

Board Staff Interrogatories
Greater Sudbury Hydro Inc. (“Greater Sudbury”)
2009 Electricity Distribution Rate Application
EB-2008-0230

Dated February 26, 2009

Economic Assumptions

1. Ref: Exhibit 3/Tab2/Sch1

- a. Given the general economic situation in Ontario, has Greater Sudbury assessed the situation and identified any specific issues that may have a material impact on its load and revenue forecasts and bad debt expense forecast?
- b. If so, please indicate if Greater Sudbury will be updating its current application, in whole or in part, to address any material impacts. If yes, please provide an estimate of the timing of the update.

Past Board Decisions

2. Ref: EB-2005-0234 Amalgamation of Greater Sudbury & West Nipissing

On September 16, 2005, the Board issued a Decision and Order in which the Board granted Greater Sudbury Hydro Inc. leave to acquire all outstanding shares in WNESL (EB-2005-0234). On October 1, 2008 the Board amended the distribution licence of Greater Sudbury Hydro Inc. to reflect the amalgamation. (EB-2008-0287)

On page 2 of the EB-2005-0234 decision, the Board noted that Greater Sudbury,

“intends to implement rate harmonization concurrent with the amalgamation that is anticipated to occur at the end of the year. GSHI has stated that, on the basis of current distribution rates, residential customers currently served by West Nipissing Energy Services Ltd. will benefit from a rate reduction when rates are harmonized. GSHI has also stated that a rate harmonization plan will be established under the revised rate mitigation and harmonization approach established by the Board in relation to the 2006 electricity distribution rates proceeding for the 36 general service (>50 kW) customers who may be negatively affected by rate harmonization.”

Please comment on the rate harmonization references in the EB-2005-0234 decision and how these are reflected in the present rates application.

3. Ref: EB-2006-0186 Amalgamation of Greater Sudbury & West Nipissing

On April 2, 2007, the Board issued a Decision and Order in which the Board granted Greater Sudbury Hydro Inc.’s application for leave to amalgamate with West Nipissing Energy Services Limited. On page 5 of the EB-2006-0186 decision, the Board noted that

"The Applicant made a number of submissions with respect to economic efficiency. In particular, the Applicant estimates incremental annual savings from current operations of \$74,000, in the following categories:

Board of Directors Costs	\$9,000
CIS System Support Costs	\$17,000
Annual Audit/Tax Preparation Costs	\$12,000
USF-Uniform System Standards Costs	\$5,000
External Consultants	\$31,000
Total	\$74,000

The Applicant also estimates that it will incur one-time transition costs for staff integration, training and enhanced safety equipment of \$35,000 and ongoing incremental costs for fibre optic connectivity to be \$20,000.

There is evidence that the amalgamation applied for will result in net savings across the two distribution systems, and that these savings should benefit the amalgamated utility and its customers."

Please comment on the references to savings in the EB-2006-0186 decision and how these are reflected in the present rates application.

Financial Reporting

4. Ref: Exhibit 2/Tab2/Sch1/p4

In this Exhibit, for 2007 computer hardware, computer software, contributions & grants, and accumulated depreciation Greater Sudbury reports the following amounts:

- \$ 1,339,089 for computer hardware in APH account 1920
- \$ 161,720 for computer software in APH account 1925
- (\$ 9,463,926) for contributions & grants in APH account 1995
- (\$ 85,072,480) for accumulated depreciation in APH account 2105

These balances also relate to other exhibits, including Exhibit 2/Tab2/Sch1/p6. For each account, please provide the following:

- a. State the amount reported to the Board for the account in Greater Sudbury's 2007 annual filing pursuant to RRR 2.1.7.
- b. Identify the components of any difference between the amount in a) and the amount reported in Exhibit 2/Tab2/Sch1.
- c. Explain each component of any difference identified in b). Please include an explanation of which other accounts now contain any such difference by component.

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- d. State which amount (the amount in a) above or the amount in Exhibit 2/Tab2/Sch1 has been reflected in Greater Sudbury's 2007 audited financial statements and identify the line item in the audited financial statements.
- e. State which value should be relied upon in this proceeding, and, if different from the value reported in the 2007 audited financial statements, explain why the Board should rely on such different value.

5. Ref: Exhibit 2/Tab2/Sch1/p5

In this Exhibit, for 2007 computer hardware and computer software, West Nipissing reports the following amounts:

- \$ 93,649 for computer hardware in APH account 1920
- \$ 395,541 for computer software in APH account 1925

For each account, please provide the following:

- a. State the amount reported to the Board for the account in West Nipissing's 2007 annual filing pursuant to RRR 2.1.7.
- b. Identify the components of any difference between the amount in a) and the amount reported in Exhibit 2/Tab2/Sch1.
- c. Explain each component of any difference identified in b). Please include an explanation of which other accounts now contain any such difference by component.
- d. State which amount (the amount in a) above or the amount in Exhibit 2/Tab2/Sch1 has been reflected in West Nipissing's 2007 audited financial statements and identify the line item in the audited financial statements.
- e. State which value should be relied upon in this proceeding, and, if different from the value reported in the 2007 audited financial statements, explain why the Board should rely on such different value.

6. Ref: Exhibit 3/Tab3/Sch1/p1

In Exhibit 3/Tab3/Sch1/p1 for 2007 service transaction requests, rent from electric property, miscellaneous service revenue, revenue from non-utility operations, and expenses of non-utility operations, Greater Sudbury reports the following amounts:

- (\$ 16,406) for service transaction requests in APH account 4084
- (\$ 361,518) for rent from electric property in APH account 4210
- (\$ 599,852) for miscellaneous service revenue in APH account 4235
- (\$ 114,456) for revenue from non-utility operations in APH account 4375
- \$ 109,953 for expenses of non-utility operations in APH account 4380

Greater Sudbury's 2007 combined balances in Exhibit 3/Tab3/Sch1/p1 are assumed to consist of the sum of Greater Sudbury's 2007 balances and West Nipissing's 2007 balances, before the combination of the two companies.

For each account, please provide the following:

- a. State the amount reported to the Board for the account in Greater Sudbury's and West Nipissing's 2007 annual filings pursuant to RRR 2.1.7.
- b. Identify the components of any difference between the amount in a) and the amount reported in Exhibit 3/Tab3/Sch1.
- c. Explain each component of any difference identified in b). Please include an explanation of which other accounts now contain any such difference by component.
- d. State which amount (the amount in a) above or the amount in Exhibit 3/Tab3/Sch1 has been reflected in Greater Sudbury's and West Nipissing's 2007 audited financial statements and identify the line item in the audited financial statements.
- e. State which value should be relied upon in this proceeding, and, if different from the value reported in the 2007 audited financial statements, explain why the Board should rely on such different value.

