

**INTERROGATORIES FOR HYDRO ONE NETWORKS INC. - DISTRIBUTION 2013 IRM  
FROM THE CONSUMERS COUNCIL OF CANADA**

**IRM METHODOLOGY**

**1. Has Hydro One appropriately applied the IRM mechanism as specified by the Board?**

**1. EX. A/T2**

Please provide all materials provided to HON's Board of Directors when seeking approval of the current application.

**2. EX. A/T2**

Please provide all materials provided to HON's Shareholder in the course of developing the current rate application. Please include all correspondence, presentations, e-mails etc.

**3. EX. A/T3/S1/P. 2**

The evidence states that the Application is "substantially consistent" with the 2006 Electricity Distribution Rate Handbook and the Filing Requirements for Transmission and Distribution Applications. Please indicate where the Application is not consistent, and the reasons for not complying.

**4. EX A/T3/S1**

What rate-making approach will HON apply for beyond 2013?

**INCREMENTAL CAPITAL MODULE/RATE RIDER**

**2. Should the proposed capital projects be approved for ICM treatment?**

**5. EX. B1/T1/S1**

Please provide HON's forecast and actual capital expenditures for the years 2006-2012.

**6. EX. B/T1/S1/P. 4**

Please provide a detailed breakdown of the \$414 in typical capital spending for 2013. How was that budget derived?

**7. EX. B/T1/S1/P. 8**

What is HON's forecast of "typical" capital spending in 2012? Please provide a detailed budget. Please include actual spending to date.

**8. EX. B/T2/S2/P. 3**

Please add 2012 forecast and 2011 actual numbers to Table 1 - Stations Capital. When did HON identify the need for increased levels of spending on Station Refurbishment and Transformer Spares and Replacements? How could the need to refurbish stations go from 4 stations per year to 32? How could the need to replace transformers go from 6 per year to 36 per year in such a short time period?

**9. EX. B/T2/S3/P. 1**

Please explain why HON is of the view that it "must immediately begin to implement a more aggressive pole replacement strategy ". When was this immediate need identified?

**10. EX. B/T2/S3/P. 9**

Please provide the 2011 Actual Net costs for the Wood Pole Replacement Program. Please provide the expected 2012 expenditures.

**3. Is Hydro One's proposal with respect to the capital contribution allocated to Hydro One Transmission appropriate?**

**11. EX. B/T2/S1/P. 2**

What is the current status of the Commerce Way TS? Under a cost of service approach, how would this capital contribution be treated? How was the \$9.2 million contribution established?

**4. Is Hydro one's proposal with respect to the treatment of the CIS project for 2013 and 2014 appropriate?**

**12. EX. B/T3/S1/P. 4**

The evidence states that Hydro One had planned the CIS in-service date for 2016. What was the expected cost for the 2016 CIS? Please explain how that differs from the current cost. How much has been spent to date in 2012 relative to the forecast of \$103.8 million?

**7. Is the proposed calculation of the ICM rate rider, including the cost of capital parameters used in the calculation, appropriate?**

**13. EX. B/T1/S2/P. 4**

The proposed long-term debt rate is 4.9% for 2013. It represents the weighted average rate on embedded debt, new debt and forecast debt planned to be issued in 2012 and 2013. Please provide the calculation. Please provide details of any new debt issues.

**14. EX. B/T1/S2/P. 5**

Please explain how the \$142 million in Miscellaneous Typical Capital was calculated. Please provide all assumptions.

**OTHER RATE RIDERS AND ADDERS**

10. Is Hydro One's proposed Smart Grid rate adder appropriate?

**15. EX. C/T1/S1/P. 3**

Please provide the detailed Smart Grid budget approved by the Board in EB-2009-0096 and the actuals for each year of the project. What amounts have been recovered from customers? Was there a true-up? If not, why not?

**16. EX. C/T1/S1/P. 3**

Please provide a detailed budget for HON's smart grid activities in 2012. Will there be a true-up mechanism to ensure only actual expenditures are recovered from customers?

**17. EX. C1/T1/S1**

Please provide the business cases for all 2012 Smart Grid projects.

**18. EX. C1/T1/S1**

Please explain, in detail, what HON is doing with respect to home energy management technologies. Is HON working with the OPA on this initiative? If not, why not?

**19. EX. C1/T1/S1**

Please explain how HON ensures that its Smart Grid initiatives will bring value to its customers.

**20. EX. E2/T2/S2**

Please explain why Seasonal Customers have a higher smart grid charge than HON's other residential rate classes. Please explain how the volumetric charges were developed.

## **DENSITY STUDY**

**13. Is Hydro One's proposal for the implementation of the Density Study findings appropriate?**

**21. EX. A/T4/S1/ APPENDIX E (STAKEHOLDER CONSULTATION NOTES, JUNE 5, 2012)**

In the consultation notes Mr. Andre stated that with respect to Option A and Option B more evidence and data would be required to support Option A. Please indicate what further evidence and data would be required.

**22. EX. D/T1/S1/P. 8-10**

The distribution rate impacts for Option 1 and Option 2 are set out. Please provide a more detailed assessment of the impact for each customer class. Please set out the distribution rate impacts and total bill impacts for three customers within each rate class, including low-volume, average volume and high volume usage.

**23. EX. D/T1/S1/P. 8**

Please explain how HON made the decision to adopt Option 1 vs. Option 2. Was it primarily because some participants at the June 5 Stakeholder Session supported a "staged approach" to the implementation of the Density Study findings? Did HON consider other options? If not, why not? If so, why were those options rejected?

**24. EX. D/T1/S1/P. 4**

Please explain how HON determines the rates for seasonal customers relative to the rates for its other residential classes.

**25. EX. D/T1/S1/P. 10**

Please include R1 in the attached table.

**26. EX. D/T1/S1/P. 10**

Please recast Table 8 to include 3 consumption levels for each rate class - high volume and low volume. In effect we are looking for the range of impacts within each class.

## **RATE DESIGN**

**17. Is the proposed Tariff of Rates and Charges for 2013 appropriate?**

**27. E1/T3/S1/P. 2**

Do the Total Monthly Bill Impacts set out in Table 1 include all components of the application? If so, please break out the impacts related to the Price Cap Index, the ICM, the Smart Grid Adder and the Deferral and Variance Account credit. Please do the same for each of the distribution rate increases by rate class.