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BY EMAIL

March 6, 2012

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: Hydro Hawkesbury Inc.
2012 IRM3 Distribution Rate Application
Board Staff Submission
Board File No. EB-2011-0173

In accordance with the Notice of Application and Written Hearing, please find attached the Board Staff Submission in the above proceeding. Please forward the following to Hydro Hawkesbury Inc. and to all other registered parties to this proceeding.

In addition please remind Hydro Hawkesbury Inc. that its Reply Submission is due by March 20, 2012.

Yours truly,

Original Signed By

Birgit Armstrong
Advisor, Applications & Regulatory Audit

Encl.

Ontario

ONTARIO ENERGY BOARD

BOARD STAFF SUBMISSION

2012 ELECTRICITY DISTRIBUTION RATES

Hydro Hawkesbury Inc.

EB-2012-0173

Board Staff Submission

Hydro Hawkesbury Inc.
2012 IRM3 Rate Application
EB-2011-0173

UIntroduction

Hydro Hawkesbury Inc. ("HHI") filed an application (the "Application") with the Ontario Energy Board (the "Board"), received on November 14, 2011, under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the distribution rates that HHI charges for electricity distribution, to be effective May 1, 2012. The Application is based on the 2012 3rd Generation Incentive Regulation Mechanism.

The purpose of this document is to provide the Board with the submissions of Board staff based on its review of the evidence submitted by HHI.

In the interrogatory phase, Board staff identified certain discrepancies in the data entered in the application model by HHI. In response to Board staff interrogatories which requested either a confirmation that these discrepancies were errors or, an explanation supporting the validity of the original data filed with the application, HHI confirmed that they were errors and provided the corrected data. Board staff will make the necessary corrections to HHI's model at the time of the Board's decision on the application.

Board staff makes submissions on the following matters:
- Z-factor claim;
- Incremental Capital Module;
- Disposition of Group 1 Deferral and Variance Account Balances;
- Disposition of Account 1521 – Special Purpose Charge ("SPC");
- Lost Revenue Adjustment Mechanism ("LRAM");and
- Account 1562 – Deferred Payments in Lieu of Taxes ("PILs").

Z-Factor Claim

Background

HHI applied to recover the revenue requirement associated with an amount of $712,909 intended for replacement of a 44KV substation and site preparation through a Z-factor claim[1]. HHI proposed to recover these costs through fixed and variable rate riders that would be in place until HHI's next rebasing application.

On July 14, 2008, the Board issued the *Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors (the "Report")*. In section 2.6 of the Report, the Board set out its approach for dealing with the costs of unforeseen events that are outside of management's control. The Board determined that in order for amounts to be considered for recovery by way of a Z-factor, the amounts must satisfy all three eligibility criteria of causation, materiality and prudence. The Board determined a materiality threshold of $50,000 for small size distributors such as HHI. In the Report, the Board noted that it expects that any application for a Z-factor will be accompanied by a clear demonstration that the distributor's management could not have been able to plan and budget for the event and that the harm caused by extraordinary events is genuinely incremental to the distributor's experience or reasonable expectation.

HHI stated that the 44KV substation has a scheduled in-service date of February 2012. HHI noted that this purchase was deemed necessary to provide safe and reliable electricity supply to customers.

HHI indicated that if the approval is not granted, the financing of this new transformer could potentially be at risk[2].

Submission

In response to interrogatories[3] HHI stated that "the Risk management surrounding the 44KV distribution transformer is undoubtedly within management's control and in that respect, HHI along with the support of its Board of Director[s], has taken every preventative and safety measure possible to adequately management the uncertainty

1 Application Evidence, E1/T2/S3, p. 3
2 SEC interrogatory response #1
3 Interrogatory responses to VECC No.2 and Board staff No. 2

surrounding this particular asset". HHI further indicated its hope that preventative measures would have extended the life of this asset until its next cost of service application. HHI submitted that the decision to file a Z-factor application, rather than an Incremental Capital Module ("ICM") for this distribution asset is based on the sudden failure of the transformer, which up until late 2009, was considered to be the more reliable of all transformers.

Board staff agrees with HHI that risk management of this distribution asset was clearly within managements' control and that the replacement of a transformer station is not an extraordinary event. Therefore Board staff submits that this event does not qualify for Z factor treatment. However, Board staff submits that cost recovery should be considered under the umbrella of the ICM.

