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December 30, 2011

BY EMAIL & COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2011-0272
Norfolk Power Distribution Inc. – 2012 Cost of Service Application
Energy Probe – Technical Conference Questions

Pursuant to Procedural Order No. 2, issued by the Board on December 6, 2011, please find attached the Technical Conference Questions of Energy Probe Research Foundation (Energy Probe) in the EB-2011-0272 proceeding.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

cc: Brad Randall, Norfolk Power (By email)
Jody McEachran, Norfolk Power (By email)
James Sidlofsky, Border Ladner Gervais LLP (By email)
Randy Aiken, Aiken & Associates (By email)
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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 Norfolk Power
Distribution Inc. for an order approving just and reasonable
rates and other charges for electricity distribution to be
effective May 1, 2012.

**TECHNICAL CONFERENCE QUESTIONS OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

December 30, 2011

**NORFOLK POWER DISTRIBUTION INC.
2012 RATES REBASING CASE
EB-2011-0272**

**ENERGY PROBE RESEARCH FOUNDATION
TECHNICAL CONFERENCE QUESTIONS**

Question #1

**Ref: Energy Probe Interrogatory #6c,d &
Exhibit 2, Tab 2, Schedule 1, Table 2.6**

- a) The response indicates that as a result of an error associated with smart meters the 2012 CGAAP depreciation expense was overstated by approximately \$76,180. The table, however, does not reflect a reduction in the 2012 depreciation expense, but rather an increase in the opening 2012 accumulated depreciation expense. Please reconcile.**
- b) Please provide the calculations and number used to arrive at the corrected 2012 CGAAP opening accumulated depreciation of \$586,005 in Account 1860 smart meters.**
- c) Why is there no corresponding correction in the IFRS version of revised fixed asset continuity schedule (Revised Table 5.2) for the accumulated opening depreciation shown for Account 1860 smart meters?**

Question #2

Ref: Energy Probe Interrogatory #9

Please update the response to this interrogatory based on actual data for the entire 2011. Use preliminary annual data for 2011 if actual data is not yet available.

Question #3

Ref: Energy Probe Interrogatory #10

- a) Will projects #6 & 9 be placed into service in 2012 or have these projects been delayed to beyond 2012 or cancelled?**
- b) Will the reduced spending for project #11 (\$230,000) and project #12 (\$242,500) result in any increase for the 2012 capital expenditures? If yes, please explain.**

- c) If there are additional 2012 capital expenditures required as a result of the response to (a) and/or (b) above, what impact will this have on the forecast 2012 capital expenditures due to, for example, resource constraints?

Question #4

Ref: Energy Probe Interrogatory #11

Please update the response based on actual, or preliminary actual, data for the entire 2011 year.

Question #5

Ref: Energy Probe Interrogatory #15

- a) Please update the 2012 power purchased forecast to reflect an RPP price of \$0.07515 and a NON-RPP price of \$0.07146 as calculated for the January 2012 through December 2012 period shown in the following table.

Forecast Whole Electricity Price - Jan 2012 - Dec 2012					
RPP Price Report - October 17, 2011					
		# of			
Months		Months	Price		
Nov 2011 - Jan 2012		1	38.15		
Feb 2012 - Apr 2012		3	32.63		
May 2012 - July 2012		3	27.22		
Aug 2012 - Oct 2012		3	29.34		
Nov 2012 - Jan 2013		2	<u>35.39</u>		
Weighted Price			31.38		A
Load-Weighted Price for RPP Consumers			34.62		B
Forecast Wholesale Electricity Price			31.83		C
Ratio			1.0876532		D=B/C
New Fcst Wholesale Electricity Price			31.38		E=A
New Load-Weighted Price for RPP Consumers			34.13		F=DxE
Global Adjustment			40.08		G
Adjustment 1			1.00		H
Adjustment 2			<u>-0.06</u>		I
RPP Cost			75.15		J=F+G+H+I
NON-RPP Cost			71.46		K=A+J

