



117 Gorrie Street, Box 1480
Atikokan, Ontario P0T 1C0

Telephone (807)597-6600
Fax (807)597-6988
e-mail wilf.thorburn@athydro.com

Michael R. Buonaguro
34 King Street East, Suite 1102
Toronto, Ontario M5C 2X8
Canada

Dear Sir:

Re: **Atikokan Hydro Inc.**
2012 Cost of Service Board Staff and VECC Interrogatories (EB-2011-0293)

Atikokan Hydro Inc. is pleased to submit its responses to Board Staff and VECC Interrogatories regarding EB-2011-0293 Cost of Service study.

The Application includes the following Exhibits

Atikokan_Hydro_Cos_BdStf_IRs_20120301.pdf
VECC_IR_Atkikokan_20120203_EB-2011-0293
Atikokan_Cos_2012_Tracking_Sheet_20120301_BdStf_IR_58.xls
Atikokan_COS_2012_Rate_Design_Model_20120301_BdStf_IR.xls
Atikokan_Cos_2012_Smart_Meter_Rate_Rider_by_Class_20120301_BdStf_IR_42b.xls
Atikokan_Cos_2012_Cost_Allocation_Model_V2_VECC_IR_21.xls
Atikokan_Cos_2012_EDDVAR_Continuity_Schedule_20120301_BrdStf_31a.xls
Atikokan_CoS_2012_IR_Rev_Reqt_Work_Form_20120301_BdStf_IR_57.XLS
Atikokan_Cos_2012_Revenue_Requirement_MIFRS + PPE + OMERS + SM_updates_
Model_20120301_BdStf_IR_57.xls
Atikokan_CoS_2012_RTSR_Adjustment_Work_Form_newUTR_20120301.xls
Atikokan_Cos_2012_smart_meter_model_20120301..xls

These responses have been filed electronically with the Board today and two (2) paper copies will be delivered to the Board Secretary.

If you require further information please contact me.

Regards,

A handwritten signature in black ink that reads "Wilf Thorburn". The signature is written in a cursive, flowing style.

Wilf Thorburn
CEO Secretary/Treasurer
Atikokan Hydro Inc

**Atikokan Hydro Inc.
2012 Cost of Service Rates Application
EB-2011-0293**

Interrogatories of the Vulnerable Energy Consumers Coalition (“VECC”)

GENERAL

1. Please confirm that Atikokan has implemented the Board requirements in respect to low-income consumers.

Response:

Atikokan Hydro has implemented the Board requirements in respect to low-income consumers.

RATE BASE

2. Reference: Exhibit, Tab 2, Schedule 1, page 2 Table 2-2

- a) Is Table 2-2 presented in CGAAP or MIFRS. If the latter please provide the Summary of Working Capital Table 2-2 in CGAAP for years 2008 through 2012. Please add one column showing 2012 in MIFRS format (see also IR #13)

Response:

- a) Please refer to response to Board Staff IR#45b.

3. Reference Exhibit 2, Tab 1, Schedule 1, Table 2-3/Schedule 2, pg1 Table 2-21

- a) Please provide details as to Atikokan's significant increase in its fleet cost in 2016.

Response:

- a) In 2016, Atikokan Hydro will need to purchase a second double bucket truck to retire an existing vehicle that will have reached the end of its useful life by then.

4. Reference Exhibit 2, Tab 2, Schedule 1, pg. 12, Table 2-20

- a) Please provide details as to the capital project in accounts 1908 and 1920 (\$12,000 and \$8,000 respectively for computer related equipment).

Response:

- a) There appears to be a typo on table 2-20 in line 5. The computer equipment of \$12,000 should be in account 1920, and the software amount of \$8,000 should be in account 1925. The reason for the investment in computer equipment is twofold. The file server and work stations are over 5 years old, and are showing signs of failing. Also as a recommendation from the security audit conducted on our smart metering infrastructure, the physical security of the server and related equipment needs to be improved. The server software will be upgraded to server 2008, and the office packages on the workstations will be upgraded to Office 2010. There will be some enhancements to adobe writer as well.

5. Reference Exhibit 2, Appendix A, page 12

- a) At page 12 of the Asset Management Plan it states “Atikokan Hydro has chosen a useful life of 45 years for distribution equipment and has deemed 10 years remaining on older assets” (emphasis added). Please explain how (or if) this statement relates to the recording of book value of assets.

