

Norfolk Power Distribution Inc.

Response to

Energy Probe 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.**

Response:

Norfolk's response to EP Interrogatory #6 (c) has been partially reproduced below:

“Please note that an error was made regarding depreciation expense for 2012 under CGAAP regarding Account 1860. In calculating depreciation expense for 2012, Norfolk did not remove the gross fixed asset value of the Stranded Meters (which were removed from 2012 Opening Balances). This resulted in 2012 CGAAP depreciation expense being overstated for Account 1860 by approximately \$76,180.”

The error noted was related to meters reported in account 1860 and was not related to smart meters. The depreciation expense for regular meters was affected by the error of not removing Stranded Meter values before calculating 2012 Depreciation Expense under CGAAP.

Parts of Norfolk's response to EP #6(c) and part of the original Table 2.6 (found at Exhibit 2/Tab 2/Schedule 1) have been reproduced below to illustrate the changes in Acct 1860 - Regular Meters and Acct 1860 – Smart Meters:

ENERGY PROBE - 6(c)

**REVISED TABLE 2.6
Fixed Asset Continuity Schedule**

Year **Revised 2012 Test - Full Year Up to 2012** **GAAP**

CCA Class	OEB	Description	Depreciation Rate	Cost				Accumulated Depreciation				Net Book Value
				Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
47	1860	Meters	4.00%	\$ 2,096,524	\$ 348,000		\$ 2,444,524	-\$ 1,330,726	-\$ 92,542		-\$ 1,423,268	\$ 1,021,255
47	1860	Meters (Smart Meters)	6.67%	\$ 3,214,012	\$ -		\$ 3,214,012	-\$ 586,005	-\$ 214,267		-\$ 800,272	\$ 2,413,740

FROM ORIGINAL FILING

**ORIGINAL TABLE 2.6
Fixed Asset Continuity Schedule**

Year **2012 Test - Half Year Rule 2007 to 2012** **GAAP**

CCA Class	OEB	Description	Depreciation Rate	Cost				Accumulated Depreciation				Net Book Value
				Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
47	1860	Meters	4.00%	\$ 2,048,302	\$ 348,000		\$ 2,396,302	-\$ 1,234,276	-\$ 168,175		-\$ 1,402,451	\$ 993,851
47	1860	Meters (Smart Meters)	6.67%	\$ 3,214,012	\$ -		\$ 3,214,012	-\$ 479,090	-\$ 214,267		-\$ 693,357	\$ 2,520,655

The table does not reflect a reduction in 2012 depreciation expense for the Smart Meter category because it was the “regular” Meter category affected by removal of Stranded Meters, as is clearly shown by the reduction in 2012 CGAAP depreciation expense for the Meter category of Account 1860.

A reconciliation of all amounts pertaining to Accounts 1860 (both Regular and Smart Meter groups) with respect to the “half-year depreciation” vs. “full-year depreciation” comparison is provided below:

EP #1 (a) - Reconcile Table 2.6 (Original Filing) to Revised Table 2.6 Provided in Response to EP Interrogatory #6(c)

	ACCUMULATED DEPRECIATION							CLOSING BALANCE 2012 (RECONCILES TO REVISED TABLE 2.6 PROVIDED IN RESPONSE TO EP #6c)
	Accumulated Depreciation Opening Balance - Table 2.6 from Original Filing	Adjustment Due to Full-Year Depreciation Expense for 2007 through 2011 (in response to EP Interrogatory #6c)	REVISED Accumulated Depreciation Opening Balance (as provided in response to EP #6c)	Depreciation Expense CGAAP 2012 - Per Table 2.6 from Original Filing	Adjustment Due to Removal of Stranded Meters Before Calculating 2012 CGAAP Depreciation Expense in Original Table 2.6	Adjustment to 2012 Depreciation Expense for Half-Year Rule		
Acct 1860 - Regular Meters	-\$ 1,234,276	-\$ 96,450	-\$ 1,330,726	-\$ 168,175	\$ 78,160	-\$ 2,527	-\$ 1,423,268	
Acct 1860 - Smart Meters	-\$ 479,090	-\$ 106,915	-\$ 586,005	-\$ 214,267	\$ -		-\$ 800,272	

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.

