July 4, 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-2012-0033
Enersource Hydro Mississauga Inc. – 2013 & 2014 Cost of Service Application
Energy Probe – Interrogatories to Enersource

Pursuant to Procedural Order No. 1, issued on June 14, 2012, please find attached the Interrogatories of Energy Probe Research Foundation (Energy Probe) to Enersource in the EB-2012-0033 proceeding.

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

Yours truly,

David S. MacIntosh
Case Manager

cc: Gia M. DeJulio, Enersource Hydro Mississauga (By email)
George Vegh, McCarthy Tetrault LLP (By email)
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EB-2012-0033

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 Enersource Hydro Mississauga Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective January 1, 2013 and January 1, 2014.

**INTERROGATORIES OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

July 4, 2012

ENERSROUCE HYDRO MISSISSAUGA INC.
2013 RATES REBASING CASE
EB-2012-0033

ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES

1. General

1.1 Is the proposed approach to set rates for two years appropriate?

Interrogatory #1

Ref: Exhibit 1, Tab 2, Schedule 1

a) **Do the figures shown in Table 1 include the impact on the revenue requirement of reduced PILs due to additional capital cost allowance deductions? If not, please update the table to reflect the impact of PILs.**

b) **Do the revenue requirement impacts reflect any changes in OM&A costs associated with replacing older assets with new assets?**

c) **What is the impact on revenues of the assets added associated with the provision of services to new customers or added demand at existing customers?**

Interrogatory #2

Ref: Exhibit 1, Tab 2, Schedule 1

At page 6 of the evidence, Enersource indicates that the impact on 2014 rates of its proposed approach is a decrease of 0.3% from 2013 for a total electricity bill for a typical residential customer using 800 kWh per month.

a) **What would be the expected impact on the residential customer noted above, if Enersource were under the current 3rd Generation IRM model and did not use the Incremental Capital Module? Please specify the inflation rate and productivity factors used in calculating the price cap.**

b) **What would be the expected impact on the residential customer noted above, if Enersource were under the current 3rd Generation IRM model and also used the Incremental Capital Module for additions that qualify for the module?**

c) **Please provide a similarly analysis for a typical GS < 50 kW and a typical GS 50 - 499 kW customer to show the impact on each of these customers of the Enersource proposal and the results from parts (a) and (b) above.**

d) **Please confirm that Enersource has not proposed any adjustments to the revenue to cost ratios in 2014 as compared to those proposed for 2013. If this cannot be confirmed, what is the impact on the typical residential customer and the customers noted in part (c) above in the absence of the further changes in revenue to cost ratios in 2014?**

e) **Please confirm that unlike the price cap mechanism under 3rd generation IRM, the impact of the Enersource proposal is different for residential and GS customers, depending on their consumption. What is the range of impacts of the Enersource proposal on residential, GS < 50 and GS > 50 - 499 kW customers?**

Interrogatory #3

Ref: Exhibit 1, Tab 2, Schedule 1

a) **If the Board does not approve the Enersource proposal for 2014, does Enersource agree that it will remain under 3rd Generation IRM until it rebases through a cost of service application for 2017 rates? If not, how does Enersource propose that rates for 2014, 2015 and 2016 be set?**

b) **Is Enersource willing to entertain adjustments and/or mechanisms other than those it has proposed (such as a revenue/load forecast for 2014, etc.) in setting 2014 rates? If not, why not?**

Interrogatory #4

Ref: Exhibit 1, Tab 2, Schedule 1

a) **What provincial tax rate has Enersource used to calculate the PILs shown in Table 7? If this rate is not 11.5%, please update Table 7 to reflect a provincial tax rate of 11.5%.**

b) **Does the PILs figure shown in Table 7 include the increase in the CCA available due to the capital additions added in 2013 (half year to full year) and the addition of the capital additions forecast for 2014? If not, please provide a revised Table 7 that reflects these additional CCA deductions.**

<u>1.2 What is the appropriate approach to set rates for 2015 and 2016?</u>

Interrogatory #1

Ref: Exhibit 1, Tab 1, Schedule 5

The footnote on page 1 indicates that Enersource proposes to maintain the same rate of return for 2014 as is set by the Board's formula for 2013. Does Enersource agree to maintain the 2013 rate of return on equity for 2015 and 2016 as well? If not, why not?

Interrogatory #2

Ref: Exhibit 1, Tab 2, Schedule 1, page 6

The evidence indicates that the Enersource proposal "does not commit to a multi-year approach that may interfere with the Board's timing horizon for implementing a new framework."

a) **Please confirm that based on the timing of the current application, the 3rd Generation IRM is the Board's framework for applications. If this cannot be confirmed, please explain fully.**

b) **How does Enersource propose that rates be set for 2015 and 2016 if the Board accepts the proposal for 2013 and 2014, but maintains a four year cycle for rate rebasing applications?**

c) **Does Enersource intend on filing another cost of service application for 2015 and/or 2016 rates?**

d) **Why does Enersource believe it should be exempt from the current Board framework that uses a four rebasing cycle, along with the use of an incremental capital module and be able to use a new model from the RRFE earlier than it would if it continued under the current framework?**

Interrogatory #3

Ref: Exhibit 4, Tab1, Schedule 1, page 7

Enersource is proposing to amortize the costs associated with this application over four years "to coincide with the expected cost of service period plus IRM term." Please confirm that this means that rates for 2015 and 2016 will be set under the parameters of the 3rd Generation IRM model.

1.3 Has Enersource responded appropriately to all Board directions from previous proceedings?

1.4 Is service quality acceptable?

Interrogatory #1

Ref: Exhibit 2, Tab 3, Schedule 1

a) **How much of the OM&A expenses forecast for 2013 are specifically related to improving the SAIDI and SAIFI results? Please provide a list of expenditures in the test year that are related to improving these results.**

b) **How much of the capital expenditures forecast for each of 2013 and 2014 are specifically related to improving the SAIDI and SAIFI results? Please provide a list of the capital projects/expenditures in the 2013 and 2014 years that are related to improving these results.**

Interrogatory #2

Ref: Exhibit 2, Tab 3, Schedule 1, Appendix 1, Service Quality and Reliability Performance

Table 3 on Page 2 of the reference shows reliability indices for the years 2009 – 2011 excluding loss of supply events.

a) **SAIDI and SAIFI indices both showed marked increase in 2011 compared to the two previous years. In the same year CAIDI declined compared to the previous two years. Please explain why this index would be lower than historical when the other two indices are significantly higher than historical.**

b) **Does Enersource benchmark its reliability performance against other similar distributors or does it just track its performance against a three-year average as specified in Board required performance measures? If yes, please provide a table similar to Table 3 showing how Enersource compares in each category with the average of its peer group.**

c) **If performance is only compared with previous years please comment on why comparisons with other distributors would not be an appropriate method of gauging how well or how poorly the company is doing on reliability.**

Interrogatory #3

Ref: Exhibit 2, Tab 3, Schedule 1

Pages 7-8 of the exhibit discuss major incidents in 2011 affecting reliability.

a) **The incident on January 23rd is attributed to "equipment issues at two transformer stations". Please elaborate on what the equipment issues were and who owned the equipment.**

b) **The incident on March 11th is attributed to wood pole breakage. Please describe the incident more fully including the complications and consequential damage that expanded the incident from a simple pole replacement to one that required a large complement of crews and extended outage time.**

Interrogatory #4

Ref: Exhibit 2, Tab 2, Schedule 2, Appendix 1, Asset Management Plan

Table 6.2 on page 24 shows customer minutes statistics by cause code for the years 2007–2011. Customer minutes interrupted in 2011 are significantly higher in 2011 than the previous two years even when loss of supply minutes are removed. This would seem to suggest that CAIDI for 2011 would be higher than 2009 and 2010.

Please explain the apparent discrepancy between this conclusion and the CAIDI in Exhibit 2-3-1 previously referred to that shows 2011 CAIDI performance to be better than the previous two years.

Interrogatory #5

Ref: Exhibit 2, Tab 2, Schedule 2, Appendix 1, Asset Management Plan

Page 57 of the exhibit discusses underground primary cables and the following statement appears in the third paragraph:

> **"Underground cable systems, unlike overhead lines, do not suffer from weather induced faults and have better reliability records".**

And on page 60 the following statement appears:

> **"In 2011, 51% of the power outages that occurred were caused by equipment failures. Furthermore, failures of the underground power cables accounted for 60% of equipment failures"**

Please explain the apparent inconsistency between these two statements.

<u>1.5 Is the proposal to align the rate year with Enersource's fiscal year, and for rates effective January 1, 2013 and January 1, 2014 appropriate?</u>

<u>2. Rate Base</u>

<u>2.1 Is the proposed rate base for 2013 and 2014, including capital expenditures for 2013 and 2014, appropriate?</u>

Interrogatory #1

Ref: Exhibit 1, Tab 1, Schedule 8, Appendix 3

a) **Is there any impact on the 2014 rate base of the elimination of the load transfers for the two utilities shown in Table 1? In particular, will Enersource require additional assets to serve the 8 customers currently served by Oakville Hydro? If yes, please provide a description and cost of the assets required.**

b) **What is the current status of the applications to eliminate the load transfers with each of Oakville Hydro and Milton Hydro?**

Interrogatory #2

Ref: Exhibit 2, Tab 1, Schedule 3

Please explain why there is no "Disposals/Retirements" column in Tables 5, 6 and 7.