7. Ref: Exhibit 2/Tab4/Sch2/p2

In this Exhibit, for 2007 cost of power, Greater Sudbury reports the following amounts:

- \$4,567,596 for Charges One-Time in APH account 4712
- \$3,640,640 for Charges NW in APH account 4714
- \$0 for Charges CN in APH account 4716
- \$55,349 for Independent Market Operator Fees and Penalties in APH account 5685

Greater Sudbury's 2007 combined balances in Exhibit 3/Tab3/Sch1/p1 are assumed to consist of the sum of Greater Sudbury's 2007 balances and West Nipissing's 2007 balances, before the combination of the two companies.

For each account, please provide the following:

- a. State the amount reported to the Board for the account in Greater Sudbury's and West Nipissing's 2007 annual filings pursuant to RRR 2.1.7.
- b. Identify the components of any difference between the amount in a) and the amount reported in Exhibit 2/Tab4/Sch2.
- c. Explain each component of any difference identified in b). Please include an explanation of which other accounts now contain any such difference by component.
- d. State which amount (the amount in a) above or the amount in Exhibit 2/Tab4/Sch2 has been reflected in Greater Sudbury's and West Nipissing's 2007 audited financial statements and identify the line item in the audited financial statements.
- e. State which value should be relied upon in this proceeding, and, if different from the value reported in the 2007 audited financial statements, explain why the Board should rely on such different value.

8. Ref: Exhibit 4/Tab2/Sch2/p2

In this Exhibit, for 2007 OM&A, Greater Sudbury reports the following amounts:

- \$ 1,374,914 for Customer Billing in APH account 5315
- \$ 256,952 for Energy Conservation in APH account 5415
- \$ 26,852 for Community Safety Program in APH account 5420
- \$ 444,047 for management salaries and expenses in APH account 5610
- \$ 472,147 for general administrative salaries and expenses in APH account 5615
- \$ 111,650 for office supplies and expenses in APH account 5620
- \$ 9,058 for regulatory expenses in APH account 5655
- \$ 412,260 for miscellaneous general expenses in APH account 5665
- \$ 774,313 for maintenance of general plant in APH account 5675

Greater Sudbury's 2007 combined balances in Exhibit 4/Tab2/Sch2/p2 are assumed to consist of the sum of Greater Sudbury's 2007 balances and West Nipissing's 2007 balances, before the combination of the two companies.

For each account, please provide the following:

- a. State the amount reported to the Board for the account in Greater Sudbury's and West Nipissing's 2007 annual filings pursuant to RRR 2.1.7.
- b. Identify the components of any difference between the amount in a) and the amount reported in Exhibit 4/Tab2/Sch2.
- c. Explain each component of any difference identified in b). Please include an explanation of which other accounts now contain any such difference by component.
- d. State which amount (the amount in a) above or the amount in Exhibit 4/Tab2/Sch2 has been reflected in Greater Sudbury's and West Nipissing's 2007 audited financial statements and identify the line item in the audited financial statements.
- e. State which value should be relied upon in this proceeding, and, if different from the value reported in the 2007 audited financial statements, explain why the Board should rely on such different value.

Load Forecast

9. Ref: Exhibit 3/Tab2/Sch1/pp 8 & 19

On page 8, the Applicant states: "In order to incorporate weather normal conditions, the average monthly heating degree days and cooling degree days which has occurred from January 1998 to July 2008 is applied in the prediction formula." Please:

- a. Provide any information that supports using an approximately 10-year period as the definition of normal weather and the rationale for using this specific period instead of a longer period, and
- b. Recalculate the resulting 2009 total billed kWh load forecast (page 19) successively using:
 - i. the 20-year average and
 - ii. the 30-year average to define normal weather.

10. Ref:Exhibit 3/Tab2/Sch1/p 5

On page 5 the Applicant notes that it used stepwise regression techniques that incorporated different explanatory variables in order to identify the model that was the best predictor of kWh purchased. Please:

- a. Provide details of all the models developed, show the explanatory variables contained in each model and the values of the statistical measures (including Adjusted R-squared) used to help select the best predictor model,
- b. Identify the best predictor model,
- c. Explain the decision process that resulted in the selection of best predictor model from the group of models developed,
- d. Describe any "manual adjustments" (i.e. any human interactions that modified model-predicted values) that were made in calculating the statistical measures,
- e. Provide a comparison of the actual vs. predicted kWh loads for the 1998 to 2007 period without including any manual adjustments or CDM adjustments, and
- f. Provide the adjusted R-squared value and Mean Absolute Percentage Error that describe the comparison in e) above.

11. Ref: Exhibit 3/Tab2/Sch1/pp 4 & 13

On page 4 the Applicant states: "The forecast of customers by rate class is determined using time-series econometric methodologies." On page 13 the Applicant calculates the geometric mean of the customer count for the various customer classes and, depending on the class, either extrapolates the historical value by the geometric mean to obtain the forecast value or holds the customer count constant to obtain the forecast value. Please:

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- a. Explain which time-series econometric methodologies (other than the use of the geometric mean or simply projecting historical values) were used in determining customer count, and
 - b. Explain how the method employed is different from a rear-view mirror approach that takes no (or minimal) account of future economic events in determining customer count.

12. Ref:Exhibit 3/Tab2/Sch1/pp 6 & 19

On page 6 when describing the sources of data for the multifactor regression model, the Applicant states: "The 2008, 2009 and 2010 rate application (EB-2007-0680) for Toronto Hydro Electric System Ltd. [THESL] provided the Ontario real GDP monthly index..." Please:

- a. Clarify if the THESL-provided Ontario real GDP was
 - i. utilized in both establishing the *historical* weightings for the independent variables and used as the economic *forecast* in determining the 2009 load forecast, or
 - ii. replaced with a different economic forecast to project into the future and, if so, identify the economic forecast used,
- b. If a) i. above was addressed in the affirmative, please explain why a more up-to-date economic forecast was not used considering that the Ontario real GDP used by THESL had been developed some time before by THESL "based on forecasts of 2007 GDP from the six Canadian chartered banks for 2007" (THESL Exhibit K1, Tab 1, Schedule 1, Filed 2007 Aug 2, page 7 of 11) and that THESL's updated filing used the Toronto GDP (THESL Exhibit K1, Tab 1, Schedule 1, Filed 2007 Aug 2, Updated 2007 Nov 12, page 1 of 4), and
- c. Re-calculate the Summary of Forecast (page 19) using the most up-to-date Ontario real GDP monthly index.

