

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

AND IN THE MATTER OF a review of an application  
filed by Haldimand County Hydro Inc. for an order  
approving just and reasonable rates and other  
charges for electricity distribution commencing May 1,  
2010.

**INTERROGATORIES**  
**OF THE**  
**SCHOOL ENERGY COALITION**

**Rate Base and Capital Expenditures**

1. Ex. 2/2/3, pg. 45 (new CIS System):

Regarding the new CIS system:

- (a) The evidence states at p. 56 that the new CIS system was completed in 2009. Please confirm that the system is currently in service and included in rate base;
- (b) Please provide any cost-benefit analysis prepared in respect of the new CIS system, if such documents are not already included in the documents provided in response to Board Staff IR#3c.).
- (c) If there was no capital contribution from Haldimand County Energy Inc., was the cost of the new system factored into the fees charged to HCEI for water billing services (which are currently forecasted to be \$359,823 in 2010- see Ex. 4/2/5, p.2)? If not, why not?

2. Ex. 2/2/3: ESRI Distribution Mapping System

- (a) If not already provided in response to Board Staff IR #5, please also provide any cost-benefit analysis or net present value analysis conducted in respect of this project.

**OM&A**

3. Ex. 4, Tab 2, Schedule 3: Labour and Benefit Changes

- (a) Are the amounts shown on Table 5 on pg. 1 inflationary increases only or do they also reflect increases in headcount? If they latter, please break down the row Labour and Benefit Changes into Inflationary increases and Increase due to FTE change.
- 4. Ex. 4, Tab 2, Schedule 3: OEB Plant Inspection Costs
  - (a) The increase in OEB Plant Inspection Costs from 2007 to 2010-\$595,522-represents over 28% of the total increase in OM&A during that period (\$2,125,102). The spending, however, appears to be spread over a number of OM&A accounts and the variance analysis provided later in the exhibit do not provide an explanation for the increase in Third Party Contractor Costs beginning in 2007. Therefore, please provide:
    - (i) a summary, in table form, of the OEB APH accounts where the increase in this area are found; and
    - (ii) an explanation for the increase in OEB Plant Inspection Costs. Specifically, what is meant by the statement that the increase is "due to the full deployment of ground level maintenance in conjunction with the distribution plant inspections."
- 5. Ex. 4, Tab 2, Schedule 3: Third Party Contractor Costs
  - (a) The increase in Third Party Contractor Costs from 2007 to 2010-\$406,782-represents nearly one fifth of the total increase in OM&A during that period (\$2,125,102). The spending, however, appears to be spread over a number of OM&A accounts and the variance analysis provided later in the exhibit do not provide an explanation for the increase in Third Party Contractor Costs beginning in 2007. Therefore, please provide:
    - (i) a summary, in table form, of the OEB APH accounts where the increase in this area are found; and
    - (ii) an explanation for the increase in Third Party Contractor Costs. If the increase is due to an increase in activity, please explain the rationale for the increase.
- 6. Ex. 4, Tab 2, Schedule 5: Affiliate Charges
  - (a) Pg. 3: the evidence states that Management and Administrative Salaries are charged out at 1 day per month plus 50% burden. What is the basis for the one day per month allocation of Management Salaries to HCEI and HCUI? Please provide any time studies or other cost allocation studies done to determine this allocation.
  - (b) Table 7: why are there no charges to Haldimand County in 2010 for Tree Trimming & Removals or Pole Relocations?

- (c) Please provide greater detail as to the methodology for charging for services provided to HCEI, Haldimand County and HCUI. Specifically:
  - (i) How is the "cost-based price" determined? What cost allocators (time sheets, percent of assets, etc.) are used to determine the costs?
  - (ii) What is the mark-up that is used and how is it determined?

### **Cost of Capital**

7. Ex. 5, Tab 1, Schedule 3, Table 2 (Cost of Long-Term Debt):

- (a) Please explain how the weighted average cost of debt for 2010 was calculated. In particular, the debt issued to Haldimand County on May 1, 2000 appears to expire on May 1, 2010, however, the interest cost for this debt for 2010 appears to have been calculated for the whole year (\$2,556,667 times 9.75% interest rate= \$249,275). Similarly, Debenture to Infrastructure Ontario in the amount of \$4,415,326 is projected to be issued on May 3, 2010 yet the interest cost has been calculated for the entire year.