Interrogatory #3

Ref: Exhibit 2, Tab 2, Schedule 1

a) Please explain the reduction in reliability driven investment shown in Table 5 for 2011 relative to the other years shown.

b) Based on the information shown in Table 3 and the approximate cost of $20 million associated with the acquisition of the administration building shown in Table 8, please confirm that the average capital expenditures in 2007 through 2010 on a CGAAP basis was $52.0 million per year, while on a MIFRS basis the average for 2011 through 2014 excluding the administration building is $44.4 million.

c) Please confirm that based on the information provided in Table 1 in Exhibit 4, Tab 1, Schedule 1, the difference between CGAAP and MIFRS capital expenditures over the 2011 through 2014 period is about $2.8 million per year, resulting in capital expenditures on a CGAAP basis in the 2011 through 2014 period of about $47.2 per year.

d) Where are the customer contributions included in Tables 4 through 8? Please provide a revised table for each of the tables that contains customer contributions so that the table shows the gross cost of additions in the same level of detail as in the current tables, a gross total additions line, followed by the customer contributions offset and a net total additions line.

Interrogatory #4

Ref: Exhibit 2, Tab 2, Schedule 5

a) Please provide the capital structure, cost of short term debt, cost of long term debt and return on equity used in the calculation of the annual revenue requirement of the three options shown in Table 1.

b) What was the square footage associated with the new building shown as option 1 in Table 5?

c) What is the square footage associated with the Derry Road building?

Interrogatory #5

Ref: Exhibit 2, Tab 2, Schedule 5

a) **What is the forecast cost associated with the asphalt paving of the entire yard noted on page 13? Is this amount forecast to be spent in 2013 or 2014?**

b) **How many of the 150 staff that are expected to move to Derry Road (page 9) are employees of Enersource Hydro Mississauga, how many are employees of Enersource Corporation and how many are employees of other affiliates?**

c) **Will the entire facility on Derry Road be required for use by Enersource Hydro and its affiliates or will some areas be available to rent to third parties? If no, please explain. If yes, what is the market value of rent that could be obtained from this unused facilities?**

Interrogatory #6

Ref: Exhibit 1, Tab 2, Schedule 1

Table 1 on page 4 of the exhibit shows capital expenditures in excess of depreciation totalling $28.7 M for the years 2009 to 2012.

a) **Is Enersource requesting Board approval in this application to include these expenditures in rate base?**

b) **Has Enersource provided evidence that would allow the Board to assess the prudence of those investments? If yes, please provide references to where it can be found in the filed evidence. If no, please provide complete details of the capital expenditures including business cases and other justification that was used to approve the expenditures.**

Interrogatory #7

Ref: Exhibit 1, Tab 2, Schedule 1

Page 6 of the exhibit discusses the company's ICR proposal to include 2014 capital and return on capital in rates.

a) **Please explain why the Board should deviate from its current policy of offering relief by way of the incremental capital module.**

b) Is it Enersource's position that all distributors undergoing rebasing in 2013 should have the option of including capital and return in rates for 2014?

Interrogatory #8

Ref: Exhibit 1, Tab 2, Schedule 1

Page 5 of the exhibit refers to the need to replace system assets that were originally paid for by developers and therefore excluded from rate base. To the extent that those assets include underground distribution systems:

a) Does Enersource charge customers requesting underground service the difference between the cost of a basic overhead connection and the equivalent underground connection?

b) Please comment on the notion that replacing underground systems that were paid for by developers is essentially the same as supplying an underground connection to new customers that request it and should attract a capital contribution from the customers that benefit from the new system.

c) Has Enersource considered replacing end of life underground distribution systems with overhead systems as a way of minimizing costs. If yes, please provide any studies of reports on the subject. If no, please comment on why such a proposal would not be an appropriate means of providing service at lower cost than replacing the underground system.

d) What is the difference in cost (approximately in percentage terms) of underground vs. overhead distribution?

Interrogatory #9

Ref: Exhibit 2, Tab 2, Schedule 2, Appendix 1, Asset Management Plan

Page 38 shows the age distribution of substation power transformers. The exhibit notes that "the ACA assumes that 20% of the power transformer population will fail by 40 years and 99% of the population will fail by 60 years". Similar assumptions are made for other distribution equipment in subsequent pages.

a) Please explain what these assumptions are based on i.e. Industry studies, historical experience of the distributor, manufacturer recommendations etc. Please provide any reports and/or studies that underlie the assumptions.

b) Please provide a chart by year for the last ten years showing the number of power transformers age 40 years or older in service and the number that failed in each year.

Interrogatory #10

Ref: Exhibit 2, Tab 2, Schedule 2, Appendix 1, Asset Management Plan

Figure 10.2.2.2 on page 39 shows the recommended replacement rates for substation transformers. A total of 38 transformers are recommended for replacement over the next 20 years.

Figure 10.2.2.1 on page 38 shows the age distribution of substation power transformers. There are 18 transformers in the 40 to 60 year category that, according to the assumption noted above will all need to be replaced in the next 20 years. There are 32 transformers in the 20 to 40 year age category of which it is assumed that 20% will fail by 40 years of age for an additional 6 that will need replacing over the next 20 years. The total that would need replacement by this calculation would appear to be no more than 24.

Please comment on the discrepancy between this figure and the 38 transformers shown for replacement in Figure 10.2.1.2

Interrogatory #11

Ref: Exhibit 2, Tab 2, Schedule 2, Appendix 1, Asset Management Plan

Figure 10.2.2.2 on page 41 shows the recommended replacement rates for circuit breakers. The chart shows 111 breakers being replaced over the next 20 years. Figure 10.2.2.1 shows the age distribution of circuit breakers and the assumption that 20% will fail by age 40 and 99% will fail by age 60.

According to the age distribution chart there are about 60 breakers in the 40 – 60 age category and about 150 in the 20 – 40 age category. Using the assumptions about failure this would yield about 90 breakers that need replacement over the next 20 years (100% of the age 60 breakers plus 20% of the age 40 breakers).

Please comment on the discrepancy between this figure and the 111 breakers recommended for replacement in Figure 10.2.2.2.

Interrogatory #12

Ref: Exhibit 2, Tab 2, Schedule 2, Appendix 1, Asset Management Plan

Page 64 discusses the load forecast for the North 16/27.6 kV system and predicts the need for another Hydro One transformer station to meet expected load increases.

a) **Has Enersource considered building and owning its own transformer stations?**

b) **If yes, please explain why it has not undertaken this kind of installation?**

c) **If no, please explain why owning and operating transformer stations is not an appropriate strategy for Enersource.**

Interrogatory #13

Ref: Exhibit 2, Tab 2, Schedule 2, Appendix 1, Asset Management Plan

Table 10.3.1 shows expected load peaking at about 435 MW in 2020, an increase of about 60 MW over 2010 peak load of 372 MW.

a) **What is the average capacity of Hydro One transformer stations supplying the north system?**

b) **What is the minimum economic capacity for a new transformer station supplying the north system?**

c) **What is Enersource's design capacity for a 16/27.6 kV circuit?**

d) **Is there any spare capacity in the south 16/27.6 kV system that could be used to supply increased load in the north system? If yes, please comment on the practicality of using south system capacity to assist in the north system when needed.**

e) **If no, can a TS be constructed proximate to both the north and south systems that would minimize the need to build new stations in both systems?**

Interrogatory #14

Ref: Exhibit 2, Tab 2, Schedule 2, Appendix 1, Asset Management Plan

Pages 68 – 75 of the exhibit describe testing and inspection programs.

a) Does Enersource conduct any scanning to detect contact voltage on its equipment?

b) If yes, please provide details of frequency, parts of the system scanned and cost.

c) If no, please comment on the need for such a program to protect worker and public safety.

Interrogatory #15

Ref: Exhibit 2, Tab 2, Schedule 2, Appendix 1, Asset Management Plan

Page 84 of the exhibit describes the McNeice MS feeder relocation project.

a) What would be the cost of renting and/or purchasing CN rail lands to permit existing lines to remain or be rebuilt where they are?

b) Please describe the limited access to CN lands referred to and describe how access has changed from what was available in the past.

c) Please describe what assets of McNeice MS are currently underutilized and how the proposed project will permit better utilization of those assets.

d) Please explain why rebuilding the lines overhead on road allowance was not a viable option.

e) What is the total capital cost for this project?

Interrogatory #16

Ref: Exhibit 2, Tab 2, Schedule 2, Appendix 1, Asset Management Plan

Page 85 describes the Revus MS feeder relocation project.

a) What would be the cost of renting and/or purchasing CN rail lands to permit existing lines to remain or be rebuilt where they are?

b) Please describe the limited access to CN lands referred to and describe how access has changed from what was available in the past.

c) Please describe how the project would provide "additional backup in the surrounding area".

d) **What is the total capital cost of the project?**

Interrogatory #17

Ref: Exhibit 2, Tab 2, Schedule 2, Appendix 1, Asset Management Plan

Pages 88-89 describe three projects to replace station switchgear. Cawthra MS switchgear is 55 years old while Woods and Matheson MS switchgears are only 22 years old. Please explain the large variation in useful lives of these switchgears.