13. Ref:Exhibit 3/Tab2/Sch1/pp 3 &19/Table 3 & Exhibit 3/Tab2/Sch1/p13/Table 12

Each of the two referenced tables shows the kWh usage per customer/ connection by rate class; specifically, the usage for Residential, General Service <50 kW and General Service >50 kW for both 2008 and 2009. The set of values in the two tables are slightly different. Please:

- a. Differentiate between the values in each of the tables,
- b. Identify the table whose values the Applicant is relying on for its current application, and
- c. Re-file the Summary of Forecast Data in the format of Exhibit3/Tab2/Sch1/p 19 if the Applicant's foregoing reply requires a change in the filed forecast.

14. Ref: Exhibit 3/Tab2/Sch1/p10

On page 10 when discussing the total weather-normalized billed energy, the Applicant states the value to be "... 964.2 (GWh) for 2009 (i.e. 1,024.8/1.0527)." Please:

- a. Confirm that the calculated number should be 973.5 GWh, and
- b. Confirm that this apparent miscalculation is not carried forward in determining the Applicant's filed load forecast.

15. Ref: Exhibit 3/Tab1/Sch2/ page 1, Exhibit 3/Tab3/Sch1/p1 & Exhibit 3/Tab3/Sch2/pp 1-3

In Exhibit 3/Tab1/Sch2/p1, the Applicant presents a data table containing a summary of both historical and forecast Other Distribution Revenue that includes the sub-components Late Payment Charges, Specific Service Charges and Other Distribution Revenue. While in the other referenced exhibits the Applicant provides some more detail, there is insufficient information in total to permit an independent assessment. Please:

- a. Rationalize the variation in the actual and forecast Late Payment Charges over the 2006-2009 period as displayed in Exhibit 3/Tab1/Sch2/p1,
- b. Rationalize the variation in the actual and forecast Specific Service Charges over the 2006-2009 period as displayed in Exhibit 3/Tab1/Sch2/p1,
- c. Provide a table showing, for the 2006-2009 period and for each of the Specific Service Charges, the quantities and individual dollar rates associated with each charge and the dollar total for each of these individual charges in each year,
- d. Identify any Specific Service Charges for 2009 in c) above that envisage an increase beyond the Board's standard dollar rate, and
- e. Rationalize the variation in the actual and forecast Other Distribution Revenue sub-component over the 2006-2009 period as displayed in Exhibit 3/Tab1/Sch2/p1.

16. Ref: Exhibit 3

Some of the Applicant's evidence may require to be adjusted in light of responses to the preceding customer count, load and revenue forecasting interrogatories. Please re-file any Exhibit 3 tables that require updating as a result of changes in the evidence.

Operations, Maintenance, Administration & General Expenses

17. Ref: Exhibit 4/Tab1/Sch1

The figures in the table below are taken directly from the public information filing in the Reporting and Record-keeping Requirements ("RRR") initiative of the OEB. The figures are available on the OEB's public website.

Please confirm the Greater Sudbury's agreement with the Total OM&A Expenses summarized in the table.

OM&A Before PILs & Other Taxes & Amortization Expenses			
	<i>Col. 1</i>	<i>Col. 2</i>	<i>Col. 3</i>
	2003	2004	2005
1 Operation	\$2,497,080	\$2,615,893	\$2,662,446
2 Maintenance	\$864,989	\$786,983	\$1,275,932
3 Billing and Collection	\$2,079,758	\$1,971,638	\$1,725,751
4 Community Relations	\$500,787	\$37,208	\$183,974
5 Administrative and General Expenses	\$2,193,879	\$4,039,368	\$2,929,990
6 Total OM&A Expense	\$ 8,136,494	\$ 9,451,091	\$ 8,778,094
7 Variance from Previous Year	\$8,136,494	\$1,314,597	(\$672,997)
Percent Change		16.2%	-7.1%
8 Year over Year			

18. Ref: Exhibit 4/Tab1/Sch1

Board staff developed the table below to review Greater Sudbury's forecast OM&A expenses before PILs & Other Taxes and Amortization Expenses from the evidence provided in Table 1 of Exhibit 4. Note rounding differences may occur, but are immaterial to the following questions.

Greater Sudbury Hydro Inc.										
	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 11
	2006 Board Approved	Variance 2006/2006	2006 Actual	Variance 2007/2006	2007 Actual	Variance 2008/2007	2008 Bridge	Variance 2009/2008	2009 Test	Variance 2009/2006
1 Operation	2,984,821	-159,061	2,825,760	230,385	3,056,145	-102,366	2,953,779	697,458	3,651,237	825,477
2		-5.3%		8.2%		-3.3%		23.6%		29.2%
3 Maintenance	789,686	567,660	1,357,346	369,589	1,726,935	-132,461	1,594,474	150,624	1,745,098	387,752
4		71.9%		27.2%		-7.7%		9.4%		28.6%
5 Billing & Collections	2,150,141	68,658	2,218,799	-35,095	2,183,704	72,111	2,255,815	259,543	2,515,358	296,569
6		3.2%		-1.6%		3.3%		11.5%		13.4%
7 Community Relations	3,327	214,974	218,301	65,503	283,804	-264,304	19,500	187,236	206,736	-11,565
8		6461.5%		30.0%		-93.1%		960.2%		-5.3%
9 Administrative and General Expenses	4,578,945	-1,656,402	2,922,543	6,082,084	9,004,627	-5,531,382	3,473,245	282,872	3,756,117	833,574
10		-36.2%		208.1%		-61.4%		8.1%		28.5%
11 Total OM&A Expenses	10,506,920	-964,171	9,542,749	6,712,466	16,255,215	-5,958,402	10,296,813	1,577,733	11,874,546	2,331,797
		-9.2%		70.3%		-36.7%		15.3%		24.4%
Combined O&M (lines 1 & 3)	3,774,507	408,599	4,183,106	599,974	4,783,080	-234,827	4,548,253	848,082	5,396,335	1,213,229
		10.8%		14.3%		-4.9%		18.6%		29.0%

- Please confirm that Greater Sudbury agrees with the table prepared by Board staff presented above. If Greater Sudbury does not agree with the table please indicate why and in which category of costs. If Greater Sudbury determines that the tables require amending, please provide amended tables with a full explanation of changes made.
- Please provide a specific response on the reasons for the spike in O&M costs in 2007. In specific, why did costs increase so suddenly and so radically in that year? And, why did costs fall so precipitously in the bridge year?

19. Ref: Exhibit 4/Tab1/Sch1

Please complete the table below by identifying the key cost drivers that are contributing to the overall increase of 26% over 2006 Historical relative to 2009 cost levels.

