



December 5, 2012  
Ontario Energy Board P.O.  
Box 2319 27th Floor  
2300 Yonge Street Toronto,  
Ontario M4P 1E4

**Attention: Ms. Kirsten Walli, Board Secretary**  
**Regarding: EB-2012-0134 2013 IRM Rate Application**

Dear Ms. Walli,

In accordance with the Notice of Application and Hearing, please find attached Hydro Hawkesbury's responses to Board Staff Interrogatories in the above proceeding.

We would be pleased to provide any further information or details that you may require relative to this application.

Yours truly,

A handwritten signature in black ink, appearing to read "Michel Poulin", with a long horizontal flourish extending to the right.

Michel Poulin

General Manager  
Hydro Hawkesbury Inc.  
850 Tupper St.  
Hawkesbury, ON  
K6A 3S7  
Tel: 613-632-6689

**Hydro Hawkesbury Inc. (“HHI”)  
2013 Rate Applications  
Responses to Board Staff  
Interrogatories EB-2012-  
0134**

**Tax Sharing Model**

1. Ref: A portion of Sheet 3 “Re-Based Bill Det & Rates” is reproduced below.

Last COS Re-based Year was in 2010							
Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C	
RES	Residential	Customer	kWh	4,705	53,559,119		
GSLT50	General Service Less Than 50 kW	Customer	kWh	566	20,562,650		
GSGT50	General Service 50 to 999 kW	Customer	kW	79	86,186,766	229,814	
USL	Unmetered Scattered Load	Connection	kWh	4	108,470		
Sen	Sentinel Lighting	Connection	kW	21	1,208,363	325	
SL	Street Lighting	Connection	kW	1,158	220,667	3,096	

Board staff has been unable to reconcile the figures entered into the columns “A”, and “B” for the Unmetered Scattered Load, Sentinel Lighting and Street Lighting rate classes with the Board-approved load forecast from HHI’s last cost of service application (EB-2009-0186). Please provide evidence supporting these amounts. If there are any errors, Board staff will make the necessary changes to the model.

Response: Hydro Hawkesbury Inc. (“HHI”) used the Load Forecast from its Final Draft Rate Order submitted on May 26, 2011. Sheet C1 – LoadForecast is presented as a reference at the next page.

# Hydro Hawkesbury Inc. (ED-2003-0027)

2010 EDR Application (EB-2009-0186) version: v0.1

November 4, 2009

## C1 Load Data and Forecast

Enter historical volume data and projections for 2009-2010

CUSTOMERS (CONNECTIONS)								
Customer Class Name	2006 EDR Approved	2006 Actual	2007 Actual	2008 Actual	2008 Normalized	2009 Normalized	2009 Estimated	2010 Normalized
Residential	4,580	4,642	4,775	4,724	4,724	4,672	4,672	4,705
General Service Less Than 50 kW	566	564	571	569	569	567	567	566
General Service 50 to 4,999 kW	78	77	79	79	79	79	79	79
Large Use	1	1	1	1	1	1	1	1
Sentinel Lighting	23	22	21	21	21	21	21	21
Street Lighting	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158
Unmetered Scattered Load	4	4	4	4	4	4	4	4
<b>TOTAL</b>	<b>6,410</b>	<b>6,468</b>	<b>6,609</b>	<b>6,556</b>	<b>6,556</b>	<b>6,502</b>	<b>6,502</b>	<b>6,533</b>

METERED KILOWATT-HOURS (kWh)								
Customer Class Name	2006 EDR Approved	2006 Actual	2007 Actual	2008 Actual	2008 Normalized	2009 Normalized	2009 Estimated	2010 Normalized
Residential	54,159,435	51,530,722	53,035,556	56,866,845	53,947,877	53,502,498	53,502,498	53,559,119
General Service Less Than 50 kW	22,341,766	20,666,608	20,483,521	20,528,976	20,711,904	20,748,524	20,540,911	20,562,650
General Service 50 to 4,999 kW	87,075,751	81,391,278	85,703,128	86,045,628	86,812,352	86,095,652	86,095,652	86,186,766
Large Use	49,538,379	34,899,217	31,642,779	26,758,904	26,758,704	13,015,266	13,015,266	
Sentinel Lighting	106,690	108,681	108,700	108,470	108,470	108,470	108,470	108,470
Street Lighting	975,914	1,025,217	972,416	1,208,363	1,208,363	1,208,363	1,208,363	1,208,363
Unmetered Scattered Load	21,626	211,626	211,626	220,667	220,667	220,667	220,667	220,667
<b>TOTAL</b>	<b>214,219,561</b>	<b>189,833,349</b>	<b>192,157,726</b>	<b>191,737,853</b>	<b>189,768,337</b>	<b>174,899,440</b>	<b>174,691,827</b>	<b>161,846,035</b>

