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January 23, 2009

BY EMAIL & BY COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2008-0234
Lakeland Power Distribution Ltd. – 2009 Rates Rebasing Application
Energy Probe Interrogatories – Round Two

Pursuant to Procedural Order #3, issued by the Board on January 21, 2009, Energy Probe Research Foundation (Energy Probe) encloses two hard copies of its Second Round Interrogatories to Lakeland Power in the EB-2008-0234 proceeding. An electronic version of this communication will be forwarded in PDF format.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

cc: Chris Litschko, Lakeland Power (By email)
Margaret Maw, Lakeland Power (By email)
Randy Aiken, Aiken & Associates (By email)
Intervenors of Record (By email)

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Ontario Energy Board

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 Lakeland
Power Distribution Ltd. for an order approving just and
reasonable rates and other charges for electricity distribution
to be effective May 1, 2009.

**INTERROGATORIES OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

SECOND ROUND

January 23, 2009

**LAKELAND POWER DISTRIBUTION LIMITED
2009 RATES REBASING CASE
EB-2008-0234**

**ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES – SECOND ROUND**

Interrogatory # 39

Ref: Response to Energy Probe Interrogatory # 8

The response to part (c) of the question does not appear to reconcile with the calculation of the depreciation expense shown for 2009 for a number of accounts in Exhibit 2, Tab 2, Schedule 1, Table 4. Further, the question asked for all the calculations used to calculate the depreciation expense for each asset class found in Table 4.

The attached table shows the asset classes in 2009 for which the total calculated depreciation based on the response to Energy Probe Interrogatory # 8c is less than the depreciation expense shown in Table 4 of Exhibit 2, Tab 2, Schedule 1.

- a) Please confirm that the 2009 opening balance, 2009 additions and 2009 depreciation expense for the accounts shown for 2009 are correct.
- b) Please confirm that the years used for calculating the depreciation expense are correct.
- c) Please confirm that the calculations shown in the calculated depreciation additions and calculated depreciation opening columns accurately reflect the response to Energy Probe Interrogatory # 8c. If not, please explain what changes need to be made and provide a “live” spreadsheet with the corrected calculations.
- d) Please confirm that based on the methodology that is reflected in the response to Energy Probe Interrogatory #8c, the calculated depreciation is the maximum depreciation expense that could be recorded because some of the assets in the opening balance may already be fully depreciated. If this cannot be confirmed, please provide an explanation and an example where the depreciation could be more than that reflected in the calculation methodology.
- e) Please explain why the depreciation expense shown for each of these accounts is higher than the calculated depreciation expense as shown in the attached spreadsheet.

Interrogatory # 40

Ref: Response to Energy Probe Interrogatory # 11 & 12

- a) The responses indicate that a new developer has come on near the site of the substation and that this has increased the cost. The original cost was forecast to be \$1.5 million offset by \$1.0 million in contributed capital (Exhibit 2, Tab 3, Schedule 1, page 4). Please update the total cost and the contributed capital to reflect the new developer.
- b) Is there any impact on the number of forecast customer additions for 2009? If not, why not?

Interrogatory # 41

Ref: Response to Energy Probe Interrogatory # 28a

- a) Please confirm that the \$23,954 of depreciation on transportation and communication equipment is reallocated from depreciation expense to OM&A expense.
- b) Please confirm that none of this reallocated depreciation expense was capitalized to the capital projects that utilize the trucks.

Interrogatory # 42

Ref: Response to Energy Probe Interrogatory # 28e

The 2006 EDR Handbook stated with respect to the Ontario Capital Tax Exemptions (Section 7.2.2, part ii) that “Where the applicant is a member of a larger corporate group, the full provincial capital tax exemption will be prorated among the regulated entities in that group”.

