

October 27, 2014

RESS, EMAIL & COURIER

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

Attention: Ms. K. Walli, Board Secretary

Dear Ms. Walli:

**Re: Great Lakes Power Transmission LP - Application for 2015 & 2016
Transmission Rates - Applicant Responses to Supplemental Interrogatories
from Board Staff, SEC, VECC and Energy Probe (EB-2014-0238)**

We are counsel to Great Lakes Power Transmission LP, applicant in the above-noted proceeding. Please find enclosed the applicant's responses to the supplemental interrogatories from Board Staff, School Energy Coalition (SEC), the Vulnerable Energy Consumers' Coalition (VECC) and Energy Probe Research Foundation (Energy Probe). The responses have also been filed through RESS and sent to the Board Secretary and each of the intervenors by email.

Yours truly,



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Enclosure

cc: Mr. R. Battista, *Board Staff*
Intervenors
Mr. D. Fecteau, *GLPTLP*
Mr. C. Keizer, *Torys LLP*

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Sched. B)

AND IN THE MATTER OF an application by Great Lakes Power Transmission Inc. on behalf of Great Lakes Power Transmission LP for an Order or Orders pursuant to section 78 of the *Ontario Energy Board Act, 1998* for 2015 and 2016 transmission rates and related matters.

EB-2014-0238

Great Lakes Power Transmission LP
Supplemental Interrogatory Responses

October 27, 2014

EXHIBIT 10 – SUPPLEMENTAL INTERROGATORY RESPONSES

Exhibit 10, Tab 1, Schedule 1

Exhibit List

EXHIBIT LIST

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Exhibit 10, Tab 2, Schedule 1

Responses to Board Staff Supplemental Interrogatories

**Board Staff Supplemental Interrogatories
Great Lakes Power Transmission LP (“GLPT”)
2015-2016 Cost of Service Revenue Requirement
EB-2014-0238**

2-Staff-34s

Reference: 2-Staff-3 re: E2-T1-S1

Question:

- a) Please explain why GLPT spent about \$337,000 in capital expenditures for leasehold improvements (mostly upgrades to the roof and HVAC units) at the Sackville Road site during 2012-2013 given that the term of the existing lease was to December 31, 2014?
- b) Did the AREA market lease rate analysis exclude the “comparators” where roof and HVAC upgrades are paid for by the landlord?

Response:

- a) Section 4 of the existing lease allows for an extension of the lease under the same terms and conditions for a further term of 5 years. Throughout the life of the existing lease GLPT had intended to extend the agreement for the additional 5 years, which was acted upon in 2014. Therefore, it was reasonable to spend money on leasehold improvements to upgrade the facility in which GLPT would continue to reside for at least 5-7 years.
- b) To GLPT’s knowledge, the analysis did not exclude the comparators where roof and HVAC upgrades are paid for by the landlord. The independent AACI appraiser looked at all of the relevant variables in selecting the comparators and chose comparators for the market lease rate analysis that, as a whole, were most relevant based on the terms and conditions of GLPT’s existing lease (including with respect to the location and condition of the facilities).

2-Staff-35s

Reference: 2-Staff-7 re: E2-T1-S1 pp. 8-11

GLPT's response (regarding the proposal to replace in 2015 the main transformer that supplies AC power for the station-service for the "Station Service" part of the "Highway 101 TS 44 kV Upgrades - \$1,029,000") indicated that:

- The estimated installed cost of the new transformer is \$90,000 and that GLPT is not anticipating an increase in annual maintenance costs related to the new transformer, as any incremental maintenance activities will be absorbed within the existing maintenance program;
- GLPT is anticipating that the installation of the new transformer would reduce its electricity consumption cost by approximately \$900 per year; and
- While the cost savings are not significant, GLPT believes having redundant station service supply is good utility practice as it provides improved reliability in the event of a transformer failure.

Question:

- a) In regard to Highway 101 TS, please indicate how many power transformers there are and what is the size of each in MVA?
- b) How old is the existing main transformer that supplies AC power for the station-service load that is owned by Algoma Power Inc.?
- c) What is the size in kVA of the existing Algoma owned transformer, and what is the size of the proposed new transformer in kVA?
- d) If available please provide a reliability record of annual interruptions (number of incidents and average duration) to the station-service load attributable to failures to that existing main transformer since its installation.
- e) Under the scenario that Algoma Power Inc. would agree to keep its transformer as back up or standby to events of equipment failure of the proposed GLPT's 44 kV Station Service Transformer (SSVT), what monthly charges is Algoma Power proposing to charge GLPT for that service?