Response:

The calculations to arrive at the 2012 CGAAP Accumulated Depreciation opening amount for Acct 1860 Smart Meters as per Norfolk’s original application Table 2.6 (Exh 2/Tab 2/Sch 1) is as follows:

Average Net Fixed Assets									
Net Fixed Assets - Smart Meters and Related Assets									
		2005	2006	2007	2008	2009	2010	2011	2012
Opening Capital Investment		\$ -	\$ 6,557	\$ 20,618	\$ 48,811	\$ 68,613	\$ 2,383,070	\$ 3,054,955	\$ 3,214,011
Capital Investment		\$ 6,557	\$ 14,061	\$ 28,193	\$ 19,802	\$ 2,314,457	\$ 671,885	\$ 159,056	\$ -
Closing Capital Investment		\$ 6,557	\$ 20,618	\$ 48,811	\$ 68,613	\$ 2,383,070	\$ 3,054,955	\$ 3,214,011	\$ 3,214,011
Opening Accumulated Amortization		\$ -	\$ -	\$ 906	\$ 3,220	\$ 7,134	\$ 88,857	\$ 270,125	\$ 479,090
Amortization Year One - Half Year Rule	15 Years	219	469	940	660	77,149	22,396	5,302	-
Amortization Thereafter		\$ -	\$ 437	\$ 1,375	\$ 3,254	\$ 4,574	\$ 158,871	\$ 203,664	\$ 214,267
Closing Accumulated Amortization		\$ 219	\$ 906	\$ 3,220	\$ 7,134	\$ 88,857	\$ 270,125	\$ 479,090	\$ 693,358
Opening Net Fixed Assets		\$ -	\$ 6,557	\$ 19,712	\$ 45,591	\$ 61,479	\$ 2,294,213	\$ 2,784,831	\$ 2,734,921
Closing Net Fixed Assets		\$ 6,339	\$ 19,712	\$ 45,591	\$ 61,479	\$ 2,294,213	\$ 2,784,831	\$ 2,734,921	\$ 2,520,654
Average Net Fixed Assets		\$ 3,169	\$ 13,135	\$ 32,652	\$ 53,535	\$ 1,177,846	\$ 2,539,522	\$ 2,759,876	\$ 2,627,787

The revised calculations for 2012 CGAAP Accumulated Depreciation opening amount for Acct 1860 Smart Meters as per Norfolk’s response to EP Interrogatory #6(c) which calculates a full-year depreciation for the years 2007 through 2011 and adopts the half-year rule with respect to additions for 2012 is as follows:

Average Net Fixed Assets									
Net Fixed Assets - Smart Meters and Related Assets									
		2005	2006	2007	2008	2009	2010	2011	2012
Opening Capital Investment		\$ -	\$ 6,557	\$ 20,618	\$ 48,811	\$ 68,613	\$ 2,383,070	\$ 3,054,955	\$ 3,214,011
Capital Investment		\$ 6,557	\$ 14,061	\$ 28,193	\$ 19,802	\$ 2,314,457	\$ 671,885	\$ 159,056	\$ -
Closing Capital Investment		\$ 6,557	\$ 20,618	\$ 48,811	\$ 68,613	\$ 2,383,070	\$ 3,054,955	\$ 3,214,011	\$ 3,214,011
Opening Accumulated Amortization		\$ -	\$ -	\$ 1,375	\$ 4,629	\$ 9,203	\$ 168,074	\$ 371,738	\$ 586,005
Amortization Year One - No Half Year Rule (EP 6c)	15 Years	437	937	1,880	1,320	154,297	44,792	10,604	-
Amortization Thereafter		\$ -	\$ 437	\$ 1,375	\$ 3,254	\$ 4,574	\$ 158,871	\$ 203,664	\$ 214,267
Closing Accumulated Amortization		\$ 437	\$ 1,375	\$ 4,629	\$ 9,203	\$ 168,074	\$ 371,738	\$ 586,005	\$ 800,273
Opening Net Fixed Assets		\$ -	\$ 6,557	\$ 19,244	\$ 44,182	\$ 59,410	\$ 2,214,996	\$ 2,683,217	\$ 2,628,006
Closing Net Fixed Assets		\$ 6,120	\$ 19,244	\$ 44,182	\$ 59,410	\$ 2,214,996	\$ 2,683,217	\$ 2,628,006	\$ 2,413,738
Average Net Fixed Assets		\$ 3,060	\$ 12,900	\$ 31,713	\$ 51,796	\$ 1,137,203	\$ 2,449,107	\$ 2,655,612	\$ 2,520,872

- 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?**

Response:

There is no corresponding correction in the IFRS version of revised fixed asset continuity schedule (Revised Table 5.2) because Norfolk used the model supplied by Board Staff for the calculation of depreciation for these amounts while in the deferral account, which follows the half year rule.