Interrogatory #18

Ref: Exhibit 2, Tab 2, Schedule 2, Appendix 1, Asset Management Plan

Table 13.1 on page 93 of the exhibit shows selection criteria for 2012 UG rebuild projects.

a) **Please explain how to read the table. For example, some feeders designated by an X in the upper part of the table also have faults listed in the distribution part of the table. Similarly some cables that are not designated by an X as a main feeder have faults listed in that part of the table as well as faults in the distribution part of the table.**

b) **Two of the projects, Paisley and Elengale have only one fault listed in the top section of the table. If these cables are not main feeders, how should the fault numbers be understood?**

Interrogatory #19

Ref: Exhibit 2, Tab 2, Schedule 2, Appendix 1, Asset Management Plan

Pages 118-119 describe the replacement criteria for rolling stock. Light vehicles are replaced after 3-5 years or 170,000 km.

a) **Please explain how this criterium was arrived at.**

b) **Please describe the process for disposing of vehicles being replaced.**

c) **Please describe the process for specifying new light vehicles. For example:**

- **does Enersource have a policy for fuel efficiency in new vehicles?**

- **are light trucks routinely ordered with four wheel drive or is this a special option?**

- **what options are routinely included in new vehicles e.g. a/c, power accessories etc.**

- **how is reliability and maintenance cost considered in the purchase decision?**

Interrogatory #20

Ref: Exhibit 2, Tab 2, Schedule 2, Appendix 1, Asset Management Plan

Table 17.5 on Page 127 shows internally driven investments. Grounds and buildings show significantly higher expenditures in 2013 than historical and this is explained on page 128 as requirements for upgrading building systems at the Mavis road facility. Expenditures levels in the years following 2013 are lower but still considerably higher than historical levels. Please explain.

2.2 Is the proposed Working Capital Allowance for 2013 and 2014 appropriate?

Interrogatory #1

Ref: Exhibit 2, Tab 1, Schedule 4, Appendix 1

Has Enersource updated the Working Capital Requirement study to reflect more recent data than the 2007 data used?

Interrogatory #2

Ref: Exhibit 2, Tab 1, Schedule 4, Appendix 1

a) **Enersource provided the service lag and billing lag based on both 2007 and 2010 data, but the collection lag is based on 2007 data only. Please explain why the report did not calculate the collection lag based on 2010 data.**

b) **Is there a difference in the billing lag for accounts that are billed bi-monthly as compared to those that are billed monthly? Please explain.**

c) **Is there a difference in the collection lag for accounts that are billed bi-monthly as compared to those that are billed monthly? Please explain.**

d) Is there a difference in the payment processing lag for accounts that are billed bi-monthly as compared to those that are billed monthly? Please explain.

e) Please provide the data and calculations used to arrive at a payment processing lag of 1.50 days. Does this estimate include any adjustment for a larger number of customers paying electronically over time?

f) Please calculate the revenue lag assuming all customers were billed bi-monthly and using the same data used in the report. Please show the calculation of the service lag for 2010 (Table 2), the billing lag for 2010 (Table 4) and the collection lag for 2007 (Table 5) if any of these lags change from that filed.

g) Please calculate the revenue lag assuming all customers were billed monthly and using the same data used in the report. Please show the calculation of the service lag for 2010 (Table 2), the billing lag for 2010 (Table 4) and the collection lag for 2007 (Table 5) if any of these lags change from that filed.

h) Based on the revenue lag calculated in part (g) above, what is the impact on the percentage cash working capital as a percentage of OM&A and cost of power shown in Table 19?

Interrogatory #3

Ref: Exhibit 2, Tab 1, Schedule 4, Appendix 1

a) Have there been any material changes in circumstances related to the calculation of the expense lead days for any of the line items shown in Table 19? If yes, please describe the changes and show the impact on the calculation of the specific line item expense lead days.

b) Please explain how the GST figures in Table 19 have been calculated. Please provide all assumptions and calculations in arriving at the figures of $3,514,150 and $1,902,022.

c) Please update Table 19 to reflect the 2013 test year costs of long-term debt, OM&A expenses, cost of power, debt retirement charge, income tax and HST to be used as the weightings in the calculation of the cash working capital percentage.

2.3 Is the proposed Green Energy Act Plan appropriate?

2.4 Is the capitalization policy and allocation procedure for 2013 and 2014 appropriate?

3. Operating Revenue

3.1 Is the proposed load forecast for 2013 and 2014, including billing determinants, appropriate?

Interrogatory #1

Ref: Exhibit 1, Tab 1, Schedule 8, Appendix 3

How has the impact on the 2014 load forecast of the load transfers shown in Table 1 been reflected? In particular, what is the reduction in kW and kWh's associated with the transfer of 41 customers to Milton Hydro and the addition of 8 customers from Oakville Hydro?

Interrogatory #2

Ref: Exhibit 3, Tab 1, Schedule 1

a) **Please explain how the weather-corrected energy purchases shown in Table 1 have been calculated. In particular, please provide the numerical calculation that corrects the 2011 actual figure of 7,880,490 MWh to the corrected figure of 7,744,998 MWh. Please include references for all of the figures used.**

b) **Please provide the actual and normal heating and cooling degrees for each year shown in Table 1.**

c) **Please explain why only one year (2009) shown in Table 1 has weather-corrected purchases higher than the actual purchases.**

d) **Please provide a version of Table 1 where the weather-corrected volumes are normalized to the same level of heating and cooling degrees used to generate the forecast for 2013. Please also specify the level of heating and cooling degree days used for the 2013 forecast.**

Interrogatory #3

Ref: Exhibit 3, Tab 1, Schedules 1 & 2

a) **Please expand Tables 2 and 3 in Exhibit 3, Tab 1, Schedule 1 to include forecast data for 2014.**

b) **Please expand Table 1 in Exhibit 3, Tab 1, Schedule 2 to include a forecast for 2014.**

Interrogatory #4

Ref: Exhibit 3, Tab 1, Schedule 2

a) **What is the short term system peak demand forecast used for? In particular, does it have any impact on the revenue requirement for 2013? Does it have an impact on the cost of power and the working cash allowance?**

b) **Please expand Table 2 to include a forecast for 2014.**

c) **Please quantify the incremental CDM savings for 2012, 2013 and 2014 that are excluded from Table 2 and indicate how these amounts have been calculated.**

Interrogatory #5

Ref: Exhibit 3, Tab 1, Schedule 2

a) **Please expand Tables 3 and 4 to include a forecast for 2014.**

b) **How has Enersource determined the total CDM adjustments applicable to each year?**

c) **How has Enersource determined the allocation of the CDM adjustments applicable to each rate class in each year?**

d) **Please explain why the CDM adjustment for 2013 is less than the corresponding adjustment for 2012 for the large rate class.**

e) **Please explain the significant increase in the CDM adjustment for the street lighting class between 2012 and 2013.**

Interrogatory #6

Ref: Exhibit 3, Tab 1, Schedule 2, pages 8-10

a) **Please provide the impact on the 2012, 2013 and 2014 energy forecast of using averages based on 30 years rather than on medians based on 31 years of data in the same format as Table 5.**

b) **Please provide the impact on the 2012, 2013 and 2014 energy forecast of using averages based on 10 years rather than on medians based on 11 years of data in the same format as Table 5.**

c) **What is the impact on the revenue deficiency in 2013 of using the energy forecast shown in Table 15 based on the 11 years normal weather approach?**

d) **Please provide a live Excel spreadsheet that contains the daily mean (average) temperatures noted on page 10. Please also include in the spreadsheet the median daily average temperature for each day.**

e) **Please provide a chart that shows the annual heating degree days for the last 30 years of actual data (1982-2011), a chart that shows the annual cooling degree days for the same period and a table that shows the annual heating and cooling degrees over this 30 year period.**

Interrogatory #7

Ref: Exhibit 3, Tab 1, Schedule 2, Attachment A

a) **Please explain why a negative coefficient on Population.Population is appropriate. Does this indicate that as population increases, energy consumed decreases?**

b) **Please provide a description of all of the explanatory variances shown in the second table of Attachment A.**

c) **Please provide a live Excel spreadsheet that includes all of the independent and explanatory variables used to calculate the regression equation shown.**

d) **Does the equation estimated included an intercept value?**

e) **Please re-run the equation by removing the Population.Population variable and provide the results in the same level of detail as shown in Attachment A. Please also provide the resulting forecasts for 2012, 2013 and 2014.**

f) **Did Enersource try including the number of customers as an explanatory variable in place of the population variable? If yes, please provide the regression results in the same level of detail as found in Attachment A, along with the forecasts for 2012, 2013 and 2014. If no, please include the customers as an explanatory variable in place of the population variable and provide the regression results in the same level of detail as found in Attachment A, along with the forecasts for 2012, 2013 and 2014.**

Interrogatory #8

Ref: Exhibit 3, Tab 1, Schedule 2

a) **Please explain the actual and weather-corrected differences shown between Table 1 and Attachments 2 & 3.**

b) **Please explain how Enersource has arrived at the rate class consumption numbers in Table 4 (before the CDM adjustment) from the total energy consumption forecast shown in Table 1 for 2013.**

c) **Are the forecasts for each rate class shown in Attachment 2 for 2012 and 2013 the direct output for the models listed on page 11 and shown in Attachments C through H? If not, please explain how the figures in Attachment 2 were created.**

