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July 10, 2015

BY EMAIL & BY COURIER

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge St, Suite 2701  
Toronto ON M4P 1E4

Dear Ms. Walli:

**Board File No. EB-2015-0004**  
**Hydro Ottawa Limited --- 2016 CIR Application**  
**Energy Probe – Interrogatories to Applicant**

Pursuant to Procedural Order No. 2, issued June 29, 2015, please find attached the Interrogatories of Energy Probe Research Foundation (Energy Probe) to Hydro Ottawa Limited in the EB-2015-0004 proceeding.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh  
Case Manager

cc. Geoff Simpson, Hydro Ottawa (By email)  
Fred D. Cass, Aird & Berlis LLP, Counsel to Hydro Ottawa (By email)  
Randy Aiken, Aiken & Associates (By email)  
Parties of Interest (By email)

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**Energy Probe Research Foundation** 225 BRUNSWICK AVE., TORONTO, ONTARIO M5S 2M6

Phone: (416) 964-9223 Fax: (416) 964-8239 E-mail: [EnergyProbe@nextcity.com](mailto:EnergyProbe@nextcity.com) Internet: [www.EnergyProbe.org](http://www.EnergyProbe.org)

**Ontario Energy Board**

**Hydro Ottawa Limited**

**Application for electricity distribution rates for the  
period from January 1, 2016 to December 31,  
2020.**

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**INTERROGATORIES OF  
ENERGY PROBE RESEARCH FOUNDATION  
("ENERGY PROBE")**

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**July 13, 2015**

**HYDRO OTTAWA LIMITED  
2016 -2020 CUSTOM IR APPLICATION  
EB-2015-0004**

**ENERGY PROBE RESEARCH FOUNDATION  
INTERROGATORIES**

**EXHIBIT A – ADMINISTRATIVE**

**1-Energy Probe-1**

**Ref: Exhibit A, Tab 2, Schedule 1, Updated**

**On page 9 of the evidence it is stated that the initial capital funding requests were higher than that applied for in this application.**

- a) Please provide a table that shows, for each of the four major expenditure categories, the initial capital funding request and the final amounts included in this application for each of 2016 through 2020.**
- b) Please explain how HOL prioritized the capital expenditures in order to reduce the initial requests.**

**1-Energy Probe-2**

**Ref: Exhibit A, Tab 2, Schedule 1, Updated**

- a) Please confirm that 100 basis points of return on equity on a pre-tax basis is approximately \$5 million in 2016, rising to about \$6 million in 2020.**
- b) If the above figures cannot be confirmed, please provide the figures for 2016 and 2020 for a 100 basis point return on equity on a before tax basis.**

**1-Energy Probe-3**

**Ref: Exhibit A, Tab 2, Schedule 1, Updated**

**HOL proposes to report annually on actual capital expenditures by program type versus budgeted figures by program type.**

- a) Please confirm that what HOL means by "program type" are system access, system renewal, system service and general plant.**

- b) If (a) is not confirmed, please explain what HOL means by "program type".
- c) Please explain why HOL is not proposing to report annually on actual versus budget costs on a project by project basis.

#### **1-Energy Probe-4**

**Ref: Exhibit A, Tab 2, Schedule 1, Updated**

**At page 18, HOL states that it has used the half year rule in the calculation of rate base in 2016-2020.**

- a) Please confirm that HOL used the half year rule in the calculation of depreciation and rate base in its 2012 test year filing in EB-2011-0054 and has continued to use the half year on an actual basis for 2012 through 2015.
- b) If (a) cannot be confirmed, please explain any differences.

#### **1-Energy Probe-5**

**Ref: Exhibit A, Tab 2, Schedule 1, Updated**

**On page 15, HOL indicates it proposes to treat the costs for its new facilities as a Y factor. On page 19 in Table 6, HOL shows its capital expenditures over the 2016 through 2020 period.**

- a) Are the capital expenditures associated with the new facilities included in Table 6?
- b) If the response to part (a) is no, please provide a revised Table 10 showing the revised revenue requirement with the cost of the new facilities included in rate base when they would go into service.

