EB-2015-0073

Ontario Energy Board

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

AND IN THE MATTER OF an application by Guelph Hydro Electric Systems Inc. under Section 78 of the OEB Act to the Ontario Energy Board for an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity as of January 1, 2016.

INTERROGATORIES OF ENERGY PROBE RESEARCH FOUNDATION (“ENERGY PROBE”)

June 30, 2015

GUELPH HYDRO ELECTRIC SYSTEMS INC.
2016 RATES REBASING CASE
EB-2015-0073

ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES

EXHIBIT 1 – ADMINISTRATIVE DOCUMENTS

1-Energy Probe-1

Ref: Exhibit 1, Tab 1, Schedule 1, page 11

Please explain how tree trimming resulted in fewer outages than would otherwise have occurred during the ice storm.

1-Energy Probe-2

Ref: Exhibit 1, Tab 2, Schedule 1, page 2

How many months of actual data are included in the evidence for the 2015 bridge year for each of capital additions to rate base, OM&A expenses and revenues?

1-Energy Probe-3

Ref: Exhibit 1, Tab 2, Schedule 2

a) **For each position shown in Table 1-1 please indicate which ones quality for the Ontario Apprenticeship tax credit and/or the federal job creation tax credit.**

b) **For each position that qualifies for a tax credit, please indicate the amount included in the PILs calculation for the 2016 test year.**

c) **For each position shown in Table 1-1, please show the total costs included in the 2016 revenue requirement and indicate if the position is forecast to be filled for the entire test year or for part of the test year. If the latter, please indicate how many months the position is forecast to be filled in the 2016 test year.**

d) **For each position shown in Table 1-1 please indicate which positions have been filled as of the current date and for those that are not yet filled, please shown the expected date that these positions will be filled.**

e) What is the expected revenue from the shared services model for the control room in each of 2015 and 2016? Please indicate where these revenues are included in the evidence (i.e. as an offset to OM&A expenses or in other revenues, etc.).

1-Energy Probe-4

Ref: Exhibit 1, Tab 2, Schedule 2, page 6

a) What is the impact on the 2016 revenue requirement of salary increases of 1.75% in 2015 and 1.5% in 2016 for bargaining unit employees, including any impact on the costs of benefits?

b) What is the impact on the 2016 revenue requirement of salary increases of 1.75% in 2015 and 1.5% in 2016 for management level employees, including any impact on the costs of benefits?

1-Energy Probe-5

Ref: Exhibit 1, Tab 3, Schedule 1, Table 1-28(a)

Please update the scorecard to include data for 2014.

1-Energy Probe-6

Ref: Exhibit 1, Tab 3, Schedule 3

Please provide the total expenses included in the historical OM&A costs for 2013 that were related to the additional effort related to mergers, acquisition, etc. noted on page 3.

EXHIBIT 2 – RATE BASE

2-Energy Probe-7

Ref: Exhibit 2, Tab 1, Schedule 1

a) Please explain why the disposals for account 1930 in Table 2-7 are shown as additions to costs and accumulated depreciation, rather than as reductions as is the case for account 1940.

b) **In 2012 and 2013 the disposal of assets resulted in a net reduction in net book value. Please explain why there are no disposals forecast for 2015 and 2016.**

c) **Please confirm that none of the work in progress for non-distribution assets shown in any of the continuity schedules has been included in rate base.**

2-Energy Probe-8

Ref: Exhibit 2, Tab 1, Schedule 1

Table 2-9 shows fully allocated depreciation in the amount of $550,441 in the test year as a reduction to depreciation expense.

a) **Please indicate how much has been allocated to OM&A and how much has been capitalized and included in capital expenditures.**

b) **Please provide a table that shows the percentage of the fully allocated depreciation that has been capitalized in each of 2012 through 2016.**

c) **Please explain the relationship between the percentage of the fully allocated depreciation that is capitalized in relation to the capital additions closed to rate base in each year.**

d) **If GHESI has not capitalized any of the fully allocated depreciation expense, please explain why not.**

