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October 24, 2013

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

Dear Ms. Walli,

Re: EB-2013 – 0143 Hydro Ottawa Limited 2014 IRM Rate Application

Please find enclosed two (2) copies of Hydro Ottawa Limited's Responses to Vulnerable Energy Consumers Coalition ("VECC")'s Interrogatories related to the 2014 IRM Rate Application (EB-2013-0143).

Should you have any questions, please contact the undersigned at (613) 738-5499 ext 7499 or via email at janescott@hydroottawa.com.

Yours truly,

Original signed by

Jane Scott
Manager, Rates and Revenue



Interrogatory #1

Ref: Exhibit B1, Tab 1, Schedule 1, page 7

Preamble: Hydro Ottawa is requesting approval of a variance account for the de-recognition of assets that would have been pooled under CGAAP. Hydro Ottawa states the majority of the assets are a result of moving from pooled to discrete assets.

- a) Please provide a breakdown and explanation of the asset types moving from pooled to discrete assets.

Response

- a) Please see the response to Energy Probe Interrogatory #2 c) for a breakdown of the asset types moving from pooled under CGAAP to discrete under IFRS, for which there has been a de-recognition.



Interrogatory #2

Ref: Exhibit B1, Tab 1, Schedule 1, page 7, Table 2

Preamble: Hydro Ottawa provided a table showing actual (2011 & 2012) and budgeted (2103-2015) losses on de-recognition of assets for Rex 1 meters and other previously pooled assets.

- a) Please explain how the figures in the table were derived and include the calculations.
- b) Please provide the number of Rex 1 meters to be replaced by year.
- c) Please provide a breakdown of the cost to replace the Rex 1 meters by year (capital and OM&A).
- d) Please confirm when the replacement of Rex 1 meters will be completed.
- e) Is Hydro Ottawa aware of any other Distributors with the same or similar issues with Rex 1 meters? Please explain.

Response

- a) The figures in the table were calculated in the following manner for the Rex 1 meters:

Year	# of Rex 1 Meters A	Average Net Book Value \$ B	Receipts \$000 C	\$000 as per Table 2¹ =(A x B)/1000-C
2011	1,158	\$117	136	0
2012	212	\$117	19	(6)
2013	8,808	\$99	\$0	872
2014	3,867	\$86	\$0	335
2015	3,867	\$76	\$0	295

For the other pooled assets the average net book value was multiplied by the number of units removed from service minus any receipts.

- b) The number of Rex 1 meters replaced or to be replaced by year is as follows:

¹ As updated in the response to Energy Probe Interrogatory #2 a)



Rex 1 Meter De-recognition										
Disposal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Number of meters each year	1,158	212	8,808	3,867	3,867	5,867	5,841	3,179	2,217	2,217

- c) Based on the average cost to install a Rex 2 meter of \$296, the cost to replace the Rex 1 meters with a Rex 2 meter by year is strictly capital and is shown in the table below:

Cost to Replace Rex 1 Meter with Rex 2										
Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
\$000	343	63	2,607	1,145	1,145	1,737	1,729	941	656	656

- d) Hydro Ottawa has forecasted the replacement of the Rex 1 meters out to 2020 as above but is not able to say when all will be removed from the field. By the end of 2020 we will have only replaced less than 20% of the Rex 1 meters indicating that the current 15 year useful life is still appropriate moving forward.
- e) Other Distributors that used the Rex 1 meters have indicated the following to Hydro Ottawa with respect to any issues they have had with Rex 1 meters:

Veridian Connections reported that they have the same work practices as Hydro Ottawa, i.e. no Rex 1 smart meters are returned to service if they are brought into the meter shop.

Toronto Hydro-Electric System reported that they scrap Rex 1 meters that are defective but if the meters can be reused, they are put back in service.

Horizon Utilities Corporation has reported that they are currently circulating their Rex 1 smart meters back to the field. This may change when they introduce an Outage Management System, if the Rex 1 meters do not support required functions, such as last gasp.

However, Hydro Ottawa is not aware of how these utilities utilize the features of the Rex 1 meters compared to the Rex 2 meters in meeting the service provided to their customers.



Interrogatory #3

Ref: Exhibit B1, Tab 1, Schedule 1, page 7

Preamble: Hydro Ottawa indicates that as a result of experience in 2011 and 2012, it is now in a better position to provide a forecast for 2013 until the next rebasing (2016).

- a) Please describe Hydro Ottawa's experience to support this statement and explain why Hydro Ottawa is now able to provide a forecast compared to its EB-2011-0054 application where it was unable to.
- b) Please discuss the availability of data now compared to the EB-2011-0054 application where Hydro Ottawa did not have the data to support an accurate forecast.²
- c) Please explain how Hydro Ottawa collects information on gains/losses on de-recognition of assets.
- d) Please discuss the issue of probability of volatility with respect to the variance account.

Response

- a) Hydro Ottawa has now compiled de-recognition data for 2011, 2012 and nine months ended September, 2013. At the time of the rate application submission EB-2011-0054, June 17, 2011, Hydro Ottawa did not have any historical information upon which to establish a forecast.
- b) Please see the response to part a).
- c) The de-recognition information is collected in Hydro Ottawa's corporate financial system, JDEdwards. The JDEdwards work order system has been reconfigured to convey information from the field, the Peoplesoft Customer Information System and the transformer repair shop database regarding the de-recognition of assets, e.g. year of original construction, type of component and quantities being removed. This information is then used to identify the asset(s) in the JDEdwards fixed asset system, wherein a comparison of net book value to proceeds (if applicable is performed and a gain or loss determination made.

² EB-2011-0054 Decision Page 30



Additional training has also been provided to outside crews to ensure that assets that are taken out of service are recorded as part of the work order process so that they can be recorded correctly in the financial accounts.

d) Please see the response to Board Staff Interrogatory #10 c).



Interrogatory #4

Ref: EB-2011-0054 Decision Page 30

Preamble: The Board's Decision states "Hydro Ottawa stated that it is unable to forecast gains and losses on disposal of pooled assets as numerous system changes are required to gather the information.

- a) Please discuss any system changes that were/are required to gather the information.

Response

- a) Please see the response to Interrogatory #3 c).