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January 26, 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)
EB-2008-0234 Lakeland Power Distribution Limited – 2009 Electricity Distribution Rate Application

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

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

Lakeland Power Distribution Ltd. (LPD)

2009 Electricity Rate Application

Board File No. EB-2008-0234

VECC's Interrogatories – Round #2

Question #1

Reference: VECC #4 a)

a) Please provide the actual results (i.e., the estimated equation and R2 values) for the revised regression analysis.

Question #2

Reference: VECC #4 b)

a) The response suggests that OEB #22 provided a revised load forecast using an updated economic outlook. However, OEB #22 makes no reference to using a different economic outlook – it only references the use of different definitions of "weather normal". Also, the response to VECC #4 b) makes reference to a "following table" which has not been provided. Please address these discrepancies and provide a response to the original IR.

Question #3

Reference: VECC #4 g)

a) Please explain how the data provided supports the contention that 100% of Residential and GS<50 loads are weather sensitive.

Question #4

Reference: VECC #4 h)

a) Please reconcile the 11,508 kWh value for residential with the following values taken from Sheet I6 of Lakeland's Cost Allocation Run:
   - Residential Weather Normalized Load – 88,474,021 kWh
   - Residential Customers - 7300
   - Loss Factor – 1.0428
   - ➔ Average Retail Use of 11,622 kWh

Question #5

Reference: VECC #4 i)

a) Please confirm if the values set out in Table 6 (Exhibit 3/Tab 2/Schedule 2) are year end customer counts.

b) The October 2008 customer counts for Residential, GS<50 and GS>50 reported in this response are all more than the 2008 forecast values in the Application and some are even more than the forecast 2009 values. Does Lakeland propose to revise its customer count forecast for 2009? If not, why not?

Question #6

Reference: VECC #7 c)

a) As per the original question, please provide Sheet O6 of the revised Cost Allocation run. Also, please confirm that the total revenue requirement in the revised run is $4,134,339 (per VECC #6 c)) and, if not, reconcile.

Question #7

Reference: VECC # 9 a)

a) The intent of the original question was to obtain the derivation of the current fixed/variable split percentages set out in the Table. i.e., how was it determined that 60.1% was the fixed portion of residential revenues based on current rates? Please provide.

Question #8

Reference: OEB Staff #25 a)

a) What is the basis for the 1.048 adjustment factor used to derive the revised actual billed loads for each year?

b) Please reconcile the values for both total retail billed loads and purchases as reported in Appendix A of Exhibit 3/Tab 2/Schedule 2 with those reported in Exhibit 4/Tab 2/Schedule 9, page 1.

c) Are the actual historical billed and purchased kWhs different from what are set out in Appendix A of Exhibit 3/Tab 2/Schedule 2?
   - If the purchased values are different, do the equations used in load forecast need to be re-estimated?

- Does this mean that the historical average use values for each customer class as set out in Table 9 and used to project average use for 2008 and 2009 need to be revised?

Question #9

Reference: OEB Staff #33

a) The revised 2008 Rate Schedule still does not reconcile with the 2008 rates used for the impact calculations in Exhibit 9/Tab 2/Schedule 9, Attachment A. Please confirm that the impact calculations did not have included either the 2008 or 2009 the smart meter rate adders.

Question #10

Reference: OEB #36

a) Is Lakeland now proposing any adjustments to its current Retail Transmission Service Rates?
   - If yes, what are the new rates and how were they determined?
   - If not, why not?

b) Please comment on whether the following interpretation of the response to OEB #36 part (d) is correct:
   - Does 35.13% represent estimated amount by which customers would over pay Network charges in 2009 assuming no change in either Hydro One's or Lakeland's current retail transmission rates?
   - Assuming HON's retail transmission network rates increase by the 11.3% approved for January 1, 2009, then a reduction of roughly 17.6% (i.e., 1.113/1.3513) would balance Lakeland's transmission network charges and revenues.

Question #11

Reference: VECC #12 c)

Preamble: The original IR asked for "the impact on the revenue requirement of pursuing a 5-year tree trimming program rather than the 7-year program chosen by LPDL."

Lakeland's response was "The shorter the program becomes, the lower the costs per kilometre will be as the size of the trees will be smaller and more manageable. It would also help the trouble call costs to be reduced sooner. The differential in cost in the first five years of the program would be an increase of approximately $50K."

a) Please provide details with respect to how the increase of approximately $50K in the first five years was estimated.

b) Please provide the revenue requirement impact in the test year of moving to a five-year cycle rather than the seven-year cycle proposed.

c) Please clarify whether the $50K increase in cost over the first five years of moving to a five-year tree trimming program is an annual cost or the cumulative cost over five years.

d) Please clarify whether the $50K increase in cost refer simply to the incremental trimming costs of moving to the shorter cycle or whether they also reflect the benefits in savings that would be realized due to "lower costs per kilometer … as the size of the trees will be smaller and more manageable. It would also help the trouble call costs to be reduced sooner."

e) Has Lakeland done a present value calculation of the net benefits in moving to a five-year cycle? If so, please provide the calculation and include all of the assumptions. If not, please indicate why not.

Question #12

Reference: VECC #13 a)

Preamble: The original IR asked "whether the capital budget forecast is a three-year capital budget that is updated annually resulting in successive three-year overlapping plans (2006-08, 2007-09, etc.) If so, please provide a copy of the latest three-year budget and provide a copy of the previous three year budget."

The response provided – in full – was "Lakeland's three year business plan includes a capital component and is included at Exhibit 1/Tab 3/Schedule 5/Appendix A." VECC notes that the referred material is Lakeland's Annual Report.

a) Please provide a complete response to the original IR.

<u>Question #13</u>

Reference: VECC #18 a)

a) Please provide an update with respect to the amount spent on the 10 MVA station to date, contributed capital, and when the station is expected to be in-service.