Board Staff Interrogatories
Haldimand County Hydro Inc. ("Haldimand County Hydro")
2010 Electricity Distribution Rate Application
EB-2009-0265
Dated: October 27, 2009

Rate Base and Capital Expenditures

1. Ref: Exhibit 2

Please provide information for the period 2006 to 2010 in the following table format:

	2006 Actual	2007 Actual	2008 Actual	2009 Bridge	2010 Test
Allowed Return on Equity (%) on the regulated rate base					
Actual Return on Equity (%) on the regulated rate base					
Retained Earnings					
Dividends paid to shareholders					
Sustaining capital expenditures (excluding smart meters)					
Development capital expenditures (excluding smart meters)					
Operations capital expenditures					
Smart Meters capital expenditures					
Other capital expenditures (please specify)					
Total capital expenditures (including smart meters)					
Total capital expenditures (excluding smart meters)					
Depreciation expense					
Construction Work in Progress					
Rate Base					
Number of Customer Additions (total)					
- Residential					
- General Service < 50 kW					
- General Service > 50 kW, Intermediate and Large Use					

2. Ref: Exhibit 2 / Tab 2 / Sch. 3 / P.5

In Project #3 titled "Replace Defective Transformer Pads", Haldimand County Hydro has indicated that it intends to replace existing fibreglass pad-mounted

transformer foundations with concrete foundations. Please answer the following questions with respect to this project:

a) What was the rationale to use fibreglass pad-mounted foundations considering that fibreglass is more fragile than concrete?
b) Are there any other utilities using fibreglass pad-mounted transformer foundations?
c) Since this is a multi-year project, please provide the total cost of replacing these transformer foundations. Please also provide a breakdown for the individual years.

3. Ref: Exhibit 2 / Tab 2 / Sch. 3

The evidence indicates that Haldimand County Hydro has installed a new CIS billing system. Please answer the following questions with respect to this project:

a) What is the total cost of the new CIS billing system?
b) Has Haldimand County Hydro completed the installation of the new CIS system and is it in operation?
c) How did Haldimand County Hydro select the provider of this system? Please provide documents related to this project including any presentations made to the Board of Directors, scoping documents and RFPs.
d) Is this system being used to bill water customers?
e) Did Haldimand County Energy Inc. ("HCEI") make any capital contribution towards the acquisition of the new CIS system?
f) If Haldimand County Hydro is using the new CIS system to bill water customers and HCEI has not made any contributions towards the capital cost of the new CIS system, please provide reasons for not doing so when the new system is also being used to service water billing customers.

4. Ref: Exhibit 2 / Tab 2 / Sch. 1

The evidence indicates that Haldimand County Hydro incurred capital expenditures of nearly $5 million in 2008. This seems disproportionate to other years. Please provide reasons for the substantial increase in capital expenditures in 2008.

5. Ref: Exhibit 2 / Tab 2 / Sch. 3

The evidence indicates a substantial investment in the ESRI Distribution Mapping System. Please answer the following questions with respect to this investment:

a) What is the total cost of this project? Please provide a breakdown for the individual years and the different components including cost of hardware, software, consulting services, equipment, training etc.
b) Please provide the benefits and rationale for each component.
c) Is the project complete? If not, please provide the completion date.

6. Ref: Exhibit 2 / Tab 2 / Sch. 3

Please complete the following table. Please also include poles replaced/to be replaced under major capital projects:

	2007	2008	2009	2010
Number of poles replaced/to be replaced				
Total Costs				
Average Cost				

7. Ref: Exhibit 2 / Tab 2 / Sch. 3

Does Haldimand County Hydro have a vehicle replacement policy? If so, please provide the information. Also, provide a list of all vehicles that were replaced or will be replaced for each of the years, from 2007 through to 2010. In this respect, please provide the following information for each vehicle: type of vehicle replaced, mileage, year, scrap value and the cost of the new vehicle. Please include purchases of new vehicles that are not a replacement.