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.

Response:

Please refer to Norfolk's response to SEC Technical Conference Question #16.

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?**

Response:

Projects #6 and #9 will be placed into service for 2012. Norfolk will provide an updated revenue requirement workform with the responses to these Technical Conference Questions reflecting these changes.

- 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.**

Response:

Reduced spending for projects #11 and #12 will not result in an increase in 2012 capital expenditures.

- 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?**

Response:

The 2012 capital expenditures will increase by \$289,000 as a result of the projects noted in response 3a) being added to 2012. While Norfolk did face human resource constraints in 2011 which resulted in a delayed start for several projects, no such resource constraints are anticipated in 2012.

In addition two small vehicles scheduled for 2011 were not purchased and have also been added to the 2012 budget. A revised 2012 budget reflecting an increase of \$90,000 for vehicles has been provided below.

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.

Response (a-c):

A new version of the RTSR Work form has been submitted in response to this question.

Please see revised 2012 COP Table below.

2012 Load Forecast	kWh	kW	2010 %RPP
Residential	148,345,932		85%
General Service < 50 kW	61,670,920		82%
General Service 50 to 4,999 kW	130,417,184	348,158	18%
Street Lighting	3,400,608	8,709	99%
Sentinel Lighting	349,585	864	100%
Unmetered Scattered Load	466,025		100%
Hydro One	31,899,332		0%
TOTAL	376,549,586	357,731	

Electricity - Commodity RPP	2012 Forecasted	2012 Loss Factor	2012		
Residential	126,094,042	1.0550	133,029,215	\$0.07515	\$9,997,145
General Service < 50 kW	50,570,154	1.0550	53,351,513	\$0.07515	\$4,009,366
General Service 50 to 4,999 kW	23,475,093	1.0550	24,766,223	\$0.07515	\$1,861,182
Street Lighting	3,366,602	1.0550	3,551,765	\$0.07515	\$266,915
Sentinel Lighting	349,585	1.0550	368,812	\$0.07515	\$27,716
Unmetered Scattered Load	466,025	1.0550	491,656	\$0.07515	\$36,948
Hydro One	0	1.0550	0	\$0.07515	\$0
TOTAL	204,321,502		215,559,184		\$16,199,273

Electricity - Commodity Non-RPP	2012 Forecasted	2012 Loss Factor	2012		
Residential	22,251,890	1.0550	23,475,744	\$0.07146	\$1,677,577
General Service < 50 kW	11,100,766	1.0550	11,711,308	\$0.07146	\$836,890
General Service 50 to 4,999 kW	106,942,091	1.0550	112,823,906	\$0.07146	\$8,062,396
Street Lighting	34,006	1.0550	35,876	\$0.07146	\$2,564
Sentinel Lighting	0	1.0550	0	\$0.07146	\$0
Unmetered Scattered Load	0	1.0550	0	\$0.07146	\$0
Hydro One	31,899,332	1.0550	33,653,795	\$0.07146	\$2,404,900
TOTAL	172,228,084		148,046,834		\$12,984,327

Transmission - Network	Volume Metric	2012		
Residential	kWh	156,504,958	\$0.0069	\$1,079,884
General Service < 50 kW	kWh	65,062,821	\$0.0063	\$409,896
General Service 50 to 4,999 kW	kW	348,158	\$2.5546	\$889,404
Street Lighting	kW	8,709	\$1.9267	\$16,780
Sentinel Lighting	kW	864	\$1.9364	\$1,673
Unmetered Scattered Load	kWh	491,656	\$0.0063	\$3,097
Hydro One	kWh	33,653,795	\$0.0063	\$212,019
TOTAL				\$2,612,753

Transmission - Connection	Volume Metric	2012		
Residential	kWh	156,504,958	\$0.0036	\$563,418
General Service < 50 kW	kWh	65,062,821	\$0.0031	\$201,695
General Service 50 to 4,999 kW	kW	348,158	\$1.2460	\$433,805
Street Lighting	kW	8,709	\$0.9632	\$8,389
Sentinel Lighting	kW	864	\$0.9833	\$850
Unmetered Scattered Load	kWh	491,656	\$0.0031	\$1,524
Hydro One	kWh	33,653,795	\$0.0031	\$104,327
TOTAL				\$1,314,006