#### **1-Energy Probe-6**

**Ref: Exhibit A, Tab 2, Schedule 1, Updated**

**Please expand Table 13 to include columns for 2019 and 2020. In each row in those additional columns, please indicate whether the revenue requirement component would be the same as in previous years, or whether it would be determined in a future proceeding. For example, would the load forecast for 2019 and 2020 determined in this proceeding be used or would it be updated, as is HOL's proposal to update the inflation factors used in 2019 and 2020?**

### **1-Energy Probe-7**

**Ref: Exhibit A, Tab 2, Schedule 1, page 14, Updated**

- a) How has the inflation forecast for 2015 and 2016 been estimated? Please explain how this forecast has been used in setting the OM&A expense forecast for 2015 and 2016.**
- b) HOL expects to update the inflation forecast for 2017 and 2018 using the Conference Board of Canada's 2015 fall forecast.
  - i) When is this fall forecast expected to be available?**
  - ii) How often does the Conference Board of Canada update its forecast?**
  - iii) What forecast is the 2.1% used by HOL based upon?**
  - iv) Please provide the most recent GDP-IPI forecast for 2015 through 2018 available from the Conference Board of Canada.****
- c) Please explain why the 2017 fall forecast from the Conference Board of Canada would be used to establish the final inflation rates used for 2019 and 2020. Would there not be a more recent forecast available in the fall of 2018?**

### **1-Energy Probe-8**

**Ref: Exhibit A, Tab 6, Schedule 5**

**Please provide a version of Table 1 that shows the cumulative bill impact over the 2016 through 2020 period.**

### **1-Energy Probe-9**

**Ref: Exhibit A, Tab 6, Schedule 9**

- a) Has HOL moved to monthly billing as of the current time for all of its customers?**
- b) If the response to (a) is no, please indicate if HOL has moved some of its customers to monthly billing in 2013 or beyond?**
- c) If the response to (a) is no, when does HOL propose to move all of its customers to monthly billing?**

- d) If the response to part (c) above is later than the end of 2016, please explain why HOL will not be in compliance with the Board's April 15, 2015 Amendments to the Distribution System Code (EB-2014-0198).

**1-Energy Probe-10**

**Ref: Exhibit A, Tab 8, Schedule 1**

**Please confirm that there is no cost associated with the Board of Directors of Hydro Ottawa Holding Inc. in any of the OM&A expenses shown in the evidence for the historical, bridge or test years. If this cannot be confirmed, please quantify the amount included for each year.**

**1-Energy Probe-11**

**Ref: EB-2014-0002 Settlement Agreement dated September 22, 2014**

- a) **Please comment on the acceptability to HOL of the Efficiency Adjustment included in the Horizon Utilities settlement agreement as described on pages 31-32 of that agreement.**
- b) **Please comment on the acceptability to HOL of the Capital Investment Variance Account included in the Horizon Utilities settlement agreement as described on pages 32-35 of that agreement.**

**EXHIBIT B – RATE BASE**

**2-Energy Probe-12**

**Ref: Exhibit B, Tab 1, Schedule 1, Updated**

- a) **Please confirm that the mid-year average basis referenced on Page 1 for calculating rate base is actually the average of the opening and closing value of net fixed assets.**
- b) **Please update Tables 1 & 2 for 2015 figures to reflect the most recent year-to-date actual information available, along with the current forecast for the remainder of 2015. If these changes result in any changes in 2016 through 2020, please explain (eg. deferred projects, timing of projects placed into service, etc.).**

### **2-Energy Probe-13**

**Ref: Exhibit B, Tab 1, Schedule 2, Updated**

- a) Please explain what is represented by the percentage figures shown in two lines in Table 2.2.1, as they do not appear to represent growth in either population or GDP.**
- b) The evidence at page 93 indicates that HOL operates on an additional 11,635 wood and 126 non-wood poles which are owned by third parties. Please elaborate on who the pole owners are and what rate HOL pays to be able to use these poles.**
- c) Please update Table 3.4.1 to reflect year-to-date actuals for 2015 and the forecast for the remainder of 2015.**
- d) If impacted by the changes in 2015, please update Table 3.4.2 to reflect any changes.**

