ORANGEVILLE HYDRO LIMITED
2014 RATES REBASING CASE
EB-2013-0160

ENERGY PROBE RESEARCH FOUNDATION
CLARIFICATION QUESTIONS

Question 1

Ref: 4.2-Energy Probe-10

a) **Please explain how the percentages in the table provided in response to part (c) have been calculated based on the figures provided in the tables in the responses to parts (a) and (b).**

OHL's Response:

Please see the revised calculation of the percentage below:

	2010	2011	2012	2013	2014
Ratio of Actual to Potential	1.3%	11.6%	31.9%	26.8%	0.0%

b) **Please explain why the actual bonus payments in each of 2010 through 2013 are higher than the potential bonus payments.**

OHL's Response:

In 2011 the actual bonuses were higher than the potential bonuses due one executive position exceeding the budgeted amount due to performance review. In 2012, OHL did not budget for 3 junior management positions that received bonuses due to their performance review. In 2013, OHL did not budget for 4 junior management positions received bonuses due to their achievements based on their performance review.

Question 2

Ref: 4.2-Energy Prove-14

a) **Please explain why the table provided does not include a 2014 forecast.**

OHL's Response:

OHL overlooked the inclusion of 2014 and has provided the amount in the table below.

b) **Please provide the forecast for 2014.**

OHL's Response:

	2010	2011	2012	2013	2014
Incremental Labour due to smart meters	32,620	26,320	21,224	29,761	39,806
Smart Meter 1556 costs	-	-	21,471	-	
Total	**32,620**	**26,320**	**42,695**	**29,761**	**39,806**

Question 3

Ref: 4.2-Energy Probe-17

The response to part (b) indicates that $52,265 was transferred from account 1556 to OM&A accounts in 2012. However, the response to part (c) shows that this amount is only the amount of the expense in account 1556 that was actually incurred in 2012. The total amount transferred from account 1556 is shown as $174,847. Please explain where the difference of $122,582, being the amount actually incurred in 2009 through 2011, was included when it was transferred out of account 1556. In particular, was this amount transferred to OM&A accounts in 2012? If not, where was it transferred to?

OHL's Response:

The total amount transferred from 1556 was $174,847.51. For 4 months in 2012, until OHL received approval, we recorded $52,265 in 1556 which was part of the total transfer of $174,847. These amounts were recorded in the following accounts:

2006-2011	
5065	21,471
5310	79,366
5315	21,745
2012	
5310	33,821
5315	18,444
	174,848

Question 4

Ref: 4.2-VECC-14 &
Exhibit 4, Tab 2, Schedule 2

a) **The response highlights the safety costs separately, while the question referred to the change in the capitalization policy. Does this mean that the**

only changes as a result of the change in capitalization policy is related to safety costs?

OHL's Response:

Yes, the only change in capitalization policy was related to safety costs.

b) Please reconcile the 2013 and 2014 figures shown in the response for safety costs with the figures shown in Exhibit 4, Tab 2, Schedule 2, Appendix 2-DB. For example the difference shown in this latter table for 2014 is $50,566 as compared to $63,587 shown in the response to VECC.

OHL's Response:

OHL has updated Appendix 2-DB. The appendix was completed incorrectly and did not correspond with our 2013 and 2014 budgets.

Appendix 2-DB
Overhead Expense

The following table should be completed based on the information requested below. An explanation should be provided for any blank entries. The entries should include overhead costs that are currently capitalized on self-constructed assets under revised CGAAP or ASPE (with the changes in capitalization and depreciation expense policies).

Nature of the Overhead Costs	(A) Dollar Impact on PP&E Historic Year	(B) Dollar Impact on PP&E Bridge Year	(C) Dollar Impact on PP&E Test Year	(D) Dollar Impact - PP&E Variance Test versus Bridge	(E) Dollar Impact - PP&E Variance Test versus Historic	(F) Directly Attributable? (Y/N)	(G) asons why the overhead costs are allowed to alized under CGAAP or ASPE (with the chan icies) given limitations on capitalized overh
employee benefits				$ -	$ -	N	These costs are not currently capitalized by OH
costs of site preparation				$ -	$ -	N	These costs are not currently capitalized by OH
initial delivery and handling costs				$ -	$ -	N	These costs are not currently capitalized by OH
costs of testing whether the asset is functioning properly				$ -	$ -	N	These costs are not currently capitalized by OH
professional fees				$ -	$ -	N	These costs are not currently capitalized by OH
				$ -	$ -		
costs of opening a new facility				$ -	$ -	N	These costs are not currently capitalized by OH
costs of introducing a new product or service (including costs of advertising and promotional activities)				$ -	$ -	N	These costs are not currently capitalized by OH
costs of conducting business in a new location or with a new class of customer (including costs of staff training)				$ -	$ -	N	These costs are not currently capitalized by OH
administration and other general overhead costs				$ -	$ -	N	These costs are not currently capitalized by OH
				$ -	$ -		
				$ -	$ -		
				$ -	$ -		
				$ -	$ -		
Total	$ -	$ -	$ -	$ -	$ -		

The following table should be completed based on the information requested below. An explanation should be provided for any blank entries. The entries should include overhead costs that were capitalized on self-constructed assets under CGAAP but are no longer capitalized under revised CGAAP or ASPE (with the changes in capitalization and depreciation expense policies) and are included in OM&A.