Response:

- a) The statement relates to how Atikokan Hydro expects to depreciate assets under IFRS which means it does relate to the recording of book value of assets. When new assets are added to the book value of assets they will be depreciated over 45 years. In addition, Atikokan Hydro has taken the deemed remaining useful life of existing distribution equipment into consideration when determining the opening accumulated depreciation balance of these asset. With the depreciation changes (including estimated useful life) as a result of IFRS preparation, Atikokan shows a decrease in 2012 depreciation expense as opposed to the depreciation expense that CGAAP would calculate. As a result of the depreciation and the book values of the assets are affected.

LOAD FORECAST AND REVENUE OFFSETS

6. Reference: Exhibit 3, Tab 2, Schedule 1, page 4

- a) Please provide the actual customer/connection count by class for June 2011 and for year-end 2011.

Response:

<u>Class</u>	<u>Customer/Connection*</u>	
	<u>Jun-11</u>	<u>Dec-11</u>
Residential	1,405	1,413
General Service < 50 KW	233	232
General Service 50 to 4,999 KW	22	22
Streetlighting	635	635
MicroFit	4	8

*All classes by customer count except Streetlighting listed by connection count

7. Reference: Exhibit 3, Tab 2, Schedule 1, pages 6 & 14

- a) Please describe Atikokan's 2011 CDM program activity including: i) programs offered, ii) 2011 program savings achieved as of April 30, 2011 and iii) estimated overall 2011 programs savings.
- b) Please confirm that the CDM targets are assumed to be billed energy (as opposed to purchased energy) targets.
- c) Given the regression analysis undertaken by Atikokan uses data up to April 30, 2011, would it be reasonable to assume that CDM programs savings up to this point in time are captured by the resulting models and reflected in the 2012 purchase power forecast developed using the model? If not, why not?

Response:

- a) In 2011, Atikokan Hydro offered the following province wide programs:
 - 1. **Program Name:** Appliance Retirement (*Great Refrigerator Roundup*)
 - a. **Years of Operation:** 2011-2014
 - b. **Program Description:** The Appliance Retirement initiative targets customers in the Residential Service account category. It also is a carry forward and enhancement of the Great Refrigerator Roundup. It includes free pick-up and environmentally responsible recycling of old, inefficient, working, appliances:
 - i. Refrigerators that are at least 15 years old
 - ii. Freezers that are at least 15 years old
 - iii. Room air conditioners (secondary)
 - iv. Dehumidifiers (secondary)

2. **Program Name:** Instant Rebates (*Power Savings Event*)

a. **Years of Operation:** 2011-2014

- b. **Program Description:** The Instant Rebates initiative targets customers in the Residential Service account category. This is also a carry forward and enhancement of the Power Savings Event. It includes year round coupons and bi-annual in-store instant rebates. There will be opportunities for local marketing, as well as LDC in-store presence in retailers in the service area. For year round coupons, measures will be traceable to the LDC service territory where the measures are installed via a coding mechanism. For the bi-annual events, savings will be proportionally allocated to LDCs based on the size of their residential customer base.

3. **Program Name:** Midstream Incentives

a) **Years of Operation:** 2011-2014

- b) **Program Description:** The Midstream Incentive initiative targets customers in the Residential Service account category. This is also a carry over and enhancement of the midstream television incentive from the Power Savings Event. In addition to providing incentives for retailers to promote energy efficient televisions, it will include incentives for satellite and cable providers to use high-efficiency set-top boxes and network configurations. It will also include pool pumps, providing contractors with incentives to install “right sized” pool equipment. The most updated data that we have regarding savings would be in the following table from the current OPA report:

Q3_2011_CDM_Status_Report_Atikokan_Hydro_Inc

Table 3: Atikokan Hydro Inc. Initiative and Program Level Savings

Shaded areas indicate data is not yet available

All results are NET and presented at the end-user level

		Activity			Net Peak Demand Savings (kW)			Net Energy Savings (kWh)			Program-to-Date:
#	Initiative	Unit	Incremental (Current Quarter)	Program-to-Date (2011-to-Date):	Incremental (Current Quarter)	YTD Incremental (2011-to-Date)	Program-to-Date: unverified annual savings in 2014	Incremental (Current Quarter)	YTD Incremental (2011-to-Date)	Program-to-Date: unverified cumulative savings in 2014	
Consumer Program											
1	Appliance Retirement	Appliances	1	1	0	0	0	527	527	2,110	
2	Appliance Exchange	Appliances			data not available						
3	HVAC Incentives	Equipment	0	1	0	0	0	0	504	2,015	
4	Conservation Instant Coupon Booklet	Items	0	4	0	0	0	0	288	1,154	
5	Bi-Annual Retailer Event	Items	0	24	0	0	0	0	1,673	6,692	
6	Residential Demand Response	Devices	0	0	0	0	0	0	0	0	
7	Midstream Electronics	Items			not in market						
8	Midstream Pool Equipment	Items			not in market						
9	Residential New Construction	Houses	0	0	0	0	0	0	0	0	
Consumer Program Total					0	0	0	527	2,992	11,969	
Business Program											
10	Retrofit	Projects	0	0	0	0	0	0	0	0	
11	Direct Installed Lighting	Projects	3	10	4	6	6	26,384	47,982	191,926	
12	Direct Service Space Cooling	Equipment			not in market						
13	Building Commissioning	Buildings	0	0	0	0	0	0	0	0	
14	New Construction	Buildings	0	0	0	0	0	0	0	0	
15	Small Commercial Demand Response	Devices	0	0	0	0	0	0	0	0	
16	Demand Response 1	Facilities	0	0	0	0	0	0	0	0	
17	Demand Response 3	Facilities	0	0	0	0	0	0	0	0	
Business Program Total					4	6	6	26,384	47,982	191,926	
Industrial Program											
18	Process & System Upgrades	Projects	0	0	0	0	0	0	0	0	
19	Monitoring & Targeting	Projects	0	0	0	0	0	0	0	0	
20	Energy Manager	Managers	0	0	0	0	0	0	0	0	
21	Industrial Electricity Retrofit	Projects	0	0	0	0	0	0	0	0	
22	Demand Response 1	Facilities	0	0	0	0	0	0	0	0	
23	Demand Response 3	Facilities	0	0	0	0	0	0	0	0	
Industrial Program Total					0	0	0	0	0	0	
Home Assistance Program											
24	Home Assistance Program	Units	0	0	0	0	0	0	0	0	
Home Assistance Program Total					0	0	0	0	0	0	
Pre-2011 Programs completed in 2011											
25	Electricity Retrofit Incentive	Projects	0	0	0	0	0	0	0	0	
26	High Performance New Construction	Projects	0	0	0	0	0	148	2,937	11,747	
27	Toronto Comprehensive	Projects	0	0	0	0	0	0	0	0	
28	Multifamily Energy Efficiency Rebates	Projects	0	0	0	0	0	0	0	0	
Pre-2011 Programs completed in 2011 Total					0	0	0	148	2,937	11,747	
OPA-Contracted Province-Wide Portfolio Total					4	7	7	27,060	53,911	215,643	

- b) Atikokan Hydro confirms that the CDM targets are assumed to be billed energy (as opposed to purchased energy) targets.
- c) It would it be reasonable to assume that CDM programs savings up to April 30, 2011 are captured by the resulting models and reflected in the 2012 purchase power forecast developed using the model. However, additional savings from 2011 and 2012 CDM programs which occur after April 30, 2011 have been reflected in the billed energy forecast with the adjustment for CDM being made to the billed energy forecast.

8. Reference: Exhibit 3, Tab 2, Schedule 1, page 4 and Appendix A

- a) Appendix A shows a “zero value” for the Intermediate Class flag for the months August 2003 to May 2004 and from September 2007 onwards. However, Table 3-3 reports Intermediate class usage in all years up to (and including) 2008. Please explain more fully how the 0/1 values for the Intermediate class flag were determined.
- b) Did Atikokan test a regression model that explained monthly purchased power (less any Intermediate Class use)? If yes, what were the results?
- c) If the response to part (b) is no, please provide the results of a regression analysis based on such a model and (using the resulting model) provide projections for 2011 and 2012 purchased power.

Response:

- a) The definition of Intermediate class flag is as follows.
1 = The customer is in operation mode and using load for production.
0 = The customer is in shut down mode and using a minimal load to essentially “keep the lights on” in the plant.
- b) Atikokan Hydro did test a regression model that explained monthly purchased power (less any Intermediate Class use). The statistical results from this regression model are as follows.

<i>Regression Statistics</i>	
Multiple R	86%
R Square	75%
Adjusted R Square	74%
Standard Error	170473.6216
Observations	108

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	4	8.77984E+12	2.19496E+12	76	9.2557E-30
Residual	103	2.99331E+12	29061255653		
Total	107	1.17731E+13			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	(6,336,015)	1,094,701	(5.79)	7.75219E-08	(8,507,095)	(4,164,934)
Heating Degree Days	870	58	15.03	1.03607E-27	755	985
Cooling Degree Days	4,286	1,194	3.59	0.000510248	1,917	6,654
Number of Days in Month	96,410	20,449	4.71	7.62047E-06	55,854	136,966
Number of Customers/Connections	2,193	386	5.69	1.22051E-07	1,428	2,958

- c) Not applicable.

