



THE BOARD OF DIRECTORS

Chair, GAIL REGAN
President, Cara Holdings Ltd.

President, PATRICIA ADAMS
MAX ALLEN
Producer, IDEAS, CBC Radio
GEORGE CONNELL
President Emeritus, University of Toronto
ANDREW COYNE
Journalist
IAN GRAY
President, St. Lawrence Starch Co.

Secretary/Treasurer, ANNETTA TURNER
DAVID NOWLAN
Professor Emeritus, Economics, University of Toronto
CLIFFORD ORWIN
Professor of Political Science, University of Toronto
ANDREW ROMAN
Barrister & Solicitor, Miller Thomson
MARGARET WENTE
Columnist, Globe and Mail

February 3, 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-2008-0247
Welland Hydro-Electric System Corp. – 2009 Rates Rebasing Application
Energy Probe – Second Round Interrogatories

Pursuant to Procedural Order #3, issued by the Board on January 23, 2009, Energy Probe Research Foundation (Energy Probe) encloses two hard copies of its Second Round Interrogatories to Welland Hydro-Electric System Corp. in the EB-2008-0247 proceeding. An electronic version of this communication will be forwarded in PDF format.

Should you have any questions, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

cc:

Wayne Armstrong, Welland Hydro-Electric System Corp. (By email)
James C. Sidlofsky, Borden Ladner Gervais LLP (By email)
Randy Aiken, Aiken & Associates (By email)
Intervenors of Record (By email)

Energy Probe Research Foundation 225 BRUNSWICK AVE., TORONTO, ONTARIO M5S 2M6

Phone: (416) 964-9223 Fax: (416) 964-8239 E-mail: EnergyProbe@nextcity.com Internet: www.EnergyProbe.org

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 Welland
Hydro-Electric System Corp. 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

February 3, 2009

**WELLAND HYDRO-ELECTRIC SYSTEM CORP.
2009 RATES REBASING CASE
EB-2008-0247**

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

Interrogatory # 34

Ref: Response to Energy Probe Interrogatory # 12

- a) Please confirm that the customer that was moved to Large User effective May 1, 2008 is now a GS 50 to 4999 kW customer. If this cannot be confirmed, when in 2009 does Welland Hydro expect this change to take place?
- b) Has the second large use customer that has announced that they will be closing their Welland facility by the end of 2009 provided a more precise date when the facility will be closed? If yes, please provide the date and any correspondence or information to support this date. If no, please provide all the information used by Welland Hydro to support the removal of this customer for all of 2009.

Interrogatory # 35

**Ref: Response to Board Staff Interrogatory # 17 &
Response to Energy Probe Interrogatory # 14**

The response to the question indicates that Welland Hydro believes that the 2004 weather normalized usage for the residential class appears to be too high.

- a) Please provide all the information used by Welland Hydro to come to this conclusion.
- b) Please provide the normalized usage for the residential class for 2002, 2003, 2005, 2006 and 2007.
- c) In the response to Energy Probe # 14, Welland Hydro states that only once in the last six years has actual residential usage exceeded the normalized average annual residential usage of 8427 kWh. Please explain the relevance of this comparison of actual usage to normalized usage.

Interrogatory # 36

Ref: Response to Board Staff Interrogatory # 19

It appears that Welland Hydro has changed the methodology used to determine the average use per GS <50 kW customer, as the response to this interrogatory appears to use an average use of 29,382 kWh, rather than the 2007 figure of 32,236 that is shown in the original evidence at Exhibit 3, Tab 2, Schedule 7, page 2. Please provide the rationale for this change in methodology. Please also provide the impact on the revenues forecast from this rate class of this change.

Interrogatory # 37

Ref: Response to Energy Probe Interrogatory # 16 (i) & (j)

Please confirm that the year-to-date September, 2008 figures for scrap metal sales and misc. non operating revenue are \$16,556. If one of the figures is a typo, please provide the actual figure.