Wholesale Market Service					
Class per Load Forecast		2012			
Residential		156,504,958	\$0.0052	\$813,826	
General Service < 50 kW		65,062,821	\$0.0052	\$338,327	
General Service 50 to 4,999 kW		137,590,129	\$0.0052	\$715,469	
Street Lighting		3,587,641	\$0.0052	\$18,656	
Sentinel Lighting		368,812	\$0.0052	\$1,918	
Unmetered Scattered Load		491,656	\$0.0052	\$2,557	
Hydro One		33,653,795	\$0.0052	\$175,000	
TOTAL		397,259,813		\$2,065,751	
Rural Rate Assistance					
Class per Load Forecast		2012			
Residential		156,504,958	\$0.0011	\$172,155	
General Service < 50 kW		65,062,821	\$0.0011	\$71,569	
General Service 50 to 4,999 kW		137,590,129	\$0.0011	\$151,349	
Street Lighting		3,587,641	\$0.0011	\$3,946	
Sentinel Lighting		368,812	\$0.0011	\$406	
Unmetered Scattered Load		491,656	\$0.0011	\$541	
Hydro One		33,653,795	\$0.0011	\$37,019	
TOTAL		397,259,813		\$436,986	
2012					
4705-Power Purchased	\$29,183,600				
4708-Charges-WMS	\$2,065,751				
4714-Charges-NW	\$2,612,753				
4716-Charges-CN	\$1,314,006				
4730-Rural Rate Assistance	\$436,986				
4750-Low Voltage	\$296,427				
TOTAL	35,909,523				

Question #6

Ref: Energy Probe Interrogatory #18

a) Please explain why data was available only to August 2011.

Response:

Billing details were not available beyond August 2011 based on the various billing cycles.

b) Please update the response to reflect the most recent data now available.

Response:

Please see the table below outlining the year-to-date actual consumption for 2011 supplied by Norfolk to Hydro One.

Jan-11		2,663,144
Feb-11		2,023,259
Mar-11		3,229,491
Apr-11		2,265,222
May-11		2,372,260
Jun-11		2,320,178
Jul-11		2,992,931
Aug-11		3,810,455
Sep-11		4,153,426
Oct-11		3,013,035
Nov-11		2,806,428
		31,649,829

Please see the table below outlining the year-to-date consumption for the same period in 2010.

Jan-10		2,574,638
Feb-10		2,259,258
Mar-10		2,160,417
Apr-10		1,838,134
May-10		1,706,054
Jun-10		2,120,246
Jul-10		2,858,814
Aug-10		4,158,261
Sep-10		4,041,059
Oct-10		2,838,596
Nov-10		2,662,654
		29,218,129

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.**

Response:

Please see the revised Table 3.1 with actual year to date information as at November 30, 2011 excluding the Special Purpose Charge and all revenues and expenses associated with OPA programs shown in Accounts 4375 and 4380.

USoA Account	Account Description	2010 Actual YTD (Jan to Nov)	2011 Actual YTD (Jan to Nov)	2011 REVISED Bridge Forecast
4080	SSS Administration Charge	44,389	45,382	57,742
4082	Retail Services Revenue	100	300	800
4084	Service Transaction Requests	1,134	707	700
4210	Rent from Electric Property	88,012	89,843	96,000
4225	Late Payment Charges	131,453	142,672	157,000
4235	Miscellaneous Service Revenues	93,146	81,766	88,000
4315	Revenues from Electric Plant Leased to Others			23,880
4234	Special Purpose Charge			
4325	Revenues from Merchandise, Jobbing, Etc.	893	1,193	2,000
4355	Gain on Disposition of Utility and Other Property	2,869		
4360	Loss of Disposition of Utility and Other Property		(5,910)	(6,000)
4375	Revenues from Non-Utility Operations			
4380	Expenses of Non-Utility Operations			
4385	Non-Utility Rental Income			
4390	Miscellaneous Non-Operating Income	39,722	143,154	148,000
4398	Foreign Exchange Gains and Losses, Including Amortization	23		
4405	Interest and Dividend Income (exclude interest on reg assets)	6,148	13,525	12,000
Total		407,889	512,633	580,122
SSS Administration Charge				
		44,389	45,382	57,742
Specific Service Charges				
		93,146	81,766	88,000
Late Payment Charges				
		131,453	142,672	157,000
Other Distribution Revenues				
		89,245	90,850	97,500
Other Income and Expenses				
		49,655	151,963	179,880
Total Other Operating Revenue		407,889	512,633	580,122

b) If applicable, please show the revenues and expenses in accounts 4375 and 4380 that is not related to OPA programs.