- b) Please update the transmission related costs to reflect the 2012 provincial transmission system rates approved by the Board in the EB-2011-0268 Rate Order dated December 20, 2011.**
- c) Please update the Rural Rate Assistance cost to reflect the May 1, 2012 rate approved in the EB-2011-0405 Rate Order dated December 21, 2011.**

Question #6

Ref: Energy Probe Interrogatory #18

- a) Please explain why data was available only to August 2011.**
- b) Please update the response to reflect the most recent data now available.**

Question #7

Ref: Energy Probe Interrogatory #19c

- a) Please provide a revised response to this interrogatory by providing a table that excludes the Special Purchase Charge and all revenues and expenses associated with OPA programs shown in Accounts 4375 and 4380. If more recent year-to-date information is now available, please update the table to reflect this year-to-date information.**
- b) If applicable, please show the revenues and expenses in accounts 4375 and 4380 that is not related to OPA programs.**

Question #8

Ref: Energy Probe Interrogatory #24

The response shows the calculation of a 2012 depreciation expense of \$2,480,461, while the original forecast was \$2,458,566. Which MIFRS figure is Norfolk now requesting as part of their revenue requirement? Please show the derivation of this amount starting with the appropriate figure noted above and showing the adjustments for the fully allocated depreciation.

Question #9

Ref: Energy Probe Interrogatory #26c

Please explain why the additional apprentice in 2012 will not be eligible for the federal training tax credit of \$2,000.

Question #10

Ref: Energy Probe Interrogatory #29 & #30 & Exhibit 5, Tab 1, Schedule 1

- a) Has Norfolk issued the \$4.5 million debt noted on page 2 of Exhibit 5, Tab 1, Schedule 1 in 2011? Is yes, please provide the details, including the amount, rate and term of the loan.**
- b) Please update the table shown in the response to Energy Probe Interrogatory #30c to reflect any actual debt issued in 2011 as per part (a) above, along with the remaining portion of \$6 million to be issued in 2012 for half of the year at the 25 year amortizer loan rate currently available from Infrastructure Ontario.**
- c) If no loan has been obtained in 2011 from IO as part of the \$6 million, please update the response to Energy Probe Interrogatory #30c to reflect the use of the current 25 year amortizer rate available from IO.**

Question # 11

Ref: All Interrogatories, Technical Conference Questions and Updated/Revised Evidence.

- a) Please provide a list of all changes in the format of a tracking sheet (see attached example from Waterloo North) that Norfolk proposes to make to the calculation of the revenue requirement and/or revenue deficiency as a result of the responses provided to interrogatories, second round interrogatories or updated/revised evidence. Please include a brief description of the change and the impact on the revenue deficiency.**
- b) Please provide an updated RRWF (in both CGAAP and MIFRS format) reflecting any changes listed in the response to part (a).**
- c) Please provide a list of a changes that Norfolk 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, second round interrogatories or updated/revised evidence.**

Supplementary Questions for Technical Conference - Energy Probe

- b) Please provide a tracking sheet that shows the impact of each change proposed by WNH.***

Please see the table below.