### **2-Energy Probe-14**

**Ref: Exhibit B, Tab 1, Schedule 2, Updated**

- a) With respect to Table 3.4.3, 3.4.5, 3.4.7 and 3.4.9, please explain what the percentages shown in the variance columns represent. Please also reconcile these percentage figures with those shown in Table 3.4.1.**
- b) Some of the percentage variance figures in Table 3.4.1 do not appear to be correct. For example, system access spending in 2012 was lower than plan, but shows a positive variance. Please reconcile and, if necessary, correct Table 3.4.1. Please also provide an electronic version of the spreadsheet.**
- c) Please update Appendix 2-AB to reflect the 2015 figures to reflect the most recent year-to-date actual information available, along with the current forecast for the remainder of 2015.**

### **2-Energy Probe-15**

**Ref: Exhibit B, Tab 1, Schedule 2, Updated**

- a) When did HOL begin to use the facilities noted in Table 3.4.13? If HOL is not yet using any of these facilities, when will HOL begin to use the facilities?**

- b) Please provide a table for 2011 through 2020 that shows the cumulative capital expenditures for the East Ops & Campus & South Ops broken down into land and building. For each of these four line items, please show the amount that has been included in rate base in each year and the amount that is in CIP for each of the years shown.**
- c) Table 3.4.12 shows the forecasted dates for Hydro One CCRA true-ups and Table 3.4.11 includes amounts for each year. Please show how HOL has forecasted each of the true-up amounts associated with each of the line items shown in Table 3.4.12.**
- d) Please confirm that all of the line items shown in Table 3.4.12 are currently in-service. If some are not, please indicate when they are expected to be in service.**

#### **2-Energy Probe-16**

**Ref: Exhibit B, Tab 2, Schedule 1, Appendix 2-BA, Updated**

- a) Please provide an updated Appendix 2-BA continuity schedule for 2015 that reflects 2014 actuals, the most recent year-to-date actuals for 2015 and the most recent forecast for the remainder of 2015.**
- b) Please provide an updated Appendix 2-BA continuity schedules for 2016 through 2020 that reflect any changes as a result of the responses to part (a) above.**
- c) Please explain why the disposals (cost and accumulated depreciation) are the same for each of 2015 through 2020 in the continuity schedules (Appendix 2-BA).**

#### **2-Energy Probe-17**

**Ref: Exhibit B, Tab 2, Schedule 1, Appendix 2-BA, Updated**

- a) Please confirm that HOL does not have any fully allocated depreciation expense.**
- b) If (a) cannot be confirmed, please indicate the amount of fully allocated depreciation expense forecast for each of 2016 through 2020 and provide a break down for each year between the amount that is capitalized and the amount that is expensed.**



## **2-Energy Probe-18**

**Ref: Exhibit B, Tab 3, Schedule 1, Updated**

- a) HOL will not be submitting a lead-lag study until September, 2015. Does HOL agree that once this evidence is submitted it should be subject to the interrogatory process? If not, please explain why not?**
- b) What is the impact on the revenue requirement in 2016 of a one percentage point change in the WCA rate?**

## **2-Energy Probe-19**

**Ref: Exhibit B, Tab 3, Schedule 1, Updated**

- a) Please show how and where in Attachment B-3(A) COP 2016-2020 the RPP price is used to calculate the cost of power.**
- b) Please explain how the line labeled "rebates" in Attachment B-3(A) COP 2016-2020 is calculated.**
- c) Please explain how the line labeled "Global Adjustment Total" in Attachment B-3(A) COP 2016-2020 is calculated.**
- d) How has HOL determined the split between RPP and non-RPP volumes? Please show where in Attachment B-3(A) COP 2016-2020 this split is taken into account.**
- e) The figures in Attachment B-3(A) COP 2016-2020 show a wholesale market charge of \$0.00592, whereas the evidence on page 3 indicates a rate of \$0.0057 was used. Please reconcile.**