2-Energy Probe-9

Ref: Exhibit 2, Tab 1, Schedule 1

a) **Please update Table 2-8 to reflect the most recent actual year-to-date capital expenditures and any revised forecasts for the remainder of the bridge year to reflect any changes in projects, costs and/or timing.**

b) **Please update Table 2-9 (test year) to reflect any changes in the opening balance as a result of the response to part (a) and any changes in projects, costs and/or timing related to changes in the bridge year.**

2-Energy Probe-10

Ref: Exhibit 2, Tab 1, Schedule 1, Tables 2-8

a) Please confirm that for PILs purposes, GHESI has placed computer hardware in CCA class 10 rather than CCA class 50.

b) If part (a) is confirmed, please explain why computer hardware has been included in CCA class 10 rather than CCA class 50.

c) If part (a) is confirmed, please calculate the impact on the CCA deduction for PILs purposes in the test year assuming that computer hardware is placed in CCA class 50 for the test year. Please show all calculations and assumptions.

2-Energy Probe-11

Ref: Exhibit 2, Tab 1, Schedule 1, page 14

a) Did GHESI change any of its depreciation rates as a result of the Kinetrics review?

b) If yes,
i) please provide a table that shows the old and new depreciation rates for all accounts that changed;
ii) please indicate when GHESI implemented the new depreciation rates; and,
iii) please provide a table that shows the total impact in the depreciation expense as a result of using the new rates as compared to the old rates for each year in which the new rates were utilized by GHESI.

2-Energy Probe-12

Ref: Exhibit 2, Tab 1, Schedule 2, page 1

The evidence indicates that GHESI does not use the half-year rule for regulatory reporting and rate-setting purposes when calculating the amortization of customer contributions.

a) Please confirm that GHESI uses the half-year rule for all other PP&E accounts. If this cannot be confirmed, please provide details.

b) Does GHESI include a full year of depreciation for customer contributions?

c) **What is the impact on the test year revenue requirement of not using the half-year rule for customer contributions? Please show any calculations and assumptions used in calculating this impact.**

d) **Did GHESL use the half-year rule for depreciation of customer contributions in its last cost of service rebasing application? If yes, please indicate when GHESI ceased to use the half-year rule for regulatory purposes.**

2-Energy Probe-13

Ref: Exhibit 2, Tab 1, Schedule 2, page 2

a) **Was the need to re-roof a large part of the head office building in any way related to the installation of solar panels on the roof? If yes, please explain. If no, please confirm that the part of the roof that was repaired did not have any solar panels on it.**

b) **Did GHESI consider any other alternatives to that of adding a second floor to the head office building, such as adding additional space through an expansion to the first floor, or re-allocating existing space? If not, why not? If yes, what was the cost relative to that for the proposed expansion of $755,000 in 2015 and $804,000 in 2016?**

c) **Please provide the business case for the proposed expansion of the building.**

2-Energy Probe-14

Ref: Exhibit 2, Tab 1, Schedule 2, pages 4 & 5

a) **Please provide a table for 2012 through 2016 that shows the gross capital expenditures related to distribution system expansion, the related contributions and the ratio of contributions to gross expenditures related to system expansion.**

b) **Please provide a table for 2012 through 2016 that shows the gross capital expenditures related to relocations, the related contributions and the ratio of contributions to gross expenditures related to relocations.**

c) **Please provide a table similar to that in parts (a) and (b) for any other capital expenditure that attracts contributions.**

2-Energy Probe-15

Ref: Exhibit 2, Tab 1, Schedule 2, page 3 and Table 2-11

Table 2-11 shows an increase of $2,232,000 in account 1815 (transformer station equipment), while on page 3 this amount is said to be related to the distribution station in Rockwood.

a) **Please explain why this addition is not in account 1820 (distribution station) rather than account 1815.**

b) **Is there any impact on the revenue requirement if this expenditure was classified to account 1820 rather than 1815 (for example different depreciation rates and/or CCA rates)?**

2-Energy Probe-16

Ref: Exhibit 2, Tab 1, Schedule 3

In its June 3, 2015 letter, the Ontario Energy Board adopted a new default value of 7.5% for the working capital allowance.