9. Reference: Exhibit 3, Tab 2, Schedule 1, page 9

- a) Provide a table that sets out for 2009 and 2010 the following:
- i. The actual purchases for each year
 - ii. The actual HDD and CDD values for each year
 - iii. The “weather normal” HDD and CDD values for each year (as defined by Atikokan)
 - iv. The HDD and CDD coefficients per Atikokan’s regression model
 - v. The weather normal adjustment for each year based on the product of a) the HDD and CDD coefficients and b) the differences between the actual and “weather normal” values for HDD and CDD respectively.
 - vi. The estimated “weather normal purchases” calculated by adjusting actual purchases by the values calculated in the preceding bullet.

Response:

The requested information is provided below

	2009	2010
Actual Purchases	25,781,622	24,708,723
Actual HDD Values	5,939	4,870
Actual CDD Values	46	0
"Weather Normal" HDD Values	5,596	5,596
"Weather Normal" CDD Values	103	103
HDD coefficient for Atikokan Hydro regression model	873	873
CDD coefficient for Atikokan Hydro regression model	4,402	4,402
Weather Normal Adjustment based on the product of HDD and CDD coefficients and the difference between actual and weather normalized HDD and CDD values respectively	(46,809)	1,087,859
Estimated "weather normal purchases" calculated by adjusting actual purchases by the values derived in the row above	25,734,813	25,796,582

10. Reference: Exhibit 3, Tab 2, Schedule 1, pages 14 & 16

- a) What are the billed kW associated with the CDM savings included in the 2012 load forecast for the GS>50 and Street Lighting classes?

Response:

- a) The billed kW associated with the CDM savings included in the 2012 load forecast is 161 kW for the GS>50 class and 15 kW for the Street Lighting class.

11. Reference: Exhibit 3, Tab 3, Schedule 3, page 3

- a) Please explain the change in each of the following between 2010 and 2011 and indicate the rationale for the 2012 forecast value: i. Merchandising & Jobbing
ii. Other Distribution Revenue
iii. Other Income & Exp.

Response:

The change between 2010 and 2011 in the following accounts; i. Merchandising & Jobbing ii. Other Distribution Revenue iii. Other Income & Exp.; is a result of a few factors. 1) Changing accounting systems to support the smart meters resulted in recording merchandising differently. In the past, Atikokan Hydro used a process from Ontario Hydro; this system is no longer used. Transactions are now posted to revenue and expenses separately as opposed to posting both debit and credits in the same account leaving the net. 2) 2010, Atikokan Hydro had a one-time recoverable job that resulted in greater revenues for the 2010 fiscal year. 2011 figures reported were from analyzing June 30th financials and forecasting the remainder of the year based on the unaudited actuals reported mid year. The 2012 forecast is assumed to be the same value as 2011.

12. Reference: Exhibit 3, page 36

- a) How many Micro-Fit customers does Atikokan currently have (i.e., year end 2011)? How many are forecast for year-end 2012?
- b) Where is the revenue from Micro-Fit service charges captured in Table 3-34?

Response:

- a) There were 8 microfit customers in 2011, and there is an additional one forecasted for 2012.
- b) The revenue for Micro-Fit service charges are not captured in Table 3-34. The MicroFit Service Revenue is recorded in a sub account of 4235 Miscellaneous Service Revenues. This is per the OEB's Accounting Procedures Handbook Frequent Asked Questions; December 2010. The unaudited Micro-Fit service charge revenue for 2011 is \$225.60 and 2012 test year is forecasted to have service revenue from Micro-Fits of \$555.10.

OM&A

13. **Reference Exhibit 4, Tab 1, Schedule 1, page 4** *Preamble: The purpose of the following two interrogatories are to create an “apples-to-apples” table comparison of the Board approved 2008 OM&A and the actual and forecast OM&A shown in the application for 2008 through 2012. Atikokan appears to have made a change in its capitalization policies in 2009 which may (or may not) have made the 2009 through 2012 figures “IFRS” compliant” In this case it may be simpler for the Applicant to adjust the 2008 Board approved and 2008 actual in order to show a consistent format. In either case the request is to show the capitalization and IFRS adjustments separately so as to understand actual OM&A increases from OM&A changes arising from accounting and capitalization changes – see also Board Staff IR # 52.*

- a) Please confirm that Table 4.6 shows OM&A is in MIFRS format for all the years shown.
- b) If Table 4.6 is in MIFRS format please provide the Table in CGAAP format and showing in an additional row/column the appropriate MIFRS adjustment for 2012.
- c) Please separate out from the CGAAP table and show separately changes resulting from changes in capitalization policy.

