

Wescast INTERROGATORY #1 List 1

Interrogatory

Issue Number: 1.7

Issue: Are the proposed Distribution Loss Factors appropriate?

Ref: GI/Tab IO/Sch IIPage 5

- a) In situations where the customer is supplied at two meter points on the same feeder, on which the customer is the only customer supplied by the feeder, would Hydro One accept an engineering study for the purpose of assigning a specific loss factor for the customer?
- b) If the engineering study is completed after the 2008 rates come into effect, will Hydro One repay the difference in amounts collected between the calculated losses and the current 3.4% rate?

Response

- a) No. Engineering studies for assets that supply one customer with more than one meter point on the same feeder do not produce consistently accurate results due to differences in power flows over time in comparison with the assumptions needed complete the studies. Application of such an approach would also result in the inconsistent treatment of losses among similar customers.
- b) No. Consistent with its policy, Hydro One has not been making retroactive adjustments in the application of site specific loss factors for settlement.

Wescast INTERROGATORY #2 List 1

Interrogatory

Issue Number: 6.1

Issue: Is the proposal for the amounts, disposition and continuance of Hydro One's existing Deferral and Variance accounts (Regulatory Assets) appropriate?

Ref: FliTab IISch 1/Page13/Table 8

Preamble: Since Nov 1,2007, Wescast Industries and other companies connected to the Hydro One distribution system have been placed at a cost disadvantage compared to transmission connected competitors with respect to Transmission Connection charges.

- a) Please identify the amount in the variance account that has accrued from the Nov 1, 2007 change in RTSRs.
- b) Please identify how these over-charges will be repaid to customers.

Response

- a) The Retail Transmission Service Rates (RTSRs) charged to embedded LDC's and embedded Direct customers have not changed. The impact of the decreased Uniform Transmission rates effective November 1, 2007 is included in the appropriate RSVA accounts. For the period November 1 2007 to April 30, 2008, the estimated impact of the new Uniform Transmission rates is \$11.4M (inclusive of interest).
- b) Any variance related to RTSRs is being recorded in the appropriate RSVA accounts. Hydro One is proposing Regulatory Rider # 3, as described in Exhibit G1, Tab 5, Schedule 1, and proposes to refund Rider # 3 over 4 years, consistent with the period of collection used for Riders # 1 and # 2 approved by the OEB. The allocation amongst customer classes of all variance accounts included in Regulatory Rider # 3 is explained in the same exhibit.