- a) Please provide the basis for the allocation of the \$15 million exemption between LPDL and its affiliates.
- b) Are any of the other PILS paying LPDL affiliates regulated entities? If yes, please provide details, including the regulatory body charged with regulating each of the affiliates.
- c) Please calculate the Ontario Capital Tax if the exemption is \$15 million.

Interrogatory # 43

Ref: Response to Energy Probe Interrogatory # 30

It is not clear how the figures presented in the response to part (d) of the question have been calculated, or why there is a change to the 2008 figures.

The only assets that were nor properly classified for CCA purposes in 2005 through 2007 appear to be distribution assets that were put into Class 1 after February 22, 2005 that should have been put into Class 47.

Please provide a continuity schedule for 2005 through 2008 that shows the amounts that were recorded in Class 1 (opening balance, additions, ½ year rule impacts, CCA and ending balance) that should have been put into Class 47. If this information cannot be provided, please provide the level of additions to Class 1 in each of 2005 (after Feb. 22), 2006 and 2007 that should have recorded in Class 47 in each of those years.

Interrogatory # 44

Ref: Response to Energy Probe Interrogatory # 32

- a) Please explain why the year-to-date expenses in 2007, shown in part (b) of the response, are significantly higher than the expenses for the full year shown in the response to part (a).**
- b) If there was an adjustment made to the administrative and general expenses after October, 2007, please indicate the amount of the adjustment and the reason for the adjustment. If an adjustment figure is not available for the year-to-date October figure, please provide the annual adjustment that was made.**

Interrogatory # 45

Ref: Response to Energy Probe Interrogatory # 35b

Please provide the forecasted 2009 Electrical Safety authority fees based on distribution revenues only.

Interrogatory # 46

Ref: Response to Board Staff Interrogatory # 25a, Revised Exhibit 3, Tab 2, Schedule 2, & Exhibit 4, Tab 2, Schedule 9

Please reconcile the actual billed revised figures shown in the response to Board Staff IR #25a and in Table 1 of Exhibit 4, Tab 2, Schedule 9 with the actual billed figures shown in the revised Exhibit 3, Tab 2, Schedule 2 (Table 5 and Appendix A).

Interrogatory # 47

Ref: Response to Board Staff Interrogatory # 9 & Exhibit 4, Tab 2, Schedules 4 & 5

Are office supplies/photocopying/etc. allocated based on percentage of time allocated, as noted on page 1 of Exhibit 4, Tab 2, Schedule 5 and in the response to the Board Staff IR, or are they based on the number of employees as shown in Table 1 in Exhibit 4, Tab 2, Schedule 5?

Attachment to Energy Probe Interrogatory # 39

Account	2009 Opening Balance	2009 Additions	2009 Depreciation Expense	2009 Years	Calculated Depreciation Additions	Calculated Depreciation Opening	Total Calculated Depreciation	Excess Depreciation
1820	1,434,422.56	500,000.00	84,461.25	25	10,000.00	57,376.90	67,376.90	17,084.35
1830	5,117,182.75	369,878.00	268,415.91	25	7,397.56	204,687.31	212,084.87	56,331.04
1835	2,714,941.72	220,000.00	115,760.35	25	4,400.00	108,597.67	112,997.67	2,762.68
1840	2,895,364.87	122,000.00	134,834.99	25	2,440.00	115,814.59	118,254.59	16,580.40
1845	1,420,455.69	60,160.00	59,082.47	25	1,203.20	56,818.23	58,021.43	1,061.04
1850	4,359,248.58	70,000.00	233,291.97	25	1,400.00	174,369.94	175,769.94	57,522.03
1860	1,124,825.11	15,000.00	52,542.79	25	300.00	44,993.00	45,293.00	7,249.79
1908	158,565.37	0.00	5,560.10	30	0.00	5,285.51	5,285.51	274.59
1955	158,565.79	0.00	16,049.88	10	0.00	15,856.58	15,856.58	193.30
Total	19,383,572.44	1,357,038.00	969,999.71				810,940.50	159,059.21