Response:

- a) Please refer to response to Board Staff IR#52.
- b) Please refer to response to Board Staff IR#52.
- c) The impact on OM&A resulting from changes in capitalization policy is explained in the application in Exhibit 4, Tab 2, Schedule 3, Pages 2 and 3. The explanation on these pages, which supports Table 4-11 - OM&A Cost Drivers, indicates the impact on OM&A is \$93,565 in 2009 and an additional \$75,470 in 2010 for a total of \$169,035.

14. Reference: Exhibit 4, Tab 2, Schedule 2, pages 1-2; Table 4-7 through 4-10.

- a) Please confirm these tables are in CGAAP or MIFRS format
- b) If the tables are a combination of CGAAP and MIFRS then please provide revised tables showing a single accounting format and where changes arise due to changes in capitalization policy or IFRS accounting changes.

Response:

- a) Please refer to response to Board Staff IR#52.
- b) Please refer to response to Board Staff IR#47b, #52 and VECC IR#13c.

15. Reference: Exhibit 4, Tab 2, Schedule 2, pages 1-2; Table 4-7 through 4-10.

a) Please update 2011 for year-end (unaudited) results.

Response:

See the following updated tables; Table 4-7 through Table 4-10, updated for year-end (unaudited) results.

**Table 4-7
Detailed Account by Account Operation Expenses**

Operation Expenses							
USoA	Distribution Expenses - Operation	2008 Board Approved	2008 Actual	2009 Actual	2010 Actual	2011 Unaudited	2012 Test Year
5016	Distribution Station Equipment - Labour	0	15,455	3,989	0	1,278	1,087
5017	Distribution Station Equipment - Operation Supplies/Expenses	0	1,873	470	0	0	205
5020	Overhead Distribution Lines/Feeder Labour	264,945	221,989	229,359	261,114	142,949	265,093
5025	Overhead Distribution Lines/Feeder Supplies/Expenses	35,300	42,189	57,381	27,341	39,753	42,915
5030	Overhead Subtransmission Feeders	5,000	9,898	30,272	42,657	41,042	1,476
5035	Overhead Distribution Transformer Operation	0	3,941	65	0	0	0
5065	Meter Expense	6,200	159	21	1,000	844	107,573
5095	Overhead Distribution Line/Feeders Rental PD	450	617	448	0	448	0
	TOTAL OPERATIONS	311,895	296,121	322,005	332,112	226,314	418,349

Table 4-8
Detailed Account by Account Maintenance Expenses

Maintenance Expenses							
USoA	Distribution Expenses - Maintenance	2008 Board Approved	2008 Actual	2009 Actual	2010 Actual	2011 Unaudited	2012 Test Year
5114	Maintenance of Distribution Stn Equipment	2,000	3,804	1,072	585	1,673	599
5125	Maintenance Of O/head Conductors & Devices	0	748	1,416	20,406	2,926	5,907
5130	Maintenance Of Overhead Services	4,500	9,784	0	222	93	191
5135	Overhead Distribution Lines/Feeders-Right of Way	25,000	51,058	27,718	29,522	33,510	42,669
5160	Maintenance of Line Transformers	800	19,523	27	250	13,163	1,814
5175	Maintenance of Meters	6,500	3,899	730	680	2,003	1,996
5195	Maintenance of Other Installations on Customer Premises	0	0	10,966	0	0	0
	TOTAL MAINTENANCE	38,800	88,816	41,929	51,665	53,367	53,176

Table 4-9
Detailed Account by Account Billing & Collecting Expenses

Billing & Collecting Expenses							
USoA	Billing & Collecting Expenses	2008 Board Approved	2008 Actual	2009 Actual	2010 Actual	2011 Unaudited	2012 Test Year
5305	Supervision	4,900	4,043	3,139	7,700	2,889	2,727
5310	Meter Reading Expense	52,050	45,772	51,303	32,118	37,189	45,939
5315	Customer Billing	110,000	110,711	97,640	87,381	80,777	97,060
5325	Collecting - Cash Over and Shortage	0	50	311	(338)	(5.67)	0
5330	Collection Charges	(6000)	(5200)	(1300)	0	0	0
5335	Bad Debt Expense	3,000	6,355	5,655	3,924	3,776	5,444
5340	Miscellaneous Customer Accounts Expenses	6,800	7,250	3,013	0	4,121	2,000
	TOTAL MAINTENANCE	170,750	168,981	159,761	130,785	128,752	153,170