Supplementary Questions for Technical Conference - Energy Probe

Table TCQ # 27 (b) – Summary of Proposed Changes

Summary of Proposed Changes

Reference	Item	Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance	Amortization	PILs	OM&A	Service Revenue Requirement	Base Revenue Requirement	Gross Revenue Deficiency
Reference	Item	Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance	Amortization	PILs	OM&A	Service Revenue Requirement	Base Revenue Requirement	Gross Revenue Deficiency
	Original Submission August 2010	\$10,824,124	7.08%	\$152,808,317	\$125,598,185	\$18,839,728	\$7,816,331	\$1,212,310	\$10,183,838	\$30,036,603	\$28,980,640	\$5,012,440
OEB IR# 24 (a) & (b)	Adjust Infrastructure Ontario Debt to 1 Day Change	\$11,168,599 \$344,475	7.31% 0.23%	\$152,808,317 \$0	\$125,598,185 \$0	\$18,839,728 \$0	\$7,816,331 \$0	\$1,212,310 \$0	\$10,183,838 \$0	\$30,381,077 \$344,475	\$29,325,115 \$344,475	\$5,356,914 \$344,475
	PILs Correction - Input Error - Bldg amount in Class 1b Change	\$11,168,599 \$0	7.31% \$0	\$152,808,317 \$0	\$125,598,185 \$0	\$18,839,728 \$0	\$7,816,331 \$0	\$1,213,484 \$1,175	\$10,183,838 \$0	\$30,382,252 \$1,175	\$29,326,289 \$1,175	\$5,358,089 \$1,175
EP IR# 13 (e)	AFUDC Rate on Capitalized Interest Change	\$11,196,054 \$27,455	7.31% \$0	\$153,183,959 \$375,642	\$125,598,185 \$0	\$18,839,728 \$0	\$7,823,920 \$7,589	\$1,213,336 -\$148	\$10,183,838 \$0	\$30,417,147 \$34,896	\$29,361,185 \$34,896	\$5,392,984 \$34,896
EP TCQ # 9 & EP IR # 19 (a)	Adjust Purchase kWh for CDM Adjmts Change	\$11,196,054 \$0	7.31% \$0	\$153,183,959 \$0	\$125,598,185 \$0	\$18,839,728 \$0	\$7,823,920 \$0	\$1,213,336 \$0	\$10,183,838 \$0	\$30,417,147 \$0	\$29,361,185 \$0	\$5,279,238 -\$113,746
EP TCQ # 9 & VECC TCQ # 1 (b) & (c)	Adjust Purchase kWh for CDM Adjmts @ Application Power Rates Change	\$11,204,832 \$8,778	7.31% \$0	\$153,304,058 \$120,099	\$126,398,846 \$800,661	\$18,959,827 \$120,099	\$7,823,920 \$0	\$1,215,199 \$1,863	\$10,183,838 \$0	\$30,427,788 \$10,641	\$29,371,826 \$10,641	\$5,289,879 \$10,641
EP IR # 11 (b) & VECC TCQ # 1 (a)	Adjust Oct 15/10 Navigant Numbers, Power, GA & \$68.38 RPP Rates Change	\$11,202,097 -\$2,735	7.31% \$0	\$153,266,641 -\$37,417	\$126,149,397 -\$249,449	\$18,922,410 -\$37,417	\$7,823,920 \$0	\$1,214,619 -\$580	\$10,183,838 \$0	\$30,424,473 -\$3,315	\$29,368,510 -\$3,315	\$5,286,564 -\$3,315
VECC TCQ # 1 (b) & (c)	Adjust NW & CN kW for Purchase & CDM Adjmts Change	\$11,212,740 \$10,642	7.31% \$0	\$153,412,249 \$145,608	\$127,120,117 \$970,720	\$19,068,018 \$145,608	\$7,823,920 \$0	\$1,216,877 \$2,259	\$10,183,838 \$0	\$30,437,374 \$12,901	\$29,381,412 \$12,901	\$5,299,465 \$12,901
Decision EB-2010-0002	Adjust NW & CN kW for IESO & HONI January 1, 2011 Price Increases Change	\$11,221,588 \$8,848	7.31% \$0	\$153,533,306 \$121,057	\$127,927,161 \$807,044	\$19,189,074 \$121,057	\$7,823,920 \$0	\$1,218,755 \$1,878	\$10,183,838 \$0	\$30,448,100 \$10,726	\$29,392,137 \$10,726	\$5,310,191 \$10,726
OEB IR # 21	OMERS increase for 2012 & 2013 Change	\$11,222,972 \$1,384	7.31% \$0	\$153,552,243 \$18,938	\$128,053,411 \$126,250	\$19,208,012 \$18,938	\$7,823,920 \$0	\$1,219,049 \$294	\$10,310,088 \$126,250	\$30,576,028 \$127,928	\$29,520,065 \$127,928	\$5,438,118 \$127,928
EP IR 23 (c) / 29 (a) & (b) EP TCQ 14 (a)	Removal of Street Light Return & PILs Change	\$11,222,972 \$0	7.31% \$0	\$153,552,243 \$0	\$128,053,411 \$0	\$19,208,012 \$0	\$7,823,920 \$0	\$1,219,049 \$0	\$10,310,088 \$0	\$30,576,028 \$0	\$29,586,071 \$66,006	\$5,504,124 \$66,006
EP IR 40 & EP TCQ 21 (a)	PILs - Computer Hardware to Correct CCA Account Change	\$11,222,972 \$0	7.31% \$0	\$153,552,243 \$0	\$128,053,411 \$0	\$19,208,012 \$0	\$7,823,920 \$0	\$1,193,531 -\$25,518	\$10,310,088 \$0	\$30,550,510 -\$25,518	\$29,560,553 -\$25,518	\$5,478,606 -\$25,518
EP IR 41 / EP TCQ 21(b)	PILs - Land Rights CCA Change	\$11,222,972 \$0	7.31% \$0	\$153,552,243 \$0	\$128,053,411 \$0	\$19,208,012 \$0	\$7,823,920 \$0	\$1,192,976 -\$555	\$10,310,088 \$0	\$30,549,955 -\$555	\$29,559,998 -\$555	\$5,478,051 -\$555

