PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC
ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7
Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. http://www.piac.ca

Michael Buonaguro
Counsel for VECC
(416) 767-1666

May 7, 2009

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition (VECC)
EB-2008-0235
London Hydro Inc. – 2009 Electricity Distribution Rate Application

Please find enclosed the interrogatories of the Vulnerable Energy Consumers Coalition (VECC) in the above-noted proceeding.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

VECC Question 35

References: IRR VECC#5; Appendix VECC 5 - Service Level Agreement with COL for Water Service.

a) Please provide schedule that "Maps'' the data in the Table in IRR VECC#5 to each of the 6 water-related major services provided to the City of London (as listed in the SLA). Provide the historic cost 2005-2008 for each and the forecast for 2009 as well as the annual totals.
b) For the largest of the 6 services provide a fully allocated cost calculation for 2009 and compare this to the cost of the service as provided in the response to part a)
c) The Notes to the 2008 Audited Financial Statement indicate:

During the year and within the course of normal operations, the Company provided services to the City of London on an estimated cost recovery basis at an amount of $3.3 million (2007 - $3.3 million), and paid interest to the City in the amount of $4.2 million (2007 - $4.2 million).

Please reconcile this cost to the costs provided in IRR VECC#5
d) Confirm that Hydro increased the fees for service by $25,000 a year following the renewal of the SLA by letter of June 28, 2007? Reconcile the increased fee for 2008 and 2009 to the answer to VECC IR#5
e) How has the level of service increased/decreased from 2005 to 2009? For example provide metrics such as number of water meters, accounts and bills 2005-2009.
f) Has Hydro renewed the SLA with the City given the (Current) Expiry date of June 30, 2009? If so what is the new cost/fee per year

VECC Question 36

References: Table 19, Exhibit 4, p 71; VECC IRR#9; CCC IRR #7

a) For the total capital expenditure of $7,726,000 for SAP CIS (before upgrades) provide a breakdown of cost by major function
b) Provide an estimate of the annual operating cost of the CIS and cost per year per customer. For the billing function provide the operating cost per bill.
c) Compare these costs to those of the current legacy system
d) For the services provided to the City for water services, provide an estimate of the *incremental* capital and operating costs of the functionality required in the new CIS. How are these costs charged/recovered

e) Provide an estimate of the fully allocated costs of the water billing function by applying the # of water accounts/.bills to the estimated 2009 unit utility billing costs (part b) above).

VECC Question 37

References: VECCIRR#23 Part b); Appendix VECC 22 pg 117
Preamble: The response to VECC IR#23 b) indicates in part

> As detailed in Exhibit 6, page 4, table 3, London Hydro has applied it's actual rate of 6% to it's total deemed debt of 56% to calculate the deemed interest on long term debt of $7,564,257. Given that the Board has now updated it's prescribed long-term debt rate from 6.1% to 7.62%, we submit that the unfunded portion of London Hydro's long-term debt should be subject to the Board's prescribed debt rate of 7.62%

a) Has Hydro reviewed the Board Decision in EB-2008-0232–Hydro One Remotes, regarding Unfunded Debt (page 12)? If so what is Hydro's position as to how this Decision applies to its debt rate for the $56 million of unfunded debt and the average debt cost for 2009.
b) Provide a current (updated) projection of the Cost of Capital for 2009 Rate Setting purposes.

VECC Question 38
Reference: Board Staff #14 d)
Preamble: In its recent decision regarding the 2009 Rates for Niagara-on-the-Lake Hydro (EB-2008-0237, page 7), the Board's findings stated that:

> The Board finds that any interest associated with deferral and variance accounts does not form part of the calculation of the revenue requirement as it remains in and forms part of those accounts until cleared. Although the amounts are not large, as this is a matter of principle, the Board directs NOTL to remove these amounts from its distribution revenue.

a) In view of these findings please explain why London Hydro considers it appropriate to include a forecast negative interest amount of $350,000 for deferral/variance accounts in its determination of Revenue Offsets.

VECC Question 39
Reference: Board Staff #43 b)

a) With reference to Appendix 43 b) provided as part of the response, please explain the adjustments made to a) Distribution Revenue by Class and b) Net Revenue Offsets by Class.

b) Please explain why the Distribution Stand-By Revenue ($339,040) added to the Stand-By class does not equal the Distribution Stand-By Revenue ($247,191) included in the Revenue Offsets.

c) Please explain why the total Revenue Requirement reported in the CA Run filed in response to Board Staff #43 a) is $55,445,662; while the total Revenue Requirement reported in the CA results presented in Board Staff #43 b) is $5,537,520.

VECC Question 40
Reference: Board Staff #44 a)

a) Why is the fixed/variable split for other customer classes a relevant consideration in determining the fixed/variable split for the USL class?

b) Does London Hydro agree that the proportion of fixed versus variable costs involved in serving a USL customer will differ from those associated with serving customers in other classes? If not, why not?

c) Please comment on the appropriateness of London Hydro's proposed fixed/variable split for USL based on the cost range established for the charge in the Cost Allocation run and the Board's direction in its report "Application of Cost Allocation for Electricity Distributors" dated November 28, 2007 (EB-2007-0667).

VECC Question 41
Reference: VECC #15 d) & e)

a) Please confirm whether London Hydro is proposing to update its 2008 and 2009 load forecasts to values presented in this response.

b) Please provide a revised version of Exhibit 3, Table 18 consistent with this revised forecast.

c) Please revise the response to VECC #15 (e) so that it reflects the updated forecast per part (d).

VECC Question 42
Reference: VECC #24 a) & b)

a) In the O1 Sheet provided Total Revenues ($54,407,864) do not equal the total Revenue Requirement ($54,316,006). The discrepancy ($91,858) appears to be due to the Revenue Requirement not being adjusted for the Stand-By revenue adjustment as it was in the response to OEB Staff #43 b). Please provide a corrected version of Sheet O1 such that total

Revenues match the total Revenue Requirement and explain any adjustments made to the original response provided.

VECC Question 43
Reference: VECC #27 and #33 a)

a) Please confirm that in response to VECC #33 the range of distribution bill impacts for Residential customers is 14.2% to 16.5%; while for GS >50 Interval Metered the range is -3.9% to 6.9% and for GS > 50 Non-interval Metered the range is 5.6% to 7.8%.

b) Please reconcile the higher range for Residential vs. GS>50 with the response provided to VECC #27.

VECC Question 44
Reference: VECC #33 b)

a) VECC notes that it has posed this same question to all LDC's filing for 2009 rates based on Cost of Service and London Hydro is the only one unable to respond. Please comment on what is unique about London Hydro's billing system (e.g. different service provider, different software?) that makes this the case.