Table 4-10
Detailed Account by Account General & Administrative Expenses

General & Administrative Expenses							
USoA	General & Administrative Expenses	2008 Board Approved	2008 Actual	2009 Actual	2010 Actual	2011 Unaudited	2012 Test Year
5605	Executive Salaries and Expenses	6,000	6,000	6,000	6,000	6,000	6,000
5610	Management Salaries and Expenses	12,500	11,639	105,204	116,180	146,406	122,061
5615	General Admin Salaries and Expenses	62,000	17,205	48,937	124,407	179,362	130,706
5620	Office Supplies and Expenses	7,200	6,244	8,450	7,416	6,711	8,153
5630	Outside Service Employed	65,000	153,350	85,873	135,076	106,674	127,866
5635	Property Insurance	8,000	7,271	8,379	8,604	5,392	9,116
5645	Employee Pensions and Benefits	0	0	0	0	0	45,228
5655	Regulatory Expenses	14,000	11,522	5,142	13,149	10,934	60,564
5660	General Advertising Expenses	2,400	617	977	1,649	463	1,230
5665	Miscellaneous Expense	60,200	41,225	44,060	35,845	21,509	41,386
5675	Maintenance and General Plant	43,600	36,034	41,646	35,905	54,860	41,271
5680	Electrical Safety Authority Fees	6,500	0	1,862	1,920	2,031	2,082
	TOTAL GENERAL & ADMINISTRATIVE EXPENSES	287,400	291,107	356,530	486,151	540,342	595,663

16. Reference: Exhibit 4, Tab 2, Schedule 2, pages 2-5.

- a) Please provide details as to the reasons for the increase in meter reading expenses from 2010 to 2011 and 2012.
- b) Please explain the methodology used to forecast the 2012 bad debt expense

Response:

- a) In reference to Table 4-9; Atikokan forecasted increases in meter reading expenses from 2010 to 2011 and 2012 as a result of additional meter reading charges required for time-of-use meter reading/billing. For example, Atikokan Hydro has a yearly system maintenance agreement fee payable to Elster Canadian Meter; this is a new expense as a result of smart meters. Although meter reading expenses for labour (actual manual meter reading) is reduced; Atikokan now has other meter expenses for system support. The forecasted 2012 year assumed 2011 expenses with a 2.5% increase.
- b) Atikokan forecasted the 2012 bad debt expense based on the 2011 bad debt expense and assumed a 2.5 % increase. 2011 bad debt was based on the bad debt expense average for the years 2008-2010.

17. Reference: Exhibit 4, Tab 2, Schedule 3, page 4

- a) Please confirm that \$30,000 discussed in the evidence for the replacement of a new lineman apprentice is included in the OM&A forecast for the 2012 test year.
- b) In what year does Atikokan expect the existing lineman to retire?
- c) In recruiting for this position what average salary and benefit figure was used for a lineman?

Response:

- a) Atikokan confirms the OM&A forecast for the 2012 test year includes \$30,000 for the replacement of a new lineman apprentice.
- b) Atikokan expects the existing lineman to retire December of 2012.
- c) The \$30,000 included in the 2012 OM&A test year for a lineman was based on reviewing Atikokan Hydro's current collective agreement's entry level wage for this position.

18. Reference: Exhibit 4, Tab 2, Schedule 3 page 15.

- a) Who are Atikokan's comparator cohort utilities?
- b) Please provide a table similar to Table 4-20 showing these comparable utilities.

Response:

- a) Atikokan Hydro's comparator cohort utilities are listed below. The Cohort Grouping is based on EB-2006-0268.

West Nipissing Energy Services Ltd.
Renfrew Hydro Inc.
Fort Frances Power Corporation
Espanola Regional Hydro Distribution Corporation
Northern Ontario Wires Inc.
Parry Sound Power Corporation
Sioux Lookout Hydro Inc.
Chapleau Public Utilities Corporation
Great Lakes Power Limited

- c) Atikokan is unable to produce Table 4-20 as requested because all the required data does not exist. Atikokan has reviewed the data available in the issued Distributors Yearbook. As a result, Atikokan has provided the table below in relation to its cohorts OM&A per customer using available data.

