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 22, 2009

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)
Midland Power Utility Corporation OEB File No.: EB-2008-0236

Please find enclosed the second round rinterrogatories of VECC in the above noted proceeding.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

Midland Power Utility Corporation (Midland)

2009 Electricity Rate Application

Board File No. EB-2008-0236

VECC's Interrogatories – Round #2

Question #1

Reference: i) OEB Staff #2

a) As requested in the original IR, please file a copy of the full Cost Allocation Run that supports the revenue to cost ratios set out in Table 65 of the Application.

Question #2

Reference: i) VECC #2 e) and f)

a) Please confirm whether the average weather normalized values provided in part (f) for Residential and GS<50 are "billed" or "purchased" values. (Note: Based on the weather normalized values reported at Exhibit 8/Tab 1/Schedule 1, Attachment 1 they appear to be "purchased values)

b) What are the loss factors that should be used for these classes in order to make them comparable (i..e., billed values) to those reported in response to part (e) and how were these loss factors established?

Question #3

Reference: i) VECC #6 c)

a) As well as GS<50, the directional changes for the USL also appear to be inconsistent. While the revenue to cost ratio is decreasing from 117% to 100% the proportion of revenue recovered from the class is increasing from 0.31% to 0.43%. Please comment.

<u>Question #4</u>

Reference: i) OEB Staff #5 c)

a) Please explain how the 1.12 and 0.5885 factors used to adjust the Retail Network and Connection rates respectively were calculated.

<u>Question #5</u>

Reference: i) VECC #14 a)

Preamble: The original IR asked how the leasing amount for substation fees was determined. The response to the original IR stated (in full) that *[t]he lease fees were determined by the Town of Midland based on typical charges that the Town has on similar leases and include leases on each of our substation properties."*

a) The response appears to indicate that the leasing fees were unilaterally determined by the shareholder, e.g., based on a take it or leave it proposition, and were not the result of negotiations. Please indicate if this inference is correct; if not please provide details.
b) Please explain how the utility assured itself that the leasing amounts were just and reasonable when the leasing arrangements were entered into.
c) Please provide additional specific information with respect to the $30,000 in lease fees that the utility pays to its shareholder so that parties can be assured of the reasonableness of the leasing payments..

<u>Question #6</u>

Reference: i) VECC #14 c)

a) Please explain how the utility ensures that its charges to its shareholder for services rendered covers the fully allocated costs of providing those services, in the absence of a service agreement.

<u>Question #7</u>

Reference: i) VECC #15 b)

a) Please indicate whether the Brandon substation project has been completed and the facilities are in-service. If so, please indicate when; if not please provide the expected date in-service and the effect on the opening rate base at January 1, 2009.

Question #8

Reference: i) VECC #15 d)

a) Please indicate how the Midland Power Utility rates for Journeymen ($40/hr) and for the vehicle ($20/hr) were determined. For example are the labour charges fully loaded, including benefits and allocated overhead costs? Do the vehicle charges include operating costs, taxes, return on rate base, and depreciation?

Question #9

Reference: i) VECC #25 a)

a) Regarding the new management position that Midland was expecting to fill, please provide an update to the original response.

Question #10

Reference: i) VECC #26 c) and d)

a) Please confirm that in the increases for Outside Workers provided in part c), e.g., $0.20 + 3% for March 1, 2007 and 2008, the $0.20 represents an increase in hourly wages of $0.20.
b) Please confirm that the current collective agreement expires on February 28, 2009.