Interrogatory #9

Ref: Exhibit 3, Tab 1, Schedule 2, pages 11-12 & Attachments C-H

a) **Please explain why the class sales models are quarterly rather than monthly.**

b) **Why did Enersource utilize a monthly model for the short term system load energy model rather than a quarterly model?**

c) **Please provide a live Excel spreadsheet for each of the models shown in Attachments C through H that contains all of the independent and explanatory variables used in the estimation of the equations shown. Please also include the number of customers applicable to each model in the spreadsheet.**

d) **Please provide a brief description of all the explanatory variable shown in Attachments C through H.**

e) **Please explain why changes in energy consumption would be related to the CPI, as shown in the models in Attachments D, E, F and G.**

f) **Do any of the models in Attachments C through H include an estimated intercept value?**

g) **Did Enersource use the number of customers as an explanatory variable in any of the models, other than that shown in Attachment H? If yes, were the estimated coefficients statistically insignificant or did they have the wrong signs?**

h) **The Large User equation in Attachment H has negative coefficients associated with the heating and cooling degree days. Please explain why this is appropriate.**

i) **Please provide the regression statistics for a revised equation in Attachment H that excludes the heating and cooling degree days. Please also provide the forecast for 2012, 2013 and 2014 generated from this new equation.**

Interrogatory #10

Ref: Exhibit 3, Tab 1, Schedule 2, page 12 and Attachments 4 & 5

a) **Please provide a table that shows the data used to calculate the average load factor for each of the applicable rate classes over the five years used in the average.**

b) **Please provide a table that shows the energy sales and the associated average calculated in part (a) above that results in the demand forecasts for 2012 and 2013 shown in Attachments 4 & 5.**

Interrogatory #11

Ref: Exhibit 3, Tab 1, Schedule 2, pages 14-15 & Attachments 6 & 7

a) **Explain the footnote to Attachments 6 & 7 that indicates the tables include the impact of CDM. What impact does CDM have on the number of customers?**

b) **Please expand Attachment 6 to include the following three lines for each rate class:**

   i) **the average compound growth rate between 2007 and 2011;**

   ii) **the forecast for 2012 based on the response in (i) applied to 2011 actuals; and,**

iii) **the forecast for 2013 based on the response in (ii) for 2012 increased by the growth rate in (i).**

c) **Please explain the forecasted decrease in the number of customers for the GS 50-499, GS 499-5000 and Large Use classes in 2012 and 2013 relative to previous years.**

d) **Please provide the actual number of customers for the most recent month available in 2012 for each of the rate classes shown in Attachment 6, along with the corresponding number for the same month in 2011.**

Interrogatory #12

Ref: Exhibit 3, Tab 1, Schedule 2

Please expand Attachments 1 through 7 to include a forecast for 2014.

Interrogatory #13

Ref: Exhibit 3, Tab 2, Schedule 1

a) **Please expand Tables 1 and 2 to include a forecast for 2014.**

b) **At page 1, line 11, the evidence indicates that the throughput revenue for 2012 has been calculated using the rates established in Exhibit 8, Tab 1, Schedule 1 before any cost allocation adjustments. Should this reference be to 2013 throughput revenues?**

c) **Please provide a version of Table 1 that calculates revenues for 2012, 2013 and 2014 based on rates currently in place for 2012.**

d) **Please add the following to Table 2:**

i) **data for 2007;**

ii) **the average annual compound rate of change in average use between 2007 and 2011;**

iii) **the forecast for 2012 based on the 2011 figure and the figure calculated in ii); and,**

iv) **the forecast for 2013 based on the 2012 forecast from (iii) and the figure calculated in (ii).**

e) **Please add an Attachment 12 in the same level of detail as shown in Attachment 11 for the forecast of revenues in 2014.**

Interrogatory #14

Ref: Exhibit 4, Tab 1, Schedule 6

How has the forecast of residential and GS customers been adjusted to reflect the suite metering retrofit project to replace old single bulk meters with IMS for existing building/condos?

Interrogatory #15

Ref: Board Staff Interrogatory #28

a) **Please provide a table that shows the difference for 2013 in the average number of customers for each rate class.**

b) **Which set of numbers has been used to generate the monthly fixed charge revenue forecast for each rate class?**

c) **What is the impact on revenues at existing 2012 rates of using the other forecast of the average number of customers in each rate class? Please provide a table that shows the impact by rate class.**

3.2 Is the proposed forecast of other regulated rates and charges for 2013 and 2014 appropriate?

Interrogatory #1

Ref: Exhibit 3, Tab 3, Schedule 1

a) **Please provide the most recent year-to-date actual data for 2012 in the same level of detail as shown in Table 1. Please also provide the year-to-date figures for the corresponding period in 2011.**

b) **Please provide the most recent year-to-date actual data for 2012 in the same level of detail as shown in Table 2. Please also provide the year-to-date figures for the corresponding year-to-date period in 2011.**

Interrogatory #2

Ref: Exhibit 3, Tab 3, Schedule 1, Appendix 1, 2 & 3

a) **Please explain why the SSS administration revenue increased by more than $20,000 per year in each of 2010 and 2011.**

b) **Please explain why the SSS administration revenue is only forecast to increase by about $9,000 in 2012 and a further $3,000 in 2013.**

c) **How has the decrease in the number of retailer customers from 289,984 in 2011 to 229,786 in 2013 as shown in Exhibit 3, Tab 3, Schedule 1, Appendix 1 been factored into the 2013 forecast for the SSS administration revenue?**

d) **Please explain how the SSS administration revenues shown for 2013 in Appendix 3 has been calculated based on the average number of customers shown and the rate of $0.25 per month. In particular, please explain why the residential revenue is $478,117 rather than 161,170 x 12 x 0.25 = $483,510. Please also explain why the GS < 50 revenue is $47,505 (a decline from that forecast for 2012 despite more customers) rather than 18,827 x 12 x 0.25 = $56,481.**

Interrogatory #3

Ref: Exhibit 3, Tab 3, Schedule 1, Appendix 2-C

Please provide the most recent actual year-to-date figures for 2012 in the same level of detail as shown in the top table in Appendix 2-C. Please also provide the year-to-date figures for the corresponding year-to-date period in 2011.

Interrogatory #4

Ref: Exhibit 3, Tab 3, Schedule 1

a) **Please expand Tables 1, 2 and 3 to include a forecast for 2014.**

b) **Please expand the tables in Appendix 1, 2 and 3 to include a forecast for 2014.**

c) **Please expand the tables in Appendix 2-C to include a forecast for 2014.**

Interrogatory #5

Ref: Exhibit 3, Tab 3, Schedule 1, Appendix 2 &
Exhibit 4, Tab 1, Schedule 3

a) **Please indicate how many microfit customers are forecast on average for 2012 and 2013 and how many there were for 2011 based on the revenue forecast shown in Appendix 2 of Exhibit 3, Tab 3, Schedule 1.**

b) **Based on the most recent information available, how many microfit customers does Enersource have?**

c) **Please reconcile the number of customers from part (a) above with the statement at page 3of Exhibit 4, Tab 1, Schedule 3 that Enersource has over 50 microFIT and FIT customer accounts with over 250 pending applications.**

4. Operating Costs

4.1 Is the proposed 2013 and 2014 OM&A forecast appropriate?

Interrogatory #1

Ref: Exhibit 4, Tab 1, Schedule 1

a) **What is the impact on the figures shown for 2012 and 2013 if the capital expenditure for those years were to be changed? In particular, what is the impact on the figures assuming a 5% reduction in capital expenditures in both 2012 and 2013? Please explain the how the change has been estimated.**

b) **Are the Inside and Outside employees shown in Table 7 all Union employees? If not, please provide a table that shows the employee types by year between Union and non-Union.**

Interrogatory #2

Ref: Exhibit 4, Tab 1, Schedule 2

a) **What were the total HS&S costs incurred by Enersource Corporation ("EC") for each of 2008, 2009 and 2010?**

b) **Were there any changes in the methodology to allocate costs to Enersource between that approved in the 2008 rates proceeding and the transfer of this function from EC to Enersource in 2011? If yes, please provide details and provide the impact of any such changes in 2008, 2009 and 2010.**

c) **When the HS&S function was transferred to Enersource from EC in 2011, were changes made to the allocation methodology that used in the 2008 rates proceeding? Have any changes been made after 2011 to this allocation methodology? If yes, please provide details and provide the impact of any such changes on the 2013 costs allocated to Enersource and its affiliates.**

d) **Please provide more details on the increase forecast in 2012 and 2013 for security costs. Is this increase related solely to 3240 Mavis Road? If not, please break out the increase between 2011 and 2012 into the components that are driving the increase.**

e) **Are the security costs primarily related to labour costs? Does Enersource employ security resources or does it contract this service out to a third party?**

f) **Please explain what is meant by "benchmarking and program costs" and explain the increase of more than 130% forecast between 2011 and 2012.**

g) **Are the "benchmarking" costs an ongoing cost or a periodic cost?**

h) **Please provide the most recent year-to-date costs available in the same level of detail as shown in Table 1 for 2012, along with the corresponding costs for the same period in 2011.**

Interrogatory #3

Ref: Exhibit 4, Tab 1, Schedule 3

What is the forecasted incremental cost if Enersource were to bill all of its customers on a monthly basis for all of 2013? Please show how this estimated has been forecast.