<u>Atikokan & Cohort Utilities</u>	<u>OM&A (\$) per Customer</u>			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Atikokan Hydro Inc.	443.69	504.19	521.39	601.11
West Nipissing Energy Services Ltd.	156.92			
Renfrew Hydro Inc.	239.82	251.23	246.99	250.57
Fort Frances Power Corporation	296.59	312.64	349.41	350.99
Espanola Regional Hydro Distribution Corporation	295.27	299.76	327.70	311.73
Northern Ontario Wires Inc	300.25	321.23	333.47	340.80
Parry Sound Power Corporation	329.66	362.37	368.79	359.27
Sioux Lookout Hydro Inc.	414.84	419.52	416.08	426.09
Chapleau Public Utilities Corporation	475.91	441.78	370.21	412.71
Great Lakes Power Limited	696.26			
Group Average	364.92	364.09	366.76	381.66

19. Reference: Exhibit 4, Tab 2, Schedule 4, pages 1-4

- a) Please explain why street light maintenance prices (cost for service) have declined since 2008 (from \$52,628 to \$26,740).
- b) Please explain why the price for office footage has not increased since 2008.
- c) Please explain why Atikokan recovers less than 100% of its costs for services to Atikokan Enercom.
- d) Please explain why the cost for the services provided to affiliates (as shown in the Tables) has increased by less than the inflation rate between 2008 and 2012.

Response:

- a) The streetlight maintenance costs have declined from 2008 because the maintenance is down as a result of the aging streetlights being replaced with new.
- b) Atikokan Hydro has kept the rent for office space on par with the commercial rate in Atikokan. The rental charges are consistent with rental charges for office space in the mall which is beside the Atikokan Hydro office. Given the severe economic situation in Atikokan with the complete collapse of the Forestry Industry and the negative impact that the new wood allocation policy has had to date, the mall owner has not been able to raise rent to keep up with inflation.
- c) Atikokan Hydro recovers 100% of its cost for services to Atikokan Enercom where applicable. However, in relation to operating costs; it has been agreed Atikokan Enercom should only be charged 5% of these costs. Prior to 2011 Atikokan Hydro and Atikokan Enercom shared an interac machine and Atikokan Enercom was billed charges based on the number of transactions. However, as of 2011 this no longer is the case since Atikokan Enercom and Atikokan Hydro both have separate interac machines.
- d) The costs for services between Atikokan Hydro and Atikokan Enercom are reviewed periodically by the board of directors for both Atikokan Hydro and Atikokan Enercom and adjusted as required. This review and resulting charges are influenced by the economic conditions of Atikokan at the time of the review. The economic conditions of Atikokan have declined since 2008 resulting in cost of services provided to affiliates to increase at less than the inflation rate.

20. Reference: Exhibit 4, Tab 2, Schedule 6, page 3

- a) Between 2008 and 2012 Atikokan will have increased its FTE from 7 to 9. Is this Atikokan's permanent FTE requirement or is 9 FTE the result of temporary increases due to retirement overlaps?
- b) Since 2008 how many positions have been added due incremental requirements (i.e. are expected to be permanent)?
- c) How many managers or executives does Atikokan employ? For the period 2008 through 2012 what is the average annual percentage growth in salary and benefits (in percentages – not dollar figures).

Response:

- a) The 2012 FTE requirement of 9 is based on a temporary increase resulting from an overlap of a retirement and the hiring of a lineman apprentice.
- b) Since 2008 one (1) permanent part-time position has been added due to incremental requirements.
- c) Atikokan Hydro employs one manager/executive. The average annual percentage growth in salary and benefits from 2008 through 2012 has been 4%. This reflects a change in working hours from a 35 hour work week to a to 40 hour work week along with inflationary increases.

COST ALLOCATION

21. Reference: Exhibit 7, Tab 1, Schedule 1, page 2 /Exhibit 9, Tab 2, Schedule 2, page 1

- a) Please provide a break down as to the number of smart meters installed for each customer class (up to the end of 2011).
- b) Was the same type of meter installed for all customers in all customer classes? If not, please indicate the different types of meters used and the number of each type by customer class.
- c) If not, what are the average costs of the different types of meters?
- d) If not, please update Sheet I7.1 of the Cost Allocation model to reflect the different types of smart meters used.
- e) Are the weighting factors used for Services (Cost Allocation Sheet I5.2) the same as those used in Atikokan's previous cost allocation filing?
- f) What is the rationale for the Services weighting factors used in the 2012 Cost Allocation?

Response:

- a) The following table describes the type and number of smart meters installed at the end of 2011 there are:
- i. Residential customers 1427
 - ii. General service customers 224 consisting of 159 customers with Rex 2 meters installed [identical to residential meters] and 65 A3TL meters for small 3 phase and transformer type installations. The GS>50 kW meters are shown in this table for informational purposes.