Response:

Historically, there are no expenses or revenues recorded in 4375 and 4380 other than OPA programs. However in 2012 Norfolk will record revenue and expenses of \$400,056 for water & sewer billing to Norfolk County. In addition Norfolk will record \$99,705 in revenue and \$86,700 in expense related to street light maintenance for Norfolk County. \$13,005 in net revenue has been added to the RRWFs submitted with these responses.

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.

Response:

Norfolk was requesting the original \$2,458,566 MIFRS figure as part of its revenue requirement. The difference between this number and the amount calculated in Energy Probe IR # 24 was the result of the differences in the way Norfolk's model calculated the remaining useful life of each asset on an annual basis and the OEB model in which Norfolk attempted to incorporate an average useful life. Norfolk has now updated the following table for the depreciation expense it is requesting as part of its revenue requirement. This table has been adjusted to reflect the 2011 actual capital expenditures and revised 2012 forecast which have been provided in EP TCQ #3 and #4.

Appendix 2-B
Fixed Asset Continuity Schedule

Year 2012 Test IFRS

CCA Class	OEB	Description	Depreciation Rate	Cost			Accumulated Depreciation				Net Book Value	
				Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals		Closing Balance
N/A	1805	Land	N/A	\$ 391,259	\$ -	\$ -	\$ 391,259	\$ -	\$ -	\$ -	\$ -	\$ 391,259
CEC	1806	Land Rights	N/A	\$ 302,784	\$ -	\$ -	\$ 302,784	\$ -	\$ -	\$ -	\$ -	\$ 302,784
47	1808	Buildings	2.00%	\$ 1,620,078	\$ -	\$ -	\$ 1,620,078	\$ -213,687	\$ -33,112	\$ -	\$ -246,799	\$ 1,373,279
13	1810	Leasehold Improvements	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV	2.00%	\$ 8,912,383	\$ -	\$ -	\$ 8,912,383	\$ -756,716	\$ -232,330	\$ -	\$ -989,046	\$ 7,923,337
47	1820	Distribution Station Equipment <50 kV	3.30%	\$ 2,867,204	\$ 246,970	\$ -	\$ 3,114,174	\$ -526,104	\$ -168,944	\$ -	\$ -695,049	\$ 2,419,126
47	1825	Storage Battery Equipment	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	1830	Poles, Towers & Fixtures	4.00%	\$ 21,766,744	\$ 1,336,333	\$ -	\$ 23,103,077	\$ -7,592,077	\$ -418,753	\$ -	\$ -8,010,831	\$ 15,092,246
47	1835	Overhead Conductors & Devices	4.00%	\$ 12,524,758	\$ 848,679	\$ -	\$ 13,373,437	\$ -3,248,433	\$ -200,286	\$ -	\$ -3,448,719	\$ 9,924,719
47	1840	Underground Conduit	4.00%	\$ 4,053,027	\$ 197,576	\$ -	\$ 4,250,603	\$ -1,560,614	\$ -61,229	\$ -	\$ -1,621,843	\$ 2,628,759
47	1845	Underground Conductors & Devices	4.00%	\$ 6,889,614	\$ 272,116	\$ -	\$ 7,161,730	\$ -1,980,000	\$ -224,850	\$ -	\$ -2,204,850	\$ 4,956,880
47	1850	Line Transformers	4.00%	\$ 12,820,826	\$ 876,519	\$ -	\$ 13,697,345	\$ -6,886,645	\$ -198,742	\$ -	\$ -7,085,387	\$ 6,611,959
47	1855	Services (Overhead & Underground)	4.00%	\$ 2,898,811	\$ 336,777	\$ -	\$ 3,235,588	\$ -585,928	\$ -71,268	\$ -	\$ -657,197	\$ 2,578,392
47	1860	Meters	4.00%	\$ 3,308,921	\$ 312,529	\$ -	\$ 3,621,450	\$ -2,419,411	\$ -51,030	\$ -	\$ -2,470,441	\$ 1,151,009
47	1860	Meters (Smart Meters)	10.00%	\$ 3,048,404	\$ -	\$ -	\$ 3,048,404	\$ -438,325	\$ -304,840	\$ -	\$ -743,165	\$ 2,305,239
