

**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
Tillsonburg Hydro Inc. for an Order or Orders
approving or fixing just and reasonable rates and
other charges for the distribution of electricity
commencing May 1, 2009.**

SUPPLEMENTAL INTERROGATORIES

of the

School Energy Coalition

18. Ref: Board Staff IR#1
 - (a) 2008 actual information is not provided on this table. SEC assumes the reason is the information was not available at the time the response was prepared. If 2008 actual is now available, please update the table.
19. Ref. Board Staff #3:
 - (a) THI says in the IR response that the explanation for the change in the opening balance for 2008 is found in the column entitled "Ret./Other*" in Table 14. There does not appear to be any such column. Please provide the requested explanation.
20. Ref. Board Staff #4:
 - (a) The question asked to provide the "need for" an Asset Management Technologist. All that was provided was a brief description of the duties the Technologist was responsible. Please provide an explanation as to the need for the Asset Management Technologist.
21. Ref. Board Staff IR#5(a):
 - (a) THI states that it "undertakes to complete the [table requested by Board Staff] at a later date." Please indicate when the table will be completed.

22. Ref: Board Staff IR#7(b): please provide an update on the status of THI's application to its Board for smart meter capital authorization and, if applicable, provide the information requested in the interrogatory.

23. Ref. Board Staff IR#18:

- (a) please explain why the increase in OM&A attributed to the cost of living adjustment in 2009 (\$189,000) is double the 2008 value (\$90,000) and triple the 2007 value (\$60,000).
- (b) With respect to the first line in the table, please separately identify the increase attributed to FTE increases and that attributed to "Board of Directors". Please explain also why this (currently amalgamated) line item increases by \$162,000 in 2009 vs. \$60,000 in 2008 and \$37,000 in 2007.
- (c) Please explain the fluctuation in the amounts recorded in line item "Decreases (Increase) in Labour/Fleet in non-operating activities";

24. Ref.: Board Staff IR#32:

- (a) Please explain the statement "This rate design does not increase THI's risk of not recovering the revenue requirement and mitigates THI from otherwise increased exposure to variable rate revenue risk."
- (b) Was risk mitigation a factor in developing the fixed charge for these rate classes?
- (c) Does THI believe that low volume customers within each of the respective rate classes identified in the interrogatory should subsidize higher volume customers because that provides greater revenue certainty for the utility?

25. Ref.: SEC IR#12- Customer Information System

SEC is still not clear as to the financial arrangements involved with the Customer Information System. THI states in response to SEC #12(a) that the total costs of the new CIS is \$308,175, and that the annual operating costs are estimated to be \$47,000. Then in 12(b), THI states that it will "return the capital invested by the Town over a three year period.

Questions:

- (a) What is the estimated useful life of the CIS system?
- (b) What is the basis for returning the capital invested by the Town over three years?

- (c) Given that THI will be repaying 100% of the capital cost of the CIS, why wasn't the system purchased by THI with a services agreement with the Town to provide water and sewer billing?

26. Ref: SEC IR#12(e)- CIS allocation

With respect to 12(e), THI states that 100% of the capital cost and 85% of the annual operating costs (15% to water and sewers) of the new CIS will be allocated to THI. With respect to the annual operating costs, THI states that an equal number of bill are prepared for each, but the (85%) allocation reflects the relative level of complexity in preparing an electricity bill versus the simplicity of a water and sewer bill.

Questions:

- (a) Please provide a breakdown of the operating costs related to the CIS.
- (b) Please explain the relationship between the complexity of the bill and the operating cost of the system. Isn't the complexity of the bill an issue more relevant to the design of the system- i.e. a capital cost issue- versus an operating cost issue? What additional operating costs are imposed on the system due to the fact the bill is more complex?
- (c) Is the 15% allocation to sewer and water the same as for the existing system?
- (d) Is the annual operating cost, \$47,000, net of the allocation to water and sewers?

27. Ref. SEC IR#13:

- (a) Please provide an answer to SEC IR#13(c)(ii): whether new Operations Regulatory Affairs Manager position has been filled and if not when in 2009 THI anticipates filling it.
- (b) With respect to 13(d), does THI's response mean that it is effectively seeking recovery, for an indefinite period of time, for four linesmen who are doing the work of two?

28. Ref. SEC IR#16(b):

- (a) The question was to provide the revenue collected from each rate class for the years 2006, 2007, 2008, and 2009. The totals for each year, however, do not equal the total revenue requirement. For example, the total for 2009 is \$2,519,894 versus a 2009 proposed Service Revenue Requirement of \$3,196,982.

- (b) The revenue to cost ratio for the existing GS>500-5,000kW rate class is 49.6% [Ex. 8, Tab 1, Schedule 1]. The revenue to cost ratios for the proposed two new rate classes, GS>500-1,499kW, and GS>1,500kW is 59.8% and 33.4% respectively. Please explain why the revenue to cost ratios for the new classes is so low.
- (c) Despite the overall revenue deficiency, the revenue proposed to be collected from the two new rate classes in 2009 is less than the revenue collected in 2008 from the existing rate class, GS>500. [\$259,806 for GS>500-1,499 and GS>1,499 combined in 2009 versus \$274,741 for GS>500 in 2008- see SEC IR#16(b)]. Is this due to fewer projected customers in 2009 or is there a problem with the table as suggested in part (a) above? Please explain.

29. Ref.: SEC #17(a):

- (a) The table provided in the response shows that the proportion of revenue derived from the fixed charge for the GS>50-500kW rate class decreased significantly in 2008 versus 2007 and 2006 (from 98.1% in 2007 to 52.4% in 2008). Please the decrease and in particular whether it was a result in a change in rate design in 2008.