



THE BOARD OF DIRECTORS

Chair, GAIL REGAN
President, Cara Holdings Ltd

President, PATRICIA ADAMS
MAX ALLEN
Producer, IDEAS, CBC Radio
GEORGE CONNELL
President Emeritus, University of Toronto
ANDREW COYNE
Journalist
IAN GRAY
President, St. Lawrence Starch Co.

Secretary/Treasurer, ANNETTA TURNER
DAVID NOWLAN
Professor Emeritus, Economics, University of Toronto
CLIFFORD ORWIN
Professor of Political Science, University of Toronto
ANDREW ROMAN
Barrister & Solicitor, Miller Thomson
MARGARET WENTE
Columnist, Globe and Mail

September 1, 2009

BY EMAIL & COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2009-0193
Enersource Hydro Mississauga Inc. – 2010 Rates Adjustment
Interrogatories of Energy Probe

Pursuant to the Notice of Application and Written Hearing issued by the Board on July 21, 2009, please find two hard copies of the Interrogatories of Energy Probe Research Foundation (Energy Probe) in the EB-2009-0193 proceeding. An electronic version of this communication will be forwarded in PDF format.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

cc: Gia M. DeJulio, Enersource Hydro Mississauga Inc. (By email)
George Vegh, McCarthy Tétrault LLP (By email)
Peter T. Faye, Energy Probe Counsel (By email)
Intervenors of Record (By email)

Energy Probe Research Foundation 225 BRUNSWICK AVE., TORONTO, ONTARIO M5S 2M6

Phone: (416) 964-9223 Fax: (416) 964-8239 E-mail: EnergyProbe@nextcity.com Internet: www.EnergyProbe.org

Ontario Energy Board

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c.15, Sched. B, as amended;

AND IN THE MATTER OF an Application by Enersource
Hydro Mississauga Inc. for an Order or Orders approving or
fixing just and reasonable rates and other service charges for the
distribution of electricity effective January 1, 2010.

**INTERROGATORIES OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

September 1, 2009

**ENERSOURCE HYDRO MISSISSAUGA INC.
2010 RATES CASE**

EB-2009-0193

**ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES**

Interrogatory # 1

**Ref: Exhibit: Tab B
Alignment of Rate Year with Calendar Year**

Background:

The evidence of the Applicant, beginning at Paragraph 6 of Tab B, outlines points that the Board should weigh when considering its request to make its rates effective January 1, 2010. At Paragraph 8, the Applicant submits that:

... there is currently a misalignment between its fiscal year (commencing January 1) and the effective date of its rate orders (May 1). The result of this misalignment is that Enersource's actual rate of return does not match the approved rate of return. Enersource, as a reporting issuer, is required to explain this complicated outcome to the investment community, including our bondholders. Enersource seeks to rectify this situation as soon as possible.

Questions:

- a) Is the Applicant aware of any regulated electricity distribution company within the Ontario Energy Board's jurisdiction, out of some 80 utilities, that currently has its fiscal year and the effective date of its rate orders aligned?
- b) Please provide examples exhibiting difficulty experienced by bondholders in understanding the non-alignment of fiscal year and the effective date of rate orders when Enersource explains it to them.
- c) How has Enersource dealt with the examples outlined in question (b) above?
- d) Has Enersource been refused a bond due to the non-alignment of fiscal year and the effective date of rate orders?

Interrogatory # 2

Ref: Exhibit: Tab B

Alignment of Rate Year with Calendar Year

Background:

The evidence of the Applicant, beginning at Paragraph 9 of Tab B, states that the “Board has approved the alignment of rate years with fiscal years in the past.” The Decisions in regard to specific Applications in respect of gas distribution companies under the Ontario Energy Board’s jurisdiction are referenced.

Questions:

- a) Were any of the Decisions of the Board referenced above rendered during an incentive regulation regime for gas distribution companies?
- b) Do you agree that the 3rd GIRM, which was used to set Enersource’s current rates, is a formulaic rate adjustment method, a price (rate) cap form of incentive regulation that does not require the calculation of a traditional revenue requirement?

