

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 Innisfil Hydro
Distribution Systems Limited for an order approving just and
reasonable rates and other charges for electricity distribution to
be effective May 1, 2013.

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

March 1, 2013

**INNISFIL HYDRO DISTRIBUTION SYSTEMS LIMITED
2013 RATES REBASING CASE
EB-2012-0139**

**ENERGY PROBE RESEARCH FOUNDATION
SUPPLEMENTAL INTERROGATORIES**

EXHIBIT 1 – ADMINISTRATIVE DOCUMENTS

1.0 Energy Probe #41

Ref: Response to Interrogatories, Summary of Changes & Exhibit 2

- a) Please confirm that the Table 1.1 (2012 CGAAP) and Table 1.2 (2012 MIFRS) reflect either actual or preliminary actual capital expenditures in 2012. If this cannot be confirmed, please provide an updated version of Tables 1.1 and 1.2 that reflect actual or preliminary actual capital expenditures for 2012 if more data is now available. If not, please indicate how many months of actual capital expenditures are reflected in Tables 1.1 and 1.2.**
- b) Please explain why there is no Net Book Value for WIP shown in Table 1.1.**
- c) Please provide and updated Table 2.1 from Exhibit 2 that reflects the continuity schedules provided in the Summary of Changes or the updated tables requested in part (a).**
- d) Please provide an updated IFRS-CGAAP Transitional PP&E Amounts schedule, as shown in Exhibit 2, Tab 5, Schedule 4 that is based on the continuity schedules provided in the Summary of Changes or the updated tables requested in part (a).**

1.0 Energy Probe #42

Ref: 1.0-Energy Probe #1

The interrogatory was not fully answered. The deemed capital structure currently includes 56% long term debt, 4% short term debt and 40% equity. Innisfil appears to have asked for a debt ratio (short and long term) of 75%.

- a) Please confirm that the above is accurate.**

- b) **If the above is accurate, please confirm that the requested equity ratio is 25%.**
- c) **If the above is accurate, please provide the requested split of the 75% debt ratio into a short term and long term debt component.**
- d) **If the above is not accurate, why does IHDSL believe it requires approval to increase the "debt ceiling" to 75%?**

1.0 Energy Probe #43

Ref: 1.0-Energy Probe #3

The response indicates that IHDSL will not be converting to IFRS until 2014. Does IHDSL still propose to adjust its capitalization policy and depreciation rates effective January 1, 2012? If not, please revise the evidence and revenue requirement to reflect the continuation of the existing capitalization policy and depreciation rates in 2012.

EXHIBIT 2 – RATE BASE

2.0 Energy Probe #44

Ref: 2.0-Energy Probe #6

- a) **Please confirm that since the property to be sold will not be sold until 2014, that this property remains in rate base in the test year.**
- b) **What is the amount included in rate base associated with the land that is scheduled to be sold in 2014?**
- c) **Does IHDSL agree that as part of the ICM application for 2014 to reflect the addition of the new land and building costs, the value of the land being sold would need to be removed from rate base?**
- d) **How does IHDSL propose to treat any capital gain realized on the sale of the land in February, 2014 in the ICM application?**

2.0 Energy Probe #45

Ref: 2.0-OEB OEB Staff-7

- a) Please confirm that the \$650,000 associated with the land for the new administration building referred to in the response has not been included in rate base in either 2012 or 2013.**
- b) The response to part (c) indicates that the \$925,000 value of the existing land remains in rate base for 2013. Please confirm whether the value of the existing land included in rate base is \$925,000 or the original purchase price. If the latter, please provide the amount included in the 2013 rate base.**

2.0 Energy Probe #46

**Ref: Energy Probe #7 &
2.0-OEB Staff-6 &
2.0-OEB Staff-26**

- a) Please explain how the 2012 column shown in Table 2.1 in the response to 2.0-OEB Staff-6 can be labelled both CGAAP and MIFRS given the different depreciation rates are different in 2012 under CGAAP and MIFRS.**
- a) The responses provided to parts of the question are not complete. There is no change to the numbers in the revised Table 2.1 provided in the response to 2.0-OEB Staff-6a. As a result there are still differences between the 2011 and 2012 net book values shown in Tables 2.1, 2.4, 2.5 and 2.6. The response to 2.0-OEB Staff-26 indicates that the differences in the 2011 figures are due to WIP not being included in Table 2.4. Is this also the explanation for the difference between the figures shown for 2012 in Tables 2.1 and 2.6?**
- b) Based on the response to part (a) above, does this mean that IHDSL has included WIP in the calculation of the net book values used in Table 2.1 for the calculation of rate base? If so, why does IHDSL believe this is appropriate?**