INCREMENTAL CAPITAL MODULE

Background

<u>The Request</u>

HHI proposed an incremental capital module to recover the incremental capital costs of $1,517,813 associated with the replacement of existing transformers with a new 25MVA[4].

HHI proposed to allocate the revenue requirement associated with the incremental capital expenditures eligible for cost recovery on the basis of distribution revenue. HHI proposes to recover the costs by means of fixed and variable rate riders that would be in place until such time that HHI files its next rebasing application.

Eligibility Criteria

The *Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors (the "Report")* requires that incremental capital expenditures satisfy the eligibility criteria of materiality, need and prudence in order to be considered for recovery prior to rebasing. Applicants must demonstrate that amounts exceed the Board-defined materiality threshold and clearly have a significant influence on the

4 Application evidence, E1/T2/S2, p. 1

operation of the distributor, must be clearly non-discretionary and the amounts must be clearly outside of the base upon which rates were derived. In addition, the decision to incur the amounts must represent the most cost-effective option for ratepayers.

(i) Materiality

HHI completed the 2012 IRM3 Incremental Capital Work Form, and calculated a materiality threshold of $121,150[5]. HHI's 2012 forecasted capital expenditures amount to $2,458,840, which includes the forecasted costs of $712,909 to replace the failing transformer at the 44KV station discussed above and the forecasted cost of $1,517,813 to replace an existing transformers at HHI 110KV station with a 25MVA. Based on the materiality threshold value, the maximum amount eligible for recovery would be $2,337,690 ($2,458,840 - $121,150).

(ii) Project Need and Prudence

The two transformers at the 110KV station

HHI's indicated that the incremental capital expenditures are related to the replacement of one of the existing transformers with a new 25 MVA that will have the capability to support the entire service area. HHI currently receives electricity at a substation at 110KV with two distribution transformers in the West end and a 44KV station in the East end of Hawkesbury. HHI noted that the two transformers at the 110KV station are approximately 45 years of age and have shown signs of deterioration. HHI indicated that at their current load capacity, they can only partially cover the load of each other.

HHI has indicated that if the approval is not granted, it has no other alternative but to take a reactive stance and wait until the 110kV fails[6] HHI noted that if one transformer fails, the other cannot support its load.

HHI indicated that both transformers at the 110 KV station are reaching end of life. HHI stated that both transformers are equipped with primary fuse protection instead of electronic protective relays and fast acting high voltage breakers, which is not compatible with today's industry standards and increases the chance of catastrophic

5 Application evidence, updated February 10, 2012, Sheet E2.1
6 SEC Interrogatory response #1

failure. Furthermore, HHI noted that the transformers are not equipped with sudden pressure relays or oil containment. Neither are the transformers equipped with gas detectors, up to date Qualitrol pressure relief devices and lighting arresters[7]. The evidence included pictures that exhibit the poor quality of the equipment and noted that both a mechanical inspection and an oil inspection gave rise to concern.

HHI indicated that the GE Canada International Inc. has completed an "Assessment of Two 7.5/10/12.5 MVA Transformers"[8] with respect to the 110KV station, dated November 2, 2010 in support of the above-noted issues.

HHI provided an evaluation of alternatives in the form of a report by BPR, dated September 5, 2011 that provides three alternatives in Appendix 2[9]. The first alternative considered the replacement of the two original transformers by like-for-like on the existing concrete pads for an estimated cost of $1.33M. The second alternative considered adding a new 25MVA transformer and keeping the current two transformers in place for an estimated cost of $1.34M. This option included improved protection and circuit switcher for the new transformer. The final alternative, which was ultimately adopted by HHI, was to replace one of the existing transformers by a new 25MVA and adding oil containment and circuit switchers to two transformers and placing one of the existing transformers on a pad as a spare for an estimated cost of $1.52M. The report concludes that options one and two resolve the problem only partially and are not viable and optimal solutions in the long run. HHI chose to adopt option three in this application. HHI dismissed the option of taking no action since this was considered to be an unacceptable risk.

HHI also provided a list of advantages and disadvantages of the various options and noted that option three addresses future operation flexibility. HHI noted that a new 25MVA transformer will provide for main supply and one of the existing 12.5MVA transformers will be kept for redundancy until funds are available for a second 25 MVA transformer, thus providing for future growth, operational flexibility, better redundancy and best risk mitigation[10].