KILOWATTS (kW)								
Customer Class Name	2006 EDR Approved	2006 Actual	2007 Actual	2008 Actual	2008 Normalized	2009 Normalized	2009 Estimated	2010 Normalized
Residential								
General Service Less Than 50 kW								
General Service 50 to 4,999 kW	191,625	198,735	214,682	229,438	231,483	229,572	229,572	229,814
Large Use	89,145	75,465	75,608	74,710	74,710	42,872	42,872	
Sentinel Lighting	301	300	300	325	325	325	325	325
Street Lighting	2,734	2,870	2,874	3,096	3,096	3,096	3,096	3,096
Unmetered Scattered Load								
<b>TOTAL</b>	<b>283,805</b>	<b>277,370</b>	<b>293,464</b>	<b>307,569</b>	<b>309,614</b>	<b>275,865</b>	<b>275,865</b>	<b>233,235</b>

Customer Class Name	Loss Factor
Residential	1.0446
General Service Less Than 50 kW	1.0446
General Service 50 to 4,999 kW	1.0446
Large Use	
Sentinel Lighting	1.0446
Street Lighting	1.0446
Unmetered Scattered Load	1.0446

WHOLESALE kWh's <sup>1</sup>		
2009 Normalized	2009 Estimated	2010 Normalized
55,888,709	55,888,709	55,947,856
21,673,908	21,457,036	21,479,744
89,935,518	89,935,518	90,030,696
13,015,266	13,015,266	
113,308	113,308	113,308
1,262,256	1,262,256	1,262,256
230,509	230,509	230,509

<sup>1</sup> Metered kWh's multiplied by Loss Factor

2. Ref: A portion of Sheet 5 "Z-Factor Tax Changes" is reproduced below.

<b>Summary - Sharing of Tax Change Forecast Amounts</b>		
For the 2010 year, enter any Tax Credits from the Cost of Service Tax Calculation (Positive #)	\$	-
<b>1. Tax Related Amounts Forecast from Capital Tax Rate Changes</b>	<b>2010</b>	<b>2013</b>
Taxable Capital	\$ 3,436,490	\$ 3,436,490
Deduction from taxable capital up to \$15,000,000	\$ 3,436,490	\$ 3,436,490
Net Taxable Capital	\$ -	\$ -
Rate	0.150%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	\$ -	\$ -
<b>2. Tax Related Amounts Forecast from Income Tax Rate Changes</b>	<b>2010</b>	<b>2013</b>
Regulatory Taxable Income	\$ 168,441	\$ 168,441
Corporate Tax Rate	16.00%	15.50%
Tax Impact	\$ 26,950	\$ 26,108
Grossed-up Tax Amount	\$ 32,083	\$ 30,897
Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ -	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 32,083	\$ 30,897
Total Tax Related Amounts	\$ 32,083	\$ 30,897
Incremental Tax Savings		-\$ 1,186
Sharing of Tax Savings (50%)		-\$ 593

Board staff has been unable to reconcile the taxable capital, regulatory taxable income and grossed-up tax amount with the Board-approved Revenue Requirement Work Form from HHI's last cost of service application.

- a) Please provide evidence supporting these amounts. If there are any errors, Board staff will make the necessary changes to the model.

Response: HHI respectfully asks the Board to revise the model with the following numbers. For the regulatory taxable income, it should be \$195,109 for 2010 and 2013. The tax impact should be \$31,217 for 2010 and \$30,242 for 2013. The grossed-up tax amount should be \$37,163 for 2010 and \$35,789 for 2013.