	Col. 1	Col. 2	Col. 3	Col. 4
	2006	2007	2008	2009
Opening Balances	1,314,279	1,653,084	1,586,867	1,695,682
1 Cost Driver 1				
2 Cost Driver 2				
3 Cost Driver 3				
4 Cost Driver 4				
... Etc.				
Closing Balances	1,653,084	1,586,867	1,695,682	2,164,296

20. Ref: Exhibit 4/Tab2/Sch3 & Exhibit 4/Tab2/Sch6/Table 3

Greater Sudbury, in explaining the \$157,225 increase in Operation Costs for 2009 over 2008, states that two new Apprentice Powerline Technicians, one System Operator, and one Substation Electrician are planned to be hired. However, in Table 3 of Schedule 6, only three FTE's are indicated to be added to the workforce.

- a. Please explain the apparent contradiction.
- b. If any corrections to the evidence are required, please provide the corrections.

21. Ref: Exhibit 4/Tab2/Sch2

In this Exhibit, beginning on page 1, Greater Sudbury itemizes the account balances for OM&A expenses.

- a. For the 2009 Forecast Test Year, please identify and describe any onetime costs other than those explained for regulatory and legal costs above.
- b. Are there any one time costs that were inadvertently carried forward from previous years?
- c. Are there any expenses for charitable donations in the 2009 forecast? If there are please identify them.
- d. Are there any costs in the forecast for conversion due to the adoption of International Financial Reporting Standards? If there are please itemize the costs and the rational of the drivers of the costs.
- e. Greater Sudbury states that costs for PCB clean-up in account 5160; Maintenance of Line Transformers is only included in maintenance where there is enough room in the budget for clean-up. Greater Sudbury also states that there are about 100 units yet to be removed. Does Greater Sudbury have a PCB plan to meet the first phase deadline of December 31, 2009 for the Federal PCB Regulations SOR/2008-273?
- f. Please explain the nature of the increase in costs for Customer Billing of \$186,201 from 2007 to 2008, and \$253,273 from 2008 to 2009 arising from the new billing system.
- g. Please identify any programmes in the 2009 forecast that are specifically aimed at productivity and efficiency improvements.
- h. What inflation rate is used for 2009 and what is the source document for the inflation assumptions?
- i. Please explain the analysis and conclusion for the establishment of the forecast level of \$165,000 for bad debt, Account 5335.

22. Ref: Exhibit 4/Tab2/Sch2 & Exhibit 4/Tab2/Sch3

On Schedule 2 for account 5415; Energy Conservation is an amount for 2009 of \$187,236. On Schedule 3, page 7 Greater Sudbury describes this variance as a result of conservation, and was not budgeted until funding was approved.

- a. What approval is there for the funding?
- b. Please provide the documents permitting the expenditure.
- c. What is the source of the funding?
- d. Is the funding included as a revenue offset in this application?

23. Ref: Exhibit 1/Tab1/Sch13 & Exhibit 1/Tab1/Sch12, Appendix A

Schedule 12, Appendix A shows the Organization Chart for Greater Sudbury. In this chart are two positions, Supervisor – Competitive Services, and Admin. Services Clerk. On Schedule 13, Page 2 is the Corporate Entities Relationships Chart. On this chart 1627596 Ontario Inc. (Competitive Services) is shown not to be aligned with Greater Sudbury. Please explain why the two staff in Greater Sudbury should be utility employees.

24. Ref: Exhibit 4/Tab2/Sch3

On page 2 of this schedule the actual and forecasted annual balances for Account 5655, Regulatory Expenses are shown.

- a. Please provide the breakdown for actual and forecast, where applicable, for the 2006 Board approved, 2006 Actual, 2007 Actual, 2008 Bridge Year, and 2009 Forecast Test Year regarding the following regulatory costs and present it in the table format shown below.
- b. Under “Ongoing or One-time Cost”, please identify and state if any of the regulatory costs are “One-time Cost” and not expected to be incurred by the applicant during the impending period when the applicant is subject to the 3rd Generation IRM process or it is “Ongoing Cost” and will continue throughout the 3rd Generation of IRM process.

Regulatory Cost Category	Ongoing or One-time Cost?	2006 Board Approved	2006 Actual	2007 Actual	% Change in 2007 vs. 2006	2008 (As of Sept 2008)	% Change in 2008 vs. 2007	2009 Test Year	% Change in 2009 vs. 2008
1. OEB Annual Assessment									
2. OEB Hearing Assessments (applicant initiated)									
3. OEB Section 30 Costs (OEB initiated)									
4. Expert Witness cost for regulatory matters									
5. Legal costs for regulatory matters									
6. Consultants costs for regulatory matters									
7. Operating expenses associated with staff resources allocated to regulatory matters									
8. Any other costs for regulatory matters (please define)									
9. Operating expenses associated with other resources allocated to regulatory matters (please identify the resources)									
10. Other regulatory agency fees or assessments									

25. Ref: Exhibit 4/Tab2/Sch4

This exhibit itemizes the shared services of Greater Sudbury. It also shows the allocators used for allocating shared services.

- a. In EB-2006-0034, the Board established five principles for corporate cost allocations. In regard to Greater Sudbury's shared services, please indicate how these principles are applied in Greater Sudbury's case.
 - i The service is specifically required by the utility,
 - ii The level of service provided is required by the utility,
 - iii The costs are allocated based on cost causality and cost drivers,
 - iv The costs to provide the service internally would be higher and the cost acquire the service externally on a stand alone basis would be higher, and
 - v There are scalable economies.
- b. Some allocators are identified as percentage of time allocated.
 - i Does Greater Sudbury have a time tracking system?
 - ii If there is a time tracking system, how are the actuals used in setting the forecast?
 - iii If there is no time tracking system, what quantifiable means are used to test the reasonableness of the forecast?
- c. Has Greater Sudbury had their corporate cost allocation reviewed by an independent third party?

- d. Greater Sudbury notes that it will be undertaking a review of transfer pricing methodologies and inter company cost allocations. Is Greater Sudbury planning to have the results of that review examined and assessed by an independent third party?
- e. With the exclusion of purchased power costs, what is the percentage of Total OMA&G that is acquired through shared services?

26. Ref: Exhibit 4/Tab2/Sch6/p1

In this Exhibit, Greater Sudbury states:

"A third party consultant works with the HR/Governance Sub Committee of the Board of Directors to review the market analysis and consider salary recommendations."

- a. Please provide the market analysis referred to in the above statement.
- b. Please state the name of the consultant, and professional experience.
- c. Please provide any reports or recommendations of the consultant.

27. Ref: Exhibit 4/Tab2/Sch6/p 2

Table 3 in this Schedule contains the total compensation statistics. The changes in forecast compensation and benefits appear to be 5.6% or less for the various employee groups in 2009 when compared to 2008. The table also shows that there are large historical increases that have resulted in large component changes from 2006 to 2009.