In response to Board staff interrogatory No. 10, HHI indicated that the price for a total

7 Application evidence, E1/T2/S2
8 Application evidence, E1/T2/S2, Appendix 1
9 Application evidence, E1/T2/S1, Appendix 2
10 Application evidence, E1/T2/S2

revamp of a transformer is approximately 80% of the cost of a new transformer. HHI provided a cost estimate of $5,215,000 to $6,455,000 for the generator rental and overhauling of one transformer for a 4 to 5 months period.

The 44KV substation

As discussed earlier, Board staff is of the view that the transformer for the 44KV substation should be considered under the umbrella of the ICM. HHI stated that its 44KV substation is equipped with one original transformer of 10/13.3/16.6 MVA. HHI noted that due to the age of both distribution transformer stations (45 years), it performs ongoing inspections and maintenance. HHI indicated that while the 110KV has shown steady signs of deterioration, the transformer at its 44KV station, although aging remained fairly reliable[11]. As a result, HHI requested assessment studies for both transformers[12] Following a scheduled oil sampling exercise in April of 2010, the test results showed a high percentage of gas in the transformer, which further deteriorated by February 2011. HHI engaged GE to perform a major internal inspection on April 12, 2011, which indicated a probable failure within the transformer[13]. HHI noted that in the case of a failure, HHI could not satisfy the demand with its remaining transformer station as the 44KV station does not have redundancy or back-up. On May 17, 2011 HHI reviewed disasters recovery options, and elected to purchase a new transformer in August of 2011[14].

HHI explored several alternatives including the purchase of a used transformer, namely utilizing Hydro One Mobile station in case of failure, major maintenance and the purchase of a new transformer[15]. With the expertise of BPR Engineering, the utility obtained three quotes for the transformer, which represents the major capital expense of the whole project. The capital expense for the new transformer and major equipment amounts to $527,520. The remainder of the proposed costs include cost for the 44KV structure ($15,050), the 12.47KV ($8,900) structure, construction ($60,295), engineering and site supervision ($25,000), contingency ($35,744), Hydro One review ($15,000) and Hydro One capital works for a new 44KV Feeder ($25,000).

11 Application Evidence, E1/T2/S3, p. 4
12 BPR Study report, E1/T2/S2, App. 1, No. 1
13 Application Evidence, E1/T2/S3, p. 4

14 Application Evidence, E1/T2/S3, p, 4-6
15 Application Evidence, E1/T2/S3, p. 10

<u>The Incremental Revenue Requirement Calculation</u>

(i) The Half Year Rule

HHI did not apply the half year rule when calculating the incremental revenue requirement associated with the allowable ICM amount as required by the *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* dated September 17, 2008 ("Supplemental Report") and the Board's EB-2010-0104 decision.

(ii) The Capital Structure

HHI used a 60% debt and 40% equity deemed capital structure and the cost of capital parameters approved in its 2011 cost of service application when calculating the revenue requirement associated with the incremental capital expenditures.

Submission

<u>Eligibility Criteria</u>

Board staff submits that HHI's request for incremental capital funding associated with the design, construction, and operation of the 25MVA transformer for the 110KV station should be granted.

Board staff also submits that HHI's claim for cost recovery associated with the replacement of a transformer for the 44KV station should be also be granted as part of the incremental capital module.

Board staff submits that HHI has demonstrated immediate short term and long term need as evidenced by the GE and BPR reports mentioned above. Board staff notes that a previous Board Decision (EB-2009-0132) highlighted HHI's lack of asset management plans and recommended a more proactive approach to increase the safety and reliability of its system. Board staff is of the view that HHI's request is consistent with the Board's direction to proactively maintain its distribution system.

With respect to prudence, Board staff notes that HHI provided an extensive evaluation of the alternatives considered and the reasons supporting the preferred solutions and the proposed costs appear reasonable. In Board staff view, while the costs of the options adopted by HHI are marginally higher than some of the alternatives considered, HHI's preferred options are cost effective.

Board staff requests that HHI in its reply submission include a table showing HHI's total 2012 capital budget, inclusive of the incremental capital claim for the transformers for its 110KV station and its 44KV station. Board staff also requests that HHI provide an Incremental Capital Work Form that clearly differentiates the two transformer stations under one ICM claim.

<u>The incremental Revenue Requirement Calculation</u>

With respect to the revenue requirement calculation, Board staff agrees that the half year rule should not apply in this case since HHI is at the half-point of its IRM plan term. Board staff also submits that the capital structure used to calculate the revenue requirement associated with the incremental capital expenditures is appropriate.