Interrogatory #4

Ref: Exhibit 4, Tab 1, Schedule 3

a) **At page 3, the number of calls handed in 2008 was identified as 130,000 with a forecast for 2013 of 171,000. Please provide the actual number of calls handed in 2009, 2010 and 2011, along with the forecast for 2012.**

b) **Please provide the most recent year-to-date available number of calls handled for 2012, along with the corresponding number for the same period in 2011.**

c) Please provide a table for 2008 through 2013 that shows the costs related to the outsourced call centre and collections as shown in Table 2, the number of calls received, and the resulting average cost per call.

d) Please provide the most recent year-to-date costs available in the same level of detail as shown in Table 2 for 2012, along with the corresponding costs for the same period in 2011.

Interrogatory #5

Ref: Exhibit 4, Tab 1, Schedule 3

a) The evidence at page 13 indicates that two new third party collection agencies have been selected. When were these collection agencies selected and when did they begin providing services to Enersource?

b) Prior to the use of the two new third party collection agencies, did Enersource utilize other collection agencies or did Enersource do this function in-house?

c) What is the total cost associated with the hiring of the Accounts Receivable Manager and the two new third party collection agencies?

d) What is the total savings associated with the resources that were previously used to collect accounts?

e) Please provide the most recent year-to-date costs available in the same level of detail as shown in Table 3 for 2012, along with the corresponding costs for the same period in 2011.

Interrogatory #6

Ref: Exhibit 4, Tab 1, Schedule 4

a) What was the actual cost associated with the CN Agreement in 2010 and 2011?

b) How many apprentices does Enersource forecast it will have in each of 2012, 2013 and 2014? Please provide a breakdown of the 2013 and 2014 figures by the number of years in the apprenticeship program.

c) Please explain the 28% increase in tree trimming costs forecast for 2013 relative to 2012.

d) Does Enersource do its own tree trimming or does it contract this function out to a third party?

e) Please explain the decrease in distribution system maintenance costs in 2012 and the increase in 2013 shown in Table 2.

f) Please explain the level of property taxes shown for 2012 and 2013 in Table 2, given the consistent level of just under $600 in 2008 through 2011.

g) Please explain how "Recoveries" in Table 2 are forecast. Please also provide a description of what these recoveries are related to.

h) Which line item in Table 2 are the recoveries primarily associated with, or do the recoveries related to all of the costs shown in Table 2?

i) Please provide the most recent year-to-date costs available in the same level of detail as shown in Table 2 for 2012, along with the corresponding costs for the same period in 2011.

j) Did Enersource make any changes to its capitalization policy from that approved (or used) in the 2008 rates proceeding under CGAAP before the conversion to MIFRS? If yes, please provide the details and the impact on capital additions and OM&A expenses.

Interrogatory #7

Ref: Exhibit 4, Tab 1, Schedule 5

Did Enersource consider contracting out work associated with the AMP Initiative rather than hiring in-house staff to collect and analyze operational and asset information that had not been collected and analyzed previously? If no, why not? If yes, please explain why Enersource has decided to go the in-house staff addition route.

Interrogatory #8

Ref: Exhibit 4, Tab 1, Schedule 6

a) Please provide a table for 2008 through 2013 showing the actual/forecast number of bulk meters replaced by individual meter suites as a result of the suite metering retrofit project. Please also show the number of additional individual meter suites as a result of this program for each year.

b) Please update the status of the installations of smart meters. Did Enersource complete installations for all eligible customers by the end of June 2012?

c) Please provide the most recent year-to-date costs available in the same level of detail as shown in Table 4 for 2012, along with the corresponding costs for the same period in 2011.

Interrogatory #9

Ref: Exhibit 4, Tab 1, Schedule 7

a) Please explain the significant increase in cost per employee based on the data shown in Tables 1 and 2 between 2009 and 2010.

b) Please explain the significant decrease in cost per employee based on the data shown in Tables 1 and 2 between 2010 and 2011.

c) Please explain the significant increase in cost per employee based on the data shown in Tables 1 and 2 between 2011 and 2012.

d) Please provide Enersource's policies and practices with respect to transportation, mileage reimbursement, accommodations and meals, training & conferences, telecommunications, promotional items and office supplies.

Interrogatory #10

Ref: Exhibit 4, Tab 1, Schedule 9

a) Please provide the most recent year-to-date costs available in the same level of detail as shown in Table 1 for 2012, along with the corresponding costs for the same period in 2011.

b) Please explain the increase of $692 between 2011 and 2012 shown in Table 1 for salaries, despite an increase of only 3 employees shown in Table 2.

Interrogatory #11

Ref: Exhibit 4, Tab 1, Schedule 10

a) Please provide the most recent year-to-date costs available in the same level of detail as shown in Table 2 for 2012, along with the corresponding costs for the same period in 2011.

b) Has Enersource received its invoice for OEB assessed costs for 2012 yet? If yes, please provide the assessment for 2012.

c) Please provide the costs incurred to date related to the current cost of service application for each of the line items shown in Table 3.

d) Please explain what costs are included in the "Intervenor and Legal Costs" line in Table 2 since these costs exclude costs for the current application.

Interrogatory #12

Ref: Exhibit 4, Tab 1, Schedule 11

a) What was the annual cost in 2011 for leasing the property at 3456 Mavis Road?

b) What is the cost in 2013 for lease of the property at 3456 Mavis Road?

c) Please provide the actual costs for 2008 through 2011 and the forecast for 2012 and 2013 for fuel costs.

d) Please provide the most recent year-to-date costs available in the same level of detail as shown in Table 2 for 2012, along with the corresponding costs for the same period in 2011.

e) Please explain the increase in property taxes shown in 2012 and 2013 relative to the declining levels recorded in previous years.

f) Please explain the significant increases in utilities forecast for 2012 and 2013. Please break out the utility costs for 2008 through 2013 into each of the different utilities included (electricity, natural gas, water, etc.).

g) Please explain what is included in the "Recoveries" line and indicate how it has been forecast in the bridge and test years and why it is lower than the levels recorded in 2009, 2010 and 2011.

Interrogatory #13

Ref: Exhibit 4, Tab 1, Schedule 12

a) What are the costs associated with reconfiguring the property at 3240 Mavis Road and when will they be incurred by Enersource?

b) Will the movement of some staff from Mavis Road to Derry Road result in additional space at the Mavis Road facility that will be available for use by affiliates and/or third parties? Please explain.

c) Please provide the assessed value of the new administration facilities and the current property tax rate for the property.

d) How many people are expected to be located at the new administration facilities once the transfer is complete?

Interrogatory #14

Ref: Exhibit 4, Tab 1, Schedule 13

a) Please provide the most recent year-to-date costs available in the same level of detail as shown in Table 1 for 2012, along with the corresponding costs for the same period in 2011.

b) Please explain the decrease in incentive plan, etc. costs shown in 2011 relative to previous years and the increase forecast for 2012 and 2013.

Interrogatory #15

Ref: Exhibit 4, Tab 1, Appendix 2-I

a) Can Enersource provide an estimate of the number of FTEE's separately for EHM and Corp.? If yes, please provide a table that shows the number of FTEE's for each organization for the same periods as shown in the table.

b) Can Enersource estimate the percentage of FTEE's for Corp. that are allocated to EHM in each of the years shown? If yes, please provide the percentage for each year and a revised table that shows the Number of FTEE's for EHM and the percentage of Corp. allocated to EHM.

c) Please confirm that if the number of customers per FTEE recorded in 2011 was maintained in 2013, the number of FTEEs for 2013 would be 387.

Interrogatory #16

Ref: Exhibit 4, Tab 3, Schedule 1

a) **Does an aging workforce mean that longer tenured, more experienced personnel are being replaced by people with less tenure and less experience when the retirements take place?**

b) **What is the impact on the average salaries, wages and benefits of the replacements noted in part (a) above?**

c) **Please provide a table for 2008 through 2011 that shows the number of people eligible for retirement and number of those that actually did retire in that year.**

d) **How many apprentice positions are included in the budget for 2012, 2013 and 2014?**

e) **Please provide the annual increase for non-union employees in 2008 through 2011 if "comparable" as used on page 14 is not equivalent to the "same" increases as for unionized employees. Please also provide the annual increase used for 2013.**

f) **What assumptions for the pension contribution rates, as shown in Table 6, have been assumed and incorporated into the 2013 forecast?**

Interrogatory #17

Ref: Exhibit 4, Tab 3, Schedule 1, Appendix 2-K, page 1

a) **Please explain the decline in the number of Union and Non Union employees per management employee from 7.3 in the 2008 COS to 5.6 in 2013.**

b) **Please explain the significant increase in executive average incentive pay in 2012 and 2013 relative to the previous years.**

c) **Please provide a table that shows for each employee group for 2008 through 2013 the total incentive pay paid, the total potential incentive pay and the ratio of the amount paid to the potential. Please ensure that the figures are based on only the components of the incentive pay that are included in the revenue requirement as noted on page 15 of Exhibit 4, Tab 3, Schedule 1.**

d) Please explain the decrease in Total Salary and Wages for Union between 2011 and 2012 from $15,439, 214 to $13,882,574 despite an increase in the number of employees in this category.

e) Please explain the increase in the executive annual yearly base wages of 9.3% in 2012 and 3.6% in 2013 relative to the 2.5% for 2012 noted on page 14 of Exhibit 4, Tab 3, Schedule 1.

f) Please provide a table that shows, by employee group, the total incentive costs for each of 2008 through 2013.