Response:

- a) The only transformer in the vicinity of the station is the API-owned pole-top transformer (15 kVA). However, with recent changes to the distribution configuration, the API transformer source is no longer located just outside the station (previously API's Highway 101 Distribution Station) meaning that outages on the API owned No.4 Circuit may result in loss of station service at Highway 101 TS.

- b) The transformer is 2 years old.
- c) The existing Algoma Power owned transformer is 15 kVA. The new GLPT transformer will be at a minimum the same size. Preliminary engineering has the new transformer sized at 25 kVa.
- d) There is no recorded history of failures to the API transformer feeding station service load at Highway 101 TS.
- e) GLPT would be responsible for paying the delivery charges associated with the API supply, but would incur less usage costs as a result of the new GLPT transformer. As indicated in the response to 2-Energy Probe-2, GLPT estimates the annual cost to be \$300.

2-Staff-36s

Reference: 2-Staff-12 re: E2-T2-S1 &
Filing Requirements for Electricity Transmission Applications Chapter 2 p.11
section 2.4.2.1

GLPT confirmed that E2-T2-S1 is GLPT's Asset Management Plan.

Question:

Please describe how well these 6 pages meet the plan content particulars as described in the Filing Requirements for Electricity Transmission Applications, dated January 2, 2014, Chapter 2 p.11 section 2.4.2.1.

Response:

GLPT believes that the asset maintenance (management of existing infrastructure), capital investment and asset retirement (optimizing asset replacement) plans and activities described in Exhibit 2, Tab 2, Schedule 1 meet the overall Filing Requirements and allow GLPT to make balanced and prudent asset decisions.

With the modest size of GLPT's transmission network and the information readily available through various records and daily communication, knowledgeable staff is able to assess asset condition on a regular frequency. This allows GLPT to make informed decisions with respect to maintenance practices and planning objectives in order to create a balanced plan for asset care and replacement. GLPT will continue to build upon these strategies and will continue to improve upon the documented asset management plan, allowing GLPT to invest and operate in a manner that increases efficiency and productivity while providing consumers with a reliable energy supply at a reasonable cost.

6-Staff-37s

Reference: 6-Staff-28 re: E6-T1-S2

GLPT is seeking the disposition of \$2,354,305, including carrying charges, which is recorded in deferral account 1508/sub-account Comstock Claim.

The interrogatory, part c, asked “Does GLPT have commercial insurance coverage for such claims, such as Comstock’s. If not, please explain why.”

GLPT responded “GLPT’s discussions with its insurance provider have not indicated that there would be insurance coverage for this claim.”

Question:

Assuming that answer to the initial question means that GLPT does not have commercial insurance coverage for such claims, please answer the subsequent question i.e. explain why not.

Response:

GLPT was informed by its insurer that this is not an insurable loss, but rather is a contractual matter.

6-Staff-38s

Reference: 6-Staff-29 re: E6-T1-S2 p. 10-12

Question:

Please explain why there are no actuals recoded in Table 6-Staff-29 B do for “Other Costs” in the Senior Management category. Table 29A (forecasted allocated costs to EWT LP) indicates a provision for “Other Costs”.

Response:

GLPT included the “Other Costs” within the \$164,036 cost pool related to the “VP, Project Development Salaries, Benefits & Expenses January – July”. The total Other Costs were equal to \$14,618, as demonstrated in the table below.

Table 6-Staff-29 B – EWT Cost Breakdown

Senior Management Salaries & Benefits January – May	\$111,000
VP, Project Development Salaries & Benefits January – July	\$149,418
Other Costs	\$14,618
Total	\$275,036

6-Staff-39s

Reference: 6-Staff-30 re: E6-T1-S1 p1

GLPT is proposing the continuation in 2015 and 2016 of the “IFRS Gains and Losses sub-account” under the D/V account 1508.

GLPT confirms that this sub-account should be in-place indefinitely as long as there are situations where the book value of an asset to be retired is not zero.

Question:

Is GLPT aware of any possible asset retirements that might occur during the test period that have not been identified in the evidence? If the answer is yes, should the estimated impacts not be included in this application?

Response:

GLPT expects there will be asset retirements in 2015 and 2016 related to assets replaced through its capital program. However, GLPT has not included the impacts of those asset retirements in this application. GLPT’s intent is to deal with the actual asset retirements as they occur to ensure the actual amounts are both removed from rate base and recorded in the IFRS Gains and Losses sub-account under Account 1508. This ensures GLPT does not over- or under-recover asset values that may change depending on timing of retirements.

