

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 Thunder Bay
Hydro Electricity Distribution Inc. 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 11, 2013

**THUNDER BAY HYDRO ELECTRICITY DISTRIBUTION INC.
2013 RATES REBASING CASE
EB-2012-0167**

**ENERGY PROBE RESEARCH FOUNDATION
SUPPLMENTAL INTERROGATORIES**

EXHIBIT 1 – ADMINISTRATIVE DOCUMENTS

1-Energy Probe-18s

Ref: 1-Staff-32

Please provide an updated RRWF that reflects any changes agreed to by Thunder Bay Hydro as a result of the supplemental interrogatories and the changes in the cost of capital parameters based on the Board's February 14, 2013 letter related to the Cost of Capital Updates for 2013 Cost of Service Applications for Rates Effective May 1, 2013.

EXHIBIT 2 – RATE BASE

2-Energy Probe-19s

Ref: 2-AMPCO-3

The response indicates that Thunder Bay Hydro anticipated an increase in contractor hourly costs when renewing the exiting Forestry Management contract for 2013. What is the status of this renewal, and what is the actual impact in contractor hourly costs relative to what was anticipated?

2-Energy Probe-20s

Ref: 2-AMPCO-5

Please update the response with a revised Table 2-1.1 that reflects the lower closing rate base in 2012 and its consequential impact on 2013 under both CGAAP and MCGAAP.

2-Energy Probe-21s

**Ref: 2-Energy Probe-2 &
Exhibit 2, Tab 2, Schedule 1 &
Exhibit 2, Tab 3, Schedule 1**

- a) **The responses indicate that the items removed from Thunder Bay Hydro's infrastructure have been reflected through net capital additions rather than gross capital additions and disposals. Does this account for the difference in the additions shown in the fixed asset continuity schedules in Exhibit 2, Tab 2, Schedule 1 and the figures shown in Table 2-3.1 in Exhibit 2, Tab 3, Schedule 1?**
- b) **Are there any other factors that contribute to the differences noted above? If yes, please provide details.**

2-Energy Probe-22s

**Ref: 2-Energy Probe-3 &
2-AMPCO-5**

Please reconcile the actual 2012 closing net book value of \$74,450,808 shown in the response to 2-AMPCO-5 with the figure of \$77,737,071 in the response to 2-Energy Probe-3. In addition to the adjustment for Work in Progress, what adjustment has been made for account 2320 - ARO?

2-Energy Probe-23s

**Ref: 2-Staff-6 &
Exhibit 4, Tab 2, Schedule 3**

Please reconcile the change in OM&A due to the change in capitalization policy of \$1,264,420 shown in Table 4-2.8 in Exhibit 4, Tab 2, Schedule 3 with the figures provided in the response to 2-Staff-6.

2-Energy Probe-24s

Ref: 2-Energy Probe-5

Please confirm that Thunder Bay Hydro is not requesting a funding adder associated with the \$210,440 that is being closed to rate base and that the funding adder is strictly related to the external funding amounts shown in the response to part (a).

EXHIBIT 3 – REVENUE

3-Energy Probe-25s

Ref: 3-VECC-7

The response indicates that over the period 1999-2011 residential customers were billed on a bi-monthly basis, while all other classes are billed on a monthly basis. Does Thunder Bay have any plans to move residential customers to monthly billing? If yes, please provide details, including the timing of the change.

3-Energy Probe-26s

Ref: 3-Energy Probe-11

Please provide a breakdown of the estimated loss on disposal of the assets noted in the response to part (e) that total \$63,970 due to all assets not being fully depreciated into the same categories as the response provides for the 2013 CGAAP gain.

3-Energy Probe-27s

Ref: 3-Energy Probe-11 &
Exhibit 2, Tab 5, Schedule 1, Table 2-5.1

- a) The response to part (e) of 3-Energy Probe-11 indicates that land from a decommissioned station result in proceeds of \$60,000. Where in Table 2-5.1 is this land being shown as removed from rate base at its original cost?
- b) Please show the links between the \$63,970 loss indicated in the response to part (e) of 3-Energy Probe-11 to the disposals shown in Table 2-5.1.

EXHIBIT 4 – OPERATING COSTS

4-Energy Probe-28s

**Ref: 4-AMPCO-11 &
4-Energy Probe-12**

Please explain the difference in the OM&A costs per customer in 2011 of \$238.32 shown in the AMPCO response and the \$243.01 shown in the Energy Probe response.