Nature of the Overhead Costs	(A) Dollar Impact on OM&A Historic Year	(B) Dollar Impact on OM&A Bridge Year	(C) Dollar Impact on OM&A Test Year	(D) Dollar Impact - OM&A Variance Test versus Bridge	(E) Dollar Impact - OM&A Variance Test versus Historic	(F) Directly Attributable? (Y/N)	(G) Reasons why the overhead costs are allowed to be apitalized under CGAAP or ASPE (with the changes policies) given limitations on capitalized overhead
employee benefits				$ -	$ -	N	These costs are not currently capitalized by OH
costs of site preparation				$ -	$ -	N	These costs are not currently capitalized by OH
initial delivery and handling costs				$ -	$ -	N	These costs are not currently capitalized by OH
costs of testing whether the asset is functioning properly				$ -	$ -	N	These costs are not currently capitalized by OH
professional fees				$ -	$ -	N	These costs are not currently capitalized by OH
costs of opening a new facility				$ -	$ -	N	These costs are not currently capitalized by OH
costs of introducing a new product or service (including costs of advertising and promotional activities)				$ -	$ -	N	These costs are not currently capitalized by OH
costs of conducting business in a new location or with a new class of customer (including costs of staff training)				$ -	$ -	N	These costs are not currently capitalized by OH
administration and other general overhead costs				$ -	$ -	N	These costs are not currently capitalized by OH
Safety Costs	$ -	$ 50,625	$ 63,587	$ 12,962	$ 63,587	N	Safety costs are not directly attributable
				$ -	$ -		
				$ -	$ -		
				$ -	$ -		

Question 5

Ref: 7.1-Energy Probe-26

Please explain the difference in the cost of power of $27,512,101 shown in the response to part (b) of the question and the figure of $27,522,218 shown in the updated RRWF.

OHL's Response:

OHL submitted the incorrect updated RRWF model with its reply to interrogatories submission on February 13, 2014. In response to these clarification questions OHL has re-submitted the corrected model. Please also see below the revised cost of power.

	2014
4705-Power Purchased	23,110,105
4708-Charges-WMS	1,126,043
4714-Charges-NW	1,676,285
4716-Charges-CN	805,807
4730-Rural Rate Assistance	307,103
4750-Low Voltage	389,481
4708-Smart meter entity charges	107,395
TOTAL	**27,522,218**

Question 6

Ref: 7.3-Staff-29 &
7.3-Energy Probe-29

The response to the Staff interrogatory indicates that OHL has revised the PILS worksheet to reflect the maximum ($10,000) Apprenticeship Tax Credit. The response to the Energy Probe interrogatory indicates that OHL should have an Ontario Co-operative Education Tax Credit for 2014 ($3,000). Please show where in the PILS workform filed with the interrogatory responses these credits have been forecast.

OHL's Response:

OHL did not revise the PILs worksheet for the maximum apprenticeship credit in 2013 because the apprentice did not commence employment until November, 11, 2013. OHL calculated the credit for the two months in 2013 only and responded incorrectly stating that the maximum was used for 2014. OHL was not requested to include a credit for 2014 in the interrogatories.
OHL was incorrect in stating that the Ontario Co-operative Education Tax credit has been utilized in the past. OHL is not enrolled to receive the credit. OHL received a co-operative credit from Georgian College in 2012 and in 2013.

Question 7

Ref: 7.7-Energy Probe-37 &
7.7-Staff-33

In part (b) of the Energy Probe interrogatory, a tracking sheet of the changes was requested. The response referred to the response to 7.7-Staff-33. However, the response provided there does not include a tracking sheet as requested. Please provide the tracking sheet that shows the changes, with the referenced interrogatories, made to the updated RRWF.

OHL's Response:

Please refer to OHL's response to Question #5. The changes along with the referenced interrogatories are included in the revised model as notes.

Question 8

Ref: 9.1-VECC-42 &
9.1-Energy Probe-51

The response to part (f) of the VECC interrogatory indicates that the value of the land remains in rate base. The response to part (b) of the Energy Probe interrogatory indicates that rate base has been reduced by $270,589 as a result of this amount being requested for recovery as a Z-factor.

a) Please indicate the amount remaining in rate base associated with this land.

OHL's Response:

The amount remaining in the rate base is $100,000. The total cost to remediate the land was $370,589 as stated in Exhibit 9, Tab 3, Schedule 1, Page 3. Therefore the rate base was reduced by $370,589 - $100,000 = $270,589.

b) What is OHL currently using this land for? Does OHL expect to sell the land?

OHL's Response:

OHL is not using the land currently. OHL has not discussed or made a decision in regards any to any expectations with the land to date.