

Hydro One Brampton Networks Inc.

Technical Conference

Board Staff Questions

Please note: These questions are indicative of the questions Board staff may ask and identify major areas of interest. The list is not intended to be exact or complete, and Board staff may have further questions arising from the answers to the sample questions below.

Ref: 5-Staff-59

Ref: Exhibit 5, tab 2, Schedule 1, P.1

Ref: Exhibit 1, Tab 7, Schedule 2, Appendix 3, 2013 AFS

Hydro One Brampton has forecasted long term debt which includes promissory notes to be issued July 1, 2014 and July 1, 2015 at interest rates of 4.93% and 5.63% respectively. Hydro One Brampton states that the forecast interest rates are consistent with Hydro One Inc.'s Forecast Yield for 2014-19 Issuance Terms for 30-year Rates.

Please provide the calculations and underlying supporting data for the 2014 (if not yet issued) and 2015 forecast long term debt rates. Please also provide working spreadsheets if generated. Specifically:

- a) When was this forecast prepared? Has it been updated?
- b) Has the July 1, 2014 promissory note been issued? If so, what is the actual interest rate?
- c) Please provide the calculation of and the underlying data supporting the forecasted July 1, 2015 interest rate of 5.63%.

Further Board staff questions in this area will explore:

- The use of a forecast interest rate other than the Board's deemed rate;
- The rationale for the use of a 30 year term;
- The treatment of transaction costs within the application and USoA accounts.

Ref: 8-Staff-61

Ref: 8-Staff-64

Ref: 8-BOMA-21

Ref: EB-2012-0410 Draft Report of the Board

Regarding Hydro One Brampton's proposal to shift its fixed/variable ratios, Board staff will have questions in the following areas:

- a) How did Hydro One Brampton determine the level of its proposed fixed/variable ratios?
- b) What feedback has Hydro One Brampton sought from its customers regarding its proposed adjustment to fixed/variable ratios?

Further questions will explore

- How the proposal reflects and would accommodate any of the three potential approaches to rate design contained within the Draft Report;
- Hydro One Brampton's proposal to transition to full fixed rates.

Ref: 1-SEC-6 Attachment 3

Ref: Exhibit 6, Tab 3, Schedule 1, RRWF

Board staff notes that the revenue requirement as filed is approximately \$1 million higher than the revenue requirement presented to its Board of Directors for approval.

- a) Were the changes in the application as filed the result of its Board of Directors' input?

Staff expect to have some further questions regarding any feedback received from the Board of Directors and subsequent changes to the application.

Ref: 1-Staff-7

Ref: Exhibit 2, Tab 6, Distribution System Plan p. 10

Interrogatory 1-Staff-7 asks for adjustments made to the application as a result of stakeholder feedback. Hydro One Brampton's response refers to s.5.2.2.5 of the DSP, which states that "input received from customers was leveraged in the distribution system plan guidelines".

- a) Are any of the projects identified in the DSP specifically tied to customer feedback?

Further questions in this area will explore the possible use of customer feedback to support specific projects within the DSP.

Ref: 4-Staff-36

Please provide a breakdown of Meter Reading expense for 2013, 2014 and 2015 into the following categories:

- Manual meter reading
- HONI contract cost
- Communication costs
- Software provider costs
- Other

Ref: 4-Staff-36

Hydro One Brampton states that the radios in smart meters for GS >50kW and <200kW have not functioned as planned and that it will be changing out these meters and replacing them with traditional interval meters.

- a) What is the net book value of these meters?
- b) What is the cost of the new meters?
- c) How does Hydro One Brampton propose to recover these costs?

Ref: 4-Staff-37

Hydro One Brampton states the contract with HONI was required as there were no vendors available to support its smart meter system other than Trilliant.

- a) Does Trilliant offer this service? If so, was this alternative considered by Hydro One Brampton?
- b) How does the cost of the Trilliant service compare to that provided by HONI?

Ref: 4-Staff-50

Please provide a table showing the percent of corporate goals met and the corresponding percentage of total eligible corporate short term incentive payments approved for the years 2011 to 2013.

Ref: 4-Staff-53

Hydro One Brampton states that variances in CCF&S fees are due to updates to the CCF&S methodology. The methodology is described in the Cost Allocation Review provided in response to the interrogatory. At page 6 of the report, the authors conclude that the “current cost allocation methodology continues to be appropriate”. In its response to the above noted interrogatory, Hydro One indicates that variances are due to a reduction in internal audit costs.

- a) Please clarify if the variances are a result of changes in methodology or changes in cost levels.
- Further explanation of variances in particular cost areas, i.e. General Counsel costs will be explored.