



November 12, 2012

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319, 27th Floor  
2300 Yonge Street  
Toronto, ON M4P 1E4

Re: Hydro One Networks Inc. 2013 IRM Distribution Rate Application  
AMPCO's Questions for the Technical Conference  
Board File No. EB-2012-0136

Dear Ms. Walli:

In accordance with Procedural Order No. 3 dated November 6, 2012, attached please find AMPCO's questions for the Technical Conference.

Please do not hesitate to contact me if you have any questions or require further information.

Sincerely yours,

*(ORIGINAL SIGNED)*

Adam White  
President  
Association of Major Power Consumers in Ontario

Encl.

Copies to: Hydro One Networks Inc.  
Intervenors

**Hydro One Networks Inc. (HONI) 3<sup>rd</sup> GIRM Application – 2013 Distribution Rates**  
**AMPCO Questions for Technical Conference**  
**2012-11-12**

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

**Question #1**

**Reference:** General

- a) As a result of the interrogatory process, please confirm the growth rate, threshold CAPEX and incremental revenue requirement by capital investment type, proposed by Hydro One in this application.

**Question #2**

Preamble: AMPCO is unclear how the Board's IRM Report and Filing Guidelines support an ICM module that provides for existing rate base that is not funded due to a decrease in consumption.

- a) Please explain more fully.

**Question #3**

**Reference 1:** Ex B, Tab 1, Sch 1, Page 1

**Reference 2:** Report of the Board, Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach, October 18, 2012.

Preamble: Hydro One states its approach to ICM is consistent with Hydro One's submission in the Renewed Regulatory Framework proceeding. The Board released its report and next steps regarding the Renewed Regulatory Framework on October 18, 2012.

- a) Please discuss Hydro One's IRM and ICM approach in the context of the Board's new approach to rate-setting. Please discuss any consistencies and differences.

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

**Question #4**

**Reference:** Ex I, Tab 2, Sch 5.09 VECC#12

- a) Please discuss further on what basis Hydro One believes the ICM module provides for funding of Escalated Issue Capital.

**Question #5**

**Reference:** Ex I, Tab 2, Sch 5.05 VECC#8(a)

Preamble: Hydro One's states in response to the above IR that "resulting from Hydro One's business planning processes, the amount of typical capital spending required to maintain the system in line with what was approved in EB-2009-0096 was determined to be \$451.9M for ICM for 2013. The forecast in-

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service amount of \$414 is forecast based upon that capital spending.”

- a) Please elaborate on Hydro One’s business planning process to support the proposed capital spending. Please discuss optimization prioritization and pacing of investment expenditures.
- b) Please discuss how Hydro One sought to control costs in relation to its proposed 2013 investments.

**Question #6**

**Reference:** Ex I, Tab 2, Sch 7.03 CCC#7

- a) In its response, Hydro One provided a 2012 forecast of Typical Capital Spending. Please provide actual spending to date.

**Question #7**

**Reference:** Ex I, Tab 2, Sch 7.06 CCC#10

- a) Hydro One provided the 2012 year-end forecast (as of June 30, 2012). Please provide the year-end forecast based on current year to date information.

**Other Rate Riders and Adders**

**Issue 10      Is Hydro One’s proposed Smart Grid rate adder appropriate?**

**Question #8**

**Reference:** Exhibit I, Tab 10, Schedule 1.02 Staff#30

Preamble: Hydro One’s interrogatory response provided 2012 Actuals, 2012 Forecast and Total Forecast as of June 30, 2012.

- a) Please provide the 2012 Actuals, 2012 forecast and Total Forecast based on updated year to date information.

**Question#9**

**Reference:** Exhibit I, Tab 10, Schedule 9.01 AMPCO #5(k)

- a) In the above interrogatory, AMPCO requested the driver for each business objective in Table 3. In its response, Hydro One stated that the business objectives in Table 3 are consistent with Hydro One’s overall business values. Hydro One was unclear what the word ‘driver refers to. At Ex I, Tab 2, Sch 1.01 Staff 2(a) (ii), Hydro One provides four core drivers that necessitate the replacement of the CIS system. AMPCO is seeking specific core drivers that necessitate each business objective in Table 3. Please provide.