Does GHESI accept the 7.5% for revenue requirement purposes or does GHESI intend to file a lead/lag study as part of this application? If so, when does GHESI expect to file such a study?

2-Energy Probe-17

Ref: Exhibit 2, Tab 1, Schedule 3

Please update Table 2-17 and Table 2-20 to reflect the Regulated Price Plan Price Report May 1, 2015 to April 30, 2016 dated April 20, 2015 and any changes to transmission network and connection charges, wholesale market service rates, etc. that would impact on the overall cost of power.

2-Energy Probe-18

Ref: Exhibit 2, Tab 2, Schedule 2, Table 2-21

a) **In place of the "plan" column for 2011 through 2015, please add a column that shows the budgeted amount in each year and populate the table with the budgets and variance from budgets.**

b) **Please provide a table that shows the same information as in part (a) above, but instead of capital expenditures, shows the capital additions closed to rate base in each of the historical and forecast years, along with the budgeted numbers for the historical and bridge years.**

c) **Please provide a table that shows the average total expenditures for 2011 through 2014 and for 2016 through 2020 broken down into three categories: Arlen TS station, distribution stations and all other expenditures.**

2-Energy Probe-19

Ref: Exhibit 2, Tab 2, Schedule 2, Table 2-21

The average capital expenditure shown for 2015 through 2020 is about $14.35 million per year.

What would be the impact on the revenue requirement for the 2016 test year if the capital expenditures were changed from that forecast as shown in Table 2-21 to $14.35 million in each year? Please take into account changes in depreciation, cost of capital and PILs.

2-Energy Probe-20

Ref: Exhibit 2, Tab 2, Schedule 6

In the EB-2014-0219 Report of the Board New Policy Options for the Funding of Capital Investments: The Advanced Capital Module dated September 18, 2014, the Board stated (page 4) ***"The Board does not intend to proceed with the elimination of the effect of the half year rule on test year capital additions for the IRM years at this time."***

a) **What developments since this Report of the Board is GHESI relying on for the proposed application of the D1 factor?**

b) **What is the impact on revenues in 2017 of a full year revenue from the customers added in 2016 as compared to the partial year of revenue from those same customers in the test year?**

c) **What is the increase in the CCA deduction in 2017 relative to 2016 for the capital additions in 2016? How has this been factored into the PILs calculation?**

EXHIBIT 3 – OPERATING REVENUE

3-Energy Probe-21

Ref: Exhibit 3, Tab 1, Schedule 1

How many months of consumption data by rate class by calendar month does GHESI now have, or have access to, based on the use of smart meters?

3-Energy Probe-22

Ref: Exhibit 3, Tab 2, Schedule 1

Chart 3-4 shows that for the months of May, June and July 2009, actual consumption was significantly below forecast and below the level for these months in other years. To what does GHESI attribute this significant forecast error?

3-Energy Probe-23

Ref: Exhibit 3, Tab 2, Schedule 1 &
Exhibit 4, Tab 2, Schedule 1

Please reconcile the number of customers in Tables 3-15 and 4-8.

3-Energy Probe-24

Ref: Exhibit 3, Tab 3, Schedule 1

On page 4, the evidence states that to better match the costs of providing non-utility services against the revenues received for these services, GHESI began reporting these costs in account 4380 rather than in general administration costs within OM&A in 2014.

a) Please confirm that costs incurred prior to 2014 are included in the historical OM&A costs shown in Table 4-4, while for 2014 and the bridge and test years, these costs are included in account 4380.

b) Please provide the historical costs included in OM&A for 2012 Board Approved, 2012 and 2013 that are now recorded in account 4380. If any revenues were used as an offset to OM&A costs in these years, please provide the net amount included in OM&A.

