

Clarification Questions – Energy Probe

Halton Hills Hydro Inc.

EB-2015-0074

February 1, 2016

EXHIBIT 2 – RATE BASE

1. Ref: 2-Staff-3

The response indicates that the contributed capital for 2012 should be (\$1,085,377) rather than \$39,153 as shown in Tale 2-25 and that there is no impact to revenue requirement.

Please explain if Table 2-18 is still correct given it includes the incorrect figure for capital contributions. If the table is not correct, please explain why the correction would not impact all of the continuity schedules, including that for the test year in Tables 2-19 through 2-22. If these tables are impacted, please provide new Tables 2-18 through 2-22.

Response:

As explained in 2 –Staff -3, the change in contributed capital for 2012 was between the beginning balance and the additions for 2012. Ending balance did not change and as a result there is no impact to revenue requirement.

2. Ref: 2-Energy Probe-8

- a) Please explain why there is no deferred revenue (capital contributions) shown in the updated continuity schedule for 2015.
- b) The response to part (d) is not complete. Please provide an updated Table 2-22 that reflects the lower closing balances shown in the response to part (c) for the 2015 bridge year. If applicable, please also update the 2016 continuity schedule to reflect the impacts of the previous clarification question. Please also include in the updated Table 2-22 the impact of the response to 2-SEC-23.

Response:

- a) At time of filing reply to the interrogatories a forecast for 2015 deferred revenue was not available.
- b) HHHI does not expect any significant variance from its 2015 capital budget that was filed in its application that would impact rate base and as result the change to 2016 opening balance and depreciation expenses would be immaterial.

3. Ref: 2-SEC-23

- a) Please show the calculation of the reduction in the depreciation expense shown in the RRWF of \$828,390.
- b) Has the elimination of the negative net book value been reflected in the rate base calculation used in the RRWF?

Response:

- a) The calculation for the reduction in depreciation expense of \$828,390 is presented below.

Revised Dep Exp for Account 1920 and 1925								
OEB Acc	Description	Useful Life	Opening Balance NBV	2016 Addition	Closing Balance	2016 Dep. Exp on Opening Bal.	2016 Dep. Exp on Additions - Half Year Rule	Total
		A	B	C	D = B + C	F = B/A	G = C/A/2	H = F + G
1920	Computer Equipment	3	67,863	75,000	142,863	22,621	12,500	35,121
1925	Computer Software	2	34,401	2,800	37,201	17,201	700	17,901
Total								53,022
Dep Exp for Account 1920 and 1925 Filed								
1920	Computer Equipment							210,932
1925	Computer Software							670,479
Total								881,411
Reduction in Dep Expenses								- 828,390

- b) Yes.

EXHIBIT 3 – OPERATING REVENUE

4. Ref: 3-Energy Probe-15

Please explain the significant increase in GS < 50 and the decrease in GS > 50 customers in 2015 as compared to the forecast.

Response:

As per the approved Tariff of Rates and Charges, the definition of a Residential customer

*“applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separate metered living accommodation. **Customers shall be residing [emphasis added] in single-dwelling units that consist of...**”.*

As such, for new developments (new homes), HHHI classifies the home as General Service less than 50 kW for the time that the builder is using the electricity for building and/or finishing purposes. At the time a customer, who will be residing in the residence, moves in, the account becomes a Residential service. As there is significant building currently happening in the HHHI area, the General Service class is elevated at the current time.

The decrease in General Service 50 to 999 kW can be attributed to re-classification. HHHI annually reviews the consumption and demand for General Service customers and will re-classify as required. In 2015, there were a number of customers in the General Service 50 to 999 kW class that reduced their average annual demand resulting in change to the General Service less than 50 kW class.

5. Ref: 3-Energy Probe-19

Why has the 2016 revenue for microfit customers of \$8,003 not been reflected in the forecast shown in Table 3-21A?

Response:

HHHI has excluded the microfit revenue from Table -3-21A in order to balance to the revenue requirement from the cost allocation model. Also this amount was immaterial.

6. Ref: 3-Energy Probe-20

Please provide the dollar value of the costs for the items included in the response to part (b).

Response:

The dollar value of the cost of the items included in the response to part (b) is \$125, 431. This amount is the actual costs HHHI incurred to assist the Town of Halton Hills in the ice storm clean up.

EXHIBIT 4 – OPERATING EXPENSES

7. Ref: 4-Staff-26

Based on the customer numbers in Table IRR-48, how many customers did HHHI have in 2011?

Response:

Please refer to the 2011 Actual numbers as presented in the Load Forecast.

8. Ref: 1-Energy Probe-5 & 4-Staff-32

- a) Please break down the Management services cost from HHCEC of \$273,723 in 2016 into each of the components that make up the cost including such things as HHCEC Board of Directors, Board of Director costs, legal, audit, etc.
- b) The response to part (f) of 4-Staff-32 refers to return envelope costs. Does HHHI provide customers with return envelopes to pay their bills?

Response:

- a) Detail breakdown of the cost is not available.
- b) Yes, HHHI provides self-addressed envelopes with no postage to customers to pay their bills.

9. Ref: 4-Staff-24 & 4-Energy Probe-22

Please confirm that the figures shown in Table IRR-47 for the 2015 bridge year forecast are based on year to date actuals for all of 2015. If this cannot be confirmed, please indicate the last month of actuals for 2015 and provide the response to the question in 4-Energy Probe-22.

Response:

The figures shown in Table IRR-47 for 2015 bridge year forecast is YTD actuals to November and December forecasted.

10. Ref: 4-Energy Probe-28

Please provide the dollar value of the OM&A expenses noted in the response to part (a).

Response:

The dollar value of the OM&A expenses noted in the response to part (a) is \$331,697.

11. Ref: 4-Staff-26 and 4-SEC-34

Please explain why the customer numbers in the versions of Appendix 2-L do not match.

Response:

After updating the load forecast through these clarifying questions HHHI submits the customer counts for Appendix 2-L (all variations) should reflect the following customer numbers:

	Last Rebasing Year - 2012- Board Approved	Last Rebasing Year - 2012- Actual	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Number of Customers	21,202	21,265	21,279	21,488	21,728	22,039

EXHIBIT 5 - COST OF CAPITAL AND CAPITAL STRUCTURE

12. Ref: 5-Staff-40

The response indicates that the note payable has no fixed terms of repayment. Appendix 5-A in Exhibit 5 indicates that the note payable has a due date of December 31, 2020. Please reconcile.

Response:

The note payable has no fixed term of repayment but a due date of December 31, 2020 for renewal.

EXHIBIT 6 - CALCULATION OF REVENUE DEFICIENCY OR SURPLUS

13. Ref: 6-Energy Probe-39

Based on any corrections resulting from the clarification questions, update, if necessary, the RRWF and provide an electronic version, along with an updated Tracking Form that highlights the changes.

Response:

There are no changes to revenue requirement from the clarification questions.