## **2-Energy Probe-20**

**Ref: Exhibit B, Tab 3, Schedule 1, Updated**

**Please update the cost of power for 2016 through 2020 based on the most recent Regulated Price Plan Price Report available. Please show all calculations used as part of this update. Please also provide updates for Tables 1, 2, 3 and 4 as well as Attachment B-3(A) COP 2016-2020.**

## **EXHIBIT C – OPERATING REVENUE**

### **3-Energy Probe-21**

**Ref: Exhibit C, Attachment C-1(B), Updated**

- a) Please explain how HOL has calculated normalized volumes. In particular, please provide an example showing the calculation of the normalized residential volumes in 2013, including the actual residential volumes in 2013.**
- b) Does the calculation methodology requested in part (a) take into account actual volumes in 2013? If not, please confirm the normalized volumes are not normalized actual volumes, but normalized forecast volumes.**

### **3-Energy Probe-22**

**Ref: Exhibit 3, Tab 2, Schedule 1, Updated**

- a) Please indicate which accounts in Appendix 2-H are impacted by customer growth.**
- b) Please provide a table that shows the Bridge Year 2015 forecast broken out in the same level of detail as shown in Appendix 2-H, that shows the amounts that are impacted by customer growth and the amounts that are independent of customer growth.**
- c) What proportion of the total other revenues shown in Appendix 2-H is impacted by a change in the number of customers?**

### **3-Energy Probe-23**

**Ref: Exhibit 3, Tab 2, Schedule 1, Updated**

**The evidence indicates that there is a reduction in late payment charges in 2016 compared to 2015 to reflect the promotion of automated payment withdrawal services to major accounts, resulting in a reduction in late payment charges of about \$15,000 per month.**

- a) Please provide the historical and forecast collection expenses for each of 2012 through 2016.**
- b) Has HOL factored in either customer growth or increases in the cost of power in its calculation of the late payment penalty charges?**

### **3-Energy Probe-24**

**Ref: Exhibit 3, Tab 2, Schedule 1, Updated**

**As shown in Appendix 2-H, the actual 2014 revenues were approximately \$400,000 higher than the forecast for 2014. This increase was driven by increases in account 4235, in account 4086 and a net margin increase in accounts 4325 and 4330.**

- a) Please explain why the bridge year forecast for account 4235 is significantly lower than the actual 2014 revenue.**
- b) Is the difference in the revenues in account 4235 between 2012 and 2014 (actual) and the 2015 forecast driven by activity and not by any changes in the charges for the services included in account 4235?**
- c) Please explain the lower forecast figures for account 4086 for 2015 and 2016 compared to the historical figures shown for 2012 through 2014.**
- d) Please explain the decline in margin between the revenues shown in account 4325 and the expenses in account 4330 by about \$250,000 between 2016 and 2014.**

### **3-Energy Probe-25**

**Ref: Exhibit 3, Tab 2, Schedule 2, Updated**

- a) Please explain what is included in "Misc Revenue" in Table 1.**
- b) HOL has recorded more than \$2 million in "Misc Revenue" in 2012 through 2014, but is not forecasting any revenue in this line item in 2015 through 2020. Please explain.**

## **EXHIBIT D – OPERATING COSTS**

### **4-Energy Probe-26**

**Ref: Exhibit D, Tab 1, Schedule 2, Appendix 2-L, Updated**

**What is the difference between the total recoverable OM&A figures shown in Appendix 2-L and the figures shown in the RRWF for OM&A expenses and property taxes?**

