EB-2008-0248

IN THE MATTER OF the Ontario Energy Board Act 1998, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an Application by West Coast Huron Energy for an Order or Orders approving or fixing just and reasonable rates and other charges for the distribution of electricity commencing May 1, 2009.

INTERROGATORIES

OF THE

SCHOOL ENERGY COALITION

1. Ref. Schedule 6 to Board Staff Interrogatory responses:

   (a) It appears that WCHE has budgeted $165,000 for the 2009 rate application- $60,000 for legal fees and $105,000 for what appear to be internal costs (row entitled "Rate applications");

      (i) Please provide a breakdown of these costs and, where the costs provided are estimates, state all assumptions used to determine the estimate. If those assumptions now appear to be incorrect (for example, if an oral hearing was assumed) please provide a revised estimate.

      (ii) With respect to internal costs, please state what incremental staff or other costs are associated with the application.

2. Ref. Schedule 6 to Board Staff IRs:

   (a) WCHE has labelled as "on-going" items which, though they may be technically on-going, see significant, one-time increases in 2009. Please confirm that, for these items, WCHE proposes to include one third of the total costs for the 2009 rate application in its cost of service for 2009. In particular, please confirm that WCHE proposes to include one third of the costs associated with the 2009 rate application (which currently appear to be forecast at $165,000) in its 2009 cost of service.

3. Ref: Schedule 4C to Board Staff interrogatories:

(a) The table does not appear to be a true "cost driver" table since it is not clear that one-time items in one year are deducted in subsequent years. For example, there is an entry for $22,500 in 2007 for "General Plant- replace garage doors and floor repair", which appears to be a one-time expenditure. However, there is no corresponding reduction in 2008. The same is true for the entry entitled "increase in bad debt expense", which shows a $10,000 increase in 2008 which is not reversed in 2009. In other cases, cost drivers that would be expected to appear in every year appear only in some years- for example, "inflationary increase to salary/benefits" for General Admin appears for the first time in 2008, and it is not clear why there would not be inflationary increases in 2006 and 2007. Therefore:

(i) Please examine Schedule 4C and confirm that cost drivers in a properly recorded in each year. In particular, please confirm that cost drivers that are one-time events do not re-appear in subsequent years. If necessary, please make the necessary corrections to the Schedule.

4. Ref: Schedule 4C to Board Staff interrogatories:

(a) The schedule lists as a cost driver in 2008 $10,000 for "increase in bad debt expense". The entry is not corrected for 2009, implying the increase continues in 2009 as well. However, Exhibit 4, Tab 2, Schedule 1, pg. 8 of the pre-filed evidence shows the balance in account 5335 ("Bad Debt Expense") to be $0 in 2007, 2008 and 2009. Please explain the apparent discrepancy between Schedule 4C and the pre-filed evidence.

5. Ref: SEC IR#7 and Board Staff IR#9:

(a) The response to SEC #7 (which asked for an explanation for the large percentage increase in average base salary for unionized staff in 2007) indicates that there was an error in 2007 in that $150,000 in post employment benefits was included as wages. However, Board Staff #9 states, as a means of explaining the large percentage increase in base wages in 2007, that "2007 had significant increases due to the recording of $150,000 post employment liability allocation". Please:

(i) Provide an explanation for the post employment liability expense. Should it be included in wages (as suggested in response to Board Staff #9) or not (as suggested in response to SEC #7b)?

(ii) Is the post employment liability expense on-going or one-time? (According to Schedule 9C to Board Staff interrogatories, for example, there was no post-employment allocation in 2008, but there is in 2009.)

(iii) With respect to benefits costs, the text in response to SEC IR#7(c) indicates that the apparent increase in the pre-filed evidence was a result of having erroneously recording $150,000 in post employment benefits in wages and that an update is provided in Schedule 7B. However, Schedule 7B still shows a large percentage increase in average benefits costs in 2007, which is carried through to subsequent years. The same is true for the data provided in Table 5 to Board Staff interrogatory responses. Therefore, please clarify the reasons for the increase in average benefits costs. Please note: it would be helpful to have a more comprehensive narrative response rather than just a table with numbers.

6. Ref. SEC IR#9(a):

(a) SEC asked for a chart setting out the revenue to cost ratio for each rate class. The response was to refer to Schedule 40 to Board Staff interrogatories. It is not clear from that table what the proposed revenue to cost ratios for 2009 for each rate class are. Therefore, please complete the following table:

Rate Class	Existing R/C Ratio	Proposed R/C Ratio	2008 Revenue from Class	2009 Revenue from Class assuming no change in R/C Ratio	2009 Revenue from class at proposed R/C ratio
Residential					
GS<50kW					
GS>50 to 499kW					
GS>500 to 4999kW					
Large Use					
Sentinel					
Street lighting					
Unmetered					

7. Ref. SEC #11(d):

(a) The pre-filed evidence and WCHE's response to SEC IR#11(f) show that the percentage increase in distribution rates for the GS<50 increases as consumption increases. This is alleviated somewhat when the fixed rate is assumed to be set at $36.00 instead of $33.46 as proposed. This suggests that the increase revenue requirement is being disproportionately recovered through the volumetric rate. In fact, the proportion of GS<50kW revenue derived from the fixed charge falls from 70.5% in 2008 to 45.5% in 2009. In view of this, will WCHE consider a fixed charge that more equitably distributes the cost of service among users in the GS<50 rate class?