2.0 Energy Probe #47

Ref: 2.0 Energy Probe #9

Please explain how the continuity schedules for 2013 would be the same under CGAAP and MIFRS. Would this not imply that the depreciation expense and rates would be identical under CGAAP and MIFRS? If this is not the case, please provide the requested continuity schedule under CGAAP.

2.0 Energy Probe #48

Ref: 2.0 Energy Probe #10b

The response indicates that the \$465,000 in account 1805 is for the purchase of land for a future required transformer station.

Was this land purchased in 2012? If so, what was the actual cost of the land purchased?

2.0 Energy Probe #49

Ref: 2.0 Energy Probe #11 & Exhibit 2, Tab 2, Schedule 1

- a) Please explain why the contributions shown in the response to part (d) do not add up to the figures shown in Tables 2.1 through 2.6 in Exhibit 2, Tab 2, Schedule 1. If a revised response is required, please include it also in the response to part (b) below.**
- b) Please confirm that the following table is accurate. If this cannot be confirmed, please provide a revised table with the corrected figures. Please also include any changes necessary based on the responses to part (a) and (c).**

		<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
1830 - Poles, Towers & Fixtures	Contributions	46,760	108,933	13,839	468,628	29,270
	Gross Additions	792,949	811,713	935,010	1,172,023	918,153
	Ratio	5.9%	13.4%	1.5%	40.0%	3.2%
1835 - Overhead Conductors & Devices	Contributions	48,171	79,014	12,209	314,190	23,313
	Gross Additions	1,549,227	736,529	1,491,019	1,314,249	1,123,543
	Ratio	3.1%	10.7%	0.8%	23.9%	2.1%
1840 - Underground Conduit	Contributions	15,485	2,150	136,065	278,173	4,108
	Gross Additions	11,848	26,610	225,131	37,200	38,250
	Ratio	130.7%	8.1%	60.4%	747.8%	10.7%
1845 - Underground Conductors & Devices	Contributions	365,587	1,382,463	124,276	289,962	40,762
	Gross Additions	1,795,662	3,834,252	251,456	454,700	157,573
	Ratio	20.4%	36.1%	545110.0%	63.8%	25.9%
1850 - Line Transformers	Contributions	51,181	56,819	16,893	58,795	73,378
	Gross Additions	247,676	291,950	487,484	545,110	649,500
	Ratio	20.7%	19.5%	3.5%	10.8%	11.3%
1855/6 - Services (Overhead & Underground)	Contributions	11,861	14,755	9,253	24,413	126,682
	Gross Additions	167,287	141,283	306,192	207,405	216,912
	Ratio	7.1%	10.4%	3.0%	11.8%	58.4%
1860 - Meters	Contributions	2,670	1,774	-325	2,178	-120
	Gross Additions	71,174	0	10,308	74,240	116,170
	Ratio	3.8%	#DIV/0!	-3.2%	2.9%	-0.1%
Total	Contributions	541,715	1,645,908	312,210	1,436,339	297,393
	Gross Additions	4,635,823	5,842,337	3,706,600	3,804,927	3,220,101
	Ratio	11.7%	28.2%	8.4%	37.7%	9.2%

c) **Please update the table found in part (b) to reflect the Summary of Changes in 2012 and 2013.**

2.0 Energy Probe #50

Ref: 2.0-OEB Staff-14

Will the line discussed in part (a) of the response be completed and placed into service in 2013 or will it not be placed into service until Big Bay Station station is in service?

2.0 Energy Probe #51

Ref: 2.0 Energy Probe #13b

- a) Please update the table found in the response to part (b) to reflect actual data for 2012. If no more data is available relative to the year-to-date figures for November, 2012 as found in the response, please provide a table based on the best estimate of the actual expenditures for 2012 that is currently available.**
- b) Please add two lines to the table found in the response to part (a), or if no update is available, to the original response found in 2.0 Energy Probe #13b, that shows the capital expenditures closed to rate base and the amount included in WIP at the end of year.**

2.0 Energy Probe #52

**Ref: 2.0 Energy Probe #15 &
2.0-OEB Staff-3 &
2.0-OEB Staff-5**

The response to the Energy Probe interrogatory states that the RRWF has been updated to reflect the change in the cost of power in the WCA calculation shown in the response. However, a review of the RRWF provided in response to 2.0-OEB Staff-3 and in the summary of proposed changes provided in response to 2.0-OEB Staff-5 appears to indicate that no such change has been made. Please reconcile.