Operating Revenue

<u>Load Forecast Metodology</u>

8. Ref: Exhibit 3 / Tab 2 / Schedule 2

On page 11 in the above reference the applicant stated that the process of developing a model of energy usage involves estimating multifactor models using different input variables to determine the best fit. Amongst others, Haldimand County

Hydro also used the Ontario real GDP monthly index numbers which came from the Ontario Ministry of Finance's *"Ontario Economic Outlook and Fiscal Review"* (2001 to 2007 from the 2003 and 2008 Outlook, and 2008 to 2010 from the 2009 Outlook); Population data that was based on the 2006 Census population data for Haldimand County as well as Number of Customers. On page 12 the applicant provided the equation resulting from the multifactor regression model.

a) Please confirm that this multifactor regression model was in fact used to establish 2008 weather normalized load only and that the result was used as the basis for the IESO adjustments for the 2009 and 2010 weather-normalized load forecast.
b) Please explain the use of 'Number of Customers' in addition to 'Population' as an input variable in this multi regression model. Please provide a version excluding population as a variable and re-estimating the Load Forecast.
c) Please provide a rationale for using the filed multifactor regression model to develop the load forecast considering that the output includes a negative co-efficient for GDP, a result which does not make intuitive sense.
d) Please explain why GDP is included in the multifactor regression model when the only output is the 2008 weather normalized load. Please re-estimate 2008 weather normalized load using only weather related variables.

9. Ref: Exhibit 3 / Tab 2 / Schedule 2

To forecast the 2009 and 2010 weather-normalized purchases, the Applicant stated that it has incorporated the IESO 18-Month Outlook for June 2009 to November 2010, dated May 25, 2009. IESO is forecasting a 4.0% decline in the year 2009 and an additional 0.3% decline in the year 2010.

a) Please explain how a load forecast adjustment based on the IESO 18-Month Outlook, which is based on a provincial average, compares with economic trends experienced in Haldimand County Hydro's service area.
b) Please file regional data that support the projected decline.
c) Please recalculate Haldimand County Hydro's load forecast for the 2009 bridge year and the 2010 test year using the multifactor regression model including economic indicators instead of the IESO adjustment, and compare the outcome to Haldimand County Hydro's current load forecast for the 2009 bridge and 2010 test year.

10. Ref: Exhibit 3 / Tab 2 / Schedule 2

Haldimand County Hydro stated that no further adjustments have been made for CDM activities since Haldimand County Hydro has incorporated the IESO 18-Month Outlook into its load forecasting model which accounts for energy savings on account of CDM initiatives.

Please provide information on the impact of local CDM initiatives for Haldimand County Hydro and compare the reduction due to conservation with the data provided in the IESO 18-Month outlook.

Customer Count Forecast

11. Ref: Exhibit 3 / Tab 2 / Schedule 2

On page 16 in the above reference Haldimand County Hydro states that *the customer/connection forecast is based on reviewing historical customer/connection data that is available for the past 7 years, 2002 to 2008.* Board staff's calculation produced different results for the GS<50 kW and the GS>50 kW rate class. Staff further noted a marked increase in the historical customer count for the GS<50 kW rate class as well as a decrease in the GS>50 kW rate class.

a) Please confirm that the customer count forecast on Table 15 [E3/T2/S2 p. 16] calculates the geometric annual growth rate for the GS<50 kW and GS>50 kW classes from 2002 to 2006 only.
b) If yes, please confirm that this geometric annual growth rate is then applied to the 2008 actual customer data
c) Please explain the increase in the customer count for the GS<50 kW class for 2007 actual and 2008 actual.
d) Please explain the decrease in the customer count for the GS>50 kW class for 2007 actual and 2008 actual.

