



Board Secretary
Ontario Energy Board
2300 Yonge St
27th Floor
Toronto, ON M4P 1E4

January 24, 2012

Dear Ms. Walli,

Re: Halton Hills Hydro Inc. Supplemental Interrogatory Responses to School Energy Coalition (SEC) in proceeding EB-2011-0271

Halton Hills Hydro Inc. ("HHHI") hereby submits its responses to SEC Supplemental Interrogatories to the Ontario Energy Board ("the Board").

Please find attached to this cover letter:

- 2 paper copies of the Supplemental Interrogatory Responses to SEC in proceeding EB-2011-0271.
- 1 electronic copy of the Supplemental Interrogatory Responses to SEC in proceeding EB-2011-0271.

A copy of the Supplemental Interrogatory Responses to SEC has also been filed through the Web Portal and electronic copies forwarded to all intervenors in EB-2011-0271.

In the event of any additional information, questions or concerns, please contact David Smelsky, Chief Financial Officer, at dsmelsky@haltonhillshydro.com or (519) 853-3700 extension 225, or Tracy Rehberg-Rawlingson, Regulatory Affairs Officer, at tracyr@haltonhillshydro.com or (519) 853-3700 extension 257.

Sincerely,

(Original signed)

David J. Smelsky, CMA
Chief Financial Officer
Halton Hills Hydro Inc.

Cc: Arthur Skidmore, President & CEO, HHHI
Richard King, Counsel to HHHI
Intervenors in proceeding EB-2011-0271

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Halton Hills Hydro Inc. Responses to
School Energy Coalition Supplemental Interrogatories
EB-2011-0271

18.

Reference: VECC #22

Please explain why the Applicant believes that it is appropriate for the Monthly Service Charge for GS>50 to exceed the ceiling amount?

HHHI used a monthly service charge above the ceiling amount for the General Service greater than 50 kW in order to avoid significant change in rates and to maintain the same fixed and variable split.

19.

Reference: EP #9

With respect to Table EP 1-9:

- a) Please explain the significant difference between 2011 budgeted and forecasted costs?
- b) Please explain how the Applicant plans to meet its forecasted spending on pole replacements when as of the end of October it has spent only 44% of its forecast?
- c) Please explain how the Applicant plans to meet its forecasted spending on when as of the end of October it has spent only 48% of its forecast?
- a) Please see HHHI response to Energy Probe Interrogatory question #49 d).
- b) As at December 31, 2011, pending any residual invoices, HHHI had spent 54% of 2011 forecasted spending for pole replacements. Please see HHHI response to Energy Probe Interrogatory question #49 for further details.
- c) As at December 31, 2011, pending final numbers, HHHI had spent 55% of 2011 forecasted spending for capital projects. Please see HHHI response to Energy Probe Interrogatory question #49 for further details.

20.

Reference: EP#9

Please provide an update on all capital projects with an in-service date of 2011.

Please see HHHI response to Energy Probe Interrogatory question #49.

21.

Reference: EP#31

What is the nature of the charitable donation to the Halton Hills Chamber of Commerce?

The charitable donation to the Halton Hills Chamber of Commerce is in support of business and community events including Home & Leisure Show, Promote your Business, Meet the Candidates and Business Achievement Awards.

22.

Reference: EP#34

Will the Applicant be able to answer this Interrogatory considering the date for responses is late January 2012? If so, please provide the information. If not, please provide actual 2011 expenditures in as much granularity as the Applicant has available at this time.

HHHI will present its year-to-date OM&A as of November 30, 2011 as per its internal financial statement. The OM&A is presented below in Table SEC 2-1.

Table SEC 2-1 – OM&A as of November 30, 2011

Halton Hills Hydro Inc. Statement of Operations For the Eleven Month Period Ending November 30, 2011	
	Actual YTD
EXPENDITURE	
Salaries & benefits	3,985,207
Contract services	1,466,411
Material costs	1,056,012
Communications costs	266,227
Property costs	425,065
Other costs	374,684
Capital tax	55,000
Costs allocated to capital	(3,578,665)
Total operating expenses	4,049,941

23.