With applying the appropriate depreciation credit to the account, the ratepayer will remain whole and will only pay for the net book value of each asset retired in either case.

6-Staff-40s

Reference: 6-Staff-33 re: E6-T2-S1

GLPT is requesting the establishment of a new deferral account, an OM&A sub-account and a Capital sub-account within account 1508, to record incremental costs related to new customer connections to GLPT's system.

In its response GLPT indicated that at this time GLPT has relatively limited information regarding the potential new connection.

Question:

Please demonstrate how GLPT has met the eligibility criteria set out in the Filing Requirements for Electricity Transmission Applications, dated January 2, 2014, Chapter 2 section 2.8 (p.25) regarding an applicant's request for the establishment of a new deferral/variance account.

Response:

Causation – As stated on page 2 of Exhibit 6, Tab 2, Schedule 1, GLPT does not have a capital or OM&A budget available or built into revenue requirement for new customer connections, and it intends to record only costs that are not already provided for in revenue requirement.

Materiality – As stated on page 1 of Exhibit 6, Tab 2, Schedule 1, new customer connections can trigger incremental capital and OM&A costs for GLPT which could include upgrades to existing network or connection facilities, or new construction that is contestable work assigned to GLPT. The costs GLPT will record in this account are only those that are material.

Prudence – GLPT will incur the incremental customer connection costs prudently, however the final determination of prudence will be made at the time of disposition.

Exhibit 10, Tab 3, Schedule 1

Responses to SEC Supplemental Interrogatories

**School Energy Coalition (“SEC”) Supplemental Interrogatories
Great Lakes Power Transmission LP (“GLPT”)
2015-2016 Cost of Service Revenue Requirement
EB-2014-0238**

2-SEC-16

Reference: 2-EP-5

Question:

Please provide any formal analysis undertaken by the Applicant that demonstrates that “[r]emaining with the same provider for the financial system will meet GLPT’s need and reduce overall cost of the project as it will not require transition for the financial module of the ERP.”

Response:

GLPT has not undertaken a formal analysis of this nature. GLPT’s statement was made on the basis that:

- i. GLPT’s current financial module is meeting its needs from an accounting, record keeping and financial reporting perspective.
- ii. The primary issue to be resolved through this upgrade is addressing the aging work management module and improving integration with the financial module. The costs (i.e., licencing, data migration, implementation, project management, etc.) associated with reducing the scope and converting only one of the two primary modules will be lower than the costs associated with converting both of the primary modules.

4-SEC-17

Reference: 4-Staff-25, Ex. 2-1-1 p.28

Question:

Please explain the variance between the 2013-2014 forecasted amounts sought in the EB-2012-0300 application, and the 2013-2014 actuals.

Response:

As it relates to GLPT's response to 4-Staff-25 related to GLPT's Corporate Cost Allocation, GLPT's 2013 Actual and 2014 Forecast are \$69,700 (15%) and \$84,300 (17%) lower than the amounts sought in EB-2012-0300, respectively. While the costs attributable to GLPT for each of 2013 and 2014 did not change, the actual cost paid by GLPT was curtailed in an effort to reduce OM&A and stay within the OEB-approved envelope.

As it relates to Exhibit 2, Tab 1, Schedule 1 page 28 (also referenced in the question above), GLPT provided explanations for material project variances on pages 29-32 of the same schedule.

4-SEC-18

Reference: 4-Staff-26(b)

Question:

Based on the latest information available, what would be the total redemption cost?

Response:

If the Bonds are redeemed under s. 2.5 (i.e., redeemed at GLPT's discretion) on December 16, 2014, GLPT estimates that the total redemption fee would be approximately \$155M without inclusion of transaction fees. The redemption fee includes the principal value (\$117 million) plus the present value of the lenders' "lost earnings" (\$38 million) between this date and the date of maturity. The redemption fee was calculated using the term and conditions within the existing Deed of trust and is based on a Government of Canada Yield of 1.867%, which is GLPT's best estimate based on the information available, plus a the spread of 0.40% until June 16, 2021, and 0.25% thereafter to maturity.

4-SEC-19

Reference: 6-Staff-27, 4-SEC-14

Question:

With respect to the legal fees incurred:

- a) Please provide the total hours billed and counsel's average hourly rate.
- b) If the action proceeds to trial, please provide the Applicant's best estimate of total costs that may be incurred.