3-Energy Probe-25

Ref: Exhibit 3, Tab 3, Schedule 1

The evidence on page 4 indicates that a significant change in account 4380 in 2014 was the inclusion of services purchased by GHESI from its affiliated company (GHMI).

a) **Please confirm that the cost of the services purchased by GHESI from its affiliate are included in account 4380 in 2014 through 2016, and were included in OM&A prior to 2014.**

b) **Please provide the amount included in OM&A for services purchased from its affiliate for 2012 Board Approved, 2012 and 2013 that are now recorded in account 4380. If any revenues were used as an offset to OM&A costs in these years, please provide the net amount included in OM&A.**

3-Energy Probe-26

Ref: Exhibit 3, Tab 3, Schedule 1

The table for account 4380 on page 4 shows that GHESI has costs in this account for "utility solutions" beginning in 2014. Prior to 2014, were these costs included in OM&A? If yes, please provide the amount included in the 2012 Board Approved, 2012 and 2013 actual figures. If any revenues were used as an offset to OM&A costs in these years, please provide the net amount included in OM&A.

3-Energy Probe-27

Ref: Exhibit 3, Appendix 3-B

a) **For each of the line items shown in the first table in Appendix 2-H, please provide the most recent year-to-date actual figures for 2015, along with the corresponding figures for the same period in 2014.**

b) **Based on the most recent year-to-date figures 2015, please indicate whether GHESI is forecasting any changes to the 2015 bridge year forecast. If so, please provide an updated Appendix 2-H that reflects these changes.**

c) **Please explain what is included in account 4405 in miscellaneous interest revenue and explain why the forecast for 2016 is less than 50% of the figures shown for 2014.**

EXHIBIT 4 – OPERATING EXPENSES

4-Energy Probe-28

Ref: Exhibit 4, Tab 1, Schedule 1

Customer growth is not listed as a main factor causing the increase in OM&A costs.

a) **Does GHESI consider customer growth as a factor contributing to OM&A cost increases?**

b) **If the answer is yes to part (a), has GHESI done any analysis on the increase in OM&A costs associated with a 1% increase in customers? If yes, please provide the results of the analysis, along with the analysis. If not, please explain why not and please fully explain how GHESI has factored customer growth into the growth in OM&A costs.**

4-Energy Probe-29

Ref: Exhibit 4, Tab 1, Schedule 1 &
Exhibit 4, Tab 3, Schedule 1

a) **Please provide a table that shows the number of FTE's broken out into management and non-management for each year of 2012 (including 2012 Board approved) through 2020 using the information in Tables 4-32, 4-36, 4-40, 4-44, 4-46 and 4.48 that reflects the current demographics of people retiring and GHESI hiring apprentices and that reflects the statement that "These increases in FTEs are expected to be temporary for a 2-3 year period as part of rebuilding a qualified and experienced ahead of the retirement of seasoned journeypersons".**

b) **Please identify the number of apprentices included in the above requested table for each of 2014, 2015 and 2016.**

4-Energy Probe-30

Ref: Exhibit 4, Tab 1, Schedule 1, page 4

a) **What is the impact of a 1% reduction in each of management and IBEW employees in the base salary increase for 2015 on the 2016 revenue requirement?**

b) **What is the additional impact of a further 1% reduction in each of management and IBEW employees in the base salary increase in 2016 (in addition to the 1% reduction in 2015) on the 2016 revenue requirement?**

<u>4-Energy Probe-31</u>

Ref: Exhibit 4, Tab 1, Schedule 1

a) **Please reconcile the compound annual growth increase of 1.4% noted on page 4, line 22 with the 3.63% figured noted on page 2, line 4.**

b) **Please show the calculations and assumptions used to calculate the 1.4% figure.**

c) **Please reconcile the $14,222,500 figure shown on line 3 of page 2 with the Board approved 2012 figure of $14,326,000 shown in Table 4-4.**