#### **4-Energy Probe-27**

**Ref: Exhibit D, Tab 1, Schedule 2, Updated**

**Please expand Table 3 to reflect the number of customers in 2011 and 2012 Board approved.**

#### **4-Energy Probe-28**

**Ref: Exhibit D, Tab 1, Schedule 3, Updated**

**Has HOL done any analysis of the impact on OM&A of a 1% change in the number of customers? If yes, please provide this analysis and provide the corresponding percentage change in OM&A associated with a 1% change in customers. If no, please explain why not.**

#### **4-Energy Probe-29**

**Ref: Exhibit D, Tab 1, Schedule 3, Updated**

- a) Please explain why the differences found in Tables 2 through 7 do not appear to match the changes shown in Table 1. For example, in Table 3, the increase in 2016 over 2015 is \$831,000, while in Table 1, it is shown as \$1.0 million. Similarly in Table 4, there is a decrease between 2015 and 2016 of \$0.8 million, but Table 1 shows a decrease of \$0.4 million.**
- b) Please explain the adjustment in Table 1 that is labelled "Inventory Scrap recovery reclass out of OM&A". Please also indicate where this reclassification is reflected elsewhere in the revenue requirement.**
- c) Please indicate where in Table 1 the reduction of \$860,000 for the movement of 26.9% of the customers to e-billing has been reflected.**
- d) Please explain the e-billing option or options available to HOL customers. For example, does HOL send an e-mail to the customers telling them that their invoice is now available for viewing on the HOL website, or does HOL e-mail a copy of the invoice directly to the customer?**

#### **4-Energy Probe-30**

**Ref: Exhibit D, Tab 1, Schedule 4, page 23**

- a) Does HOL charge a fee for credit card payments? If yes, please quantify.**

- b) What is the cost to HOL for receiving credit card payments?

**4-Energy Probe-31**

**Ref: Exhibit D, Tab 1, Schedule 5**

- a) Please confirm that HOL was in the middle efficiency cohort group (i.e. 2 out of 3) in each of 2012 and 2013.
- b) Please confirm that HOL was in Group 3 (of 5) for stretch factor assignments in both 2014 and 2015.

**4-Energy Probe-32**

**Ref: Exhibit D, Tab 1, Schedule 8, Updated**

- a) Please add two lines to Appendix 2-K that shows for each of the years shown the total employee related costs that are capitalized and the total employee costs that are included in OM&A.
- b) If there are any significant changes in the ratio of capitalized costs to total employee costs over the years shown in the above requested table, please provide explanations.
- c) Please confirm that HOL does not have a forecast for employee costs beyond 2016. If this cannot be confirmed, please provide the 2017 through 2020 details in the same level of detail as shown in Appendix 2-K.

**4-Energy Probe-33**

**Ref: Exhibit D, Tab 1, Schedule 8, Updated**

**Does HOL have a forecast for headcount for the years 2017 through 2020? If yes, please provide updated Tables 2, 3 and 4 to reflect these additional years. If no, please explain why not.**

#### **4-Energy Probe-34**

**Ref: Exhibit D, Tab 3, Schedule 1, Updated**

**The evidence indicates that in the case of material discrete investments, HOL uses the actual or forecasted in-service month to calculate depreciation.**

**Please provide the forecasted in-service month in each of 2015 through 2016 for each material discrete investment for which HOL has not used the half year rule.**

#### **4-Energy Probe-35**

**Ref: Exhibit D, Tab 4, Schedule 1**

**Please show the derivation of the number of positions eligible for the Ontario Apprenticeship Tax Credits as shown in Table 4.3. Please explain this derivation in relationship to the 13 eligible positions claimed in 2013 and the actual number of positions claimed for 2014.**

#### **4-Energy Probe-36**

**Ref: Exhibit D, Tab 4, Schedule 1**

**Please provide a copy of the income tax return for the year ended December 31, 2014.**

#### **4-Energy Probe-37**

**Ref: Exhibit D, Tab 4, Schedule 1**

- a) Please explain the forecast of 15 co-op students in each of the test years, when HOL had 20 such positions in 2012 and 18 in 2013.**
- b) How many eligible co-op positions did HOL have in 2014?**