Supplementary Questions for Technical Conference - Energy Probe

Summary of Proposed Changes

Reference	Item	Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance	Amortization	PILs	OM&A	Service Revenue Requirement	Base Revenue Requirement	Gross Revenue Deficiency
EP TCQ 17	PILs - Adjust Apprentice & Co-op Tax Credits	\$11,222,972	7.31%	\$153,552,243	\$128,053,411	\$19,208,012	\$7,823,920	\$1,117,432	\$10,310,088	\$30,474,411	\$29,484,454	\$5,402,507
EP TCQ 20 (b)	Change	\$0	\$0	\$0	\$0	\$0	\$0	-\$75,544	\$0	-\$75,544	-\$75,544	-\$75,544
EP IR 38 (b)	PILs - Reduction of Ontario Surtax Clawback	\$11,222,972	7.31%	\$153,552,243	\$128,053,411	\$19,208,012	\$7,823,920	\$1,066,909	\$10,310,088	\$30,423,888	\$29,433,931	\$5,351,984
	Change	\$0	\$0	\$0	\$0	\$0	\$0	-\$50,523	\$0	-\$50,523	-\$50,523	-\$50,523
EP TCQ # 9	Adjust Purchase kWh for WMS	\$11,223,819	7.31%	\$153,563,835	\$128,130,693	\$19,219,604	\$7,823,920	\$1,067,089	\$10,310,088	\$30,424,915	\$29,434,958	\$5,353,011
	Change	\$847	\$0	\$11,592	\$77,282	\$11,592	\$0	\$180	\$0	\$1,027	\$1,027	\$1,027
OEB IR 29 (e)	Cost Allocation - Adjustment of Street Light Connections	\$11,223,819	7.31%	\$153,563,835	\$128,130,693	\$19,219,604	\$7,823,920	\$1,067,089	\$10,310,088	\$30,424,915	\$29,434,958	\$5,353,011
	Change	\$847	\$0	\$11,592	\$77,282	\$11,592	\$0	\$180	\$0	\$1,027	\$1,027	\$1,027
BS IR 8 (b)	Adjustment of RTSR for Updated Quantity & Pricing Changes	\$11,223,819	7.31%	\$153,563,835	\$128,130,693	\$19,219,604	\$7,823,920	\$1,067,089	\$10,310,088	\$30,424,915	\$29,434,958	\$5,353,011
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VECC IR 29	Adjustment of LRAM/SSM	\$11,223,819	7.31%	\$153,563,835	\$128,130,693	\$19,219,604	\$7,823,920	\$1,067,089	\$10,310,088	\$30,424,915	\$29,434,958	\$5,353,011
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EB-2010-0295 Decision	Late Payment Penalty Rate Rider	\$11,223,819	7.31%	\$153,563,835	\$128,130,693	\$19,219,604	\$7,823,920	\$1,067,089	\$10,310,088	\$30,424,915	\$29,434,958	\$5,353,011
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proposed at March 1, 2011		\$11,223,819	7.31%	\$153,563,835	\$128,130,693	\$19,219,604	\$7,823,920	\$1,067,089	\$10,310,088	\$30,424,915	\$29,434,958	\$5,353,011