<u>Allocation of the Incremental Revenue Requirement</u>

HHI allocated the revenue requirement associated with the incremental capital expenditures eligible for cost recovery on the basis of distribution revenue.

Board staff submits that the transformers are distribution assets. Board staff is of the view that an allocation based on distribution revenue is appropriate and takes no issue with HHI's proposed cost allocation methodology.

<u>Recovery of the Incremental Revenue Requirement</u>

HHI proposed to recover these amounts by means of fixed and variable rate riders that would remain in effect until its next cost of service application.
Board staff notes that the Board previously approved in the case of Guelph Hydro (EB-2010-0130) and Oakville Hydro (EB-2010-0104) the recovery of the

incremental annual revenue requirement amount by means of a variable rate rider. While Board staff has no issues per se with HHI's proposal, Board staff is of the view that the recovery of the amount by means of fixed and variable rate riders creates additional complexities that may not be warranted and invites HHI in its reply submission to provide a schedule showing rate riders expressed on a variable basis.

DISPOSITION OF GROUP 1 DEFERRAL AND VARIANCE ACCOUNTS

Background

The *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Report* (the "EDDVAR Report") provides that, during the IRM plan term, the distributor's Group 1 account balances will be reviewed and disposed if the preset disposition threshold of $0.001 per kWh (debit or credit) is exceeded. The onus is on the distributor to justify why any account balance in excess of the threshold should not be disposed.

HHI's 2010 actual year-end total balance for Group 1 Accounts including interest projected to April 30, 2012 is a debit of $164,300. This amount results in a total debit claim of $0.00108 per kWh, which exceeds the preset disposition threshold. HHI proposed to dispose of this debit amount over a one-year period.

Submission

Board staff notes that the principal amounts to be disposed as of December 31, 2010 reconcile with the amounts reported as part of the Reporting and Record-keeping Requirements (the "RRR") with the exception of the balances in Account 1588 Power excluding Global Adjustment and Account 1588 Power - Sub-Account - Global Adjustment. The difference between the reported amount and the balance sought for disposition for Account 1588 Power, excluding Global Adjustment is a debit balance $505,329. Similarly, the difference between the reported amount and the balance sought for disposition for Account 1588 Power, Global Adjustment Sub-account is a credit balance of $505,329.

In response to Board staff interrogatory #15 regarding the reasons for these differences, HHI stated that it reported as part of the RRR the balances as of December 31, 2010 recorded in its accounting books at that time. Furthermore, HHI stated that the corrections as per Board's Decision EB-2010-0090[16] were made in its general ledgers in September 2011 in Account 1588 Power excluding Global Adjustment and Account 1588 Power - Sub-Account - Global Adjustment. In that decision, the Board stated that in order to correct the error in Account 1588 on a prospective basis, the opening principal balances for 2009 must reflect the 2008 closing balances net of the amounts that were approved for disposition related to those balances (as ordered by the Board in EB-2009-0186) whether or not the disposition amounts were correct. The Board stated that this process would allow the balances in Account 1588 to self-correct on a prospective basis.[17]

Board staff notes that it appears that HHI's RRR balances as of December 31, 2010 were reported using the figures that HHI had on its general ledgers at that time. The evidence provided by HHI indicates that HHI has made the required corrections in its general ledgers to correct the errors noted in the Board's Decision EB-2010-0090. Board staff submits that the variances between the 2010 RRR balances and the amounts sought for disposition as of December 31, 2010 are due to a timing difference. Therefore, Board staff has no concerns with the December 31, 2010 Group 1 account balances sought for disposition in this proceeding.

Board staff further submits that HHI's proposal for a one-year disposition period is in accordance with the EDDVAR Report.

ACCOUNT 1521 – SPECIAL PURPOSE CHARGE ("SPC")

Background

HHI originally requested the disposition of a debit balance of $13,776 in Account 1521 with carrying charges calculated as of April 30, 2012. In response to Board staff interrogatory #16, HHI completed the following table which indicates a residual debit balance of $13,387 for disposition, comprising principal as of December 31, 2011 and interest to April 30, 2012.