#### **4-Energy Probe-38**

**Ref: Exhibit D, Tab 4, Schedule 1, Attachments**

- a) Have the PILs work forms and calculations been updated to reflect actual capital expenditures in 2014, the updated expenditures in 2015 and the associated CCA impacts in the 2015 and following years?**
- b) Please confirm that for 2015, HOL has used the full CCA deduction available, even though it is not required, since the taxable income falls below \$0 when the full CCA deduction is utilized in 2015.**
- c) Please confirm that HOL is not required to claim the full amount of the CCA deduction to which it is entitled if it results in a loss for tax purposes, and that if it did not do so, it would have a higher UCC at the end of 2015, which would result in a higher amount of CCA available for 2016 and subsequent years.**
- d) The evidence states at Page 4 that HOL is not forecasting any loss carry forwards being available at the end of 2015. However, as shown in the bridge year PILs calculation included in the 2016 PILS workform, HOL is forecasting a net loss for tax purposes of about \$7.5 million. Please reconcile.**
- e) Please provide updated PILs work forms (including live Excel spreadsheets) that take into account the June 29, 2015 updates and any further changes that HOL may make as a result of the interrogatory responses. In providing this update, please indicate how HOL proposes to treat the 2015 net loss in 2015 for PILs purposes.**

#### **EXHIBIT E - COST OF CAPITAL & CAPITAL STRUCTURE**

#### **5-Energy Probe-39**

**Ref: Exhibit E, Tab 1, Schedule 1**

**HOL proposes to keep the cost of capital parameters in place for 2016 through 2018 (capital structure, return on equity, deemed long term debt rate and short term debt rate).**

- a) If the Board issues a new report on the cost of capital that results in changes to the deemed capital structure or the calculation of the rates used for debt and/or equity before the end of 2015 and to be applied to 2016 rate applications, would these changes be reflected by HOL in the 2016-2018 parameters?**

- b) If the Board issues a new report on the cost of capital that results in changes to the deemed capital structure or the calculation of the rates used for debt and/or equity after the end of 2015 and to be applied to 2017 rate applications, would these changes be reflected by HOL in the 2016-2018 parameters?**
- c) If the Board issues a new report on the cost of capital that results in changes to the deemed capital structure or the calculation of the rates used for debt and/or equity before the end of 2018, would these changes be reflected by HOL in the 2019-2020 parameters?**

**5-Energy Probe-40**

**Ref: Exhibit E, Tab 1, Schedule 1**

- a) Please update Table 2 to reflect the April, 2015 Consensus Long Term Forecast.**
- b) Please confirm that it is HOL's proposal to update this table based on the October, 2015 Consensus Long Term Forecast.**

**5-Energy Probe-41**

**Ref: Exhibit E, Tab 1, Schedule 1, Appendix 2-OB**

- a) What is the status of the July 1, 2015 loans shown on lines 8 and 9 of the 2015 table? If loans have been entered into, please update Appendix 2-OB to reflect this.**
- b) Please explain how the interest rate of 4.968% shown in line 1 of the 2016 table was determined when the rate was changed in May, 2013.**
- c) Please confirm that the reductions in the rates for the promissory notes shown in lines 2, 3 and 4 in the 2016 table which take place in subsequent years is the removal of the issuance costs which are amortized over the first five years of the notes, as noted on page 3 of the evidence.**



#### **5-Energy Probe-42**

**Ref: Exhibit E, Tab 1, Schedule 1, Attachment E-1(B) & Appendix 2-OB**

**Schedule A of the attachment shows two advances, one for \$30 million (4.94%) and one for \$60 million (4.77%), as well as the payment of \$60 million. There is no payment noted for the \$30 million draw. Please show in the 2016 table in Appendix 2-OB where this \$30 million at a rate of 4.94% is shown.**