<u>4-Energy Probe-32</u>

Ref: Exhibit 4, Tab 2, Schedule 1, Table 4-5

a) **Please confirm that the smart meter operation costs (note 2) were actually incurred in 2012 and should have been recorded in OM&A in 2012, but were recorded as CWIP in 2012, and transferred to OM&A as an expense in 2013.**

b) **Please explain the adjustment for Reallocation of OPA Funded Salaries (note 3). For example, does the reduction of $154,800 shown for 2013 mean that the actual 2012 costs were $154,800 too high because the OPA funded this salary in 2012? Similarly, does the adjustment of $150,000 shown for 2016 mean that this amount is included in the 2015 forecast of $15,333,069, but will be paid for by the OPA?**

c) **Please confirm that the management fee paid in 2013, miscellaneous write off in 2013, the software write off in 2012 and the TOU implementation costs were all one-time costs. If this cannot be confirmed, please explain.**

d) **Please explain the reduction in 2012 of $432,893 related to property taxes. Please indicate the amount of property tax included in the Board approved level of $14,326,000.**

e) **Please explain why the software system upgrade in 2014 was expensed rather than capitalized, and please explain why this is a continuing cost in 2015 and 2016.**

4-Energy Probe-33

Ref: Exhibit 4, Tab 2, Schedule 1, Table 4-5

It appears that GHESI has transferred cost and revenues associated with water billing and intercompany costs and revenues out of OM&A and into account 4375 and 4380 in 2014.

a) **Please confirm the above, or explain fully the change that took place in 2014.**

b) **Please explain why there continues to be adjustments for the 3 affected line items in 2015 and 2016 if this change took place in 2014.**

c) **Please confirm that prior to 2014, the costs were included in OM&A and the revenues from intercompany shared services were used to reduce OM&A costs.**

d) **Please provide figures for 2012 and 2013 that reflect the actual costs and revenues for intercompany shared services and water billing costs that were included in the OM&A figures for both of those years.**

4-Energy Probe-34

Ref: Exhibit 4, Tab 2, Schedule 1, Table 4-5

a) **Please show the calculation of the $360,000 associated with monthly billing in 2016.**

b) **Please confirm that the $234,000 shown in 2015 as one-time costs associated to this cost of service proceeding is part of the overall cost of $316,500 in costs that GHESI is proposing to amortize over the 2016 through 2020 period.**

c) **If (b) is confirmed, please indicate why including the $234,000 as a cost driver for 2015 is not double counting, since it will be expensed in 2016 through 2020 and not in 2015.**

4-Energy Probe-35

Ref: Exhibit 4, Tab 2, Schedule 1, Table 4-5

The "other" category shows an increase of more than $270,000 in 2016, well above the materiality threshold. Please provide a breakdown of the $270,000 into its major components.

4-Energy Probe-36

Ref: Exhibit 4, Tab 2, Schedule 1, Tables 4-4 & 4-5

a) **Please update Tables 4-4 & 4-5 to reflect the most recent forecasts for 2015 that include the most recent year-to-figures available for 2015.**

b) **Please provide a table in the same level of detail that shows the most recent year-to-date actual figures available for 2015 and the corresponding figures for the same period in 2014.**

4-Energy Probe-37

Ref: Exhibit 4, Tab 2, Schedule 1, Table 4-6

Please explain why there is no Intercompany Management Fee shown 2013. Where has this cost of $1.5 million been included?

4-Energy Probe-38

Ref: Exhibit 4, Tab 2, Schedule 1, Table 4-8

Please explain why the number of customers shown in Table 4-8 is the same for 2012 and 2013, at 51,206.

4-Energy Probe-39

Ref: Exhibit 4, Tab 2, Schedule 1, Table 4-8

a) **Please confirm that the only figure shown in Table 4-8 that includes property taxes is the Board Approved figure for 2012.**

b) **Please provide the Board approved figure, excluding property taxes.**

4-Energy Probe-40

Ref: Exhibit 4, Tab 3, Schedule 1

Please update Table 4-20 to include actual data for 2014.

