EB-2008-0235

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 London 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

17. Ref: General: in various IR responses (for example: in response to Board Staff #14, LHI has agreed that the revenue offsets should be $15,000 higher than as-filed due to a counting error). LHI has provided answers that have altered costs or revenues, with a consequential impact on the revenue requirement. Please provide a table summarizing the various changes to the application along with the changes to the revenue requirement.

18. Ref: Board Staff #14 and Ex. 3, p. 29: Please provide the 2008 actuals for account 4235- Miscellaneous Service Revenues;

19. Ref. Board Staff #17:

    (a) Please explain whether the increase in allocation of labour to capital- from $4.4 million in 2006 to $5.8 million in 2008- represents the total cost of apprentice hiring. If not, please provide the total cost of apprentice program in 2009.

20. Ref. Board Staff IR#19:

    (a) on what basis does LHI take the position that only new incremental, as opposed to all, costs related to smart meters should be excluded from OM&A and recorded in the smart meter deferral account?

    (b) What does the fact that certain individuals have been transferred from other departments (as opposed to newly hired) have to do with whether or not the cost is related to smart meters?

21. Ref. Board Staff IR#32(c):

(a) please provide the consultant's study referred to in the response;

(b) Have the rates for water billing services been re-examined since 2005? If not, how have the current rates been indexed for inflation or other market changes?

22. Ref. Board Staff IR#33(b): IFRS costs in revenue requirement

(a) Please state whether LHI is requesting an update to its $25,000 forecast included in revenue requirement for IFRS costs;

(b) Please LHI's view as to why costs associated with IFRS should not be dealt with in the IFRS proceeding currently before the Board.

23. Ref. CC CIR#4:

(a) The response indicates that LHI did not, for regulatory purposes, prepare and file a capital expenditure forecast for the years 2006 to 2008. Did LHI have an internal forecast of capital expenditures for each of those years, whether in each year or as a three-year block? If so, please provide it.

24. Ref. CCC#15: please explain how the allocations as between Electric and Water (as shown on the table at p. 25) were developed.

25. Ref. SEC IR#9(b): please explain the difference between a "full" and "unreduced" pension: specifically, what advantage is there in waiting for a full pension vs. an unreduced pension?

26. Ref. LPMA IR#30(b):

LHI has proosed using the Board's deemed debt rate (currently 7.62%) for its un-funded debt. In EB-2008-0232 (Hydro One Remote Communities), the Board in its Decision dated April 30, 2009, found as follows:

> The Board finds that it is not appropriate to apply the Board's deemed long-term debt rate to the notional or deemed long-term debt. The two are quite separate concepts. The deemed long-term debt rate is intended to apply in the absence of an appropriate market determined cost of debt, such as affiliate and variable rate debt situations. For companies with embedded debt, it is the cost of this embedded debt which should be applied to any additional notional (or deemed) debt that is required to balance the capital structure.
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> Remote's cost of capital will be adjusted to use its weighted average cost of embedded debt (5.60%) for purposes of determining the cost to be applied to the notional or deemed long-term debt.

(a) Given the above, please explain whether LHI continues to believe that its unfunded long-term debt in the amount of $56 million should receive the deemed long-term debt rate of 7.62% and if so, on what basis.