Interrogatory # 38

Ref: Response to Energy Probe Interrogatory # 23

- a) Please provide a breakdown of the \$60,000 in regulatory expenses associated with the 2009 cost of service application into each of the major components. Please provide an estimate of the actual costs incurred to date for each of these components.**
- b) Please provide a breakdown of the \$30,000 original forecast and \$60,000 current estimate of consulting costs associated with the 2009 cost of service application into each of the major components. Please provide an estimate of the actual costs incurred to date for each of these components.**
- c) How much of the budgeted regulatory and consulting costs are associated with a technical conference and/or oral component of the hearing?**

Interrogatory # 39

Ref: Supplemental Filing attached to January 20, 2009 Letter

- a) Does the reduction in rate base shown in Exhibit F include an adjustment related to the lower OM&A costs of \$193,849 shown in Exhibit E that would be associated with a reduction in working capital? If not, please calculate the change in rate base associated with this change. Please confirm that any reduction in rate base related to the lower OM&A costs would also reduce the Ontario Capital Tax.**
- b) Has there been an adjustment to the working capital component of rate base to reflect the reduced cost of power associated with the reduced revenues shown? If not, please calculate the change in rate base associated with this change. Please show all calculations. Please confirm that any change in rate base related to the reduced cost of power would also reduce the Ontario Capital Tax.**
- c) Why is there no Ontario Capital Tax shown in the last column of Exhibit A in the section titled Capital Tax Expense Calculation?**

Interrogatory # 40

Ref: Exhibit 4, Tab 2, Schedule 4

Please confirm that Welland Hydro does not receive any services from or pay any charges to Welland Hydro-Electric Holding Corp., Welland Hydro Energy Service Corp. or Welland Wifi Corp. If this is not confirmed, please indicate what services are provided by each of these affiliates and the amount paid by Welland Hydro for them. Please also indicate where in the evidence this information has been provided.

Interrogatory #41

Ref: Supplemental Filing attached to January 20, 2009 Letter

- a) Please provide a detailed explanation for the decrease in the revenue to cost ratio from 100.73% to 95.56% for the Large Use class proposed for 2009.**
- b) Please provide the rationale for the further decline proposed in the revenue to cost ratio for the Large Use class in 2010 to 85%.**

- c) If the revenue to cost ratio was maintained at 100% in both 2009 and 2010 and the incremental revenue generated was used to reduce the revenue to cost ratio for the residential class, please indicate what this ratio for the residential class would be in each of 2009 and 2010.
- d) If the revenue to cost ratio was maintained at 95.56% in 2010 and the incremental revenue generated was used to reduce the revenue to cost ratio for the residential class, please indicate what this ratio for the residential class would be in 2010.
- e) Please explain why the targeted revenue to cost ratio for the Sentinel Light class is 90% whereas the target for the Street Lighting class is only 70%.

Interrogatory #42

Ref: Supplemental Filing attached to January 20, 2009 Letter

- a) Did Welland Hydro use the OEB prescribed interest rate of 2.45% for the first quarter of 2009? If not, please provided updates to Exhibit M and Exhibit N that reflect this interest rate for the January through April, 2009 period.
- b) If the Board does not allow the inclusions of accounts 1580, 1582, 1584, 1586 and 1588 in the calculation of the rate rider, would Welland Hydro be open to extending the recovery period to recover the balances in accounts 1508, 1525 and 1574 to four years? Please calculate the rate riders if the recovery period was four years in length rather than three.
- c) Please confirm that the allocators used in Exhibit N are based on 2007 data.
- d) Should there not be an adjustment to theses allocators, similar to the adjustment shown in Exhibit G, to reflect the significant change in distribution revenues and kWh's associated with the Large Use class? If not, please explain why not.
- e) Please provide a revised Exhibit N that uses revised allocators (distribution revenue and kWhs) that reflect the removal of the 2007 figures associated with the 2 Large Use customers and is consistent with that done in Exhibit G.