Interrogatory #18

Ref: Exhibit 4, Tab 3, Schedule 1

Tables 1 and 2 on page 3 of the exhibit show the number of eligible retirements over the 2012 –2021 time period. Please provide similar tables for the period 2000 – 2011 showing the number of eligible retirements as well as the number of actual retirements.

Interrogatory #19

Ref: Exhibit 4, Tab 3, Schedule 1

Page 4 discusses the demands of customer communication changes and includes the statement at line 16 that "electronic communications and payments are expected to become the norm for most customers, which require systems and trained staff to manage".

a) Does Enersource currently have systems that permit electronic communications and payments? If yes, please explain what additional systems and training for staff is needed to support those activities.

b) Does Enersource expect any cost savings and efficiencies to result from use of electronic communications and payment systems? If yes, please describe them including the saved staff time. If no, please explain why there would be no cost efficiencies from using electronic systems.

Interrogatory #20

Ref: Exhibit 4, Tab 3, Schedule 1

Line 20 on page 4 notes that social media changes "constitute a new element to utility communications".

a) **Please describe the effects of social media on the company including cost effects.**

b) **What additional staff training is needed to incorporate social media into utility communications?**

Interrogatory #21

Ref: Exhibit 4, Tab 3, Schedule 1

Lines 1-13 on page 5 discuss the demands of technological advancements and includes the statement at line 7 "in the context of customer care, information technology is changing the way distributors communicate with customers, enabling customers to interact with their distributors as never before".

a) **Please describe the technological developments and advancements referred to in line 1.**

b) **Please elaborate on how information technology has changed the way distributors communicate with customers including examples of the content of such communications and how that differs from previous channels of communication.**

c) **Please describe the knowledge and skills that staff require to operate successfully in the technological landscape and contrast them with the knowledge and skills historically needed by staff.**

d) **Please describe the specialized workforce needed to support and drive these technological advancements.**

Interrogatory #22

Ref: Exhibit 4, Tab 3, Schedule 1

Page 9 of the exhibit discusses retirements of linemen/cablemen maintainers and projects eligible retirements at 29 over the 2012-2021 period. Lines 15-17 describe Enersource's plans to hire four to six apprentices each year to replace staff lost to attrition.

a) **Please explain why Enersource needs to hire between 40 and 60 apprentices over the next ten years when only 29 employees are eligible for retirement.**

b) **Of the 29 eligible retirements, how many does Enersource expect will actually retire in each year?**

Interrogatory #23

Ref: Exhibit 4, Tab 3, Schedule 1

Table 5 on page 12 shows positions needed for support functions in 2011 – 2013. In 2011 and 2012 the lists include a "Manager, collections".

a) **Is this the same position just carried over from 2011 because it was not filled or are two managers required?**

b) **If the latter, please explain why two managers of collections are needed.**

Interrogatory #24

Ref: Exhibit 4, Tab 3, Schedule 1

Page 14 of the exhibit discusses compensation and shows unionized wages increased by 3% in 2010 and 2011 and will increase by 3.25% in 2012 and 2013. Reference is made to a review of other collective agreement settlements within the electricity sector at lines 10-11.

a) **Please provide copies of any reports or studies prepared from this review.**

b) **Please prepare a table comparing Enersource wage rates for unionized positions with the wage rates of its peer group of distributors.**

c) **Please provide a table showing voluntary resignations of unionized staff broken down by position over the past five years including the reasons for resignation if the company is aware of them.**

Interrogatory #25

Ref: Exhibit 4, Tab 3, Schedule 1

Does Enersource have productivity, cost and schedule metrics to measure its performance on capital projects and OM&A? If yes, please provide them along with actual performance over the past 5 years.

Interrogatory #26

Ref: Exhibit 4, Tab 3, Schedule 1

Does Enersource benchmark its productivity and cost metrics against other peer distributors? If yes, please provide any benchmarking studies or reports on the subject. If no, please explain why benchmarking productivity and cost metrics is not an appropriate strategy to measure performance.

Interrogatory #27

Ref: Exhibit 4, Tab 3, Schedule 1

Page 15 of the exhibit references the incentive plan for all employees.

a) Please provide a copy of the incentive plan.

b) Appendix 2-K in Exhibit 4-3-1 shows compensation and staffing information. The last four categories show average yearly amounts by staff group for base wages, overtime, incentive pay and benefits. Each of these categories has been totalized by adding the average figures for each staff group together. Please explain what these totals are intended to convey.

Interrogatory #28

Ref: Exhibit 4, Tab 3, Schedule 1

Footnote 4 on page 16 references a report from The Williamson Group entitled "Enersource Corporation, August 1, 2011 Renewal Report".

a) Please provide a copy of the report.

b) **The excerpts provided from the report in Exhibit 4-3-2 Appendix 1 show that Enersource actual cost increases for extended health and dental care are much less than industry averages. Please explain how Enersource has managed these programs to achieve the lower costs.**

Interrogatory #29

Ref: Exhibit 4, Tab 3, Schedule 1

Page 16 of the exhibit discusses pension costs.

Has Enersource considered introducing different pension benefits for new employees from the current OMERS defined benefit plan to a defined contribution plan or similar lower cost plan? If yes, please provide any reports or studies conducted. If no, please comment on why such a strategy would not be appropriate as a way of reducing future benefit costs.

Interrogatory #30

Ref: Exhibit 4, Tab 3, Schedule 1

Table 7 on page 19 refers to post employment benefit costs.

a) **Please provide details of Enersource's post employment benefits including the following:**

   i) **Details of specific benefits provided broken down by Executive, Managerial, Non Union and Union groups.**

   ii) **Annual cost of benefits broken down by the same employee groups.**

b) **Does Enersource provide life time post employment benefits to any or all of its retirees? If yes, please provide details by employee group. If no, please describe the limitations on post employment benefits by employee group.**

c) **Does Enersource provide post employment benefits to surviving spouses and/or dependents of its retirees? If yes, please provide details.**

Interrogatory #31

Ref: Exhibit 4, Tab 3, Schedule 1

Table 1 on page 3 shows operating costs for the HS&S department. The most significant increase from 2011 costs occurs in the Security section. Page 2 refers to the increased cost of providing 24/7 security at the Mavis road facility.

a) **Is the increased cost of security shown in Table 1 on page 3 the result of this increased security at Mavis? If not, please explain why security costs have increased significantly.**

b) **Please explain the need for 24/7 security at Mavis.**

c) **Will that same security be needed at Mavis after the new administration building is operational?**

d) **Will the new administration building require 24/7 security?**

Interrogatory #32

Ref: Exhibit 4, Tab 3, Schedule 1

Page 12 of the exhibit shows customer care operating costs and includes the following statement. "The increases due to call centre and collections costs account for $329, or 20% of the increase in Customer Care costs from 2008 rates"

a) **Please break out the increased costs for call centre and collections.**

b) **Table 1 on page 11 shows the number of employees in customer care declining from 62 in 2008 to 59 in 2013. Please explain the increase in call centre costs if employee count has gone down.**

c) **Please describe the reasons for increased call centre activity.**

Interrogatory #33

Ref: Exhibit 4, Tab 3, Schedule 1

Table 3 on page 14 shows the bad debt expense. Please describe the reasons for the increase in bad debts and the actions being taken to manage bad debt expense.

Interrogatory #34

Ref: Exhibit 4, Tab 1, Schedule 4, Engineering and Operations Operating Costs

Page 2 refers to the CN agreement for leased lands.

a) Please provide details of the increased leasing rate and compare it to historical rates.

b) Did Enersource conduct a cost benefit analysis of rebuilding lines currently on CN leased lands to determine the payback period compared to leaving the lines in their existing locations and paying the increased lease cost? If yes, please provide the analysis. If no, please explain how the decision was made to relocate the lines in the face of increased lease costs.

Interrogatory #35

Ref: Exhibit 4, Tab 1, Schedule 4, Engineering and Operations Operating Costs

Table 1 on page 21 shows number of employees by year and type.

a) Outside staff numbers have decreased from 118 in 2008 to 115 in the test year. Line 1 on page 22 refers to rising maintenance costs associated with an aging distribution system. Please explain how the increased maintenance is being accomplished if staff levels in the trades have not increased.

b) Lines 3-4 on page 22 state that salary costs have increased by 27% since 2008. Please provide a table showing the yearly increases by the employee type shown in Table 1 on page 21.

c) What steps is Enersource taking to control employee salary costs?

Interrogatory #36

Ref: Exhibit 4, Tab 1, Schedule 5, Asset Management Plan Initiative Costs

Table 1 on page 3 of the exhibit shows planned staff for the AMP initiative.

a) Please describe the difference between "inside" and "non union" staff categories shown in the table.

b) Please describe the activities undertaken by the two employee groups in the table.

Interrogatory #37

Ref: Exhibit 4, Tab 1, Schedule 5, Asset Management Plan Initiative Costs

Table 2 on page 3 of the exhibit shows cost for the AMP initiative. Are the distribution system inspections undertaken by AMP staff or are they performed by other E&O staff?