Load Forecast

12. Ref: Exhibit 3 / Tab 2 / Schedule 2

In Table 19 [E3/T2/S2] Haldimand County Hydro provided the non-normalized weather energy forecast. Board staff calculated non-normalized weather energy forecast by using the forecast annual energy usage (kWh) per customer/connection

provided by the applicant in [Table 18 E3/T2/S2] multiplied by the forecasted customer count [Table 16 E3/T2/S2], see table below:

Year	Res	GS<50	GS>50	Sen	Street	USL	Total
Forecast Annual Non-Normalized Energy Usage (kWh)							
2008	170,854,990	59,889,161	277,894,280	446,202	2,329,111	482,244	511,895,987
2009	169,938,250	61,090,420	268,202,078	418,669	2,329,111	482,244	502,460,772

a) Please reconcile the forecast annual non-normalized energy usage (kWh) provided in Table 19 of the application with the table above.
b) Please provide a summary of historical non-normalized weather energy forecast using the historic annual usage per customer/connection data provided by the applicant on Table 17 [E3/T2/S2].

13. Ref: Exhibit 3 / Tab 2 / Schedule 2

On page 24 in the above reference, Haldimand County Hydro provided a summary of the forecast data for the 2006 Board Approved, 2006 through 2008 Actual, the 2009 Bridge Year and the 2010 Test Year. In this summary Haldimand County Hydro included the load forecast for its "new" embedded distributor Hydro One Networks Inc. ("HONI") only. However, in the 2010 Test Year Haldimand is still a host distributor for Norfolk Power Distribution Inc. ("NPI").

a) Please confirm that Haldimand County Hydro's load forecast excludes the load provided to NPI.
b) If yes, please provide a rationale for this exclusion.
c) If no, please provide a breakdown of the load forecast for NPI for each of the two metering points as well as the duration of the service provided at each of these points.

Other Distribution Revenue

14. Ref: Exhibit 3 / Tab 2 / Schedule 1

On page 6 in the above reference, Haldimand County Hydro stated that its existing "Embedded Distributor rate class distribution wheeling service rate" revenue applicable only to Norfolk Power Distribution Inc. ("NPI") ($0.6201 per kW resulting in a revenue forecast of up to $42,207 for the 2010 Test Year) has been allocated to

Other Distribution Revenue as revenue offset. On page 8 Haldimand County Hydro proposed that this revenue be excluded from its revenue requirement and be used to offset losses of $44,757 incurred by Haldimand County Hydro for the rate class since 2006 (see Table below).

Embedded Distributor – Norfolk Power

	2006 Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Bridge Year	2010 Test Year
Revenue	$74,493	$54,749	$82,276	$73,448	$42,853	$42,207
kW Volume	119,532	87,851	131,213	117,976	69,128	68,065
No. of Customers	1	1	1	1	1	1
No. of Supply Points	2	2	2	2	1	1
Price ($/kW)	$0.6232	$0.6232	$0.6288	$0.6194	$0.6201	$0.6201
Revenue Variance from 2006 Board Approved	0	($19,744)	$7,783	($1,156)	($31,640)	

a) Please provide further explanation to Haldimand County Hydro's proposal to treat other distribution revenue as an offset to losses incurred in prior years rather than as a revenue offset in the 2010 test year.
b) Please provide Haldimand County Hydro's views as to whether its proposed treatment creates an inter-generational distortion of cost recovery.
c) Please identify a precedent or prior decision where this treatment has been approved by the Board, and provide the relevant references.

Operating Costs

15. Ref: Exhibit 4 / Tab 1 / Sch. 1

The evidence indicates that maintenance expenditures in the Test Year are almost double the 2006 actuals and 5.3% over 2008 actuals. The evidence also indicates that the utility made significant capital expenditures in 2008 and 2009. In addition, the report by Kinectrics Inc. titled "Distribution Asset Condition Assessment" rates Haldimand's assets as being in "Good" condition (page 4). Considering that the utility has made significant capital investments recently and its assets are generally considered to be in good condition, Haldimand's forecast indicates no reduction in maintenance related expenses. In fact account number 5125, "Maintenance of

Overhead Conductors and Devices" shows a 34% increase in 2010 as compared to 2008 Actual. Other items under maintenance also show a significant increase. Please explain, in as much detail as possible, the reasons for the high level of maintenance expenditures in the Test Year.

