PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC
ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7
Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. http://www.piac.ca

Michael Buonaguro
Counsel for VECC
(416) 767-1666

January 18, 2010

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition (VECC)
EB-2009-0143
Essex Powerlines Corporation – 2010 Electricity Distribution Rate Application

Please find enclosed the interrogatories of the Vulnerable Energy Consumers Coalition (VECC) in the above-noted proceeding.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

ESSEX POWERLINES CORPORATION ("EPL")

2010 RATE APPLICATION

EB-2009-0143

VECC'S INTERROGATORIES (ROUND #2)

(Note: Numbering Continues from VECC's Round #1 IRs)

Question #32

Reference: VECC #4

a) Please provide a listing of the USOA accounts for which this adjustment was made.

b) Please explain why the gross book values were adjusted (in Exhibit 4) to accommodate the existing deprecation charge instead of adjusting the depreciation expense to match the gross book value (per the continuity schedule) and the prescribed services lives.

c) Please outline any direction the OEB's Accounting Procedures Handbook provides on how to treat this issue.

Question #33

Reference: VECC #6 c) & d) and Energy Probe 11 b)

a) Please confirm whether all or a portion of the $560,000 expenditures previously forecast for DG connection and expansion in 2009 actually occurred prior to year-end. What was the gross value of the assets in-service & used/useful at 2009 year end and the associated capital contributions?

b) Please confirm whether Essex's application assumes the $560,000 of gross capital additions are to be treated in accordance with the October 2009 DSC amendments.

c) Of the $520,000 in spending not associated with connection assets, is all of it eligible for rate protection under Ontario Regulation 330/09? If not, please explain how much is exempt and why.

d) Please confirm that Essex's proposal is to place these expenditures in a deferral account and exclude them from the determination of the 2010 rate base. If so, please confirm that the 2010 rate base was calculated excluding these assets.

Question #34

Reference: VECC #11 a)

a) Please confirm that none of the distribution assets involved in delivering power to these three Hydro One Networks delivery points are owned or maintained by Essex. If this is not the case, please indicate specifically what assets Essex owns and/or is responsible for maintaining.

Question #35

Reference: VECC #11 f) & g) and Energy Probe #13

a) Please provide a table that sets out the number of Residential, Commercial and Industrial services installed annually over 2007 – 2010 and the number of customers in these customer classes connected each year.

Question #36

Reference: VECC #16 a)

a) The total CIS department funding was $11,573.22 – please address the requirement for the remaining funding.

Question #37

Reference: VECC #18a); Energy Probe #32 c) and Board Staff #10

a) Do the IFRS costs reported in Board Staff #10 recognize the staff time that is now available (and already included in the budget) from EPC as result of hiring the Manager-Regulatory Affairs?

b) If yes, please outline the responsibilities of the EPC staff (already include in the budget) regarding IFRS conversion versus those of the additional staff reported in Board Staff #10.

Question #38

Reference: VECC #18 c)

a) Please estimate the appropriate revenue offset based on the additional costs for the two positions and the reported percentages.

Question #39

Reference: VECC 19 e)

a) The response states the ARC permits fully allocated costs to include a return on invested capital. However, in the case of Essex and EPC the return is applied to total expenses and not the invested capital used to provide the service. Please explain why this is appropriate.

Question #40

Reference: Amended Application – Exhibit 7/Tab 1/Section 1/Attachment 1

a) Please provide the copy of Sheets O1 and O2 consistent with the revised new revenue to cost ratios set out in amended Table 7.

b) Please outline what changes were made (from the original 2010 run filed) that gave rise to the new revenue to cost ratios.

Question #41

Reference: VECC #22

a) Please re-do the response to part (b) based on the updated 2010 cost allocation run.

b) Per the response to part (d) (and also VECC #23 (d)), please explain more fully why the revenue to cost ratios based on EPL-2010 should not be used as the starting point for any consideration of revenue to cost ratio adjustments as these results reflect: i) 2010 costs and ii) 2010 revenues assuming no shift in cost allocation.

Question #42

Reference: VECC #23

a) Please provide an updated version of the RateMaker Model consistent with the amended Application.

Question #43

Reference: VECC #25 c) and VECC 26 b)

a) Please re-do the responses to these two questions based on the amended Application.

Question #44

Reference: VECC #29 a)

a) Please provide full details regarding:
   - The nature of event that occurred
   - Essex's response to the event
   - A breakdown of the costs that Essex is seeking to recover, including support to demonstrate they were all incremental costs
   - Demonstration that the costs exceed the materiality threshold as specified in the Board's March 2000 Electricity Distribution Handbook (Note: If Essex believes a different materiality limit should apply please explain why and demonstrate it is exceeded).

Question #45

Reference: VECC #30 a)

a) Based on the response to this interrogatory please confirm that the balances associated with accounts #1562, #1565 and #1566 which have all been included in the calculation of the rate rider as shown in Exhibit 9/Tab 2/Schedule 2, Attachment 1, page 1 should be removed. Note: The values in Accounts #1565 and #1566 offset each other leaving the value of Account #1562).