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May 17, 2016

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-2015-0072**  
**Grimsby Power Inc. --- 2016 COS Application**  
**Energy Probe – Clarification Questions to Applicant**

Pursuant to Procedural Order No. 1, issued April 1, 2016, a Settlement Conference is to commence on May 24, 2016. Please find attached the Clarification Questions of Energy Probe Research Foundation (Energy Probe) in respect of the Interrogatory Responses of Grimsby Power in the EB-2015-0072 proceeding.

Rather than delay the Settlement Conference by posing these Questions on May 24<sup>th</sup>, Energy Probe is providing them to Grimsby Power now so that the Applicant can address them prior to or at the start of the Settlement Conference.

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

Yours truly,

David S. MacIntosh  
Case Manager

cc. Doug Curtiss, Grimsby Power (By email)  
Mioara Domokos, Grimsby Power (By email)  
Bruce Bacon, Borden Ladner Gervais LLP (By email)  
James Sidlofsky, Borden Ladner Gervais LLP (By email)  
Randy Aiken, Aiken & Associates (By email)  
Parties of Interest (By email)

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**EB-2015-0072**

**Grimsby Power Inc.**

**Application for electricity distribution rates beginning  
May 1, 2016**

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**CLARIFICATION QUESTIONS OF  
ENERGY PROBE RESEARCH FOUNDATION  
("ENERGY PROBE")**

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**May 17, 2016**

**GRIMSBY POWER INC.  
2016 RATES REBASING CASE  
EB-2015-0072**

**ENERGY PROBE RESEARCH FOUNDATION  
CLARIFICATION QUESTIONS**

**EXHIBIT 1 - ADMINISTRATIVE**

**1. Ref: 1-Staff-6e**

**Please update the three tables shown in the response to include NPEI figures for 2016 and including a column for the 2016 ranks.**

**2. Ref: 1-Energy Probe-5 (first one)**

- a) The response to part (b) indicates that the cost of capital shown in the table provided in response to part (a) includes both debt costs and return on equity. Does the cost of capital line also include PILs on the return on equity? If not, please confirm that there is an additional cost for PILs and show this as an additional line item in the table provided.**
- b) The table in the response to part (a) shows a total cost of \$688,973 associated with NWTC in the test year revenue requirement, while the costs incurred in previous years shown in the table in the response to part (c) are in the \$350,000 to \$450,000 range. How much of the revenue requirement of \$688,973 in the 2016 test years is proposed for recovery from GPI customers and how much is proposed to be recovered from NPEI?**
- c) The figures provided in the table in the response to part (a) do not add to the total shown. Please correct, including any PILs payable based on the above responses.**

**3. Ref: 1-Energy Probe-5 (second one)**

- a) Please explain the difference in the NWTC amortization expense of \$242,786 with the figure of \$209,993 provided in the response to the first 1-Energy Probe-5 interrogatory and indicate which figure is the correct figure.**

- b) **Based on the response it appears that the revenue requirement associated with the NWTC component of GPI's assets is more than \$1 million, while the cost of the service purchased from NWTC in previous years was in the range of \$350,000 to \$450,000. Revenues from NPEI are forecasted at just over \$200,000. Does this mean that GPI customers will be paying about \$350,000 to \$450,000 more for the same service they received from NWTC (i.e. \$1.0 million - \$200,000 - \$350,000 to \$450,000)? Please explain fully.**
- c) **Please explain the difference in the difference noted in part (b) above and the \$177,471 increase noted in the MAADs application.**

#### **EXHIBIT 2 – RATE BASE**

##### **4. Ref: 2-Energy Probe-6 & Exhibit 2, Table 2-10**

**The updated Table 2-10 provided in the interrogatory response shows a lower opening balance in account 1815 (\$7,492,068 vs. \$7,600,534 and the same level of additions added in 2016 of \$45,000. Despite the lower figures in the updated table, the depreciation shown in the update is higher than in the original table (\$217,663 vs. \$190,576). Please explain the increase in the depreciation expense despite the lower gross asset value.**

#### **EXHIBIT 5 - COST OF CAPITAL AND CAPITAL STRUCTURE**

##### **5. Ref: 5-VECC-48**

**The response to part (a) does not appear to be a response to the question asked. Please provide the correct response to part (a).**

##### **6. Ref: 5-Staff-41**

**The response indicates that the bank would get all of the money that it would have received if the existing load was not broken.**

- a) **Please quantify the penalty that would be incurred.**
- b) **Please confirm that this penalty amount could be added to the remaining principle in the loan and this new total could be borrowed at existing market rates. If this cannot be confirmed, please explain.**

## **EXHIBIT 7 - COST ALLOCATION**

### **7. Ref: 7-Energy Probe-43**

- a) **The response indicates that a smart network meter is installed for a 3 phase service such as an apartment building or 3 phase "light" commercial operation. Given this, please explain why 469 residential customers have a smart network meter.**
  
- b) **Please also explain why 34 residential customers would have an interval meter.**