16. Ref: Exhibit 4 / Tab 2 / Sch. 4
Please confirm the regulatory costs that Haldimand County Hydro is seeking to recover in the 2010 Test Year.

17. Ref: Exhibit 4 / Tab 1 / Sch. 1
Haldimand County Hydro is seeking to recover approximately $7.6 million in controllable OM&A expenses.

a. For the 2010 Forecast test year, please identify and describe any one time costs other than those explained for regulatory costs.
b. Are there any one time costs that were inadvertently carried forward from previous years into 2010?
c. Are there any expenses for charitable donations in the 2010 forecast? If there are please identify them.
d. Are there any costs in the forecast for conversion due to the adoption of International Financial Reporting Standards? If there are please itemize the costs and the rationale of the drivers of the costs.
e. Are there any costs related to Social Assistance or Low Income Energy Assistance Programs in the 2010 Test Year? If "Yes", please provide amounts and details about the program.

18. Ref: Exhibit 4 / Tab 2 / Sch. 5
Haldimand County Hydro provides streetlight maintenance for the Corporation of Haldimand County and water billing and sentinel light services for its affiliate Haldimand County Energy Inc. The services provided by Haldimand Hydro are charged on a cost-based price plus mark-ups to cover overheads. Please answer the following questions with respect to affiliate charges:

a) The evidence (Exh4/Tab2/Sch.5/p.3) indicates that the cost sharing services charged to Haldimand County are per agreements put into place at the time each particular non-affiliate third party service is required. Please provide a

copy of the agreements between Haldimand County Hydro and Haldimand County.

b) The evidence indicates that services provided to Haldimand County Energy Inc. ("HCEI") and Haldimand County Utilities Inc. ("HCUI") are charged at a cost-based price plus a mark-up to labour and truck. Did Haldimand County Hydro conduct a transfer pricing study to determine the fully allocated costs of providing services to affilifates? If "Yes", please provide the results of the study.
c) What is Haldimand County Hydro's total operating and administration costs for billing and collection (please identify "water and wastewater" numbers separately if available)?
d) Table 7 titled "HCHI's Charges to Affilifate" shows no amount for Tree Trimming and Pole Relocations for the 2010 Test Year. Is it the opinion of Haldimand County Hydro that the County will not require any tree trimming and pole relocations in 2010 when preceding years indicate a charge for these services? Please provide a detailed explanation supporting your response.

19. Ref: Exhibit 4 / Tab 2 / Sch. 7 / P.5

The evidence on page 5 (Ex4/Tab2/Sc7) indicates that the annual union and non-union wage increases for the year 2007 were 3% as of April 1 and 2% as of July 1. Please confirm whether the annual wage increase (union and non-union) for 2007 totals 5%. If it is 5%, please provide reasons for the larger than average wage increase.

20. Ref: Exhibit 4 / Tab 3 / Sch. 1 / P.5

The list of items provided in Table 18 to calculate taxable income includes Regulatory Assets. Please answer the following questions with respect to this item:

a) Please provide a breakdown of the items included under Regulatory Assets for all the years included in Table 18.
b) Please explain the significant increase in Regulatory Assets from 2009 to 2010.
c) Please provide the reasons for including Regulatory Assets in the PILs calculation.

21. Ref: Exhibit 4 / Tab 2 / Sch. 8
Has Haldimand County Hydro used the half-year rule to account for depreciation expenses during the Test Year? If "No", please provide a detailed explanation of the methodology used to account for depreciation expenses.