4-Energy Probe-41

Ref: Exhibit 4, Tab 3, Schedule 1, Table 4-31

a) **Please provide a revised Table 4-31 (Appendix 2-K) that only includes FTEs and related costs that are included in revenue requirement for the regulated utility (i.e. exclude positions and dollars funded by the OPA and intercompany costs).**

b) **Based on the response to part (a) above, please include lines that show the total employee costs that are capitalized each year, and a line that shows the total employee costs that are included in OM&A each year for the regulated utility.**

c) **Is all of the difference between the OM&A costs included in Table 4-4 and the employee costs that are included in OM&A each year from the response to part (b) above related to costs that are not employee related?**

d) **Do the FTE figures shown in Table 4-31 (as revised) reflect filled positions only or does it include vacancies? If the latter, please provide the equivalent FTE figures for vacancies in each of the years shown that are related to FTEs that are paid for through regulated distribution rates.**

4-Energy Probe-42

Ref: Exhibit 4, Tab 3, Schedule 2

a) **What is the status of the renegotiation related to water billing services provided to the City of Guelph?**

b) **Please explain why there is no mark-up associated with street and sentinel lighting services to the City.**

4-Energy Probe-43

Ref: Exhibit 4, Tab 3, Schedule 2

a) **Please explain the difference in the Board related costs shown in Table 4-62 and those shown in Tables 4-64 through 4-68.**

b) **Please confirm that no costs related to the GMHI board of directors is included in the 2016 revenue requirement or any of the historical and bridge year forecast for OM&A shown in Table 4-4.**

4-Energy Probe-44

Ref: Exhibit 4, Tab 3, Schedule 2 &
Exhibit 3, Appendix 3-B

a) **Please reconcile the costs shown in each line item for 2016 in Table 4-67 for services provided to GMHI and Envida and the figures shown for 2016 in the various tables in Appendix 3-B. In providing the response, please indicate which costs from Table 4-67 are reflected in the OM&A figures.**

b) **Please explain where the revenue and costs associated with street light and sentinel light services are shown in Appendix 3-B and/or OM&A costs.**

c) **Please explain the different figures for intercompany shared services in Appendix 3-B ($679,452) and staff resources in Table 4-68 of $656,349.**

d) **Please explain why GMHI allocates Board of Director costs to GHESI for the GMHI Board of Directors (Table 4-68) when the evidence states that there is no intercompany allocation of costs (page 5).**

4-Energy Probe-45

Ref: Exhibit 4, Tab 3, Schedule 7

Are there any charitable and/or political donations included in historical OM&A figures provided in Table 4-4? If yes, please identify any such costs by year that would not qualify for rate setting purposes.

4-Energy Probe-46

Ref: Exhibit 4, Tab 1, Schedule 1

Please explain why some useful lives (new additions only) continue to change in 2014 through 2016. For example, account 1508 for buildings shows a useful life of 25.41 years in 2014 (Table 4-76), but is 50.00 years in 2015 (Table 4-77), and 32.28 years in 2016 (Table 4-88). Is this based on the componentization of the assets in each of these accounts?

4-Energy Probe-47

Ref: Exhibit 4, Tab 5, Schedule 1

Please confirm that GHESI is no longer eligible for the small business credit.

4-Energy Probe-48

Ref: Exhibit 4, Tab 5, Schedule 1

a) **Has GHESI made its 2014 PILs filing? If yes, what were the SR&ED and ORDTC amounts included in that filing? If no, what are the estimated SR&ED and ORDTC amounts for 2014?**

b) **With respect to the Apprenticeship Training Tax Credit, please explain why the number of positions eligible for this credit remains at 6 in 2016, the same level as in 2014, despite the hiring of a number of apprentices in both 2015 and 2016.**

c) **Please reconcile the number of 6 apprentices eligible for the tax credit in 2016 with the figures shown in Table 4-55 and the explanations about the various apprentices being added in 2015 and 2016.**

4-Energy Probe-49

Ref: Exhibit 4, Tab 5, Schedule 1

Please explain the difference in the additions in the bridge year CCA schedule (Table 4-82) of $16,156,893 and the amount shown in the bridge year continuity schedule (Table 2-8) of $16,762,567.