Response:

- a) Total hours billed are approximately 5,100 at an average hourly rate of \$390.
- b) GLPT believes it to be highly unlikely that the action will proceed to trial. In any event, GLPT's best estimate of total costs of a trial is \$500,000, understanding that any such estimate at the present stage of the proceeding (i.e., before any trial has been scheduled and before the specific issues for such a trial have been confirmed) is necessarily preliminary and imprecise.

4-SEC-20

Reference: 4-SEC-10

Question:

Please provide the forecasted cost savings in each of 2015 and 2016, as a result of productivity initiatives undertaken (or forecasted to be undertaken) in each of 2013, 2014, 2015 and 2016.

Response:

GLPT has provided the table below to illustrate the productivity measure and the expected 2015-2016 cost savings. GLPT has incorporated these cost savings within the 2015 and 2016 OM&A budgets that were included in the application. As noted in GLPT's response to 4-SEC-10, the cost savings have offset other non-discretionary cost increases in areas such as labour, pension and benefits.

Table 4-SEC-20 A – Productivity Improvements & Cost Savings

Productivity Measure	Estimated 2015 Savings	Estimated 2016 Savings
Overtime Management	\$50,000	\$50,000
Post-Employment Benefits	\$100,000	\$100,000
Right of Way Patrolling	No direct savings	No direct savings
Preventative Maintenance Review	No savings identified – likely to occur in 2017	No savings identified – likely to occur in 2017
ERP Upgrade	No direct savings	No direct savings

GLPT estimates that the post-employment benefit eligibility change will reduce its 2015-2016 costs by \$100,000 in comparison to what those costs would have been if the change was not made. However, there have been increases in pension and post-employment benefit expenses 2012 and 2016 that have offset any net savings that GLPT may realize. In other words, the change in eligibility and reduction in costs has not resulted in a net decrease in costs; it has merely allowed GLPT to keep costs constant in the face of upward pressure in pension and post-employment benefit expenses.

4-SEC-21

Reference: 4-VECC-16

Question:

For each year between 2012-2014, please provide the total incentive pay that potentially could have been paid out. Please provide a forecast amount of possible incentive pay that could be paid out for 2015-16.

Response:

Table 4-SEC-21 A below illustrates target incentive pay and total potential incentive pay for 2012-2016. GLPT notes that it is only seeking to recover the target incentive pay in each of the test years, not the total potential incentive pay. To the extent there is a higher amount paid out, it is a cost borne by the shareholder, not by the ratepayer.

Table 4-SEC-21 A – Potential Incentive Pay Amounts

Year	Target Incentive Pay	Potential Incentive Pay
2012A	\$262,700	\$525,400
2013A	\$272,900	\$545,800
2014F	\$245,800	\$491,600
2015B	\$294,400	\$588,800
2016B	\$304,400	\$608,800

Exhibit 10, Tab 4, Schedule 1

Responses to VECC Supplemental Interrogatories

**Vulnerable Energy Consumers Coalition (“VECC”) Supplemental Interrogatories
Great Lakes Power Transmission LP (“GLPT”)
2015-2016 Cost of Service Revenue Requirement
EB-2014-0238**

2.0 RATE BASE (EXHIBIT 2)

2.0-VECC-24

Reference: 2-Staff-3

Question:

- a) Please provide the vehicle inventory (with vehicle year) for 2012 and that forecast in 2016.
- b) Please provide a list of vehicle retirements for 2012 through 2016.

Response:

- a) Please see *Table 2.0-VECC-24 A* and *Table 2.0-VECC-24 B* below.

Table 2.0-VECC-24 A – List of Fleet Vehicles at December 2012

<u>Fleet List as of December 31, 2012</u>					
Year	Make	Model	Year	Make	Model
2001	Ford	3/4 Ton 4x4	2009	Honda	ORV
2004	Chevrolet	Silverado 3/4 ton	2009	Skidoo	TUNDRA
2004	Dodge	2500 Quad Cab	2009	Skidoo	SKANDIC
2004	Chevrolet	Suburban	2009	Trailer	Roug RRR
2005	GMC	Sierra	2009	Trailer	Blaz - BL6
2005	GMC	Sierra	2010	Ford	1/2 ton Quad cab
2005	Trailer	Carg Trailer	2010	Honda	MUV
2005	Skidoo	Skandic	2010	Polaris	Ranger
2006	Chevrolet	Silverado	2010	Trailer	Rough Rider Trailer
2006	Ford	4x4 w/AERIAL DEVICE	2010	Dodge	3500
2006	Trailer	Pipe USP	2010	Dodge	2500 SLT
2006	Skidoo	Tundra	2011	Honda	PILOT SUV
2007	Chevrolet	TRAILBLAZER	2011	Honda	PILOT SUV
2007	Dodge	4x4 Quad Cab	2011	Honda	PILOT SUV
2007	Dodge	4x4 Quad Cab	2011	Argo	750
2007	Trailer	PIPE Trailer	2011	Trailer	PIPE
2007	Trailer	PIPE Trailer	2011	Arctic Cat	570
2007	Skidoo	Skandic SWT 550F	2011	Arctic Cat	570
2007	Skidoo	Tundra 300F	2011	Toyota	TUNDRA
2007	Trailer	Tandem	2011	Trailer	Snowmobile Trailer
2007	Trailer	Tandem	2011	Trailer	Snowmobile Trailer
2007	Trailer	Tandem	2012	Trailer	EXPR - T81
2008	Honda	SUV Pilot	2012	Polaris	ORV - Ranger 6x6