Cost of Debt

22. Ref: Exhibit 5 / Tab 1 / Sch. 3
Haldimand County Hydro is seeking a weighted debt cost rate of 5.58% representing long-term debt for the 2010 Test Year. One of the instruments included in the weighted debt cost rate calculation is a debenture held by Haldimand County for an amount of approximately $2.6 million. Please answer the following questions with respect to this instrument:

a) Please provide a copy of the debenture with Haldimand County and any revisions or amendments made to this instrument.
b) Table 2 (Ex5/Tab1/Sc3) of the evidence indicates that the debenture was issued on May 1, 2000 and is for a term of 10 years. Please confirm that the debenture is due on May 1, 2010.
c) Please identify where on the audited financial statements of 2007 and 2008 this debenture is noted.
d) Please confirm that the interest rate for this debt instrument is 9.75% for 2010 and that this rate and an amount of $249,275 representing interest for 12 months, has been used in calculating the weighted debt cost rate for the Test Year.
e) If the debt is due on May 1, 2010, does Haldimand County Hydro intend to renew the amount with the City under the same terms and conditions and at the same rate (i.e. 9.75%)?
f) If "No" to (e), please explain why a rate of 9.75% has been used to calculate the weighted debt cost rate for 2010 when the principal is due May 1, 2010?
g) Has Haldimand County Hydro obtained a quote from the market for renewing the debt when it comes due on May 1, 2010?
h) If no to (g), please provide a quote from a third party for a similar loan amount under the same terms and conditions. If yes to (g), please provide the quote.

Cost Allocation

23. Ref.: Exhibit 7 / Tab 1 / Schedule 2
The Application states that, "HCHI has incorporated the 'new proposed' rate class, Embedded Distributor – Hydro One Networks Inc., into the updated Model in order to generate a distribution wheeling service rate applicable to this rate class." Please answer the following questions with respect to this new class. Please provide as much detail as possible.

a) Please explain whether the relationship with Hydro One Networks is a new relationship in the 2010 rate year, or if Hydro One has previously been an embedded distributor.
b) If Hydro One has been an embedded distributor prior to the 2010 rate year, please provide information regarding how long this relationship has existed and the reasons for this Embedded Distributor rate class not existing previously.
c) Why has Haldimand County Hydro decided to introduce this new rate class at this time?

24. Ref.: Exhibit 7, Tab 1, Appendix A: 2010 Cost Allocation Study, Sheet O1: Revenue to Cost Summary Worksheet
The above referenced sheet shows that the 2010 Revenue Requirement for the Embedded Distributor – Hydro One rate class is $174,351, but that the Total Revenue for this rate class is $580, all of which is derived from Miscellaneous Revenue; that is to say, this rate class earns $580 in Distribution Revenue at current rates. Please detail the rates charged to Hydro One as an embedded distributor in this case. Specifically, please explain how and why it is possible to earn negligible revenue from this rate class, when the revenue requirement associated with it totals $174,351.

25. Ref.: Exhibit 7, Tab 1, Appendix A: 2010 Cost Allocation Study, Sheet O1: Revenue to Cost Summary Worksheet
Please re-submit Sheet O1: Revenue to Cost Summary Worksheet completed using the proposed revenue to cost ratios and the corresponding revenue and cost figures for all classes.

Rate Design

26. Ref.: Exhibit 8, Tab 1, Schedule 1

Haldimand is proposing a change in the fixed and variable charges for the customers in the Residential, GS<50, GS>50-4999, and USL rate classes. According to Board staff's calculations, the Residential monthly fixed charge will rise by approximately 90%, and the volumetric charge will fall by 27%. These changes would be at least partially responsible for the proposed 15% net increase to the delivery component of a residential customer's bill (at 800 kWh consumption).

a) Please explain why the increase in the monthly fixed charge for Residential customers is disproportionate to the decrease in the volumetric charge. Please also explain and provide justification as to why these two charges should not be changed proportionately, as explained in the application.
b) Has Haldimand considered the possibility of increasing the fixed monthly charge over a two or three year period?

27. Ref.: Exhibit 8, Tab 1, Schedule 1

Haldimand has proposed that the distribution volumetric charge for the USL rate class be lowered from $0.0226 to $0.0036. According to Board staff's calculations, this is a reduction of 528%. Furthermore, Board staff has found that the applicant does not provide any reasons or justification in the evidence for the substantial reduction.

a) Please explain the reasons and justification for this substantial decrease.
b) Please further explain why the proposed rate differs so greatly from the GS<50 rate, a class that is similar to USL, with the exception of costs associated with meter management.

