Charges Balance	Amount recovered from customers in 2011	Forecasted December 31, 2011 Year End Principal Balance	Forecasted April 30, 2012 Carrying Charges Balance	Total for Disposition (Principal & Carrying Charges)

b) Please provide an updated version of all proposed schedules (in particular the DVA Work Form and the revised rate riders) related to the principal balance for Account 1521 at the time of completion of HHHI's SPC program plus the forecast of applicable carrying charges as of April 30, 2012.

73.

Reference: Response to OEB Staff Interrogatory #47(b)

Please explain the nature of the asset management cost item(s) comprising the amount of $243,685.

Cost Allocation

74.

Reference: Response to OEB staff # 36 (Cost Allocation model)

HHHI changed its weighting factors for Services (Account 1855) from the previous default factors to its own factors, which are now 0 for all classes except the Residential class. The effect is to allocate all costs associated with Account 1855 'Services' to the Residential class.

a) Please confirm that the revenue requirement for the Street Light class is decreased by approximately $64,000 as a result of this change, and that other classes other than Residential have similar decreases, compared to a run of the cost allocation study using the default weighting factors.

b) Please confirm that all assets recorded by HHHI in Account 1855 are for the purpose of distributing electricity to Residential customers only. If this is not the case, please suggest weighting factors that would reflect HHHI's practice more accurately.

Smart Meters

75.

Reference: Response to OEB Staff Interrogatory #50

The response to #50(a) describes an additional cost of $80 per meter for 100 remote disconnect smart meters.

Please confirm that this is HHHI's only cost beyond minimum functionality If not the only such cost, please describe the nature and amount of all other costs beyond minimum functionality, as identified by the following categories:

A: Costs for technical capabilities in the smart meters or related communication infrastructure that exceed those specified in O, Reg 425/06;

B: Costs for deployment of smart meters to customers other than residential and small general service (i.e. Residential and GS<50 kW customers);

C: Cost for TOU rate implementation, CIS system upgrades, web presentation, integration with the MDM/R, etc.

76.

Reference: Response to OEB staff # 51

Please provide a completed version of the Smart Meter model version 2.17 that has been provided. If necessary, please include references to the OEB

Guideline document G-2011-0001 “Smart Meter Funding and Cost Recovery – Final Disposition” issued on December 15, 2011.

77.

Reference: Response to OEB staff # 52

Please provide a revised table based on OEB 1-23 in which

i. the amount of the Smart Meter True-Up is consistent with the response to the previous supplementary interrogatory, and

ii. the % allocation is proportional to the installed cost of Smart Meters deployed to the respective customer classes for which smart meter costs have been incurred. (The cost of upgraded interval meters may also be included when calculating the allocation factors.)

78.

References: Responses to OEB staff # 50(d) and # 52

Please provide a table based on OEB 1-23 showing an allocation of the Stranded Meter balance and class-specific rate riders, similar to the approach described in part ii of Interrogatory #77. (For clarity, stranded meter costs by class should reflect the remaining NBV of stranded conventional meters, in each class.)

LRAM / SSM

79.

Reference: Response to OEB staff # 53

Halton Hills Hydro has updated its LRAM amount in receipt of the OPA's final 2010 evaluation report to a total of $383,381.

a) Please provide a table that shows the LRAM amounts requested in this application by the year they are associated with and the year the lost revenues took place. Use the table below as an example and continue for all the years requested (i.e. 2006 - April 30, 2012):

Program Years	**Years that lost revenues took place**			
	2006	2007	2008	2009
2006	$xxx	$xxx	$xxx	$xxx
2007	$xxx	$xxx	$xxx	$xxx
2008	$xxx	$xxx	$xxx	$xxx
2009		$xxx	$xxx	$xxx
2010			$xxx	$xxx

b) Please confirm that Halton Hills has not recovered any of the amounts associated with this LRAM claim in the past. If Halton Hills has previously recovered amounts included in this application, please provide an updated LRAM amount with these amounts removed.

c) Please identify the CDM savings that were included in Halton Hills last Board-approved load forecast for CDM programs deployed from 2006 to 2008 inclusive.

d) Please provide an updated table with an LRAM amount exclusive of any persisting CDM savings that take place after Halton Hills' last Board-approved load forecast.

Note:

Updated 2012 Revenue Requirement & RRWF

In responding to Energy Probe #72(b), please provide the revised Revenue Requirement Work Form (RRWF) in the following format:

- the first pair of columns are an exact repeat of the RRWF in the Application,
- the second pair of columns (or second set of rows in worksheet # 7) incorporates the result of all revisions that HHHI is now proposing.

In the revisions, include updates and revisions to the Service Revenue Requirement stemming from updated information and any interrogatory responses that HHHI intends to adopt. Be sure to also include updates to the Revenue Offset (i.e. items of Other Revenue in column M, worksheet '3. Data_Input_Sheet') such as the response to VECC IR # 13(g).