Table 2.0-VECC-24 B – Projected List of Fleet Vehicles at December 2016

Projected Fleet List as of December 31, 2016					
Year	Make	Model	Year	Make	Model
2005	Trailer	Carg Trailer	2014	Dodge	RAM 1500 SLT
2006	Ford	4x4 w/AERIAL DEVICE	2014	Chevrolet	2500HD Double Cab
2009	Trailer	Blaz - BL6	2014	Chevrolet	2500HD Double Cab
2010	Ford	1/2 ton Quad cab	2015	TBD	1500 Quad Cab
2011	Honda	PILOT SUV	2015	TBD	ORV
2011	Honda	PILOT SUV	2015	TBD	ORV
2011	Honda	PILOT SUV	2015	TBD	ORV
2011	Argo	750	2015	TBD	Snowmobile
2011	Trailer	PIPE	2015	TBD	Snowmobile
2011	Arctic Cat	570	2015	TBD	Trailer-Covered Snowmobile
2011	Arctic Cat	570	2015	TBD	SUV
2011	Toyota	TUNDRA	2015	TBD	SUV
2012	Trailer	EXPR - T81	2016	TBD	2500 Quad Cab 4x4
2012	Polaris	ORV - Ranger 6x6	2016	TBD	1500 Quad Cab
2013	Ford	F250	2016	TBD	2500 Quad Cab 4x4
2013	Dodge	2500 Quad Cab 4x4 Diesel	2016	TBD	Trailer-Tandem Pipe
2013	Ford	F150	2016	TBD	Trailer-Snowmobile Covered
2013	Trailer	CANA TL7	2016	TBD	Trailer-Snowmobile Covered
2013	Trailer	CANA UT7	2016	TBD	Trailer-Tandem Pipe
2014	Trailer	Utility Cargo	2016	TBD	Trailer-Tandem Pipe
2014	Polaris	IQ 600 Widetrack	2016	TBD	3500 Quad Cab 4x4
2014	Polaris	IQ 600 Widetrack			

b) Please see *Table 2.0-VECC-24 C* below.

Table 2.0-VECC-24 C – Fleet Retirements 2012-2016

Fleet Retirements 2012-2016							
Year	Make	Model	Year Retired	Year	Make	Model	Year Retired
1977	Bombardier	Bucket Truck	2012	2007	Skidoo	Skandic SWT 550F	2015
2005	Polaris	Ranger	2012	2008	Honda	SUV Pilot	2015
2007	Polaris	Ranger	2012	2009	Honda	ORV	2015
2004	Dodge	2500 Quad Cab	2013	2009	Skidoo	SKANDIC	2015
2004	Chevrolet	Suburban	2013	2010	Honda	MUV	2015
2005	Skidoo	Skandic	2013	2010	Polaris	Ranger	2015
2006	Skidoo	Tundra	2013	2010	Trailer	Rough Rider Trailer	2015
2007	Skidoo	Tundra 300F	2013	2005	GMC	Sierra	2016
2007	Trailer	Tandem	2013	2006	Trailer	Pipe USP	2016
2007	Trailer	Tandem	2013	2007	Dodge	4x4 Quad Cab	2016
2007	Trailer	Tandem	2013	2007	Dodge	4x4 Quad Cab	2016
2001	Ford	3/4 Ton 4x4	2014	2007	Trailer	PIPE Trailer	2016
2004	Chevrolet	Silverado 3/4 ton	2014	2007	Trailer	PIPE Trailer	2016
2007	Chevrolet	TRAILBLAZER	2014	2010	Dodge	3500	2016
2009	Skidoo	TUNDRA	2014	2010	Dodge	2500 SLT	2016
2009	Trailer	Roug RRR	2014	2011	Trailer	Snowmobile Trailer	2016
2005	GMC	Sierra	2015	2011	Trailer	Snowmobile Trailer	2016
2006	Chevrolet	Silverado	2015				

2.0-VECC-25

Reference: 2-Staff-7

Question:

- a) Are there any alternatives for redundancy AC power for the station-service load? If yes please explain would be the forecast cost
- b) What benefits (if any) does API receive [sic] from the addition of the new transformer?
- c) What discussions (if any) has GLPT had with API regarding the implications of the transformer (including cost sharing)?