4-Energy Probe-50

Ref: Exhibit 4, Tab 5, Schedule 1 & Exhibit 2, Tab 1, Schedule 1

There appear to be a number of discrepancies in the bridge year CCA schedule (Table 4-82) relative to the bridge year continuity schedule (Table 2-8). Please explain each of the following:

a) **Table 2-8, account 1611 $522,302 vs. Table 4-82, CCA class 12 $100,000;**
b) **Table 2-8, account 1930 $739,322 vs. Table 4-82, CCA class 10 $556,000;**
c) **Table 2-8, account 1920 $680,000 vs. Table 4-82 where this amount appears to have been placed in CCA class 45 instead of 50; and**
d) **Table 2-8, account 1980 $218,000 vs. Table 4-82 where this amount appears to have placed in CCA class 50 instead of 47.**

4-Energy Probe-51

Ref: Exhibit 4, Tab 5, Schedule 1 &
Exhibit 2, Tab 1, Schedule 1

There appear to be a number of discrepancies in the test year CCA schedule (Table 4-83) relative to the test year continuity schedule (Table 2-9). Please explain each of the following:

a) **Table 2-9, account 1920 $497,000 vs. Table 4-83 where this amount appears to have been placed in CCA class 45 instead of 50; and**

b) **Table 2-9, account 1980 $225,000 vs. Table 4-83 where this amount appears to have been placed in CCA class 50 instead of 47.**

4-Energy Probe-52

Ref: Exhibit 4, Appendix 4-D

a) **Please confirm that the figures shown in Schedule 8 (CCA) for the historical year match the PILs filing for 2014. If this cannot be confirmed, please explain fully any differences.**

b) **Please provide the 2014 actual PILs filing when it is available.**

<u>4-Energy Probe-53</u>

Ref: Exhibit 4, Tab 6, Schedule 3

Please show in the volumetric calculations (kWh and kW) the reduction in the 2012 through 2014 volumes included in the LRAM calculation as a result of the amounts already included in the 2012 forecast shown in Tables 4-85A and 4-85B.

EXHIBIT 5 - COST OF CAPITAL AND CAPITAL STRUCTURE

<u>5-Energy Probe-54</u>

Ref: Exhibit 5, Tab 1, Schedule 1

a) What is the current status related to the issuance of long term debt in 2015?

b) Given current market conditions and the increase in rates for benchmark Government of Canada bonds, as shown in the forecasts in Appendix 5-D, has GHESI done any analysis on the potential costs of waiting to issue this debt on the cost of long term debt that would need to be paid?

c) Why has GHESI assumed a 10 year term for the $30 million to be issued in 2015 or 2016?

d) Has GHESI approached Infrastructure Ontario for financing all or a portion of the $30 million? If not, why not?

e) What are the current rates available from IO for terms of 5, 10, 20 and 30 years?

f) Given the figures in Table 5-7, why has GHESI not locked in at rates that are expected to be 50 basis points lower in 2015 than in 2016?

g) Please explain the difference in the corporate spread forecast of 2.0% in Table 5-6 with the CIBC credit spread of 1.55% in Table 5-7.

h) Please update Table 5-7 and the forecasts found in Appendix 5-D to reflect the most recent forecasts available.

i) Please explain why GHESI has used only 3 of the 5 major chartered banks in Canada? Please provide the most recent forecasts for Government of Canada yields from TD Canada Trust and the Bank of Nova Scotia.

5-Energy Probe-55

Ref: Exhibit 5, Appendix 5-C

a) **Has GHESI looked at the cost of redeeming the existing $65 million debt held by CIBC and replacing it with a loan at a lower rate based on rates available today? If not, why not? If yes, please explain why GHESI is not proposing to replace the existing debt with debt at a lower rate.**

b) **If the response to part (a) is no, please show the cost of redemption and the impact of replacing this debt with lower priced debt based on rates currently available.**

EXHIBIT 6 - CALCULATION OF REVENUE DEFICIENCY OR SUFFICIENCY

6-Energy Probe-56

Ref: Exhibit 6, Tab 1, Schedule 1

Based on any corrections, changes or updates (such as the cost of power updates, small business deduction for PILs), please:

a) **Provide updated Tables 6-1 through 6-4; and,**

b) **Provide an updated RRWF (Appendix 6-A) that includes the appropriate and necessary entries in the Tracking Form. Please also provide the RRWF in electronic form.**

EXHIBIT 7 – COST ALLOCATION

7-Energy Probe-57

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

Please explain why GHESL has allocated LEAP funding costs only to the residential class.