Loss Factors

28. Ref: Exhibit 1, Tab 1, Schedule 12, Page 1

The table "Ownership of Feeders at HONI Transformer Stations" in the above reference provides a list of 14 feeders at Jarvis TS, Caledonia TS and Dunnville TS (7 owned by HCHI and 7 owned by HONI). Please answer the following questions with respect to this table:

a) The table "Supply Facilities Loss Factor" in Exhibit 8, Tab 1, Schedule 4, Page 2 provides the standard Supply Facility Loss Factor ("SFLF") associated with

each feeder for a total of 11 feeders, this being 1.0045 for Haldimand County Hydro owned directly connected feeders and 1.006 for HONI owned express feeders. Please provide an explanation as to why feeders 57M2, 57M7 and 57M8 at Jarvis TS are present in the former table (in E1/T1/Sc12) but absent from the latter table (in E8/T1/Sc4).

b) Exhibit 1, Tab 1, Schedule 12, Page 3 provides a list of 4 feeders owned by HONI. Please provide an explanation as to why feeders 57M2, 57M7 and 57M8 at Jarvis TS are present in Exhibit 1, Tab 1, Schedule 12, Page 1 as HONI owned but absent from the list on page 3.

c) If the omissions mentioned in (b) are an error, please correct the above mentioned tables and list and re-calculate the proposed weighted average SFLF currently shown as 1.0052.

d) At each of Jarvis TS, Caledonia TS and Dunnville TS, the feeders have mixed ownership, i.e. certain feeders are owned by Haldimand Hydro and others are HONI owned. Apart from the ownership difference, please explain if there are any physical or technical differences between the Haldimand Hydro and HONI owned feeders.

29. Ref: Exhibit 8, Tab 1, Schedule 4

Please explain the reason for the dissimilarity in the 2008 kWh number (376,481,614 kWh) in line A2 in the table “Total Loss Factor Calculation” in Exhibit 8, Tab 1, Schedule 4, Pg.1 and the “TOTAL” kWh number (575,924,720 kWh) in the “Sub Total” row in the table “Supply Facilities Loss Factor” in Exhibit 8, Tab 1, Schedule 4, Pg.2.

30. Ref: Exhibit 1, Tab 1, Schedules 10 and 12

In order to enable selection of the correct SFLF, please expand on the information provided in Exhibit 1, Tab 1, Schedule 12, Pg.3 and Exhibit 1, Tab 1, Schedule 10, Pg.1 and clarify whether Haldimand County Hydro is:

- Directly connected to the IESO controlled grid, or
- Fully embedded in the HONI distribution system, or
- Partially embedded in the HONI distribution system.

31. Ref: Exhibit 8, Tab 1, Schedule 4

With respect to the table "Total Loss Factor Calculation" on page 1 of the above reference, please re-compute the historical and proposed Distribution Loss Factors ("DLF") and Total Loss Factors ("TLF") based on the following definitional change:

- Row B definition changed to: Portion of "Wholesale" kWh delivered to distributor for Large Use Customer(s) and Embedded Distributor(s).
- Row E definition changed to: Portion of "Retail" kWh delivered by distributor for Large Use Customer(s) and Embedded Distributor(s).
- With respect to the two embedded distributors[1], for each year,
  Row B (kWh) = [row E (kWh) x DLF]$_{\text{Norfolk, 6th Concession PMU}}$ +
  [row E (kWh) x DLF]$_{\text{Norfolk, Highway 6 PMU}}$ +
  [row E (kWh) x DLF]$_{\text{Hydro One}}$
- Please complete this calculation on a best efforts basis if all data is not available.