- a. It appears that the data in this table is not entirely consistent. For example, in 2006 the Total Compensation for executives is \$447,949 while the Average Yearly Base Wages is \$360,221. Please review the table and correct/explain any anomalies.
- b. The following table summarizes the data found on this referenced schedule for Base Wages and Benefits. The indicated percent changes are from one year to the next. The percentage change found in Column 5 is based on comparing Test Year 2009 to Actual 2006. Please explain the drivers of the large percentage changes observed in Column 5, referencing the year over year changes for both Base Wage and Benefits by employee type that contribute to these increases.

		Compensation			
		2006	2007	2008	2009
E4/T2/S6 Table 3		<i>Col. 1</i>	<i>Col. 2</i>	<i>Col. 3</i>	<i>Col. 4</i>
Total Compensation					<i>Col. 5</i>
1 Executive		447,949	512,415	543,446	553,837
2 Management		1,203,278	1,260,302	1,488,132	1,491,257
3 Non-union		207,330	216,883	231,631	236,908
4 Union		5,847,329	6,125,482	6,626,976	6,995,159
5 Total		7,705,886	8,115,082	8,890,185	9,277,161
			07/06	08/07	09/08
				09/06	
Yearly Change \$					
6 Executive			64,466	31,031	10,391
7 Management			57,024	227,830	3,125
8 Non-union			9,553	14,748	5,277
9 Union			278,153	501,494	368,183
10 Total			409,196	775,103	386,976
Yearly Change %					
11 Executive			14.4%	6.1%	1.9%
12 Management			4.7%	18.1%	0.2%
13 Non-union			4.6%	6.8%	2.3%
14 Union			4.8%	8.2%	5.6%
15 Total			5.3%	9.6%	4.4%

- c. No incentive pay is indicated on Table 3. What is Greater Sudbury's position on incentive pay?

d. Please complete the following table:

	Col. 1 2006Act.	Col. 2 2007	Col. 3 2008	Col. 4 2009
1 Total Compensation				
2 Less Capitalized Amount				
3 Less Billable				
4 Less Other				
5 Compensation charged to OMA&G				

28. Ref: Exhibit 1/Tab2/Sch1, Appendix B & Exhibit 3/Tab2/Schedule 1, Table 2

This Appendix contains a comparison table of Mid-size Electricity Distribution Company Northern Cohorts.

- Please confirm that the dollar values in this table in Exhibit 1/Tab2/Schedule 1, Appendix B are cost per customer.
- For the years 2006 to 2009 please provide a table with the following:
 - For total costs, the costs per customer and the costs for kWh.
 - For total costs for shared services, the costs per customer and the costs for kWh.

Note: Do not include the actuarial adjustment in 2007 for Future Pension Benefits when developing this response.

c. Board Staff have prepared the table below from Exhibit 3/Tab2/Sch1, Table 2:

Greater Sudbury Growth							
		Col.1 Statistic	Col.2 Cust/Conn	Col.3 Change		Col.5 Percent Change	
		Energy	Cust/Conn	Energy	Cust/Conn	Energy	Cust/Conn
Year to Year							
1	2005	957.3	55,979				
2	2006	941.8	56,103	-15.5	124	-1.6%	0.2%
3	2007	958.6	56,429	16.8	326	1.8%	0.6%
4	2008	964.2	56,589	5.6	160	0.6%	0.3%
5	2009	973.5	56,751	9.3	162	1.0%	0.3%
From 2006							
6	09/06			31.7	648	3.4%	1.2%

- Please confirm that the table is correct. If the table is not correct, please provide a corrected version.
- Please comment on the increases in total OM&A Expenses found in Board Staff Interrogatory 18, and the increases in Compensation found in Board Staff Interrogatory 27 relative to the above increases in operating statistics.

- iii. Given that the restated Greater Sudbury Cohort costs were adjusted for Future Pension Benefits, Board staff is still concerned about the apparent divergence between the growth of customers and throughput, and the growth in costs. What efforts is Greater Sudbury taking to bring its cost per customer down?

Rate Base/Capital Expenditures

29. Ref: Exhibit 2/Tab2/Sch1

Please explain the variance between capital additions for 2008 of \$6.248 million in Exhibit 2/Tab2/Sch1, p.7 and the amount of \$6.142 million representing distribution plant expenditure for 2008 in Exhibit 2/Tab3/Sch1, p.16.

30. Ref: Exhibit 2/Tab3/Sch1

Please complete the following table:

	2007	2008	2009	2010
Number of poles replaced/to be replaced				
Average age of poles replaced/to be replaced				
Total Costs				
Average Cost				

31. Ref: Exhibit 2/Tab3/Sch1

The Applicant is proposing a significant ramp up in capital expenditures with a number of investments in distribution system upgrades and IT related projects.

The evidence shows proposed capital expenditures of \$10.9 million in 2009, up from \$4.7 million in 2006, an increase of 132%. The budgeted amount for 2009 is 74% higher than the 2008 capital budget (\$6.2 million). With regard to these expenditures:

- a. Ontario has experienced a significant downturn in current economic activity which will likely continue in the coming years.

Please provide a list of all capital projects for 2008 and their current status. If Greater Sudbury will be unable to complete any of the scheduled projects for 2008, please provide details and the reasons for their delay or cancellation. How will this project status impact projects planned for 2009?

- b. The Applicant has proposed to undertake a number of large projects in 2009. Does Greater Sudbury have the resources to complete all these projects? What strategies will Greater Sudbury employ to effectively and efficiently carry out this volume of work?
- c. Greater Sudbury proposes to undertake three IT related projects in 2009. Is it possible to defer some of these projects to subsequent years? Does the Greater Sudbury have the resources to pursue the three projects in 2009? What strategies will Greater Sudbury employ to effectively and efficiently carry out this volume of IT work in the test year?

32. Ref: Exhibit 2/Tab3/Sch2

- a. Please provide a list of criteria and the rationale that Greater Sudbury has used in the prioritization and selection of 2009 maintenance and capital projects in its application.
- b. How will an economic downturn impact Greater Sudbury's planned capital expenditures and growth projections? Has Greater Sudbury identified certain capital expenditures that it could reduce in terms of scope or delay it until economic activity picks up?
- c. Please identify, individually, maintenance and capital programs, if any, that Greater Sudbury may consider as a candidate for a deferral, cut, or partial adjustment, given the current economic situation. Please identify these programs, if any, in a ranking order that Greater Sudbury would consider, using a ranking of "1" as the first suitable candidate, ranking of "2" as the second suitable candidate, ranking of "3" as the third suitable candidate, etc. Please also include the rationale for the selection of these maintenance and capital programs and projects.
- d. Please describe the expected impacts on Greater Sudbury's revenue requirement, operations and service quality and reliability to customers if the identified programs are reduced, deferred or cut during the economic downturn.