Interrogatory #38

Ref: Exhibit 4, Tab 1, Schedule 5, Asset Management Plan Initiative Costs

Lines 4-5 on Page 5 of the exhibit reference "increased staff levels dedicated to the customer focused asset management initiative".

a) **Is the "customer focused" part of the AMP something separate from the rest of the AMP or has the descriptor just been added for emphasis?**

b) **If the former, please describe the "customer focused" part of the initiative and distinguish it from the AMP overall.**

Interrogatory #39

Ref: Exhibit 4, Tab 1, Schedule 6, Metering Operating Costs

Table 3 on page 7 of the exhibit shows metering employee numbers increase from 22 in 2008 to 24 in 2013. Increased costs are noted on page 8 as 106% between the two years and this is attributed "predominantly to staffing reallocations". Please explain how an increase of only 2 employees can account for an increase of 106% in salary costs.

Interrogatory #40

Ref: Exhibit 4, Tab 1, Schedule 6, Metering Operating Costs

Metering costs have increased in all categories in Table 4 page 8 since 2008.

a) **Please explain why material and meter reads have increased in cost when reading is now done electronically. Shouldn't the cost of meter reading decrease with smart meters?**

b) **Please elaborate on the increased cost of Physical Meter Inspections.**

c) **Please describe the meter reverification process for smart meters and contrast it with the historical process for analogue meters.**

<u>4.2 Is the proposed level of depreciation/amortization expense for 2013 and 2014 appropriate?</u>

Interrogatory #1

Ref: Exhibit 1, Tab 2, Schedule 1, page 13

When did Enersource start using the new depreciation rates based on the study prepared by Kinetrics Inc.?

Interrogatory #2

Ref: Exhibit 4, Tab 6, Schedule 1

a) **Please reconcile the statement that the revised estimates extended the lives of many depreciable assets with the need to start replacing aging assets. Are the assets scheduled to be replaced fully depreciated? Would these assets be fully depreciated if the new useful live estimates had been applied when the assets were put into service?**

b) **The evidence indicates that Enersource uses the half year rule for depreciation for capital additions during the year of addition for all assets. Please confirm that this half year rule has been used for 2007 through 2013. Please also confirm that in the last cost of service proceeding that rates in the test year (2008) were also based on the application of the half year rule in the test year. If this cannot be confirmed, please explain what methodology of depreciation was used for the test year capital additions.**

<u>4.3 Is the proposed PILs and property taxes forecast for 2013 and 2014 appropriate?</u>

Interrogatory #1

Ref: Exhibit 1, Tab 2, Schedule 1 &
Exhibit 1, Tab 2, Schedule 2

a) **What is the impact on the 2013 and 2014 revenue requirements of the cancellation of the proposed reductions in the Ontario Tax Rate shown in Table 5? In particular, please provide the net and gross revenue**

requirement impacts associated with an Ontario tax rate of 11.5% in both 2013 and 2014.

b) Please provide revised Appendix 2-C(i) and Appendix 2-C(ii) to reflect the change in the Ontario tax rate.

Interrogatory #2

Ref: Exhibit 4, Tab 7, Schedule 1

a) Please show the derivation of the 2013 and 2014 co-op tax credits of $60,000. In particular please show the number of eligible positions and the credit per position used.

b) Please show the derivation of the 2013 and 2014 federal apprenticeship job creation tax credit for 2013 and 2014. In particular, please show the number of eligible positions and the credit per position used.

c) Please show the derivation of the 2013 and 2014 Ontario apprenticeship training tax credit for 2013 and 2014. In particular, please show the number of eligible positions and the credit per position used.

d) Please reconcile the number of eligible positions in the responses to part (b) and (c) above with the number of apprentices shown in Table 3 of Exhibit 4, Tab 3, Schedule 1 and the statement at page 9 of Exhibit 4, Tab 3, Schedule 1 that it intends to hire 4 to 6 new apprentices each year.

e) Do the tax credits shown in Tables 1 and 2 reflect actual credits claimed in 2011? If not, please provide the actual credits claimed for 2011.

f) Please provide a version of Table 4 that reflects the cancellation of the July 1, 2012 provincial tax reduction.

Interrogatory #3

Ref: Exhibit 4, Tab 7, Schedule 1, Appendix 1 &
Exhibit 2, Tab 1, Schedule 1, Appendix 2-B

a) Please confirm that that the CCA schedule shown on page 5 of Appendix 1 reflects the actual UCC closing balances from the 2011 PILs filing. If this cannot be confirmed, please update the historical year CCA schedule along with the resultant changes to the 2012 and 2013 CCA schedules and the calculation of the 2013 PILs.

b) Please provide a reconciliation of the 2012 additions to gross assets shown in Exhibit 2, Tab 1, Schedule 1, Appendix 2-B (page 6) of $59,486 (64,486 less $5,000 for land) and the CCA additions of $58,942 shown on page 13 of Appendix 1 of Exhibit 4, Tab 7, Schedule 1.

c) Please provide a reconciliation of the 2013 additions to gross assets shown in Exhibit 2, Tab 1, Schedule 1, Appendix 2-B (page 7) of $46,446 and the CCA additions of $44,120 shown on page 20 of Appendix 1 of Exhibit 4, Tab 7, Schedule 1.

d) Please explain why Enersource shows the use of $400,000 in tax credits in 2012 (page 19 of Appendix 1) in 2012 when it does not have positive taxable income.

e) Is Enersource required to use these tax credits in 2012 when it does not have any taxable income or can it defer the use of these credits to future years when it does have taxable income?

f) Please confirm that by claiming the tax credits in 2012, the test year taxable income has been increased by $400,000.

Interrogatory #4

Ref: Exhibit 4, Tab 7, Schedule 1, Appendix 2 &
Exhibit 2, Tab 1, Schedule 1, Appendix 2-B

Please reconcile the additions to gross assets shown in Appendix 2-B of Exhibit 2, Tab 1, Schedule 1 for 2014 of $45,624 with the additions for CCA purposes shown in Appendix 2 of Exhibit 4, Tab 7, Schedule 1 of $45,351.

Interrogatory #5

Ref: Exhibit 2, Tab 1, Schedule 1

Please confirm that the PILs impact noted on page 1 in relation to the 2014 ICR year only reflects changes in PILs directly related to the incremental capital forecast, being depreciation, return on capital and CCA. If this cannot be confirmed, please provide a description of any other changes that affect the PILs calculation for 2014.

<u>4.4 Is the proposed allocation of shared services and corporate costs appropriate?</u>

Interrogatory # 1

Ref: Exhibit 1, Tab 1, Schedule 9

a) **Are any of the costs associated with the Enersource Corporation Board of Directors included in the revenue requirement for 2013 or 2014? If yes, please provide the amount, the total amount of costs associated with the Enersource Corporation Board of Directors and the allocation methodology used to determine the amount to be allocated to the regulated distributor.**

b) **How many members are on Enersource Hydro Mississauga's Board of Directors?**

c) **What is the total cost included in the revenue requirement in 2013 and 2014 associated with Enersource Hydro Mississauga's Board of Directors? Please identify where in OM&A these costs are included.**

Interrogatory #2

Ref: Exhibit 4, Tab 1, Schedule 8

Please provide the most recent year-to-date costs available in the same level of detail as shown in Table 2 for 2012, along with the corresponding costs for the same period in 2011.

Interrogatory #3

Ref: Exhibit 4, Tab 3, Schedule 1, Appendix 2-K, page 2

a) **Is there any overlap in the employees shown for Enersource Corporation with the employees shown on page 1 for Enersource Hydro Mississauga? If yes, please explain why this is appropriate.**

b) **Are the total compensation and total compensation charged to OM&A shown at the bottom of the table on page 2 all charged to Enersource Hydro Mississauga? If no, please add two lines to the schedule to show the amount charged to Enersource Hydro Mississauga.**

c) **How is the incentive pay for Enersource Corporation determined? Please provide an explanation of the performance measures used similar to that provided on page 15 of Exhibit 4, Tab 3, Schedule 1.**

d) Are any of the incentive pay costs allocated to Enersource Hydro Mississauga? If yes, does this include any incentive payments related to the net income of Enersource Corporation?

Interrogatory #4

Ref: Exhibit 4, Tab 4, Schedule 1

a) The evidence indicates that EC revised its shared service model and agreements in 2008. Were these changes reviewed by the Board in Enersource's last cost of service proceeding or were these changes made subsequent to that proceeding?

b) Has Enersource Corporation pursued any utility acquisitions (page 5)? If yes, please provide the costs associated with such activities in each of 2008 through 2011 and any forecasts for 2012 and 2013.

c) Please provide copies of the last three newsletters that were provided to customers (page 8).

d) Please provide the most recent year-to-date costs available in the same level of detail as shown in Table 3 for 2012, along with the corresponding costs for the same period in 2011.

e) Please add a line to Table 3 to show the ratio of the corporate allocation to the total EC operating costs.

Interrogatory #5

Ref: Exhibit 4, Tab 4, Schedule 1, Appendix 2-L

a) Please provide a table that shows for each year in Appendix 2-L the percentage allocation for each line item.

b) For each line item, please provide the basis for the allocation (i.e. revenues, head count, etc.)

c) Please detail the change in the allocation methodology (if applicable) that results in the change in the percentage allocation for each line item in part (a) above.