#### **EXHIBIT F - REVENUE SUFFICIENCY/DEFICIENCY**

#### **6-Energy Probe-43**

**Ref: Exhibit F**

**Upon completion of the interrogatory responses, please provide updated Tables 1 through 7 and corresponding RRWFs that reflects any and all changes made as a result of the responses to the interrogatories and any updates or corrections made to the evidence, including the June 29, 2015 update. Please include a live Excel version of each of the RRWF spreadsheets, including the tracking form that shows the changes made, the source of each change and the impact of each change.**

#### **6-Energy Probe-44**

**Ref: Exhibit F, RRWFs**

**Please explain why there is no Revenue Offsets on line 9 of the Revenue Requirement sheet of the RRWF for each of 2017 through 2020.**

#### **EXHIBIT G – COST ALLOCATION**

#### **7-Energy Probe-45**

**Ref: Exhibit G, Tab 1, Schedule 1, Appendix 2-P**

**Please explain why in the rebalancing revenue-to-cost ratios table, HOL is proposing to reduce the revenue-to-cost ratios for some classes that are already below 100 while at the same time increasing the ratios for other classes that are already above 100.**

### **7-Energy Probe-46**

**Ref: Exhibit G, Tab 1, Schedule 1, Appendix 2-P**

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

- a) Please provide an updated cost allocation model for each year that reflects the changes in the policy, including the change in the Board's target range for street lighting.**
- b) Please provide a revised Appendix 2-P that shows the revenue to cost ratios that result from the changes along with the proposed ratios.**

### **EXHIBIT H - RATE DESIGN**

### **8-Energy Probe-47**

**Ref: Exhibit H, Tab 8, Schedule 1**

**Does HOL propose to update the LV forecast each year, similar to its proposal for retail transmission service rates? If not, why not?**

### **8-Energy Probe-48**

**Ref: Exhibit H, Tab 12, Schedule 1**

- a) Please provide a version of Table 1 that shows the bill impacts for the residential class only for levels of consumption of 100, 250, 500, 800, 1,000, 1,500 and 2,000 kWh, as detailed in Appendix 2-W.**
- b) 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.**

## **EXHIBIT I - DEFERRAL & VARIANCE ACCOUNTS**

### **9-Energy Probe-49**

**Ref: Exhibit I, Tab 1, Schedule 1, Updated**

**Footnote 1 in Table 4 indicates that balances at the end of 2015 for the group 2 accounts that would continue would not be disposed of until 2018 for inclusion in 2019 rates. Please explain why these balances at the end of 2015 could not be disposed of in 2016 as part of the 2017 rates, thereby eliminating carrying costs for 2 years.**

### **9-Energy Probe-50**

**Ref: Exhibit I, Tab 1, Schedule 2**

- a) Please confirm that if Hydro One UTR's are approved in time for adjusting HOL rates on January 1, HOL would use those rates rather than using the previous years' UTRs.**
- b) Given that HOL will be filing to update retail transmission rates each year, and may be filing for the disposition of the LRAMVA balances on an annual basis, why would not there not be an automatic disposition of the Group 1 account balances at the same time?**
- c) Given that HOL will be filing to update retail transmission rates each year, and may be filing for the disposition of the LRAMVA balances on an annual basis, why would not there not be an automatic disposition of the Group 2 account balances at the same time?**

### **9-Energy Probe-51**

**Ref: Exhibit I, Tab 1, Schedule 2 &  
Exhibit B, Tab 1, Schedule 2, Updated**

- a) What is the total projected cost associated with the facilities to which the Facilities Implementation Plan - Y Factor would apply? Please reconcile this cost with the figures shown in Table 3.4.13 in Exhibit B, Tab 1, Schedule 2, Updated.**
- b) How much of the above is included in the capital expenditures shown in Table 3.4.1 in Exhibit B, Tab 1, Schedule 2, Updated? Please provide a version of Table 3.4.1 that excludes the amounts included in the Y factor.**