32. Ref: Exhibit 8, Tab 1, Schedule 4

Table 15 on page 1 of the above reference provides the Distribution Loss Factor ("DLF") in Row G. Please answer the following questions with respect to the DLF:

a) Please provide an explanation or rationale for proposing an average DLF of 1.0624 (years 2004 to 2008) rather than a lower factor such as the actual DLF for 2004 of 1.0550.
b) Please provide an explanation for the increasing trend in losses indicated by an increase in actual DLF from 1.0550 in 2004 to 1.0693 in 2008.
c) Please describe any steps that are contemplated to decrease the loss factor during the test year (2010) and/or during a longer planning period.
d) Haldimand County Hydro has incurred significant capital expenditures in 2008 and 2009. Please explain why these expenditures have not resulted in a lower proposed DLF for the Test Year.

33. Ref: Exhibit 8, Tab 1, Schedules 5 and 6

With respect to Haldimand County Hydro's proposed Total Loss Factor ("TLF") of 1.0442 in E8/T1/Sc6/Pg.4 for embedded distributor Norfolk Power, please answer the following:

[1] For embedded distributor Norfolk, please calculate kWh based on sum of kWh associated with supply points 6th Concession PMU and Highway 6 PMU. As shown in the 8th reference, DLFs associated with these supply points are respectively 1.0352 and 1.0395.

a) Please explain the rationale for the increase in the proposed TLF of 1.0442 from the current approved number of 1.0253 as indicated in E8/T1/Sc5/Appendix D.
b) Please explain factors that cause this proposed TLF to be higher than the proposed TLF of 1.0305 for embedded distributor HONI as indicated on page 4 of E8/T1/Sc6.
c) On page 6 of Kinectrics Inc. report titled "Embedded Distributor and Site Specific Loss Factors" dated August 10, 2009, it is stated that the proposed TLF of 1.0442 corresponds to the TLF associated with the Highway 6 PMU supply point, which is planned to be removed from service after December 2010. Please explain the manner in which Haldimand County Hydro plans to serve this load after this date and comment on the expected TLF.

34. Ref: Exhibit 8, Tab 1, Schedule 6
Please provide the calculation methodology used to obtain the proposed TLF of 1.0305 on page 4 of the above reference for embedded distributor HONI similar to the table provided on page 6 of the Kinectrics Inc. report titled "Embedded Distributor and Site Specific Loss Factors" for the calculation of the TLF for embedded distributor Norfolk Power.

Deferral and Variance Accounts

35. Ref: Exhibit 9 / Tab 1 / Schedule 2
In Table 3 titled "Deferral and Variance Accounts Requested for Disposition" of the above reference and the Continuity Schedule in Exhibit 9 / Tab 1 / Schedule 1 / Appendix A the following amounts are shown for account 1584 as of December 31, 2008:

Principal:	(1,428)
Interest:	(28,251)

Please explain why the interest amount is approximately 20 times the principal amount requested for disposition.

36. Ref: Exhibit 9 / Tab 1 / Schedule 2
In Table 3 titled "Deferral and Variance Accounts Requested for Disposition" of the above reference and the Continuity Schedule in Exhibit 9 / Tab 1 / Schedule 1 /

Appendix A the following amounts are shown for account 1588 as of December 31, 2008:

Principal: (143,201)
Interest: 367,241

Please explain why the principal is a credit number, and the interest is a debit number, and why is there such a large variation in the quantum.

37. Ref: Exhibit 9 / Tab 1 / Schedule 2

In Table 3 titled "Deferral and Variance Accounts Requested for Disposition" of the above reference and the Continuity Schedule in Exhibit 9 / Tab 1 / Schedule 1 / Appendix A the following amounts are shown for account 1590 as of December 31, 2008:

Principal: 489,653
Interest: (103,125)

a) Please explain why the principal is a debit number, and the interest is a credit number, and why there is there such a large variation in the quantum.
b) The applicant is requesting disposition of account 1590. Please confirm that the associated rate rider for the balance in the account has ended. (Note: The EDDVAR Report (EB-2008-0046) of the Board on page 6 states that:
"The Board however notes that the balances in these Accounts should not be cleared until the associated rate rider has ended".)