Response:

- a) There is no readily available alternative for redundancy AC power for the station-service load. In the absence of a readily available alternative, GLPT could install a diesel generator on-site. This installation would require a large initial capital cost, as well as substantial ongoing maintenance costs (generators are inspected and tested with regular frequency) and the location of Highway 101 TS would require a great amount of travel time as well. The addition of the new transformer as proposed by GLPT is the most cost-effective approach from a capital and operating cost perspective.
- b) API does not receive any benefit from the addition of the new transformer.
- c) GLPT has not had discussions with API regarding the implications of the transformer or any cost sharing that may arise. API is involved only in its capacity as the Local Distribution Company that currently provides the low voltage service to GLPT and the installation of the transformer will not directly impact API.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0-VECC-26

Reference: Staff #33 &
VECC #22

Question:

- a) Are the new connections referred to in response to Staff #33 a) the same as those discussed in the response to VECC #22? If not, please provide additional details on the circumstances with respect to the new connections noted in Staff #33.
- b) To what extent will any new connections lead to additional revenues for GLPT in 2015 and 2016? Will any such additional revenues also be included in the proposed deferral account?

Response:

- a) The connection referred to in GLPT's response to Staff #33 (a) is the same as the connection referred to in GLPT's response to VECC #22 (b).
- b) GLPT is not anticipating any additional revenue in 2015 or 2016. The new connection that GLPT is currently aware of is forecasted to be put into service in 2017 or later.

3.0-VECC-27

Reference: VECC #11

Question:

- a) The revised version of Exhibit 3, Tab 1, Schedule 2 (pages 5-7) shows a 9.8% increase in Network load as between 2013 and 2016 (from 3,186.3 MW to 3,498.2 MW). However, the response to VECC #11 c) shows an increase in 2014 versus 2013 year-to-date Network load of 9.3%. Please confirm that GLPT is not expecting any material change in Network load as between 2014 and 2016.
- b) The revised version Exhibit 3, Tab 1, Schedule 2 (pages 5-7) shows increases in Line Connection and Transformation Connection between 2013 and 2016 that are significantly higher than the 2013 to 2014 year-to-date increases for these billing determinants as provided in response to VECC #11. This suggests that these billing determinants will increase further between 2014 and 2016. Please reconcile the two outcomes whereby the forecast for Network's billing determinant appears to have virtually no increase between 2014 and 2016 whereas the billing determinants for Line and Transformation Connection both appear to increase significantly between 2014 and 2016.

Response:

- a) Confirmed, GLPT is not expecting any material change in Network load between 2014 and 2016.
- b) The information used in the comparison drawn by VECC is only related to two individual years of data (2013 and 2014) and is only related to 8/12 of the data for each year. GLPT does not believe this is sufficient information to be able to draw a conclusion regarding an overall trend in volumes.

As described in Exhibit 3, Tab 1, Schedule 2, GLPT's 2015 and 2016 charge determinant forecasts are based on the average of the previous five years and include information provided from directly connected customers. This reduces the impact of anomalies that may exist in specific years and ensures that a full calendar of data is used for each year.

Exhibit 10, Tab 5, Schedule 1

Responses to Energy Probe Supplemental Interrogatories

**Energy Probe Supplemental Interrogatories
 Great Lakes Power Transmission LP (“GLPT”)
 2015-2016 Cost of Service Revenue Requirement
 EB-2014-0238**

1-Energy Probe-24s

Reference: Exhibit 1, Tab 1, Schedule 5, Table 1-1-5 Sensitivity Analysis; Table 2-SEC-6 A

Question:

- a) Please add rows to the referenced Table showing the impact of 100MW change in Charge Determinants for 2015 and 2016 (Network Line and Transformation).
- b) Please add row showing the impact of a change in In-Service Asset additions to Rate Base in 2015 and 2016. Indicate assumptions re timing.

