



July 22, 2013

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

Attention: Ms. Kirsten Walli, Board Secretary
Regarding: EB-2013-0139-2014 Cost of Service Application

Dear Ms. Walli,

In response to the letter of incomplete filing received on June 24, 2013, Hydro Hawkesbury Inc. is filing a revision to its 2014 Cost of Service Application submitted to the Ontario Energy Board on June 6, 2013. The following issues have been addressed in the attached revision.

<p>13</p>	<p>RRWF – Excel The revised RRWF has a revenue deficiency and a taxable income that do not correspond with the revenue deficiency documented in E6.T2.S1 and the taxable income as documented in E4.T6.S2.</p> <p>HHI Response: HHI is of the opinion that this question would be best asked as an interrogatory however in an effort to avoid further delays, HHI will answer the question.</p> <p>HHI disagree with Board Staff’s assessment. Firstly, the PILs model filed on May 30 shows a PILs amount of \$18,280. Secondly, revisions made on June 6, 2013 did not affect PILs and therefore the RRWF filed on June 6 also show a PILs amount of \$18,280. Lastly, the PILs shown at Exhibit 4 Tab 6 show a PILs amount of \$18,280.</p>
<p>14</p>	<p>Audited Financial Statements for 2 most recent historical years (i.e. 3 years of historical actuals) 2012 Audited Financial Statements are not included in E1.T3.S1.</p> <p>HHI Response: Financial Statements for 2012 which were inadvertently omitted from the application have been included at Section E1.T3.S1 of Exhibit 1 of the revised filing.</p>
<p>21</p>	<p>Capitalization of overhead and burden rates. Please provide a description of HHI’s overhead capitalization. Please also identify the burden rates related to the capitalization of self-</p>

	<p>constructed assets. Furthermore, if HHI's burden rates have changed since the last rebasing application (2010), HHI must identify the burden rates prior to the change.</p> <p>HHI Response: HHI's capitalization policy and practices are described at E2.T2.S6 and E2.T2.S7 of Exhibit 2. However, the evidence at section E2.T2.S7 of Exhibit 2 has been revised to include burden rates as requested.</p>
<p>Pursuant to EB-2009-0397 Filing Requirements, Page 7</p>	<p>OPA comment letter. Each distributor is required to submit its GEA Plan to the OPA for comment prior to filing. The OPA comment letter must be filed with the GEA Plan. HHI is seeking exemption from filing an OPA comment letter on the basis that the number of planned connections is immaterial. Please clarify. Are the expenditures of the planned connections under HHI's materiality threshold of \$50,000? If so, please explain how this conclusion has been arrived at.</p> <p>HHI Response: HHI is of the opinion that this question would be best asked as an interrogatory and as such will provide a detailed answer as part of Board Staff interrogatories if further details are required. However, in order to satisfy Board Staff's request, HHI will reiterate that the HHI only has 4 microFIT in place and anticipates little or none in future years. As such, it was decided that the utility would file a very basic plan for the single purpose of satisfying the Board's requirements. Having the OPA review a basic generic GEA application which reflects a lack of interest in Hawesbury's service area was deemed unnecessary. Installation costs are approximately \$1000/connection.</p>
<p>34</p>	<p>Please file copies of HHI's most recent Notice of Assessment / Statement of Adjustments</p> <p>HHI Response: HHI and its auditors both attest that the utility has not received notices of assessment for 2010, 2011, 2012. Therefore as indicated in the Cost of Service Checklist filed on May 30, 2013, the status of Non-Applicable still holds true.</p>
<p>38</p>	<p>Third party report providing review and verification of LRAM calculations. Final 2011 OPA report is missing.</p> <p>HHI Response: In response to the reference state above, page 37 of the MFR clearly state that "A separate third party review of the distributors OPA-Contracted Province-Wide CDM programs is not required." The relevant and printable sections of the OPA report are presented at Exhibit 3, Tab 3. However, in the interest of avoiding further delays, HHI is filing the final OPA report in</p>

	conjunction with this revised filing.
40 & 41	<p>Calculation of Revenue Deficiency/Sufficiency should correspond with calculations in RRWF.</p> <p>The RRWF has a revenue deficiency that does not correspond with the revenue deficiency documented in E6.T2.S1.</p> <p>HHI Response: Revised Exhibit 6 is being filed in conjunction with this revised filing</p>
42	<p>Completed cost allocation study reflecting future loads; however, the Distribution Revenue at Existing rates and Miscellaneous Revenue do not correspond with the calculations in RRWF.</p> <p>HHI Response: A revised Exhibit 7 is being filed in conjunction with this revised filing</p>
43 & 44	<p>Completed Appendix 2-P (updating status quo and summarizing any proposed changes to Revenue:Cost ratios); however, the numbers in Column 7B, 7C, 7D and 7E do not correspond with the Cost Allocation model.</p> <p>HHI Response: A revised Exhibit 7 is being filed in conjunction with this revised filing.</p>
47	<p>Standard Facilities Loss Factor (“SFLF”). HHI indicated that it is directly connected to Hydro One Networks Inc. Please explain why HHI’s SFLF is different from the 1.0045 on Appendix 2-R.</p> <p>HHI Response: HHI is of the opinion that this question would be best asked as an interrogatory. HHI confirms that the supply facility loss factor originates directly from Hydro One powerbill and as such is beyond the utility’s control.</p>
48	<p>Bill Impacts – completed Appendix 2-W for representative samples of all end-user classes; however, the calculations included Global Adj. DVA and incorrect loss factors.</p> <p>HHI Response: HHI has added a residential Bill Impact sheet that does not include Global Adjustment. HHI did not see any error in the existing and proposed loss factor in the Bill Impacts.</p>

Excel versions of the following supporting OEB models are being filed pursuant to the Board's e-Filing Services.

- EB-2013-0139 HHI 2014 COS RRWF revised July 22 2013
- 2011 Final Annual Report Data_Hydro Hawkesbury Inc
- EB-2013-0139 HHI 2014 COS Cost Allocation Model V3 July 22 2013

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 Street
Hawkesbury, ON
K6A 3S7