The taxable capital is based on the 2010 financial statement and consists of: share capital (\$1,689,146), retained earnings (\$1,015,429) and the note payable (\$500,290 and \$231,425) for a total of \$3,436,490. Since the total is below \$15,000,000, HHI can use the deduction and the taxable capital becomes 0.

The incremental tax savings should be -\$1,374 and the sharing of tax

savings -\$687.

## RTSR Adjustment Work Form

3. Ref: A portion of Sheet 4. "RRR Data" is reproduced below.

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 Regular	kWh	51,273,093		1.0446		53,559,873	-
General Service Less Than 50 kW	kWh	18,457,375		1.0446		19,280,574	-
General Service 50 to 4,999 kW	kW	82,739,386	211,682		53.57%	82,739,386	211,682
Unmetered Scattered Load	kWh						
Sentinel Lighting	kW	215,299		1.0446		224,901	-
Street Lighting	kW	102,890	286		49.31%	102,890	286
		1,343,666	3,729		49.39%	1,343,666	3,729

Please confirm that the amounts entered into the columns "Non-Loss Adjusted Metered kWh" and "Non-Loss Adjusted Metered kW" has not been adjusted by HHI's Board approved loss factor. Once confirmed, Board staff will make any necessary updates to the model.

Response: HHI confirms that the "Non-Loss Adjusted Metered kW" has not been adjusted by HHI's Board approved loss factor.

## 2013 IRM Rate Generator

4. Ref: A portion of the Residential rate class on Sheet 4 "Current Tariff Schedule" is reproduced below.

Board staff notes that on November 16, 2012 the Board issued HHI's final Rate Order for its smart meter application EB-2012-0198. Please confirm that the approved fixed rate riders from HHI's smart meter application should be included on Sheet 4 of HHI's 2013 IRM Rate Generator Model. Please confirm and, if necessary, Board staff will make the changes to the model.

Response: HHI confirms that the approved fixed rate riders from HHI's smart meter application should be included on Sheet 4 of HHI's 2013 IRM Rate Generator Model and thus, respectfully asks the Board to revise the model accordingly.

5. Ref: Sheet 6 "Billing Det. for Def-Var"

Rate Class	Unit	Metered kWh	Metered kW	Billed kWh for Non-RPP Customers	Estimated kW for Non-RPP Customers	Distribution Revenue <sup>1</sup>	1590 Recovery Share Proportion <sup>*</sup>
Residential	\$/kWh	50,277,839		4,934,609	0	742,598	33.00%
General Service Less Than 50 kW	\$/kWh	19,562,613		2,163,886	0	193,055	13.00%
General Service 50 to 4,999 kW	\$/kW	80,745,583	209,711	80,745,583	209,711	233,371	
Unmetered Scattered Load	\$/kWh	242,514		11	0		53.00%
Sentinel Lighting	\$/kW	105,383	311	4,788	14	2,321	1.00%
Street Lighting	\$/kW	1,156,976	3,197	1,156,976	3,197	24,602	
MicroFit							
<b>Total</b>		<b>152,090,908</b>	<b>213,219</b>	<b>89,005,853</b>	<b>212,922</b>	<b>1,195,947</b>	<b>100.00%</b>

Board staff has been unable to reconcile the amounts recorded into the 'Metered kWh', 'Metered kW' and 'Distribution Revenue' columns with HHI's last Board approved load forecast from HHI's cost of service proceeding and/or Reporting and Record-keeping Requirement ("RRR") 2.1.5.

- Please provide evidence supporting these amounts.
- If the amounts recorded are not from HHI's last Board approved load forecast from HHI's cost of service proceeding and/or RRR 2.1.5, please provide rationale for the amounts.

Response: HHI wrongly used the information from its last IRM application which contained 2010 RRR. HHI respectfully asks the Board to revise the model with the amounts provided as part of its May 2012 RRR filing (2.1.5) instead. Please see next page for details.