Response:

- a) GLPT has prepared *Table 1-Energy Probe-24s A* to illustrate the impacts of a 100 MW change in total annual charge determinants for each of the three transmission rate pools in 2015 and 2016. In calculating the impact, GLPT multiplied the proposed rate for each rate pool by the number of kW (100 MW = 100,000 kW), then by the proposed allocation factor for GLPT.

Table 1-Energy Probe-24s A – Sensitivity of Charge Determinant Changes

Change Criteria	Proportional Change in GLPT's 2015 Revenue (\$)	Proportional Change in 2015 Revenue (%)	Proportional Change in GLPT's 2016 Revenue (\$)	Proportional Change in 2016 Revenue (%)
Proposed Network Rate	3.83		3.83	
Proposed Line Connection (LC) Rate	0.82		0.82	
Proposed Transformation Connection (TC) Rate	1.98		1.98	
GLPT's Proposed Allocation Factor	0.02710		0.02739	
100 MW change in Network MW	\$10,372	0.03%	\$10,486	0.03%
100 MW change in LC MW	\$2,221	0.01%	\$2,245	0.01%
100 MW change in TC MW	\$5,378	0.01%	\$5,436	0.01%

- b) In responding to this interrogatory GLPT has assumed that Rate Base additions are depreciated on a straight line basis over 40 years using the half-year rule. GLPT has provided the estimated impact on revenue requirement for each of 2015 and 2016 that would result from a \$1M reduction to in-service asset additions to rate base.

Table 1-Energy Probe-24s B – Sensitivity of Rate Base Addition Timing

Change Criteria	Proportional Change in 2015 Rev Req. (\$)	Proportional Change in 2015 Rev Req. (%)	Proportional Change in 2016 Rev Req. (\$)	Proportional Change in 2016 Rev Req. (%)
Reduce 2015 In-Service additions by \$1M	(50,409)	-0.13%	(99,558)	-0.25%
Reduce 2016 In-Service additions by \$1M	-	0.00%	(50,409)	-0.13%

1-Energy Probe-25s

Reference: Exhibit 1, Tab 1, Schedule 3, Page 1, Table 1-1-3 A; + Other References

Preamble:

Summarized Financial Information is requested. This will assist discussions in the Settlement Conference.

Question:

- a) Please Check, Correct and Complete the attached EP-compiled Excel Financial Schedule Summary (Sheet 1), ATTACHED. Please provide copy of the completed response in Excel Format.
- b) Add any notes and explanations as required.

Response:

- a) Please see Appendix 1-EP-25s(a)
- b) Please see notes, explanations and references within the excel file.

3-Energy Probe-26s

Reference: Exhibit 3, Tab 1, Schedule 2, Page 3, Table 3-1-2 E, Charge Determinant Variance Analysis; Updated Tables 3-1-2A and 3-1-2B (Redacted)

Question:

Please update Table 3-1-2 E (+2009) and reconcile to Tables 3-1-2A and 3-1-2B (Redacted).

Response:

GLPT has not provided a variance analysis for 2009 because it did not have a Board-approved UTR forecast for that year with which to compare actual data against. The Charge Determinants used in the 2009 UTR for GLPT were carried forward from the Board's Decision on RP-2001-0035 dated December 11, 2001.

6-Energy Probe-27s

Reference: Exhibit 9, Tab 2, Schedule 1, Page 2, Staff 1, part (c): 6-Staff-33 & 6-Energy Probe-23 (Reference: E6-T2-S1)

Question:

- a) Please Indicate for Regional Planning if OM&A costs will be incurred in 2015 and 2016 in addition to the new hire and Consultant's Fees.
- b) Has GLPT considered setting up a deferral/variance account for all regional planning costs? Please discuss rationale and parameters for such an account(s) and in particular, relate this to the proposed new Customer Connection 1508 sub-account.

Response:

- a) GLPT anticipates that there will not be material incremental OM&A costs incurred in 2015 and 2016 related to Regional Planning and is not seeking additional costs specific to Regional Planning in its revenue requirement. GLPT anticipates the majority of the activity will be managed by internal resources and to the extent incremental costs are incurred they will be absorbed within GLPT's OM&A envelope. These Regional Planning costs would not include the costs related to the new Compliance Analyst or the Consultant's fees described in Exhibit 4, Tab 2, Schedule 1 which are related to increasing compliance requirements (i.e., CIP and BES).
- b) While there may be costs incurred related specifically to Regional Planning, GLPT does not believe the level of costs warrant the setting up of a deferral/variance account. However, GLPT would not be opposed to expanding the scope of the Customer Connection sub-account or establishing a new sub-account to capture costs related to all incremental regional planning costs.