Interrogatory #6

Ref: Exhibit 4, Tab 4, Schedule 1, Appendices 1-6

a) **Please confirm that the Agreements in each of Appendices 1 through 6 can be terminated for 2013 by giving the appropriate notice by November 1, 2012.**

b) **Please provide a summary of all of the changes to the allocation of costs between what was used at the time of the last cost of service proceeding and that proposed for 2013 shown in Schedule "B" to the Agreements in each of Appendix 1 through 6. For each change, please show the allocation methodology used as part of the last cost of service application, the proposed methodology for 2013 and the rationale for the change.**

5. Capital Structure and Cost of Capital

5.1 Is the proposed capital structure, rate of return on equity and short term debt cost for 2013 and 2014 appropriate?

5.2 Is the proposed long term debt cost for 2013 and 2014 appropriate?

Interrogatory #1

Ref: Exhibit 5, Tab 1, Schedule 1

a) **Please explain why the weighted average cost of long term debt is not the weighted average of the $210 million at 5.297% and the $110 million at 4.521%, or 5.03%.**

b) **Please confirm that the difference in the cost of long term debt of 5.0914% proposed by Enersource and the 5.03% noted above, applied to the deemed long term debt is more than $200,000. If this cannot be confirmed, please provide a calculation that shows the difference in the total cost of long term debt between the two rates noted.**

Interrogatory #2

Ref: Exhibit 5, Tab 1, Schedule 1

What is the payment frequency and dates for interest payable on the two long-term debt issues. Is the frequency or the payment dates materially different from the long-term debt issue that was replaced? If yes, please explain.

6. Cost Allocation

6.1 Is the proposed cost allocation methodology for 2013 and 2014 appropriate?

Interrogatory #1

Ref: Exhibit 1, Tab 1, Schedule 9, page 4

According to the evidence Enersource Services Inc provides services to Enersource Hydro Mississauga. These services are listed on page 3 of the exhibit.

- **a) Please provide details of the services provided by Enersource Services to Enersource Hydro Mississuaga over the period 2008 – 2011 broken down by type of service provided (per listing on page 3 of schedule 9), cost of each service to Hydro Mississauga and the number of man hours represented by the cost.**

- **b) Is work contracted to Enersource Services on a lump sum basis or on a cost basis? If the latter, how does the company ensure that it is getting value for money?**

- **c) Does Enersource Services charge an overhead on its services to Hydro Mississauga (other than the benefit markup referred to in the services agreement)? If yes, please provide details.**

- **d) Does Hydro Mississauga invite bids from other unaffiliated companies for work contracted to the services company? If yes, how is it decided who should get the work? If not, how does the company ensure that the hours and costs billed by Enersource Services are competitive?**

- **e) Is the “24 hour call centre” referred to on page 3 of the exhibit under Street Lighting Services just for street lighting problems or is it the full call centre for Hydro Mississauga operations as well? If the latter, please explain the rationale for placing this unit in the Services company and comment on the issue of an affiliate having access to potentially confidential customer information required to operate the distribution system.**

Interrogatory #2

Ref: Exhibit 1, Tab 1, Schedule 9, Appendix 1

This exhibit shows a high level organization chart for the company.

a) **Please provide a detailed organization structure for the Engineering and Operations department showing job titles and number of positions in each group within the department.**

b) **Please provide a description of the work performed by each group within the department.**

c) **Please explain how it is decided what Engineering and Operations work will be performed by in house Hydro Mississauga staff and what will be contracted to the services company.**

Interrogatory #3

Ref: Exhibit 4, Tab 4, Schedule 1, Appendix 4

This exhibit is the services agreement between Enersource Services and Enersource Hydro Mississauga in which Enersource Services is the service provider and Hydro Mississauga is the customer. Page 15 lists the services provided.

a) **Fleet services include passenger and service vehicles owned by the service provider. According to the chart on page 16, fees for use of these vehicles is in accordance with the "fleet rates in effect for SERVICE PROVIDER at any given time". How do the rates charged by the services company for fleet usage compare to the rates of comparable vehicles owned by the distributor?**

b) **Other services are provided on a "Cost basis". How does Hydro Mississauga ensure that the cost is reasonable?**

c) **How much of Enersource Services annual revenue is made up of charges to Hydro Mississauga?**

6.2 Are the revenue-to-cost ratios for 2013 and 2014 appropriate?

Interrogatory #1

Ref: Exhibit 7, Tab 1, Schedule 1, Tables 2 & 3

a) **Please confirm that other than the GS > 5000 kW and the USL classes, all the revenue to cost ratios are within the target ranges per the cost allocation review.**

b) **Please provide a version of Table 3 that moves the ratio for the GS > 5000 kW class to the top of the target range, 115%, and the ratio for the USL class to the top of its range, 120%. To offset these decreases, please increase the ratio for the residential class without changing the ratios for all the other classes as shown in Table 2.**

7. Rate Design

7.1 Are the fixed to variable splits for each class for 2013 and 2014 appropriate?

Interrogatory #1

Ref: Exhibit 8, Tab 1, Schedule 1

a) **Has Enersource maintained the fixed/variable splits for each of the rate classes shown in Table 4? If any adjustments have been made, please provide the change by rate class.**

b) **Please provide a version of Tables 1,2 and 3 based on the response to Interrogatory #1 under Issue 6.2 above.**

7.2 Is the proposed implementation of a Low Voltage Service Rate, the introduction of the Unmetered Scattered Load class, and the merger of the Small Commercial < 50kw class into the General Service < 50kw class appropriate?

7.3 Are the proposed Total Loss Adjustment Factors appropriate?

7.4 Are the proposed retail transmission service rates appropriate?

Interrogatory #1

Ref: Exhibit 8, Tab 2, Schedule 1

a) **When does Enersource expect the Board to issue an updated Guideline and filing module to reflect January 1, 2013 Uniform Transmission Rates?**

b) **If the Board does not issue an updated Guideline and filing module in time to be incorporated in the final rate order in this proceeding, does Enersource propose to make any changes in the retail transmission service rates, or will the difference be recorded in the variance accounts and disposed of at a future time?**

7.5 Is the proposed Tariff of Rates and Charges for 2013 and 2014 appropriate?

Interrogatory #1

Ref: Exhibit 8, Tab 8, Schedule 1, Appendix 2-U

Please provide a version of Appendix 2-U for the revenue reconciliation for 2014.

Interrogatory #2

Ref: Exhibit 8, Tab 9, Schedule 1, Appendix 2-V

Please explain, and if necessary provide the calculations, how the energy charge of $0.0880 per kWh used in the bill impact calculations was derived. Please also include the source of any data used.

Interrogatory #3

Ref: Exhibit 8, Tab 1, Schedule 1, Appendix 1 & 2

Please confirm that the 2014 distribution related rates for all rate classes have been determined by increasing the 2013 rates by the ratio of the 2014 revenue deficiency ($3,195,967) to the 2013 revenue requirement ($131,285,168). If this cannot be confirmed, please explain how the 2014 rates were calculated.

8. Deferral and Variance Accounts

8.1 Are the deferral and variance account balances, allocation methodology and disposition period(s) appropriate?

Interrogatory #1

Ref: Exhibit 8, Tab 3, Schedule 1 & Exhibit 9, Tab 1, Schedule 1

Table 3 in Exhibit 8, Tab 3, Schedule 1 appears to show that service transaction request revenues are in excess of the associated costs. Table 5 in Exhibit 9, Tab 1, Schedule 1 appears to show costs are in excess of the costs. Please reconcile.

Interrogatory #2

Ref: Exhibit 9, Tab 1, Schedule 1

a) **Were any of the amounts shown in Table 6 eligible to be capitalized? If yes, please explain why Enersource has expensed them into Account 1572.**

b) **Please confirm that the costs recorded in Account 1572 in 2010 and 2011 are less than Enersource's materiality threshold of $645,000 as noted in Exhibit 1, Tab 4, Schedule 1.**

8.2 Are the proposed rate riders appropriate?

8.3 Are the deferral and variance accounts, including both existing and proposed new accounts, appropriate?

9. Modified International Financial Reporting Standards

9.1 Is the treatment and disposition of the Property Plant & Equipment adjustments due to the transition to MIFRS appropriate?

Interrogatory #1

Ref: Exhibit 9, Tab 1, Schedule 1

Please explain why Enersource is proposing to refund the $13,825 shown in Table 13 related to the impact of MIFRS over 1 year rather than over a 2 or 4 year period.

9.2 Are the proposed new MIFRS deferral and variance accounts appropriate?

9.3 Have all impacts of the transition to MIFRS been properly identified, and is the treatment of each of those impacts appropriate?

10. Smart Meters

10.1 Are the proposed quanta and nature of smart meter costs, including the allocation and recovery methodologies appropriate?

Interrogatory #1

Ref: Exhibit 9, Tab 2, Schedule 1

Table 4 shows that the smart meter capital costs for the GS classes is more than 3 times that for residential customers. Table 7 shows that Enersource is proposing a rate rider that is the same for the GS and residential customer classes. Please explain why the rate rider is the same, when the costs are different by class.

10.2 Is the proposed treatment of stranded meter costs appropriate?