4-Energy Probe-29s

**Ref: 4-AMPCO-10 &
4-SEC-7**

Please explain why the actual expenditures shown in Table 4-2.8 for 2012 in the AMPCO response are \$13,253,975 while the actual figure provided in Table 4-1.2 in the SEC response is \$13,315,975. Is the difference due to a non-recoverable expense in 2012? Please provide a reconciliation of the two figures noted above, and if necessary, please indicate which one is the correct figure for 2012 actual expenditures.

4-Energy Probe-30s

Ref: 4-Energy Probe-13

Where has the copy of the Board's Accounting Procedures Handbook - Frequently Asked Questions referred to in the response to part (b) been provided?

4-Energy Probe-31s

**Ref: 4-Energy Probe-16 &
Exhibit 2, Tab 2, Schedule 1 &
Exhibit 4, Tab 2, Schedule 7**

The response provided is both incomplete and confusing.

- a) Please provide the requested information for 2009 through 2011 and 2012 actual in the form of a table that shows the depreciation expense calculated by Thunder Bay based on its depreciation of assets when they go into service on the first line, the depreciation expense that would have been recorded if the half year rule had been utilized on the second row and the difference in the third row.**

- b) **The response indicates that the tables listed have been calculated using the OEB methodology which calculated depreciation using the half year rule and compared to the depreciation presented in Thunder Bay Hydro's rate application.**
 - i) **For each of Tables 2-2.1 through 2-2.5 and 2-5.1, please indicate the depreciation methodology used in the table (half year or in-service date).**
 - ii) **For each of Tables 4-2.25 through 4-2.28 please indicate the depreciation methodology used to calculate the figures in the Depreciation Expense column used in the table (half year or in-service date).**
- c) **Please provide tables for 2009 and 2010 in the same format as Table 4-2.25 provided for 2011.**
- d) **Please explain the difference in the depreciation figures shown in Table 4-2.26 for 2012 provided in the response to the Energy Probe interrogatory. As part of the explanation, please indicate if one column is based on the mid-year methodology and the other column is based on the in-service date methodology. Please also confirm that this table reflects actual data for 2012.**
- e) **For financial accounting purposes (not regulatory accounting) does Thunder Bay Hydro calculate depreciation expense based on the in-service date and then use the same depreciation figures to adjust accumulated depreciation to calculate net book values? If the response is yes, is this reflected in the fixed asset continuity schedules and depreciation schedules filed as part of the current application? If the response is no, please explain why not and clearly indicate what depreciation methodology is used for depreciation expense and additions to accumulated depreciation.**

4-Energy Probe-32s

Ref: 4-Energy Probe-14

- a) **The response to part (c) indicates that \$20,000 for LEAP funding was recorded twice in error. Does this mean that the overall OM&A forecast for 2013 should be reduced by this amount? If no, please explain why not.**
- b) **Thunder Bay Hydro's forecast for 2013 OM&A is \$14,682,415, which is shown as the total OM&A in Appendix 2-G. However, this appendix shows total recoverable OM&A of \$14,658,215, which is a reduction of \$24,200 related to donations. Please explain why Thunder Bay Hydro believes it is appropriate to recover this amount from ratepayers.**

EXHIBIT 5 - COST OF CAPITAL AND CAPITAL STRUCTURE

5-Energy Probe-33s

**Ref: 5-Energy Probe-17 &
Exhibit 5, Tab 1, Schedules 1& 2 &
5-Staff-29**

- a) The response to part (a) is not complete. The interrogatory asked for an explanation of the difference between the 25 year term shown in Table 5-1.3 and the five year financing agreement noted on page 2 of Exhibit 5, Tab 1, Schedule 1 (line 11). Please provide a response.**
- b) Based on the response to part (c), is it just a coincidence that the amount of annualized debt of \$2,768,526 that results in total long term debt of \$52,860,228 in Table 5-1.3 which is the same amount of deemed long term debt shown in Exhibit 5, Tab 1, Schedule 2 for the 2013 test year?**
- c) Please confirm that the loans of \$5,800,000 and \$6,150,000 will now be 30 year term loans.**
- d) Please provide the current rate available from Infrastructure Ontario for a 30 year term loan.**
- e) Please provide the date at which the \$5,800,000 loan is expected to be put in place.**
- f) Please provide the date at which the \$6,150,000 loan is expected to be put in place.**