Exhibit 10, Tab 5, Schedule 1

Appendix to Responses to Energy Probe Supplemental Interrogatories

Energy Probe IR 1-Energy Probe-25s

Based on Table 1-1-3 A

Other References as noted

Great Lakes Power Transmission

		Financial Summary 2013-2016 \$ 000							
		Approved	Actual	Approved	Forecast	Proposed	Proposed	Notes	References
		2013	2013	2014	2014	2015	2016		
Operating Revenue		\$38,142.7	\$40,495.6	\$38,771.8	\$38,807.7	\$39,872.0	\$40,320.5	2015 changed from 39,827.0	E3T1S1
Operating Expenses									
Total OM&A Expense		10,100.0	10,210.9	10,305.5	10,305.5	11,021.1	11,331.9		E4T2S1
Depreciation & Amortization		9,152.3	9,218.8	9,196.9	9,249.7	9,701.2	9,771.3		E4T3S1
Property Taxes		114.2	106.9	117.8	107.3	109.4	111.6		E4T4S3
Payments to First Nations		128.8	128.8	128.8	128.8	128.8	128.8		E4T4S3
Total Costs & Expenses		19,495.3	19,665.4	19,749.0	19,791.3	20,960.5	21,343.6		
Rate Base		226,854.4	226,527.8	222,115.3	221,398.6	218,760.2	218,654.1	2015 changed from 218,289.0	E2T1S1
Return on Capital (Allowed)	Calcn	17,024.6	17,000.1	17,053.7	16,998.6	16,796.1	16,787.9		E5T1S1
Income Taxes		1,621.7	2,095.2	1,961.1	1,902.5	1,836.9	2,189.0		E4T4S2
Total Gross Revenue Requirement	Calcn	38,141.6	38,760.7	38,763.8	38,692.4	39,593.5	40,320.5	Rounding Errors	
External Revenues		(40.1)	(64.2)	(40.7)	(76.6)	(89.9)	(89.9)		E3T1S3
RATES REVENUE REQUIREMENT		38,101.5	38,696.5	38,723.1	38,615.8	39,503.6	40,230.6	Rounding Errors	
Regulatory Assets Recovery/(payback)		(748.6)	(791.4)	(748.6)	(748.6)	787.8	787.8		E6T1S1
Capital Structure/Cost of Capital									
Short Term Debt	4%	2.08%	2.08%	2.11%	2.11%	2.11%	2.11%		E5T1S1
Total Long Term Debt	56%	6.87%	6.87%	6.87%	6.87%	6.87%	6.87%		E5T1S1
Common Equity	40%	8.93%	8.93%	9.36%	9.36%	9.36%	9.36%		E5T1S1
Total Rate Base (WACC)	100%	7.50%	7.50%	7.68%	7.68%	7.68%	7.68%		E5T1S1
Actual		7.50%	8.27%	7.68%	7.68%	7.68%	7.68%	Not Updated by GLPT - unsure on calc	
In-Service Asset Additions									
Lines		1,710,400	1,757,100	3,181,500	3,181,500	5,630,000	2,807,200		E2T1S1
Transformers		249,000	491,600	-	249,000	1,029,600	4,620,100	2016 - Added Magpie CT's (696,900)	E2T1S1
Computers		886,000	863,600	-	-	663,700	-		E2T1S1
Other	Calcn	1,641,300	1,344,800	1,163,300	962,900	2,136,700	2,341,400	2016 - Removed Magpie CT's (696,900)	E2T1S1
TOTAL ISAs		4,486,700	4,457,100	4,344,800	4,393,400	9,460,000	9,768,700		
Variation									
Capital Projects Budgets									
Lines		1,437,400	1,437,400	2,856,320	2,856,320	5,105,000	2,657,200	2013-2014 found at E10T3S1 App 3 of EB-2012-0300	2015-2016 at E9T3S1 App 1
Transformers		249,000	249,000	224,000	224,000	1,355,600	3,736,080	2013-2014 found at E10T3S1 App 3 of EB-2012-0300	2015-2016 at E9T3S1 App 1
Computers		886,000	863,600	130,000	130,000	708,500	276,000	2013-2014 found at E10T3S1 App 3 of EB-2012-0300	2015-2016 at E9T3S1 App 1
Other		1,894,600	1,686,800	1,207,280	1,207,280	2,050,700	2,710,391	2013-2014 found at E10T3S1 App 3 of EB-2012-0300	2015-2016 at E9T3S1 App 1
TOTAL		4,467,000	4,236,800	4,417,600	4,417,600	9,219,800	9,379,671		