

**Board Staff Interrogatories
2013 Electricity Distribution Rates
Hydro One Brampton Networks Inc. ("HOBNI")
EB-2012-0135**

RTSR Workform

1. Ref: 2013 IRM3 RTSR Work form, page 4

- a) Please confirm that the amounts entered into the columns "Non-Loss Adjusted Metered kWh" and "Non-Loss Adjusted Metered kW" have not been adjusted by HOBNI's Board-approved loss factor.

Rate Class	Unit	Non-Loss Adjusted Metered kWh	Non-Loss Adjusted Metered kW	Applicable Loss Factor	Load Factor	Loss Adjusted Billed kWh	Billed kW
Residential	kWh	1,171,420,497	-	1.0349		1,212,303,072	-
General Service Less Than 50 kW	kWh	305,860,734	-	1.0349		316,535,274	-
General Service 50 to 699 kW	kW	1,100,205,706	3,049,171		49.45%	1,100,205,706	3,049,171
General Service 700 to 4,999 kW	kW	836,453,328	1,894,300		60.52%	836,453,328	1,894,300
Large Use	kW	393,889,613	716,743		75.32%	393,889,613	716,743
Unmetered Scattered Load	kWh	5,377,856	-	1.0349		5,565,543	-
Standby Power	kW	-	-			-	-
Street Lighting	kW	29,761,405	90,235		45.21%	29,761,405	90,235
Embedded Distributor	kW	-	-			-	-

LRAM

**2. Ref: Manager's Summary, Tab 2, Schedule 6.0, LRAM
Ref: Board Decision and Order, EB-2011-0174, Page 13, LRAM**

HOBNI has requested approval of a total LRAM amount of \$374,629 for the persisting lost revenues from 2010 CDM programs in 2011 and 2012. In the Board's Decision and Order on HOBNI's 2012 IRM application, it noted with respect to HOBNI's LRAM request that "HOBNI's application for LRAM for 2011 to be inconsistent with the (CDM) Guidelines, and agrees that the 2011 forecast is final in all respects and that these savings should have been incorporated into HOBNI's 2011 forecast at the time of rebasing." The Board subsequently approved an LRAM of \$428,857 as proposed by Board staff.

- a) Please reconcile HONBI's request for approval of an LRAM for persisting 2010 lost revenues in 2011 and 2012 of \$374,629 with the Board's decision on HOBNI's LRAM request in its 2012 IRM application.

Incremental Capital Module

3. Ref: Tab 2, Schedule 8, Appendix A

HOBNI has requested that incremental capital be allowed for numerous projects which it describes as "Typical Capital" items. At page 4 of Appendix A, HOBNI states that "typical capital spending is reviewed in detail at cost of service rebasing hearings and does not require further detailed review during the period of the IRM."

- a) Please provide evidence that all of the projects in the "Typical Capital" category which are included in the application for incremental capital were considered and approved by the Board at the most recent rebasing, and that there are no new projects in this category included in this application.
- b) Please complete the following table for each project in the "Typical" category. (Indicate "n/a." for not applicable)

Project	Original in-service date	New in-service date	Incremental Capital requested net of contributions	Capital Contribution required	Party making contribution	Discretionary /non-discretionary Y/N	Project duration (months)
a.							
b.							
c.							
d.							
e.							
etc.							

4. Ref: Tab 2, Schedule 8.0, Appendix A

Ref: EB-2007-0673 Supplemental Report of the Board, September 17, 2008, Appendix B, page VII

The Supplemental Report of the Board specifies that a distributor must provide evidence to support the inclusion of capital projects in an IRM, including evidence that the incremental revenue requested will not be recovered through other

means (e.g., it is not, in full or in part, included in base rates or being funded by the expansion of service to include new customers and other load growth).

- a) Please indicate which of the projects listed in the response to 3 b), above, are revenue generating assets which are funded by the expansion of service to include new customers and other load growth

5. Ref: Tab 2, Schedule 8.0, Appendices C and D

HOBNI has requested that incremental capital be allowed for numerous projects which it describes as “Escalated Issue” items. Appendix C relates to Main Distribution Feeder Enhancement and Reinforcement. Appendix D relates to Developer Works and Residential Lot Servicing.

- a) Please provide evidence if any of the projects in the “Escalated Issue” category which are included in the application for incremental capital were considered and approved by the Board at the most recent rebasing, and if there are new projects in this category.
- b) Please complete the following table for each project in the “Escalated Issue” category:

Project	Original in-service date	New in-service date	Incremental Capital requested net of contributions	Capital Contribution required	Party making contribution	Discretionary /non-discretionary Y/N	Project duration (months)
Feeder Enhancement and Reinforcement Program							
a.							
b.							
etc.							
Developer Works and Residential Lot Servicing							
a.							
b.							
etc.							