Reference: EP#35

Please provide details to explain the increase in USoA-5615 'General Administrative Salaries and Expenses' between 2010 and the Test year.

The increase in USoA 5615 is a result of an incorrect mapping of costs presented under CGAAP. However, upon reference to Table EP 1-30 in HHHI's response to Energy Probe Interrogatory question #33, the increase is only \$121, 408 from 2010 to 2012 which is a result of staff addition and increase in benefit costs.

24.

Reference: EP#35

Please provide details to explain the large variance in USoA-5305 'Supervision' between 2010 and the Test year.

The increase is a result of the addition of the Smart Meter Coordinator in USoA 5305.

25.

Reference: SEC#5

The Board has released a decision in EB-2011-0268 and has updated the Uniform Transmission Rates. Please update the Cost of Power and resulting impact on Working Capital.

Table SEC 2-2 shows the updated Cost of Power and Table SEC 2-3 shows the resulting impact on Working Capital.

Table SEC 2-2 : Updated Cost of Power

<u>2012 Load Forecast</u>	kWh	kW	2010 %RPP
Residential	210,909,970		89%
General Service < 50 kW	51,848,139		91%
General Service 50 to 999 kW	116,644,470	326,358	16%
General Service 1000 to 4 999 kW	103,667,742	281,618	0%
Street Lighting	2,817,289	7,928	0%
Sentinel Lighting	695,540	1,480	0%
Unmetered Scattered Load	946,987		0%
TOTAL	487,530,138	617,384	

<u>Electricity - Commodity RPP</u>	2012	2012 Loss			
Class per Load Forecast RPP	Forecasted	Factor	2012		
Residential	188,635,668	1.0602	199,991,535	\$0.07565	\$15,129,360
General Service < 50 kW	47,246,233	1.0602	50,090,457	\$0.07565	\$3,789,343
General Service 50 to 999 kW	18,746,433	1.0602	19,874,968	\$0.07565	\$1,503,541
General Service 1000 to 4 999 kW	0	1.0602	0	\$0.07565	\$0
Street Lighting	0	1.0602	0	\$0.07565	\$0
Sentinel Lighting	0	1.0602	0	\$0.07565	\$0
Unmetered Scattered Load	0	1.0602	0	\$0.07565	\$0
TOTAL	254,628,334		269,956,960		20,422,244

<u>Electricity - Commodity Non-RPP</u>	2012	2012 Loss			
Class per Load Forecast	Forecasted	Factor	2012		
Residential	22,274,302	1.0602	23,615,215	\$0.07191	\$1,698,170
General Service < 50 kW	4,601,906	1.0602	4,878,941	\$0.07191	\$350,845
General Service 50 to 999 kW	97,898,038	1.0602	103,791,499	\$0.07191	\$7,463,647
General Service 1000 to 4 999 kW	103,667,742	1.0602	109,908,540	\$0.07191	\$7,903,523
Street Lighting	2,817,289	1.0602	2,986,890	\$0.07191	\$214,787
Sentinel Lighting	695,540	1.0602	737,412	\$0.07191	\$53,027
Unmetered Scattered Load	946,987	1.0602	1,003,996	\$0.07191	\$72,197
TOTAL	232,901,803		246,922,492		17,756,196

<u>Transmission - Network</u>		Volume			
Class per Load Forecast		Metric	2012		
Residential		kWh	223,606,750	\$0.0057	\$1,274,558
General Service < 50 kW		kWh	54,969,397	\$0.0051	\$280,344
General Service 50 to 999 kW		kW	326,358	\$2.2257	\$726,376
General Service 1000 to 4 999 kW		kW	281,618	\$2.2257	\$626,796
Street Lighting		kW	7,928	\$1.5805	\$12,530
Sentinel Lighting		kW	1,480	\$1.5879	\$2,351
Unmetered Scattered Load		kWh	1,003,996	\$0.0051	\$5,120
TOTAL					\$2,928,075

Table SEC 2-2 : Updated Cost of Power (continued)