N/A	1905	Land	N/A	\$ 243,636	\$ -	\$ -	\$ 243,636	\$ -	\$ -	\$ -	\$ -	\$ 243,636
CEC	1906	Land Rights	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	1908	Buildings & Fixtures	2.00%	\$ 2,317,288	\$ -	\$ -	\$ 2,317,288	\$ -942,114	\$ -101,472	\$ -	\$ -1,043,586	\$ 1,273,701
13	1910	Leasehold Improvements	10.00%	\$ 6,177	\$ -	\$ -	\$ 6,177	\$ -4,517	\$ -654	\$ -	\$ -5,171	\$ 1,006
8	1915	Office Furniture & Equipment (10 years)	10.00%	\$ 167,930	\$ 15,500	\$ -	\$ 183,430	\$ -110,088	\$ -13,790	\$ -	\$ -123,878	\$ 59,552
8	1915	Office Furniture & Equipment (5 years)	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	1920	Computer Equipment - Hardware	20.00%	\$ 754,926	\$ 40,000	\$ -	\$ 794,926	\$ -620,114	\$ -74,345	\$ -	\$ -694,459	\$ 100,467
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	20.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	20.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45.1	1920	Computer Hardware (Smart Meters)	20.00%	\$ 33,340	\$ -	\$ -	\$ 33,340	\$ -16,670	\$ -6,668	\$ -	\$ -23,338	\$ 10,002
12	1925	Computer Software	20.00%	\$ 305,773	\$ 142,500	\$ -	\$ 448,273	\$ -210,637	\$ -50,896	\$ -	\$ -261,523	\$ 186,750
12	1925	Computer Software (Smart Meters)	25.00%	\$ 242,625	\$ -	\$ -	\$ 242,625	\$ -78,266	\$ -50,750	\$ -	\$ -129,016	\$ 113,609
10	1930	Transportation Equipment	10% to 25%	\$ 1,888,637	\$ 130,000	\$ -	\$ 2,018,637	\$ -1,142,172	\$ -100,785	\$ -	\$ -1,242,957	\$ 775,681
8	1935	Stores Equipment	10.00%	\$ 40,562	\$ 1,000	\$ -	\$ 41,562	\$ -29,155	\$ -3,257	\$ -	\$ -32,413	\$ 9,150
8	1940	Tools, Shop & Garage Equipment	10.00%	\$ 329,724	\$ 12,000	\$ -	\$ 341,724	\$ -215,424	\$ -27,859	\$ -	\$ -243,283	\$ 98,441
8	1945	Measurement & Testing Equipment	10.00%	\$ 143,354	\$ 5,000	\$ -	\$ 148,354	\$ -123,576	\$ -11,272	\$ -	\$ -134,848	\$ 13,506
8	1950	Power Operated Equipment	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	1955	Communications Equipment	10.00%	\$ 102,794	\$ 53,000	\$ -	\$ 155,794	\$ -79,921	\$ -22,088	\$ -	\$ -102,009	\$ 53,785
8	1955	Communication Equipment (Smart Meters)	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	1960	Miscellaneous Equipment	10.00%	\$ 400,363	\$ 10,000	\$ -	\$ 410,363	\$ -229,327	\$ -91,079	\$ -	\$ -320,406	\$ 89,956
8	1960	Misc. Tools & Equipment (Smart Meters)	10.00%	\$ 296,017	\$ -	\$ -	\$ 296,017	\$ -73,290	\$ -29,602	\$ -	\$ -102,892	\$ 193,125
47	1975	Load Management Controls Utility Premises	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	1980	System Supervisor Equipment	6.70%	\$ 1,352,497	\$ 89,807	\$ -	\$ 1,442,304	\$ -383,307	\$ -64,900	\$ -	\$ -448,207	\$ 994,098
45.1	1980	System Supervisor Equipment - Hardware	20.00%	\$ 22,132	\$ -	\$ -	\$ 22,132	\$ -6,735	\$ -	\$ -	\$ -6,735	\$ 15,397
47	1985	Miscellaneous Fixed Assets	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	1995	Contributions & Grants	4.00%	\$ -9,485,222	\$ -689,183	\$ -	\$ -10,174,405	\$ -2,125,473	\$ -205,875	\$ -	\$ -2,331,348	\$ 7,843,056
8	2005	Property Under Capital Lease	10.00%	\$ 10,039	\$ -	\$ -	\$ 10,039	\$ -7,027	\$ -1,004	\$ -	\$ -8,031	\$ 2,008
N/A	2055	Work In Progress	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Total		\$ 80,577,403	\$ 4,237,125	\$ -	\$ 84,814,529	\$ -28,354,808	\$ -2,409,920	\$ -	\$ -30,764,728	\$ 54,049,800