- c) Please confirm that HOL has not included any of the costs of the new facilities (land and buildings) in capital additions closed to rate base in any of the years shown in the continuity schedules in Appendix 2-BA, Updated. If this cannot be confirmed, please indicate the amount that is/would already be included in rate base, around which the variance would be captured in the Y factor account.
- d) Please confirm that the interest cost and return to be recorded in this account would be based on the capital structure (4% short term debt, 56% long term debt and 40% equity) and would be based upon the approved rates for all three of these components that would be set for 2016-2018 and adjusted for 2019-2020.
- e) Please confirm that the PILs would include capital cost allowance deductions for the buildings.
- f) Does the cost related to these projects relate solely to land and buildings or would it also include costs for furniture, fixtures, etc.?
- g) Please confirm that the Y factor would not include any OM&A related expenses or property taxes.
- h) How has HOL factored in changes in property taxes associated with the current land and buildings being utilized to those associated with the new assets?

## **9-Energy Probe-52**

**Ref: Exhibit I, Tab 1, Schedule 2**

- a) Please explain why HOL proposes to record the after tax gain/loss from the sale of the existing facilities rather than the pre-tax gain/loss?
- b) Is HOL aware of how Toronto Hydro has dealt with the disposal of land and buildings? If yes, please provide the details.
- c) Does HOL agree that any amounts credited to customers should be grossed up for PILs? If not, please explain why not.
- d) For each of the properties that will be disposed of, please provide the gross value and net book value for each of the components of the individual properties (eg. land separate from building, etc.).

- e) **Would the 50/50 sharing of the gain/loss on the land be applicable if HOL sold the land to an affiliate?**
- f) **Please explain the basis for the proposed 50/50 sharing of the gain/loss on the land.**

**9-Energy Probe-53**

**Ref: Exhibit I, Tab 1, Schedule 2**

- a) **With respect to the transition to monthly billing, please confirm that HOL has transitioned all of its customers to monthly billing by the end of 2014.**
- b) **If (a) is not confirmed, please explain the statement at Page 2 of Exhibit B, Tab 3, Schedule 1 where it is stated that HOL implemented a new billing system in the first quarter of 2013 and as part of that implementation, HOL implemented monthly billing.**
- c) **What costs are included in 2014, 2015 and 2016 with respect to monthly billing and already included in the revenue requirement?**

**9-Energy Probe-54**

**Ref: Exhibit I, Tab 1, Schedule 2**

- a) **Please confirm the variance account related to account 4362 includes both losses and gains associated with retirement of utility and other property.**
- b) **Please confirm that the gain of the disposition of vehicles would be included in account 4362.**

**9-Energy Probe-55**

**Ref: Exhibit I, Tab 1, Schedule 2**

- a) **With respect to the account for earnings sharing, HOL proposes that this be calculated on a normalized basis. Please explain fully how HOL would normalize revenues, costs and/or rate base.**

- b) One of the exclusions noted in the calculation of the earnings sharing is changes in taxes/PILs to which account 1592 applies. Please explain this exclusion, given that HOL proposes to discontinue this account (Table 4 of Exhibit I, Tab 1, Schedule 1).**
- c) With respect to the Z factor recovery mechanism, would HOL apply for a Z factor even if it exceeded its approved return on equity?**

**9-Energy Probe-56**

**Ref: Exhibit I, Tab 7, Schedule 1**

- a) Please indicate how HOL proposes that the costs associated with providing a retail service to customers will be recovered from those customers given the proposal to eliminate the tracking of costs and revenues in the 1518 and 1548 variance accounts.**
- b) The evidence states that both revenues and costs related to retailer transactions are included in HOL's requested revenue requirement. Please confirm that these costs are forecast to be recovered through charges included in Other Revenue and will not be recovered through distribution rates.**

**9-Energy Probe-57**

**Ref: Exhibit I, Tab 8, Schedule 1**

- a) Please update Table 1 to reflect principle balances to December 31, 2014, along with forecasted interest to December 31, 2015.**
- b) Is the balance of \$3.1 million in the P&OPEB account at the end of 2013 a credit or debit to ratepayers?**