<u>Transmission - Connection</u>		Volume			
Class per Load Forecast		Metric	2012		
Residential		kWh	223,606,750	\$0.0045	\$1,006,230
General Service < 50 kW		kWh	54,969,397	\$0.0042	\$230,871
General Service 50 to 999 kW		kW	326,358	\$1.7975	\$586,629
General Service 1000 to 4 999 kW		kW	281,618	\$1.7975	\$506,208
Street Lighting		kW	7,928	\$1.2676	\$10,049
Sentinel Lighting		kW	1,480	\$1.2941	\$1,916
Unmetered Scattered Load		kWh	1,003,996	\$0.0042	\$4,217
TOTAL					\$2,346,120
<u>Wholesale Market Service</u>					
Class per Load Forecast			2012		
Residential			223,606,750	\$0.0052	\$1,162,755
General Service < 50 kW			54,969,397	\$0.0052	\$285,841
General Service 50 to 999 kW			123,666,467	\$0.0052	\$643,066
General Service 1000 to 4 999 kW			109,908,540	\$0.0052	\$571,524
Street Lighting			2,986,890	\$0.0052	\$15,532
Sentinel Lighting			737,412	\$0.0052	\$3,835
Unmetered Scattered Load			1,003,996	\$0.0052	\$5,221
TOTAL			516,879,452		\$2,687,773
<u>Rural Rate Assistance</u>					
Class per Load Forecast			2012		
Residential			223,606,750	\$0.0013	\$290,689
General Service < 50 kW			54,969,397	\$0.0013	\$71,460
General Service 50 to 999 kW			123,666,467	\$0.0013	\$160,766
General Service 1000 to 4 999 kW			109,908,540	\$0.0013	\$142,881
Street Lighting			2,986,890	\$0.0013	\$3,883
Sentinel Lighting			737,412	\$0.0013	\$959
Unmetered Scattered Load			1,003,996	\$0.0013	\$1,305
TOTAL			516,879,452		\$671,943

Table SEC 2-3 : Updated Working Capital

2012		
Description	Deemed Portion	Effective Rate
Long-Term Debt	56.00%	5.01%
Short-Term Debt	4.00%	2.08%
Return On Equity	40.00%	9.42%
Weighted Debt Rate		4.81%
Regulated Rate of Return		6.66%

WORKING CAPITAL ALLOWANCE FOR 2012	
Distribution Expenses	
Distribution Expenses - Operation	1,122,101
Distribution Expenses - Maintenance	797,225
Billing and Collecting	1,548,690
Community Relations	-
Administrative and General Expenses	2,687,646
Taxes Other than Income Taxes	106,600
Less: Capital Taxes within 6105	
Total Eligible Distribution Expenses	6,262,261
Power Supply Expenses	47,398,277
Total Working Capital Expenses	53,660,539
Working Capital Allowance rate of 15%	8,049,081

RATE BASE CALCULATION FOR 2012	
Fixed Assets Opening Balance 2012	34,084,891
Fixed Assets Closing Balance 2012	40,627,524
Average Fixed Asset Balance for 2012	37,356,208
Working Capital Allowance	8,049,081
Rate Base	45,405,289
Regulated Rate of Return	6.6568%
Regulated Return on Capital	3,022,539
Deemed Interest Expense	1,311,668
Deemed Return on Equity	1,710,871

26.

Reference: SEC#12

With respect to the Service Agreements with the Applicant and its affiliates, please explain and provide details on how the time and materials are valued.

A valuation of time and materials (cost plus mark-up) is determined during the annual budget setting process and includes a complete review of:

- Administrative support services
- Occupancy costs
- Meter Reading (water), postage and billing supplies
- Hourly rates including burdens and equipment

27.

Reference: SEC#14

Why did the Applicant not finance its long-term capital through Infrastructure Ontario?

HHHI has approached Infrastructure Ontario as an alternative resource to finance capital construction projects in the past and will continue to do so in the future. HHHI's financial institution provided a lower rate and more flexible terms than Infrastructure Ontario.

28.

Reference: Board Staff#23

Please explain the large decrease in Maintenance expenses from 2008 to 2009.

Please refer to Exhibit 4, Tab 2, Schedule 3, pages 2 & 3 of the Application.