EXHIBIT 3 – OPERATING REVENUE

3.0 Energy Probe #53

**Ref: 3.0 Energy Probe #20 &
Exhibit 3, Tab 2, Schedule 1, Table 3-9**

The actual number of residential and GS < 50 customers shown in the interrogatory response are significantly higher than they forecast for 2012 shown in Table 3-9. Please provide any reasons why this is the case.

3.0 Energy Probe #54

Ref: 16.0-VECC

How does IHDSL deal with the losses associated with the billed volumes associated with the 55 Hydro One customers? In particular, does it bill Hydro One for the billed energy as well as for the lost volumes based on the IFDSL loss factor? If not, why not?

3.0 Energy Probe #55

**Ref: 3.0 Energy Probe #21 &
20.0 VECC**

The question in 3.0 Energy Probe #21a refers to Table 3.3.9 in Exhibit 3, Tab 3, Schedule 3, whereas the response provided to VECC 20c appears to refer to Table 3.3.9 in Exhibit 3, Tab 3, Schedule 2.

- a) Please provide a response to Energy Probe #21a based on the Other Revenue Table 3.3.9 in Exhibit 3, Tab 3, Schedule 3.**
- b) The response to part (b) of the Energy Probe interrogatory is incomplete since it asked for the 2012 actual data (or the most recent year-to-date actuals for 2012 and the corresponding figures for 2011 over the same period) in the same level of detail as shown in Table 3.3.9 (Other Revenue) in Exhibit 3, Tab 3, Schedule 3. The VECC response referred to only provides a response to part (c) of the Energy Probe interrogatory. Please provide the requested information for 2012 in the level of detail requested.**

3.0 Energy Probe #56

Ref: 20.0-VECC

- a) Please provide a breakdown of the revenues in account 4082 - Retail Services Revenues into each of its components, including microfit revenues, SSS Admin charges (account 4080) and retail services for 2009 through 2013, including actual data for 2012.**
- b) Please provide the gain and loss and net gain/loss on the disposition of assets for 2012 on an actual basis.**
- c) How has IHDSL adjusted the PP&E accounts to reflect the loss of the disposition of assets that are fully depreciated or not yet fully depreciated?**

EXHIBIT 4 – OPERATING COSTS

4.0 Energy Probe #57

Ref: 4.0 Energy Probe #22

The response to part (a) appears to be incomplete.

- a) Please confirm that the figures provided in the table for 2012 Nov YTD include 11 months of actuals, and do not represent an estimate for all of 2012 based on 11 months of actual and 1 month of forecast.**
- b) Please complete the response by providing the 2011 Nov YTD figures in the same level of detail as shown in the response.**
- c) Part (b) of the response has not been answered. Please provide a response.**
- d) Are OM&A figures now available based on year end costs? If so, please provide the actual data for 2012 in the same format as that shown in the response to the interrogatory.**

4.0 Energy Probe #58

Ref: 4.0 Energy Probe #24

A response has not been provided. Please provide a response and the requested change to Table 4.16, if required.

4.0 Energy Probe #59

**Ref: 4.0 Energy Probe #26-29 &
1.0-OEB Staff-3**

- a) Please provide an updated income tax PILs Workform that results in the income tax of \$36,455 shown in the updated RRWF provided in 1.0-OEB Staff-3.**
- b) It appears that IHDSL has claimed investment tax credits of \$20,000 and miscellaneous tax credits of \$12,000 in the 2013 test year. Please explain how these figures have been determined, and provide the corresponding credits for each of 2009 through 2012.**

EXHIBIT 8 - RATE DESIGN

8.0 Energy Probe #60

Ref: 8.0 Energy Probe #37

No response was provided for part (b) of the question. Please provide a response.

8.0 Energy Probe #61

Ref: 33.0-VECC

Please explain where the revised Table 8.3 referred to has been provided.