10	Transportation
8	Stores Equipment & Garage Tools
12/45	Computer Hardware & Software

Less: Fully Allocated Depreciation
Transportation \$- 100,785
Stores & Garage Equipment \$- 29,641
Computer HW & SW \$ -
1/4 of PP&E Deferral Amount \$- 90,993
Net Depreciation to Inc. Stmt \$- 2,188,501

Norfolk is requesting \$2,188,500 for MIFRS depreciation expense in 2012 as part of its revenue requirement.

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.

Response:

When Norfolk responded to EP #26(c), it was not aware of a federal training tax credit of \$2,000 that was in addition to the provincial Apprenticeship Training Tax Credit for eligible apprentices. Upon further consultation with its tax advisor, Norfolk wishes to confirm the following:

- a) In 2011, Norfolk had (1) apprentice eligible for ATTC (provincial tax credit). This apprentice was not eligible for the Federal Tax Credit of \$2,000 due to the fact that the Federal credit is available only for the first 24 months of the apprenticeship (this apprenticeship began in 2007 – ineligible for the Federal tax credit in 2010).
- b) The new apprentice will be eligible for both the ATTC (provincial tax credit) and the \$2,000 Federal training tax credit. The existing apprentice will be eligible for the provincial ATTC only.

Norfolk will include these credits in its revised RRWF submitted with these responses.

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.**

Response:

Norfolk has drawn an additional \$4.5 million of short term financing, through its approved construction line of credit with Infrastructure Ontario. Interest is currently 1.75%. Norfolk still intends to convert this loan to a 25 year debenture at the end of June 2012. The indicative rate as of January 6th 2012 for a 25 year amortizer loan is 3.85%.

- 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.**

Response:

The table has been updated below as requested.

Description	Debt Holder	Affiliated with LDC	Date of Issuance	Term(Years)	Opening Principal	Ending Principal	Average Principal	Rate	Interest Cost
Debenture 09-01-2010-2	Infrastructure Ontario	No	September 1, 2010	25	\$ 5,447,874.47	\$ 5,319,754.11	\$ 5,383,814.29	4.73%	\$ 254,654.42
Debenture 09-01-2010-1	Infrastructure Ontario	No	September 1, 2010	15	\$ 2,145,855.17	\$ 1,934,128.85	\$ 2,039,992.01	3.72%	\$ 75,887.70
Bank Loan 758020T	TD Bank	No	September 20, 2007	25	\$ 1,791,000.00	\$ 1,734,000.00	\$ 1,762,500.00	6.17%	\$ 108,746.25
Bank Loan 682491T	TD Bank	No	September 20, 2004	15	\$ 9,200,000.00	\$ 8,929,000.00	\$ 9,064,500.00	7.00%	\$ 634,515.00
Bank Loan 682495T	TD Bank	No	September 20, 2004	25	\$ 2,505,000.00	\$ 2,243,000.00	\$ 2,374,000.00	6.02%	\$ 142,914.80
Debenture	Infrastructure Ontario	No	December 3, 2007	25	\$ 1,820,995.09	\$ 1,770,428.25	\$ 1,795,711.67	5.01%	\$ 89,965.15
New Debit	Infrastructure Ontario	No	June 30, 2012	25	\$ -	\$ 6,000,000.00	\$ 3,000,000.00	3.85%	\$ 115,500.00
Total					\$ 22,910,724.73	\$ 27,930,311.21	\$ 25,420,517.97		\$ 1,422,183.32
Weighted Debt Cost									5.59%

- 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.**

Response:

N/A

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.**

Response:

Norfolk has provided a table below, as requested.