## E2.1.5 Performance Based Regulation

12/5/2012

### **Summary**

Filing Due Year: 2012	Filing From Name: 2.1.5	RRR Filing Number: 1,298
Reporting Period and Company Name: April2012:Hydro Hawkesbury Inc.	Licence Type: Distributor	Status: Revised
Report Version: 1	Extension Granted:	Extension Deadline:
Filing Due Date: 4/30/2012	Reporting From January 1, 2011	Reporting From December 31, 2011
Submitted On: 5/24/2012	Submitter Name: Linda Parisien	Expiry Date 26/05/2012

### **Line Crew Wage Rates (\$/hr)**

New Average Line Crew Wage Rate (\$/hr) 28.48	New Line Crew Wage Rate (\$/hr) 29.05	New Line Crew Wage Rate effective date 01/05/2011
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### **Labour**

Full time equivalent number of employees 8	Estimated average number of employees for the year whose earnings are charged to current operating expenses (Administrative, operating, and maintenance) 5.00	
Salaries and Wages charged to current operating expenses, in dollars 178,498.99	Estimated average number of employees charged to new construction 3.00	Employee Salaries Wages charged to new Construction, in dollars 3,066.34

### **Capital (in dollars)**

#### **Gross Capital Additions**

a) Employee labor including benefits 20,994.22	b) Equipment and materials 164,836.32	c) Capital works/Other 393.69
d) Overhead 1,954.45	e) Carrying charges 0.00	
Total Gross Capital Additions (sum of a, b, c, d, & e) 188,178.68		

#### **Other Capital Related Information**

Retirements for year (net loss amount should be positive and net gain amount should be negative) 0.00	Contributed capital for the year (Incremental) 0.00
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## **Supply and Delivery Information**

### **A) Supply**

i. Total kWhs of electricity that has flowed into the distributor's distribution system from the IESO-controlled grid or the distribution system of a host

86,994,161.00

ii. Total kWhs of electricity that has flowed into the distributor's distribution system from all embedded generation facilities

73,935,206.00

iii. Number of wholesale meters pertaining to the utility located on primary side of the supply transformers

2

### **B) Delivery**

i. Total kWhs of electricity delivered to all customers in the distributor's licensed service area and to any embedded distributors

154,131,709.00

ii. Total kWh delivered to customers in the Large Use class

0.00

iii. Total kWhs delivered to embedded distributors

0.00

### **C) Distribution Losses**

Distribution losses in kWhs, calculated as the difference between the supply as reported in A(i) and A(ii) above, less delivery as reported in B(i) above.

6,797,658.00

### **D) Amount Charged (\$)**

Amount charged by any host distributor for transmission or low voltage services in the year

0.00

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### **Customers, Demand and Revenues**

Rate Class	Number	Billed kW	Billed kWh	Revenues Account (4080)
Residential	4,835		51,273,093	761,751.00
General Service < 50 kW	592		18,457,375	197,693.00
General Service >= 50 kW	94	211,682	82,739,386	331,827.00
Large User				
Sub Transmission Customers				
Embedded Distributor(s)				
Street Lighting Connections	1,201	3,729	1,343,666	34,056.00
Sentinel Lighting Connections	73		102,890	2,300.00
Unmetered Scattered Load Connections	5		215,299	802.00
Total (Auto-Calculated)	6,800	215,411	154,131,709	1,328,429.00



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### **Miscellaneous Utility Characteristics**

Total Service Area (Sq.Km)	Rural Service Area (Sq.Km)	Urban Service Area (Sq.Km)
8	0	8
Service Area Population	Municipal Population	Number of Seasonal Occupancy Customers
10,500	10,500	0
Utility Winter Max Monthly Peak Load (kW)	Utility Summer Max Monthly Peak Load (kW)	Utility Average Peak Load (kW)
31,966	30,227	26,301
Utility Average Load Factor		
82		
Circuit Kilometers of Line	Overhead Circuit Kilometers of Line	Underground Circuit Kilometers of Line
66	56	10

### **Circuit Kilometers of Line by Type**

3 Phase	2 Phase	Single Phase
42	0	24
Total of all phases		
66		

### **Number of Transformers by Type**

Transmission	Sub-transmission	Distribution
1	3	745

### **Number of Distribution and Transmission Stations by kV**

Number of Distribution and Transmission Stations in Total	Number of Distribution and Transmission Stations Greater Than or Equal to 50kV	Number of Distribution and Transmission Stations Less Than 50 kV
2	1	1

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### **Incentive Rate Mechanism**

Regulatory Return Earned Report Mailed to the Board  
27/04/2012

Comments