33. Ref: Exhibit 1/Tab2/Sch1/Appendix A – Service Quality Indicators

Please indicate which of the capital expenditure projects will have a positive effect on the measures of service quality? Are any of the projects specifically targeted toward improving service quality?

34. Ref: Exhibit 2/Tab3/Sch1/p 36

The 2009 budget provides for the acquisition of eight new vehicles. The vehicles are replacing one large and six smaller units ranging in age from 5 to 20 years. The evidence indicates that it is Greater Sudbury's practice to replace large vehicles every ten to sixteen years and small vehicles every ten to twenty years. Regarding this issue:

- a. Please provide a list of all vehicles that are being replaced along with their year of acquisition, depreciated costs and mileage.
- b. Although it is Greater Sudbury's practice to replace vehicles that are at least 10 years old, the Applicant is said to be replacing vehicles ranging in age from 5 to 20 years old. Please provide the reasons for replacing vehicles that are less than 10 years old.
- c. How many vehicles less than 10 years old does Greater Sudbury intend to replace?

35. Ref: Exhibit 2/Tab3/Sch1/p 17

Under one of the non-discretionary projects, Greater Sudbury has budgeted \$111,370 for meter installations. This project includes expenditures related to replacing smart meters that suffer "burn in" failures. Please provide reasons for including smart meter

related expenditures in the capital budget when they should be included in the respective deferral accounts identified for this purpose.

36. Ref: Exhibit 1/Tab1/Sch1 Appendix A -- Capital Investments and O&M Expenditure Review, by METSCO Inc.

The Voltage Conversion Program is one of the leading initiatives of Greater Sudbury. This includes upgrading and rebuilding old 4 kV lines to a 12 kV standard. Regarding this initiative:

- a. How many old kV lines will be upgraded or rebuilt in 2009? Please provide details including timelines and costs.
- b. Are all 4 kV lines that are scheduled for upgrading near the end of their useful life?
- c. The evidence suggests that in some cases a section rebuild would involve upgrading the 4 kV lines and replacing wood poles. Please provide details of projects that involve upgrading the line at a certain point in time and replacing the wood poles in the same section at a later date or vice versa.

37. Ref: Exhibit 2/Tab1/Sch1 Appendix A -- Asset Condition Report Municipal Substations, prepared for Greater Sudbury Hydro Plus Inc., by Costello Associates

As per the Asset Condition Report, seven substations in the former territory of West Nipissing have been classified as being in poor condition.

- a. Please provide a general overview of the condition of the distribution infrastructure in the former territory of West Nipissing. How does it compare to the distribution infrastructure of the territory of Greater Sudbury?
- b. What is the estimated cost of bringing the distribution infrastructure in the former territory of Nipissing to acceptable reliability and safety standards?
- c. How do the reliability indices for the former service territory of West Nipissing compare to the service territory of Greater Sudbury? Please provide the reliability indices of the former service territory of West Nipissing and service territory of Greater Sudbury for the years 2006 to 2009.

38. Ref: Exhibit 2/Tab3/Sch1/p 38

With regard to the Enterprise Resource Planning Software and the Customer Information System:

- a. Please clarify the costs of the Enterprise Resource Planning Software and the Customer Information System and the amount that Greater Sudbury is seeking for the 2009 Test Year with respect to the two IT expenditures.
- b. Please provide any cost/benefit analysis that has been undertaken to justify the expenditures for each project.

-
- c. When will Greater Sudbury Hydro complete installation of the new Customer Information System? If the system is likely to be installed and used after 2009, please provide reasons for including the capital cost of \$2.1 million in 2009 rate base.
 - d. Please provide the projected OM&A cost savings of the Enterprise Resource Planning Software and the Customer Information System once the two systems are installed and operational.

39. Ref: Exhibit 2/Tab4/Sch 2

Please provide a detailed "Cost of Power Projection" worksheet showing customer class, volumes, rates and total amounts for 2008 and 2009.

40. Ref: Exhibit 2/Tab4/Sch 2

In the Working Capital Calculation by Account, the amounts under the different account numbers do not add up to the Working Capital Allowance Total. Please provide the missing accounts or an explanation for the variance.

Income Tax

41. Ref: Exhibit 4/Tab3/Sch 1

The table showing the detailed tax calculations does not include 2007. Please provide a revised table for the years 2006 through to 2009.

Cost of Debt

42. Ref: Exhibit 6/Tab1/Sch3

Greater Sudbury Hydro has a long term loan in the form of a promissory note payable to the City of Greater Sudbury for \$48.6 million, carrying an interest rate of 7.25% per annum.

- a. Please provide a copy of the original Promissory Note and any revisions or amendments made to this Note.
- b. Is Greater Sudbury Hydro permitted to repay the outstanding amount to the City of Greater Sudbury by providing notice according to the terms of the Note? If so please explain any terms, payments or penalties associated with such a repayment.

Smart Meters

43. Ref: Exhibit 9/Tab1/Sch1/p19

Board staff note that the 2009 costs for a number of cost categories are higher than 2010 and subsequent years. Please prepare a table for 2009 costs by cost category separating out one time costs, fixed annual costs, and variable costs.

Please confirm that variable costs have been calculated in accordance to your implementation schedule.

44. Ref: Exhibit 9/Tab1/Sch1/p22

Board staff notes that Greater Sudbury has been collecting a rate adder of \$0.27 per metered customer for the rate years 2006 to 2008.

- a. Please prepare a schedule showing actual and forecasted rate adder collection from May 1, 2006 to April 30, 2009 including simple interest.
- b. Board staff notes that it is common practice for the calculated 2009 Revenue Requirement for Smart Meters be reduced by the amount of smart meter rate adder revenue forecast to be collected up to April 30, 2009. Please provide a revised 2009 Smart Meters Revenue Requirement.

45. Ref: Exhibit 9/Tab1/Sch1/p22

Board staff notes that Greater Sudbury has calculated the 2009 smart meter rate adder using the forecast number of smart meters to be installed (44,053). Please confirm that this value is equivalent to the forecast number of metered customers used for 2009 billing determinants. If this value is not equivalent please provide reasons for using it.

46. Ref: Exhibit 2/Tab3/Sch3

Greater Sudbury has applied for a Utility Specific Smart Meter Funding Adder of \$2.17 per metered customer in accordance with OEB Guideline G-2008-0002 – Smart Meter Funding and Cost Recovery. The Guideline (G-2008-0002) provides for a standard \$1.00 smart meter funding adder and this is what most distributors have requested as part of their 2009 Cost of Service Application. What will be the impact to Greater Sudbury's smart meter implementation plan should the Board approve the standard \$1.00 rate adder in this Application?