7-Energy Probe-58

Ref: Exhibit 7, Table 7-8

The Board issued a new cost allocation policy for the street lighting rate class by a letter dated June 12, 2015.

a) **Please provide and updated cost allocation model that reflects the changes in the policy, including the change in the Board's target range for street lighting.**

b) **Please provide a revised Table 7-8 that shows the revenue to cost ratios that result from the changes and the proposed ratios.**

EXHIBIT 8 - RATE DESIGN

8-Energy Probe-59

Ref: Exhibit 8, Tab 1, Schedule 1

a) **Please confirm that based on Table 8-4, if the residential service charge were to recover 100% of the base revenue requirement for the residential class, the charge would be $29.36. If not confirmed, please calculate what the charge would be.**

b) **Assuming that one-quarter of the increase from the proposed residential monthly charge of $16.60 to the figure noted above ($29.36 or as otherwise calculated) were added to the proposed monthly fixed charge of $16.60 and the volumetric rate was correspondingly decreased, please provide the bill impacts shown for the residential class in Appendix 8-C & 8-D for levels of consumption of 100, 250, 500, 800, 1,000, 1,500 and 2,000 kWh.**

c) **Based on the most recent 12 months of billing data available, please provide a breakdown as to the number of residential customers that fall into the following ranges of monthly usage:**
   * **0-100 kWh**
   * **>100 – 250 kWh**
   * **>250 – 500 kWh**
   * **>500 – 800 kWh**
   * **>800 – 1,000 kWh**
   * **>1,000 – 1,500 kWh**
   * **>1,500 – 2,000 kWh**
   * **>2,000.**

8-Energy Probe-60

Ref: Exhibit 8, Tab 6, Schedule 1

The evidence indicates that GHESI currently bills the majority of its residential and GS < 50 kW customers on a bi-monthly basis.

a) **Does GHESI plan on moving to monthly billing for these customers in 2015 and/or 2016 as a result of the Board's mandate that these customers be billed on a monthly basis by the end of 2016? If so, what is the proposed timetable for such a move?**

b) **What costs and/or savings has GHESI included with the move to monthly billing? If GHESI has not included any such costs and/or savings, please provide a forecast for these costs and/or savings in 2016 and show the various components of the costs and/or savings.**

c) **For the latest 12 month period available, approximately what percentage of GHESI's distribution revenues (excluding cost of power) are from customers billed on a bi-monthly basis and from customers billed on a monthly basis?**

d) **What is the total cost included in the 2016 revenue requirement associated with the one-time credit service charge for e-billing shown in Table 8-15, including the 4,000 customers already on e-billing?**

e) **Where has GHESI included the costs associated with the proposed one-time credit noted above in the calculation of the revenue requirement?**

EXHIBIT 9 - DEFERRAL AND VARIANCE ACCOUNTS

9-Energy Probe-61

Ref: Exhibit 9, Tab 1, Schedule 1

Table 9-5 shows the amounts approved for disposition. Did GHESI track the amounts actually disposed of? If yes, please provide a table that shows the actual amounts disposed of.

9-Energy Probe-62

Ref: Exhibit 9, Tab 7, Schedule 1, pages 4-9

a) **Has GHESI filed any reports on the actual use of the functionality provided by the Zigbee chip? If yes, please provide all such reports.**

b) **Please describe, in detail, how GHESI has utilized the Zigbee chip to provide ratepayer benefits.**

c) **In the 2012 COS proceeding, GHESI indicated that in addition to the $600,000 capital investment for the Zigbee chip there would be an additional $479,000 to bring the chip into use. Did GHESI spend any money to bring the Zigbee chip into use? If yes, please indicate the amount broken down into OM&A and capital expenditures, by year. Please also indicate whether these additional capital expenditures are included in rate base and whether any of the incremental OM&A costs are included in the historical and/or bridge and/or test year figures shown in Table 4-4.**