16 Responses to Board staff interrogatory #15 - EB-2011-0173
17 Supplemental Partial Decision and Order EB-2010-0090, page 5

SPC Assessment (Principle balance)	Amount recovered from customers in 2010	Carrying Charges for 2010	December 31, 2010 Year End Principle Balance	December 31, 2010 Year End Carrying Charges Balance	Amount recovered from customers in 2011	Carrying Charges for 2011	Forecasted December 31, 2011 Year End Principle Balance	Forecasted April 30, 2012	Total for Disposition (Principle and Interest)
72,406.00	-22,101.26	378.35	50,304.74	378.35	-37,889.33	350.14	12,415.41	243.12	13,387.02

Submission

Board staff notes that the usual practice by the Board is to dispose of audited deferral and variance account balances. Board staff further notes that the Board has approved the disposition of unaudited balances in account 1521 in both the Horizon (EB-2011-0172) and Hydro One Brampton (EB-2011-0174) 2012 IRM proceedings.

Board staff also notes that the Board's letter issued on April 23, 2010 to all Licensed Electricity Distributors stated:

> "In accordance with section 8 of the SPC Regulation, you are required to apply to the Board no later than April 15, 2012 for an order authorizing you to clear any debit or credit balance in "Sub-account 2010 SPC Variance".

Accordingly, Board staff submits that the Board should authorize the disposition of Account 1521 as of December 31, 2010, plus the amount recovered from customers in 2011, including carrying charges as of April 30, 2012 over a one-year period.

Board staff submits that if the Board decides to dispose of Account 1521, the disposition should be on a final basis and Account 1521 should be closed.

LOST REVENUE ADJUSTMENT MECHANISM ("LRAM") CLAIM

Background

The Board's *Guidelines for Electricity Distributor Conservation and Demand Management* (the "CDM Guidelines") issued on March 28, 2008 outline the information that is required when filing an application for LRAM or SSM recovery.

In its decision on Horizon's application (EB-2009-0192) for LRAM recovery, the Board also noted that distributors should use the most current input assumptions available at the time of the third party review when calculating a LRAM amount.

HHI originally sought to recover a total LRAM claim of $48,918.88 over a one-year period. In response to Board staff interrogatories, HHI updated its LRAM claim using the final 2010 OPA program results. The updated LRAM claim is $48,981.41. The lost revenues include the effect of CDM programs delivered in 2006, 2007, 2008, 2009, and 2010 CDM programs for those respective years as well as the persisting impacts from 2006, 2007, 2008, 2009, and 2010 programs from January 1, 2010 to April 30, 2012.

Submission

Persisting impacts of 2006-2010 programs and 2010 lost revenues

HHI has requested the recovery of an LRAM amount that includes lost revenues for 2010 CDM programs in 2010, as well as the persisting impacts from 2006, 2007, 2008, 2009, and 2010 programs from January 1, 2010 to April 30, 2012.

Board staff notes that HHI's rates were last rebased in 2010.

Board staff notes that the CDM Guidelines state the following with respect to LRAM claims:

> Lost revenues are only accruable until new rates (based on a new revenue requirement and load forecast) are set by the Board, as the savings would be assumed to be incorporated in the load forecast at that time[18].

18 Section 5.2: Calculation of LRAM, Guidelines for Electricity Distributor Conservation and Demand

Board staff also notes that in its Decision and Order on Hydro One Brampton's 2012 IRM application (EB-2011-0174), the Board disallowed LRAM claims for the rebasing year as well as persistence of prior year programs in and beyond the test year on the basis that these savings should have been incorporated into the applicant's load forecast at the time of rebasing.

In cases in which it was clear in the application or settlement agreement that an adjustment for CDM was not being incorporated into the load forecast specifically because of an expectation that an LRAM application would address the issue, and if this approach was accepted by the Board, then Board staff would agree that an LRAM application is appropriate. HHI may want to highlight in its reply whether the issue of an LRAM application was addressed in their last cost of service application.

In the absence of the above information, Board staff therefore does not support the recovery of the requested 2010 lost revenues from 2010 CDM programs or the persisting lost revenues from 2006, 2007, 2008, 2009, and 2010 CDM programs in 2010, 2011, or 2012 as these amounts should have been built into HHI's last approved load forecast.

2006, 2007, 2008, and 2009 programs

Board staff notes that HHI has not collected the lost revenues associated with CDM programs delivered in 2006, 2007, 2008, and 2009. Board staff notes that except for 2006, HHI was under IRM for these years. In 2006, HHI rebased on a historical test year basis and there was no opportunity for HHI to account for CDM activity in its rates. Board staff supports the approval of the 2006, 2007, 2008, and 2009 lost revenues, including the persisting lost revenues from 2006 programs in 2007, 2008, and 2009, the persisting lost revenues from 2007 programs in 2008 and 2009, and the persisting lost revenues from 2008 programs in 2009, as HHI did not previously recovered these amounts.

