



***PUBLIC INTEREST ADVOCACY CENTRE***  
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August 31, 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)**  
**Notice of Intervention: EB-2009-0193**  
**Enersource Hydro Mississauga Inc. – 2010 Electricity Distribution**  
**Rate Application**

Please find enclosed the interrogatories of the Vulnerable Energy Consumers Coalition (VECC) in the above-noted proceeding. In the event the applicant seeks to claim confidential status over some of the material, we have included executed Non-disclosure agreements in the prescribed form so as to avoid any unnecessary delay in receiving the responses.

Thank you.

Yours truly,

Michael Buonaguro  
Counsel for VECC

Encl.

Enersource Hydro Mississauga Inc.  
2010 Electricity DistributionRate Application (EB-2009-0193)

Interrogatories on behalf of  
Vulnerable Energy Consumers Coalition (VECC)

Question #1

Reference: Application, Tab B, pages 2-3, paragraphs #6-#9

Preamble: Enersource states that the misalignment between the commencement of its fiscal year and its effective date for Rate Orders leads to a difference between its actual rate of return and its approved rate of return and that, as a reporting issuer, it is required to explain this complicated outcome to the investment community, including its bondholders.

- a) Please indicate who Enersource's bondholders are.
- b) Which of Enersource's bondholders, if any, also hold debt issued by other electricity distributors or transmitters in Ontario?
- c) Please provide copies of all requests or other communications received from either bondholders or the investment community over the last twelve months that resulted in Enersource providing explanations as to the difference between Enersource's actual vs. approved rate of return.
- d) Please provide copies of all materials prepared by Enersource for use in explaining to either bondholders or the investment community the difference between its approved and actual rate of return. Please also include all internal materials prepared to assist with oral explanations.
- e) Please confirm that the difference between start of the fiscal year and the effective date for rates is only one of the reasons why Enersource's actual rate of return could vary from the approved rate.
- f) Based on Enersource's experience over the past 3 years what have been the other factors contributing to a difference between the approved and actual rate of return.
- g) With respect to paragraph #9, please confirm that the quoted reference deals with the implementation of a change in fiscal year end – not a change in effective date.

Question #2

Reference: Application, Tab B, pages 3-4, paragraphs #10-#15 and Attachment 1

July 14th, 2008 Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors, pages 10-12

- a) Please confirm that the GDP IPI FDD index (Series V3940594) used by the OEB is an index of annual values that is produced once a year.
- b) Please indicate the source of the October 2008 to September 2009 price change that Enersource proposes to use.
- c) Please provide a schedule that set out the for the period 2003 to that most currently available:
  - The (annual) values for the index used by the OEB in its 3GIRM
  - The values for the index Enersource proposes to use to determine the October 2008 to September 2009 price change.
- d) Assuming this proposal had been implemented for January 1st 2009, please (using actual values from part (c)), show how the rate adjustment would be calculated under Enersource's proposal.
- e) Please confirm that for purposes of the calculations in Attachment 1 Enersource has assumed that the year over year change in the index from October 2008 to September 2009 is equal to the annual change (2009 over 2008) in the index that the OEB will calculate and apply for 2010 rates effective May 1st, 2010. Please also confirm that the results will not be equivalent if this is not the case.
- f) Please confirm that for purposes of the calculations in Attachment 1 Enersource has assumed that the amount of electricity consumed in each month is the same.
- g) With respect to part (f), please indicate what the results would be if the consumption was doubled for the months December through March relative to the other months of the year.
- h) Please provide a schedule of Enersource's monthly purchases from the IESO for the most recent 12 months available.

### Question #3

Reference: Application, Tab B, pages 5-7  
Application, Tab E

a) With respect to Tab E, Schedule 2 (Smart Meter Revenue Requirement Calculation for 2006, 2007, 2008, 2009 & 2010 & SMFA), please provide a schedule that compares the 2008 values as forecast in Enersource's EB-2008-0171 Application versus the 2008 actual values in the Current Application for the following:

- Capital Spending on Smart Meters
- Increase in Year End Net Fixed Asset over 2007 year end
- 2008 Operating Expenses
- 2008 Depreciation Expenses
- Number of Smart Meters Installed in 2008.

Please provide a variance explanation for any differences of more than 5%.

b) With respect to Tab E, Schedule 2 (Smart Meter Revenue Requirement Calculation for 2006, 2007, 2008, 2009 & 2010 & SMFA), please provide a schedule that compares the 2009 values as forecast in Enersource's EB-2008-0171 Application versus the 2009 forecast in the Current Application for the following:

- Capital Spending on Smart Meters
- Increase in Year End Net Fixed Asset over 2008 year end
- 2009 Operating Expenses
- 2009 Depreciation Expenses
- Number of Smart Meters Installed in 2009

Please provide a variance explanation for any differences of more than 5%.

c) Please provide a schedule that sets out the average operating cost per installed smart meter for 2006, 2007, 2008, 2009 (estimate) and 2010 (forecast). Note: For purposes of calculating the average please use the average number of smart meters in-service in the respective year. Please explain any year over year variances.

d) Please provide a schedule that sets out the average capital cost per installed smart meter incurred annually from 2006 to 2010 (forecast). Please explain any year over year variances.

e) With respect to Tab E, paragraph 5, please explain more fully:

- What gives rise to hazardous meter bases
- Why the replacement of hazardous meter bases results in higher operating costs
- Why these should be considered Smart Meter costs as oppose to normal operating costs.

Question #4

Reference: Application, Tab B, paragraphs #28-29 and Tabs C and D

- a) The Board's Supplemental Report states that the Stretch Factors used in the 3GIRM will be updated annually and could change. Please indicate Enersource's understanding of when the 2010 values will be available (and the basis for this understanding). Based on this timing, please explain how the application will be updated for the 2010 stretch factor.
- b) With respect to Tab B, Footnote #3, please provide a schedule that highlights the differences between proposed rates per Table #5 and those resulting from the filing model results provided in Tabs C and D. For each difference, please explain how the proposed rate was determined.
- c) On August 25th, 2009 the OEB issued the 2010 3GIRM rate application models (<http://www.oeb.gov.on.ca/OEB/Industry+Relations/OEB+Key+Initiatives/2010+Electricity+Distribution+Rate+Applications#updates>). Please provide revised versions of Tabs C and D using these models.

Question #5

Reference: Application, Tab B, pages 8-10

- a) Please provide the basis of the Total Customer Class %'s used in Table 1. Please also explain how they were determined.
- b) Please provide the basis for the Total Customer Class %'s used in Table 2 and explain why they are different from Table 1, particularly since there are no cost allocation adjustments for 2010 that would shift revenue responsibility between customer classes.
- c) Please confirm that the 2009 Load Forecast used in Table #1 is really the OEB-approved load forecast for 2008. If not, please explain its source.
- d) What is the basis for the 2010 load forecast used to determine the Rate Riders as calculated in Table #2?