- c) In regard to the Feeder Enhancement and Reinforcement Program, is any of the incremental capital being requested for “Escalated Issue- Feeder Enhancement and Reinforcement Program” intended for projects which are not yet part of an approved plan?

- d) In regard to the Developer Works and Residential Lot Servicing,
 - i. Is any of the incremental capital being requested for “Escalated Issue- Developer Works and Residential Lot Servicing” intended for projects which are not yet part of an approved plan?
 - ii. Is it assured that the party required to make a capital contribution in each project is prepared to make that contribution on the basis of a 2013 in-service date?
 - iii. Please clarify how many of the 5,500 new residential lots that are projected to be serviced in 2013 are included in the 30 approved plans?

6. Ref: Tab 2, Schedule 8.0, Appendices C and D

Ref: EB-2007-0673 Supplemental Report of the Board, September 17, 2008, Appendix B, page VII

The Supplemental Report of the Board specifies that a distributor must provide evidence to support the inclusion of capital projects in an IRM, including evidence that the incremental revenue requested will not be recovered through other means (e.g., it is not, in full or in part, included in base rates or being funded by the expansion of service to include new customers and other load growth).

- a) Please indicate which of the projects listed in the response to 5 b), above, are revenue generating assets which are funded by the expansion of service to include new customers and other load growth

7. Ref: Tab 2, Schedule 8.0, Appendix A, Page 7

At lines 12-13, HOBNI indicates that one outcome of not investing in rate base is lower reliability.

- a) Has HOBNI quantified or estimated the potential lower reliability that it is referring to?

8. Ref: Tab 2, Schedule 8.0, Appendix A, Page 7

- a) Please explain fully or clarify how ‘harvesting of assets’ will result in “increased contract and employee labour costs as HOBNI would be unable to levelize work based on the most efficient use of resources.”

**9. Ref: Tab 2, Schedule 8.0, Appendix A, Page 8, Table 4
Ref: Tab 2, Schedule 8.0, Appendix C, Page 21, Table 1
Ref: Tab 2, Schedule 8.0, Appendix D, Page 2, Table 1**

- a) Please provide a column in the above referenced tables representing 2012 bridge forecast capital expenditures and in-service additions. Please indicate the number of months of actual experience reflected in the forecast.
- b) Please explain how in-service additions for 2013 have been determined for each category of capital spending. Please provide all relevant calculations.

**10. Ref: Ch. 3, Filing Requirements, s. 2.2.4, page 9
Ref: Tab 2, Schedule 8.0, Appendix A, Page 7**

The Filing Requirements state that distributors should use the last Board-approved cost of capital parameters when calculating the revenue requirement associated with the ICM. HOBNI states that it has applied the Board's 2012 parameters and will update to the 2013 parameters.

- a) Please calculate the impact on the ICM revenue requirement based on applying the last Board-approved cost of capital parameters.

**11. Ref: EB-2007-0673 Supplemental Report of the Board, September 17, 2008, Appendix B, page V
Ref: Tab 2, Schedule 8.0, Appendix A, Page 4, Table 2**

Appendix B of the Supplemental Report of the Board on 3rd Generation Incentive Regulation describes the threshold formula and provides examples of the calculation of growth that would apply in different years of the IRM period. The example provided for a distributor rebasing in 2008 and applying for the IRM in 2009 would calculate growth using 2007 actuals and 2008 Board-approved base. HOBNI last rebased in 2011.

- a) Please recalculate the materiality threshold using a growth variable based on 2010 actuals and 2011 Board-approved base.

12.Ref: Ch. 3, Filing Requirements, s. 2.2.2 and s. 2.2.5, Pages 8-10

The Filing Requirements specify that the eligible incremental capital amount is calculated by taking the difference between the 2013 total non-discretionary capital expenditure and the materiality threshold.

- a) Please provide the total 2013 non-discretionary capital expenditures.
- b) Please calculate the resulting eligible incremental capital amount, using the methodology described in the Filing Requirements.
- c) Please identify the capital projects which would be considered incremental, based on the eligible amount calculated in part b), above.
- d) In accordance with the Filing Guidelines, for each of the projects identified in part c), above, please provide the following:
 - i. Justification that the amounts incurred will be prudent;
 - ii. Justification that the amounts sought are directly related to the claimed cause, which must be clearly non-discretionary and clearly outside the base upon which rates were derived;
 - iii. Evidence that the incremental capital will not be recovered through other means; and
 - iv. A description of the actions to be taken by HOBNI in the event that the application is not approved by the Board.
- e) Please complete the project summary worksheets and ICM model using the capital projects identified in part c), above, including the resulting rate riders. For convenience, these models may be accessed through the following link:

<http://www.ontarioenergyboard.ca/OEB/Industry/Regulatory%20Proceedings/Applications%20Before%20the%20Board/Electricity%20Distribution%20Rates/2013%20Electricity%20Distribution%20Rate%20Applications>