Lost Revenue Adjustment Mechanism ("LRAM") and Shared Savings Mechanism ("SSM")

47. Ref: Exhibit 9/Tab1/Sch10

Greater Sudbury has not provided an independent third party review of their LRAM or SSM results. The Guidelines for Electricity Distributor Conservation and Demand Management EB-2008-0037, Section 7.5 state:

"For programs funded through distribution rates, it will be the role of the third party to:

- Provide an opinion on the cost effectiveness results that are material to the LRAM and SSM amounts proposed;
- Verify the participation levels;
- Confirm that the input assumptions are those posted on the Board's website. Where any input assumptions have changed in previous years, confirm that the input assumptions were implemented consistent with section 7.3;
- Where the distributor has varied from the input assumptions posted on the Board's website, review the reasonableness of the input assumptions used;
- Recommend any forward looking evaluation work to be considered; and,
- Recommend any improvements to the program to enhance program design, performance, and uptake by customers."

Did Greater Sudbury conduct an independent third party review in support of the LRAM and SSM claim. If not, why not? If so, please provide a copy of this review.

48. Ref: Exhibit 9/Tab1/Sch10/p 6

Table 1 derives the levels of the rate riders for a two year and a three year term for the riders.

- a. Why did Greater Sudbury chose two years?
- b. Please provide the rate riders if the LRAM/SSM balances were to be cleared in one year.

Revenue Offsets

49. Ref: Exhibit 3/Tab1/Sch2

Please provide the actual 2008 revenue from Late Payment Charges, and a brief explanation of why Greater Sudbury expects its revenue to decrease during the test year compared to 2008. (If the actual revenue was substantially lower than the projected amount of \$130,000 there is no need for the requested explanation.)

50. Ref: Exhibit 3/Tab3/Sch1

Greater Sudbury is including expected revenue from CDM funding of approximately \$187,000, comprising some 11% of the total Revenue Offset. Is there an amount of expense and/or capital expenditure in the revenue requirement that corresponds to this expected revenue?

Cost Allocation

51. Ref: Exhibit 8/Tab1/Sch2/Appendix A

- a. Please provide an electronic copy of the updated Informational Filing EB-2007-0001 of Greater Sudbury's cost allocation study. (No additional material is required in paper or .pdf format.)
- b. Please confirm that the Informational Filing (including the update) applies only to Greater Sudbury exclusive of West Nipissing.

Revenue to Cost Ratios

52. Ref: Exhibit 8/Tab1/Sch2/Table 3

- a. Does Greater Sudbury intend to adjust the rates to Streetlighting and Sentinel Lighting in the years following 2009 to increase the revenue to cost ratios to equal or exceed 70%?
- b. Does Greater Sudbury intend to adjust the rates to classes other than Streetlighting and Sentinel Lighting in the years following 2009 to bring the revenue to cost ratios closer to 100%?

53. Ref: Exhibit 8/Tab1/Sch2/Table 4

Greater Sudbury has provided (in the second data column of the table) the distribution revenue share of each class.

- a. Is it correct to interpret the second column from the right as being the revenue from each class that would cover test year base revenue requirement if all existing rates were changed by an identical percentage?
- b. Please describe any changes that may have occurred in Greater Sudbury's load that would cause the class revenue shares to differ significantly from those shown, assuming that all rates were changed by an identical percentage:
 - i. due to including West Nipissing customer loads
 - ii. due to other changes in customer numbers or requirements.

Rate Design and Impacts

54. Ref: Exhibit 9/Tab1/Sch1/Tables 5 and 6

The second data column in Table 5a is quite different than that in Table 5b whereas one would expect them to be similar. The same column in Table 6a is uniformly 0.00.

Please examine the column in Tables 5a – 6c that shows the proportion of revenue from fixed or volumetric rates, and re-submit any that are found to be erroneous.

55. Exhibit 9/Tab1/Sch9/Appendix A

- a. Please list the components that are included in the row “Other Charges kWh” in the impact tables.
- b. Please confirm that Retail Transmission Service Rates are the only component that changes from 2008 to 2009 in the impact calculations.

56. Ref: Exhibit 9/Tab1/Sch1/Tables 5a and 6a & Exhibit 9/Tab1/Sch9/Appendix A

For completeness, please provide a set of impact calculations in which the 2009 rate under 2009 bill is replaced with the fully harmonized rates found in Tables 5a and 6a. Please ensure that each page is appropriately labelled to ensure that this hypothetical impact calculation is not easily confused with those that are based on the rates that are being applied for.

57. Ref: Exhibit 9/Tab1/Sch5/pp. 2 & 4

Please confirm that Greater Sudbury is applying specific service charges that are unchanged in all respects from the existing approved specific service charges.

58. Ref: Exhibit 1/Tab2/Sch1 & Exhibit 9/Tab/Sch9 Attachment A

The impacts shown in Exhibit 1 for representative customers in the respective service areas do not match the detailed impact calculations for the same customers in Exhibit 9. Please determine which is correct and file a new revision as necessary.

Transformer Ownership Allowance

59. Ref: Exhibit 9/Tab1/Sch1/p 11

Please provide the forecast kW that will qualify for the Transformer Ownership Allowance, and show how it is used in the derivation of \$0.1368 per kW that is added to the GS >50 kW class volumetric rate before the allowance is applied.

Low Voltage Costs and Rate Adder

60. Ref: Exhibit 1/Tab3/Sch2/Appendix B

The distribution rates approved in 2006 included rate riders designed to cover \$90,357 in LV costs. The Exhibit shows forecast LV costs of \$160,000 in account 4750 and forecast revenue of the equal amount in account 4075.

Please provide the derivation of the cost forecast, and provide an explanation of why it has increased by nearly \$70,000 since 2006.

61. Ref: Exhibit 9/Tab1/Sch1/Tables 7(a) and (b)

The total LV cost allocated to customer classes in Table 7(a) is \$224,166.

- a. Please confirm that the “adjustments” shown in Table 7(b) are rate adders, similar to those approved in 2006 EDR.
- b. Please confirm that the amounts shown in Table 7(b) are designed to produce revenue of \$224,166, and please reconcile this with the forecast revenue of \$160,000 mentioned in the previous interrogatory.

Retail Transmission Service Rates

62. Ref: Exhibit 3/Tab2/Sch1/Table 2 & Exhibit 9/Tab1/Sch3/p 4

The billed energy to Greater Sudbury customers differs by about 0.5% in aggregate, and by varying proportions for various classes. Which of these sources should be considered more accurate?

63. Ref: Exhibit 9/Tab1/Sch3/Table 6

- a. Please augment Table 6 by showing, for the months starting at May 2008, the Network and Connection costs paid to IESO separate from the costs paid to the host distributor Hydro One. If possible, continue the table at this same level of detail for the months since August 2008.
- b. Please show how the projected costs (Network @ \$4,813,019, and Connection @ \$4,026,914) are derived.