- b) **Please provide an updated RRWF (in both CGAAP and MIFRS format) reflecting any changes listed in the response to part (a).**

Response:

Norfolk has submitted updated RRWFs with these responses to the Technical Conference Questions.

- 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.**

Response:

In addition to the changes outlined in the table corresponding to part a) above, Norfolk has made the following non-revenue requirement changes to its original application:

1. A new cost allocation model has been submitted with the responses to the technical conference questions, in response to VECC TCQ #8 and 9.
2. Norfolk requested to withdraw its application for a Green Energy Plan Funding Adder in response to Board Staff Interrogatory #33.
3. Norfolk separated its stranded meter recovery rate rider from its smart meter rate rider in response to VECC Interrogatory #34d. The stranded meter rate rider requested is \$0.93 per month, per metered customer, over a 4 year period.

4. With its interrogatory responses, Norfolk submitted a revised smart meter model, with a revised smart meter recovery amount, in response to VECC IR #34a. The smart meter rate rider requested is \$0.43 per metered customer, per year, over a 4 year period.
5. In its response to VECC interrogatory #35 Norfolk submitted an updated LRAM application based on final OPA-verified results, with updated rate riders for recovery over a 1 year period.

ENERGY PROBE - TECHNICAL CONFERENCE QUESTION #11 - 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
	Original Submission	4,185,471	7.02%	59,653,664	40,569,453	6,085,418	2,327,524	321,256	5,852,617	12,686,868	12,209,580	1,178,225
EP TCQ #10	Updated cost of debt	4,213,572	7.06%	59,653,664	40,569,453	6,085,418	2,327,524	321,256	5,852,617	12,714,969	12,237,681	1,206,326
	Change	28,101	0	0	0	0	0	0	0	28,101	28,101	28,101
EP TCQ #3, #4, #8	Revised 2011 and 2012 Capital Budgets	4,183,054	7.06%	59,221,611	40,569,453	6,085,418	2,279,493	315,954	5,852,617	12,631,118	12,153,829	1,122,475
	Change	(30,518)	0	(432,053)	0	0	(48,031)	(5,302)	0	(83,851)	(83,852)	(83,851)
BS TCQ #2(III)	Recalculate PP&E Deferral - Offset to Depreciation Expense	4,183,054	7.06%	59,221,611	40,569,453	6,085,418	2,188,500	315,954	5,852,617	12,540,125	12,062,836	1,031,482
	Change	0	0	0	0	0	(90,993)	0	0	(90,993)	(90,993)	(90,993)
EP TCQ #9	Tax Credits for Apprentices	4,183,054	7.06%	59,221,611	40,569,453	6,085,418	2,188,500	303,954	5,852,617	12,528,125	12,050,836	1,019,482
	Change	0	0	0	0	0	0	(12,000)	0	(12,000)	(12,000)	(12,000)
EP IR #27	CCA Rate change for computer hardware	4,183,054	7.06%	59,221,611	40,569,453	6,085,418	2,188,500	300,706	5,852,617	12,524,877	12,047,589	1,016,234
	Change	0	0	0	0	0	0	(3,248)	0	(3,248)	(3,247)	(3,248)
Board Staff TCQ #14	Adjust OM&A	4,183,691	7.06%	59,230,624	40,629,543	6,094,431	2,188,500	300,811	5,912,704	12,585,706	12,108,417	1,077,062
SEC TCQ #19	Change	637	0	9,013	60,090	9,013	0	105	60,087	60,829	60,828	60,828
Board Staff TCQ #13	Adjust Revenue Offsets - Rent, Microfit Revenue, St Light Maintenance,	4,183,691	7.06%	59,230,624	40,629,543	6,094,431	2,188,500	300,811	5,912,704	12,585,706	11,986,969	955,614
SEC IR #17, SEC TCQ #20	Late Payment Charges, Misc. Non Operating Revenue	0	0	0	0	0	0	0	0	0	(121,448)	(121,448)
VECC IR #19, EP IR #19	Change											
Board Staff TCQ #10, 12	Adjustment to Load Forecast & COP	4,196,327	0	59,409,526	41,822,228	6,273,334	2,188,500	302,882	5,912,704	12,600,413	12,001,676	1,018,114
EP TCQ #15	Change	12,636	0	178,902	1,192,685	178,903	0	2,071	0	14,707	14,707	62,500