Residential, GS<50kW, and GS>50 kW meter cost comparison			Average cost per meter
Types of meters - customer classes	Customer count	Cost	
Total cost of meters including GS>50		506,697.13	
cost GS>50 A3RL meters		17,170.70	
Installation of A3RL meters [>50]		4,897.52	
Total cost or A3RL [GS>50] meters + installation		22,068.22	
cost GS <50 A3TL meters		33,496.04	
Installation of A3TL meters [<50]		7,421.54	
Total cost or A3TL [GS<50] meters + installation		40,917.58	
Total cost of residential and Commercial Rex 2 meters		443,711.33	
Total number of meters installed	1673		
Total Rex 2 meters installed -residential & commercial	1586		
Cost / meter for residential & commercial Rex 2 meters			279.77
Total A3TL commercial customers	65		
Cost / meter for GS <50 with A3TL meters			629.50
Total A3RL commercial customers GS>50	22		
Cost / meter for GS >50 with A3RL meters			1,003.10

- b) See answer a)
- c) See answer a)
- d) The cost allocation model [Atikokan_Cos
2012_Cost_Allocation_Model_V2_VECC_IR_ 21]has been updated to reflect the cost

per type of meter outlined above and a live version of the revised cost allocation model has been filed along as part of the response to this interrogatory.

- e) The Services weighting factors are used to allocate amounts in account 1855 – Services. Atikokan Hydro does not have assets assigned to account 1855 – Services. As a result, the service weighting factors are not applicable for Atikokan Hydro's cost allocation study.
- f) See response to part e).

RATE DESIGN

22. Reference: Exhibit 8, Tab 1, Schedule 2, page 1

- a) Please re-calculate the RTSRs for 2012 using the Board's model and the recently approved 2012 UTRs.

Response:

- a) The re-calculated RTSRs for 2012 are provided in Appendix "A"

23. Reference: Exhibit 8, Tab 1, Schedule 4, page 1 /Exhibit 8, Tab 1, Schedule 8.

- a) Based on the most recent 12 months of billing data please indicate the number of Residential customers whose average monthly use falls into each of the following consumption ranges:
 - i. 0-250 kWh
 - ii. >250-500 kWh
 - iii. >500-800 kWh
 - iv. >800 – 1,500 kWh
 - v. >1,500 kWh
- b) Please provide the Residential bill impact calculations (per Schedule 8) prior to the proposed mitigation
- c) Please calculate the bill impact based on Atikokan's proposed rates and the forecast 2012 average monthly use for a Residential customer.

Response:

- a) Based on the most recent 12 months of billing data the following outlines the number of Residential customers whose average monthly use falls into each of the requested consumption ranges:

Residential average 30 day consumption for 2011				
Consumption		Total Consumption	Count	Percent
From	To			
0	250	31,489	148	3.72
251	500	207,645	553	24.51
501	700	313,621	493	37.03
801	800	235,989	182	27.86
Greater than 1500		58,308	37	6.88

- b) The typical monthly Residential bill (i.e. 581 kWh per month) would increase around 22.5% prior to the proposed mitigation
- c) Please see response to Board staff IR#24

SMART METERS

24. Reference: Exhibit 9, Tab 2, Schedule 1, page 1

- a) Is Atikokan currently charging time-of-use rates? If not when is the implementation of time-of-use pricing expected?

Response:

- a) Atikokan Hydro is currently charging time-of-use rates.

25. Reference: Exhibit 9, Tab 2, Schedule 1, page 1

- a) Are the CDMA cellular modems installed in Atikokan's smart meters incremental to the minimum meter requirements (minimum functionality)? If so, please provide the cost of this incremental investment.
- b) Has Atikokan included and MDM/R costs in this application? If so what are those costs.

Response:

- a) The CDMA cellular modems are within minimum functionality because they are the only devices that can communicate with the collectors. There are no other service providers in close proximity that provide communication services with the collectors.
- b) Atikokan has not included MDMR costs in this application.

26. Reference: Exhibit 9, Tab 2, Schedule 1, page 12

- a) Please provide the total costs incurred to date in respect to the Whitecap portal solution?
- b) Does Atikokan consider the web presentation project to be incremental to the minimum smart meter requirements?

Response:

- a) There are no costs to date incurred regarding the “Whitecap portal solution”. Atikokan Hydro is looking to the Board for guidance on this matter. There could also be other solutions still evolving.
- b) Atikokan Hydro does consider the web presentation project to be incremental to the minimum smart meter requirements.