Board staff notes that this is consistent with what the Board noted in its decisions on applications from Hydro One Brampton (EB-2011-0174) and Whitby Hydro (EB-2011-0206).

Management (EB-2008-0037)

Board staff requests that HHI provide an updated LRAM amount that only includes lost revenues from 2006, 2007, 2008, and 2009 CDM programs, including the persisting lost revenues noted above, in the years 2006, 2007, 2008, and 2009, and the associated rate riders. This will allow for the issuance of the final rate order in a timelier basis if the Board is inclined to approve only the lost revenues associated with the 2006, 2007, 2008, and 2009 programs.

ACCOUNT 1562 – DEFERRED PAYMENTS IN LIEU OF TAXES (“PILs)

Background

The PILs evidence filed by HHI includes tax returns, financial statements, Excel models from prior applications, calculations of amounts recovered from customers, SIMPIL[19] Excel worksheets and continuity schedules that show the principal and interest amounts in Account 1562. HHI originally requested to recover a debit balance of $4,138 consisting of a principal debit amount of $2,575 plus related carrying charges of $1,563.

Submission

HHI’s Board-approved maximum deemed interest expense was $166,611. Total interest expense as reported on the audited financial statements from 2001 to 2005 was less than the maximum deemed interest; and as a result, Board staff submits that there are no issues concerning the interest expense true-up calculations.

In its original application, HHI did not ensure that the updated SIMPIL models were balanced to the source documents. Lines 14 through 95 of the updated SIMPIL models, which calculate the PILs entitlement for the year, did not agree with the Board-approved PILs proxy model. Thus, the deferred variance adjustments that flowed through to the PILs continuity schedule were not calculated properly in the SIMPIL models.
As a result, Board staff asked HHI in interrogatories to provide the corrected 2001 SIMPIL model that agreed with the 2001 application PILs proxy model, the corrected 2002, 2003 and 2004 SIMPIL models that agrees with the 2002 application PILs proxy model, and the corrected 2005 SIMPIL model that agrees with the 2005 application PILs proxy model on a line-by-line basis as approved by the Board.

In response to Board staff interrogatories, HHI filed the revised 2001 through 2005 SIMPIL models and updated PILs continuity schedule. As seen in the table below, the revised true-up adjustments calculated in the SIMPIL models that include the correct "Total PILs for Rate Adjustment" on the TAXCALC worksheet cell C95 reduces the principal balance by $7,094, before carrying charges.

HHI's amended evidence supports a refund to customers of a credit balance of approximately $6,299 consisting of a credit principal amount of $4,519 plus related credit carrying charges of $1,780.

	Original Evidence filed November 11, 2011	Revised Evidence filed February 10, 2012	Difference
Approved PILs Entitlement	283,487	283,487	-
PILs Revenue	(281,995)	(281,995)	-
Total	1,492	1,492	-
True-Up Adjustments			
2001 Q4	-	(8,104)	(8,104)
2002	-	-	-
2003	(1,100)	(1,323)	(223)
2004	(1,100)	(1,323)	(223)
2005	3,282	4,738	1,456
	1,082	(6,012)	(7,094)
Principal	2,575	(4,519)	(7,094)
Interest	1,563	(1,780)	(3,342)
Total Variance	**4,138**	**(6,299)**	**(10,437)**

Board staff submits that this revised credit amount of $6,299 has been calculated in accordance with the regulatory guidance and the decisions issued by the Board in determining the amounts in Account 1562 Deferred PILs.[20] Board staff invites Hydro

[19] Spreadsheet implementation model for payments-in-lieu of taxes
[20] Decisions in Combined Proceeding, EB-2008-0381 – August 12, 2011; June 24, 2011; December 23, 2010; December 18, 2009. Hydro One Brampton, EB-2011-0174, December 22, 2011. Whitby Hydro, EB-2011-0206,

Hawkesbury to comment on the disposition of the revised credit balance of $6,299 as determined from its amended evidence in reply to Board staff's interrogatories.

All of which is respectfully submitted.

December 22, 2011. Staff Discussion Paper, August 20, 2008.