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January 27, 2012

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-2011-0271
Halton Hills Hydro Inc. – 2012 Cost of Service Application
Energy Probe – Technical Conference Questions

Pursuant to Procedural Order No. 2, issued by the Board on December 15, 2011, attached please find the Technical Conference Questions of Energy Probe Research Foundation (Energy Probe) in the EB-2011-0271 proceeding.

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

Yours truly,

David S. MacIntosh
Case Manager

cc: Arthur Skidmore, Halton Hills Hydro (By email)
David Smelsky, Halton Hills Hydro (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 Halton Hills
Hydro 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")**

January 27, 2012

**HALTON HILLS HYDRO INC.
2012 RATES REBASING CASE
EB-2011-0271**

**ENERGY PROBE RESEARCH FOUNDATION
TECHNICAL CONFERENCE QUESTIONS**

Question #1

**Ref: Energy Probe IR #49 &
Exhibit 2, Tab 2, Schedule 1 &
Energy Probe IR #50**

- a) Please provide updated fixed asset continuity schedules for 2011 and 2012, in both CGAAP and IFRS (Tables 2-10a, 2-10b, 2-11a and 2-12a as shown in Exhibit 2, Tab 2, Schedule 1) that reflect the actual capital expenditures in 2011 (Table EP 2-2 shown in EP IR #49), along with the current capital expenditure forecast for 2012 based on the carryover to 2012 shown in Table EP 2-2 and any other changes Halton Hills is proposing for 2011 and 2012 (such as including the land in rate base as noted in Energy Probe IR #50).**
- b) Please provide similar schedules as requested in (a) above, but excluding the land for the transformer station and distribution substation.**

Question #2

Ref: Energy Probe IR #55

- a) What is the life of the panels used for depreciation purposes?**
- b) What is the CCA deduction available in 2012 associated with the panels? Please show the calculation, including the CCA rate used.**
- c) The PILS figure of \$11,926 shown in Table EP 2-4 appears to be 26.25% of the regulated return on capital, which includes debt costs. Please explain why the PILS calculation is not based on taxable income based on the return on equity (\$25,717), increased by depreciation and reduced by the available CCA? Please calculate the PILS based on this approach.**

Question #3

Ref: Energy Probe IR #57

Does Table EP 2-6 reflect the full year for 2010 and 2011 or does it reflect a shorter year-to-date period? If it reflects a period shorter than the full year, please indicate how many months are included for each year.

Question #4

Ref: Energy Probe IR #33 & #59

- a) What costs were included in 2010 related to the OM&A associated with meters, other than smart meters?**
- b) Where has the reduction for the removal of OM&A expenses associated with meters, other than smart meters, been reflected in the comparison of 2010 to 2012 expenses?**

Question #5

**Ref: Energy Probe IR #60 &
Exhibit 4, Tab 1, Schedule 1**

- a) Please explain why the YTD actual for November 2010 shown in Table EP 2-7 is higher than the full year amount shown in Table 4-1 of Exhibit 4, Tab 1, Schedule 1.**
- b) Does Halton Hills now have full year information available for 2011, either on an actual basis or on a preliminary actual basis? If yes, please provide.**

Question #6

Ref: Energy Probe IR #62

- a) Does Halton Hills currently have a loan from the TD Commercial Bank, or any other third party lender?**
- b) If so, what is the amount, interest rate and term of the loan?**
- c) If not, when does Halton Hills expect to enter into a loan agreement with the third party, and what term of the loan will Halton Hills be seeking?**

Question #7

**Ref: Energy Probe IR #68 &
Exhibit 4, Tab 2, Schedule 3**

- a) Please reconcile the increase of \$52,606 in other OM&A Costs shown for the 2012 Test Year in Table EP 2-12 with the figure of (\$18,994) as shown in Table 4-10.**
- b) Please confirm that if this change did not take place, the Closing Balance in Table EP 2-12 for the 2012 Test Year would be \$6,185,661 and with the removal of \$30,000 in charitable donations this figure would be \$6,155,661, which matches the figure shown in the updated RRWF.**

Question #8

Ref: Energy Probe IR #71 & #72

The response to part (b) of Energy Probe Interrogatory #71 indicates that Halton Hills will accept the changes resulting from Energy Probe Interrogatory #39 b) and c). Similarly, part (d) of the response indicates that Halton Hills will accept the changes resulting from Energy Probe Interrogatory #41. These changes do not appear to be reflected in the tracking sheet provided in response to Energy Probe Interrogatory #72. Please explain.

Question #9

Ref: Energy Probe IR #72

The tracking sheet provided in the response in Table EP 2-15 shows that the gross revenue deficiency declines from \$929,610 to \$555,540 based on changes accepted by Halton Hills. The updated RRWF provided in the same response shows a change in the revenue deficiency from \$929,610 to \$682,054.

- a) Please explain why the two figures are different.**
- b) Please provide a revised tracking sheet and/or RRWF such that gross revenue deficiency is the same using both sources. Please include any additional changes accepted by Halton Hills that result from the responses to the technical conference questions.**

Question #10

**Ref: VECC IR #36 &
Exhibit 3, Appendix A**

It appears that the data in the "Number of Customers" column in Appendix A of Exhibit 3 is not correctly aligned with the other data in the table. For example, the number of customers shown for January 2010 is 24,904, which, according to the VECC IR response is the actual number of customers for January 2008.

- a) Please confirm that the regression equation use to forecast power purchases has been incorrectly estimated based on the error in the customer data.**
- b) Please re-estimate the power purchase equation using the correct number of customers for each month. If any variables of the re-estimated equation of a t-stat less than 2.0, please re-estimate the equation excluding the associated explanatory variable. Please provide an updated Table 3-6 and Table 3-7 from Exhibit 3.**
- c) Please provide the 2011 and 2012 forecast that results from this corrected equation.**
- d) Please provide the corrected version of the live Excel spreadsheet for the weather normalized regression model.**

Question #11

**Ref: VECC IR #42c &
Exhibit 8, Tab 4, Schedule 1, Table 8-9**

The response to the VECC IR indicates that the distribution loss factor should be 1.0336. However, Table 8-9 shows a distribution loss factor of 1.0253. Please reconcile and, if necessary, provide an updated Table 8-9.