Specific Service Charges

64. Ref: Exhibit 1/Tab1/Sch3/Appendix A

- a. Please confirm that all requested Specific Service Charges are the same as those previously approved for Greater Sudbury, except that the Meter Dispute Charge is new to Greater Sudbury.
- b. Please provide a description of the number of meter disputes in recent years and a forecast of the number of meter disputes during the test year.
- c. Please describe how long the Specific Service Charges have been in effect in the West Nipissing service area, and the annual revenue.

Deferral and Variance Accounts

65. Ref: Exhibit 5/Tab1/Sch5

Greater Sudbury is requesting “approval to establish a deferral account to accumulate the interest carrying charges associated with the (required) enhanced capital program, and the smart meter program until such assets are incorporated into the utility’s rate base.”

- a. Please explain why a deferral account is being requested, rather than recording the amounts in one or more of the following accounts that are already provided:

-
- Account 2055 'Construction Work in Progress – Electric', together with Account 6042 'Allowance For Other Funds Used During Construction–Credit'
 - Account 1555 'Smart Meter Capital and Recovery Offset Variance Account'
- b. Please provide justification for this new account making reference to the principles that govern regulatory assets: materiality, prudence, causation, and inability of management to control.
- c. If the request were granted, when does Greater Sudbury plan to dispose of the account and how would it be allocated to customer classes?

66. Ref: Exhibit 5/Tab1/Sch1

- a. Please confirm that Greater Sudbury is not requesting the disposition of any deferral or variance account balances in this application, except for transfer of the balances from West Nipissing to account 1590 as described in the referenced Exhibit.
- b. Please provide a calculation of rate riders that would dispose of the balance (\$544,459 less interim recoveries) when it is transferred to account 1590, including a description of how the balance(s) would be allocated to customer classes. Please ensure that it is clear whether the rate riders are assumed to apply to all Greater Sudbury customers or only the customers previously served by West Nipissing.

67. Ref: Exhibit 5/Tab1/Sch1

To prepare for the eventuality that the Board may wish to consider disposition of some or all of Greater Sudbury's variance and deferral account balances:

- a. Please provide a continuity schedule for Greater Sudbury Hydro's deferral and variance accounts using the Excel spreadsheet attached. Please note also that forecasting principal transactions beyond December 31, 2007 and the interest on those transactions in columns AM – AP is optional.
- b. Please provide documentation for the continuity schedule, including:
- ensure that it is clear whether the continuity schedule is consolidated to include or exclude former West Nipissing;
 - indicate whether the West Nipissing balances at December 31, 2004 (that would have been filed with the 2006 rate application) are in their original accounts. (Ref: Exhibit 5/Tab1/Sch1)

68. Ref: Exhibit 1/Tab3/Sch2 Appendix B/p1 & Exhibit 1/Tab3/Sch5/Attachment A/Notes 7b(i) & b(iii) on p. 329 of 1343

- a. Please include a narrative description of actual and/or forecasted transactions recorded in account 1570 – Qualifying Transition Costs, in enough detail to enable an understanding of the amount in the 2009 pro forma balance sheet (which is over \$200k) compared to the amount in the 2007 financial statement (approximately \$78k).

-
- b. Please include a narrative description of the RSVA accounts in the 2009 pro forma balance sheet which sum to approximately \$2.2m, to enable a comparison with the amount in the 2007 financial statement note 7b(iii) which is \$1.5m.

69. Ref: Exhibit 5/Tab1/Sch1

Greater Sudbury notes that it recovered regulatory assets by transferring balances to account 1590 in the 2006 EDR procedure. The application goes on to note at p. 1 of the reference:

“West Nipissing did not file a 2006 rate application so the balances remain untransferred. However, interim rate recoveries have taken place via existing rates approved for 2002, 2003, 2004 and 2005. Greater Sudbury Hydro is not seeking disposition of these balances at this time.”

- a. Please file information on the interim rate recoveries and the remaining balances, using the second worksheet of the model that was used to produce p. 2 of the referenced exhibit or an equivalent framework.
- b. Please reconcile the 2004 Data by Class with the 2003 information provided on Sheet 4 of the West Nipissing's 2005 RAM, and provide an explanation for any differences.

70. Ref: Exhibit 5/Tab1/Sch1

The Board issued filing guidelines on July 12, 2005 regarding “Applications for Final Recovery of Regulatory Assets for May 1, 2006 Distribution Rate Adjustments”. These guidelines are applicable to the December 31, 2004 West Nipissing balances that would have been filed with the 2006 rate application that are requested by the Applicant to be disposed or transferred to account 1590.

Please provide the information required under “Supplemental Disclosure”, paragraphs a through l, and under “Qualification for a Minimum Review”, paragraphs a through f.

Regulatory Asset Recovery Rate Riders

71. Ref: Exhibit 5

Please provide calculations of hypothetical rate riders that would dispose of account balances provided in the continuity schedule, based on two scenarios:

- a. Disposition of accounts: 1508, 1518, 1525, 1548, 1550, 1570, and 1571;
- b. Disposition of accounts 1508, 1518, 1525, 1548, 1550, 1570, 1571, 1580, 1582, 1584, 1586, 1588

Please ensure that the calculations are clear concerning whether the balances are taken at the end of 2007 or at some other point, how many years the rate riders would be in effect, and how the various accounts are allocated to customer classes.

Total Loss Factor

72. Ref: Exhibit 4/Tab2/Sch8

The calculations in Table 1 support a Total Loss Factor of 1.0527, and in Table 2, a Supply Facilities Loss Factor of 1.0058.

- a. Please explain whether the Total Loss Factor data in Table 1 show data for Greater Sudbury as a whole including West Nipissing, or for the system excluding West Nipissing.
- b. Please provide a table that will show the Distribution Loss Factor. The table may be similar to Table 1, rows A – H, except that row A would show wholesale kWh with no losses from the IESO and the host distributor.
- c. Please explain whether the Supply Facility Loss Factor data in Table 2 show data for Greater Sudbury as a whole including West Nipissing, or for the system excluding West Nipissing.
- d. Considering that Greater Sudbury is forecasting considerable LV costs, please show how Hydro One's Total Loss Factor is included in the calculation (1.034, approved for Sub-transmission customers including embedded distributors). Please also show how power obtained from Embedded Generation is included in the calculation. Alternatively, please provide a revised version of Table 2.

General

73. Ref: n/a

Greater Sudbury has received a least one letter of comment from a ratepayer as a result of the Notice of Application in this proceeding. Please provide a response to the issues raised in each letter of comment received.

-end-