38. Ref: Exhibit 9 / Tab 1 / Schedule 2

In Table 3 titled "Deferral and Variance Accounts Requested for Disposition" of the above reference and the Continuity Schedule in Exhibit 9 / Tab 1 / Schedule 1 / Appendix A the following amounts are shown for account 1570 as of December 31, 2008:

Principal: (407,342)
Interest: (117,669)

a) Please explain why there is a balance in this account. Account 1570 Qualifying Transition Costs was cleared in the 2006 EDR (Phase 2 Decision) on a final basis. This account has been closed for many years, i.e. new entries are not allowed. Also note that the Continuity Schedule shows that $940,724 transfer was made to account 1590 per the 2006

EDR. This number, together with the adjustments of $104,816 and $1,487 in 2005 total $1,047,027. This amount is very close to the amount that was presented in Sheet 1 – December 31, 2004 Regulatory Assets worksheet filed by the Applicant in the 2006 EDR application (EB-2005-0373). The amount filed and approved for disposition in the 2006 EDR was $1,048,158. Therefore, there should be no balance in account 1570.

b) Why does the Opening Principal Amount of $640,794 as of Jan. 1, 2005 on the Continuity Schedule (Exhibit 9 / Tab 1 / Schedule 1, Appendix A) not match the amount of $1,048,158 as of December 31, 04 on Sheet 1 filed under the 2006 EDR application EB-2005-0373?

c) Please explain the origin and rationale of the following amounts in the Continuity Schedule page 1:
   (i) Closing Principal Balance as of December 31, 06: ($407,383)
   (ii) Opening Interest Amounts as of Jan. 1, 06: $202,264
   (iii) Interest Jan. 1 to Dec. 31, 06: ($27,385)
   (iv) Transfer of Board approved amounts to1590 as Per 2006 EDR ($257,079)
   (v) Closing Interest Amounts as of Dec. 31, 06: (82,200)

39. Ref: Exhibit 9 / Tab 1 / Schedule 1 / Appendix A
RP-2005-0020/EB-2005-0373 approved the amount of ($1,206,296) for disposition of regulatory assets to be refunded to customers. Why are the totals for transfers to 1590 shown on the Continuity Schedule different from this number? According to the Continuity Schedule, the transfers totalled $785,754 (principal of $775,778 and interest of $9,976).

40. Regulatory Audit Bulletin - Account 1588

On October 15, 2009, the Board's Regulatory Audit & Accounting group issued a bulletin related to Regulatory Accounting & Reporting of Account 1588 RSVAPower and Account 1588 RSVAPower Sub-account Global Adjustment. Please confirm whether or not Haldimand County Hydro intends to file any changes with respect to Account 1588.

LRAM AND SSM AMOUNTS

41. Ref: Report by EnerSpectrum Group dated August 18, 2009, "LRAM and SSM Support", Pg. 8-9

The Board's Guidelines for Electricity Distributor Conservation and Demand Management (the "Guidelines") issued on March 28, 2008, outlines in section 9 the information that is required when filing an application for LRAM or SSM. Please explain why the following has not been included in the application:

a) The kW or kWh impacts not adjusted for free riders. It appears kW or kWh impacts net of free riders for each program and each rate class has been provided, however, the kW or kWh impacts not adjusted for free riders has not been provided.

42. Ref: Report by EnerSpectrum Group dated August 18, 2009, "LRAM and SSM Support", Pg. 4

In section 6, Determination of SSM Amounts, it states that "for all programs/projects, the most recently published OPA assumptions and measures list were used in TRC calculations in accordance with OEB's direction letter, Conservation and Demand Management Input Assumptions Board File No.: EB-2008-0352, January 27, 2009.

a) Please state the rationale for using the recently published OPA assumptions and measures list for all programs/projects when the Board states in section 7.3 of the Guidelines that "assumptions used from the beginning of any year will be those assumptions in existence in the immediately prior year".