Interrogatory # 3

Ref: Exhibit: Tab B

Alignment of Rate Year with Calendar Year

Background:

The evidence of the Applicant, beginning at Paragraph 10 of Tab B, states that the proposed approach of the Applicant results in no financial gain or loss to either Enersource or its customers:

In accordance with this approach, Enersource proposes a transition plan aimed at ensuring that the proposed change in the timing of this 3rd GIRM Application and implementation of rates would not result in any financial gain or loss to Enersource and/or its customers, relative to the alternative of a May 1, 2010 distribution rate change.

Questions:

- a) **Has the Applicant considered the additional cost to the Board of providing regulatory oversight to some 80 local electricity distribution companies having the effective date of their respective rate orders misaligned with one another?**
- b) **Is it the considered opinion of the Applicant that incentive regulation of some 80 local electricity distribution companies, which relies to some extent on the ability of the regulator to measure and compare financial outcomes of utilities, will not be impaired by the misalignment of the effective dates of their respective rate orders?**

Interrogatory # 4

**Ref: Exhibit: Tab B
Smart Meters**

Background:

The evidence of the Applicant, beginning at Paragraph 19 of Tab B, states that Enersource was one of the thirteen licensed distributors deemed to be applicants in the EB-2007-0063 Combined Proceeding. Further, the evidence states that the Board issued its Decision in this Combined Proceeding on August 8, 2007, approving the costs claimed by Enersource with respect to smart metering activities.

Questions:

- a) **On December 13, 2007, the Board issued its Decision and Order on Cost Awards. Is Enersource in compliance in respect of that Board Order?**
- b) **If the answer to a) above is yes, please advise the date that your cheque for \$1,802.78 was issued in payment and forwarded to Energy Probe Research Foundation.**
- c) **If the answer to a) above is no, please advise the steps the Applicant will now take to achieve compliance.**

Interrogatory # 5

**Ref: Exhibit: Tab E
Smart Meter Funding Adder**

Background:

The evidence of the Applicant, beginning at Paragraph 5 of Tab E, states that the Applicant proposes to increase the Smart Meter Funding Adder (SMFA) from \$1.41 per customer per month to \$2.17 per customer per month which is an increase of about 54%. The primary reason for this increase is “*due to the fact that Enersource will be in its final year of its SMIP.*”

Question:

What factors unique to the final year of Enersource’s SMIP would cause the SMFA to increase by such a significant amount?

Interrogatory # 6

**Ref: Exhibit: Tab E
Smart Meter Funding Adder**

Background:

The evidence of the Applicant, beginning at Paragraph 5 of Tab E, states that the increase in the SMFA is also attributed to “*an increase in operating costs associated with the replacements of hazardous meter bases*”.

Questions:

Please explain:

- a) **What distinguishes a “hazardous meter base” from a non hazardous meter base?**
- b) **What are the operating costs that will increase because of hazardous meter bases?**

- c) Of the 25,400 residential smart meters to be installed in 2010 (referenced in paragraph 3 page 1), how many will involve “hazardous meter bases”?
- d) Similarly, of the 9,440 small commercial smart meters to be installed in 2010, how many will involve “hazardous meter bases”?
- e) How do these numbers of hazardous bases compare with the number of hazardous bases already dealt with in the smart meter program in the applicant’s territory?
- f) How much of the SMFA increase is attributable to increased operating costs associated with hazardous meter bases?

Interrogatory # 7

**Ref: Exhibit: Tab E, Schedule 1 – Assumptions and Data
Smart Meter Funding Adder**

This Smart Meter Revenue Requirement Calculation shows Incremental Operating Costs for 2010 at \$1,627,695.

Question:

Please provide a breakdown of these operating costs and an explanation of why they are expected to increase over 2009 costs by approximately \$1M.

Interrogatory # 8

**Ref: Exhibit: Tab E, Schedule 1 – Assumptions and Data
Smart Meter Funding Adder**

According to the Schedule the SMFA calculation results in an estimated cost of \$2.62 per customer per month but the proposed SMFA is only \$2.17 per customer per month.

Question:

Please explain why the proposed SMFA is lower than the calculated SMFA.