

**Orillia Power Distribution Corporation
2010 Electricity Distribution Rates
EB-2009-0273
Board Staff Interrogatories**

Administrative Documents

1. Currently approved Tariff Sheet

Refs: Exhibit 1 /1 /1 /p6

In the Applicant's EB-2008-0239 tariff sheet, Standby Power is shown as "Approved on an Interim Basis". Please explain why the Schedule of Proposed Rates and Charges does not contain this limitation.

2. Need of Application

Refs: Exhibit 1 /2 /2

- a) On page 5 the Applicant states: "OPDC must make a significant dollar investment in capital projects into (1) currently unserved areas and (2) distribution system upgrades needed in existing areas." Please provide further background regarding the currently unserved areas including their location, area, number of potential customers, etc.
- b) In Table 1-6 the SAIDI and SAIFI statistics for "Service Quality for All Interruptions excluding loss of supply" appear to be increasing. Does the Applicant have any specific plan to address this situation?
- c) On page 8 the Applicant tables its recent system reliability history. On page 9 the Applicant states: "OPDC intends to maintain or enhance the standards achieved to date in all areas of customer service and reliability." Please explain with reference to the already-filed evidence, the investments the Applicant plans to make in the Test Year to enhance reliability and the quantitative improvements in reliability identified in any business case the Applicant may have that justified these investments.

3. Customer Bill Impacts from Rebasing in 2010

Refs: Exhibit 1 /2 /3 /p1 and Exhibit 1, Appendix 1-H

In Exhibit 1 /2 /3 /p1 the Applicant states: "OPDE has attempted to lower total bill impact for all classes by repaying certain deferral and variance accounts over the shortest possible time period being one year." In Appendix 1-H the Applicant shows its capital plans for the period 2010 to 2015 and, in particular, shows the total capital increasing from \$1.714 million in 2010 to \$2.561 million in 2011. Please recalculate the

percentage changes in the Residential class rates (at 800 kWh) and General Service <50kW (at 2,000 kWh) that would be effective after the one year period has passed if all else were to remain constant.

4. Dividends

Refs: Exhibit 1 /3 /1 /p2

In Table 1-11 the Applicant provides details of dividends. Based on history and the methodology used in the past, what is the anticipated dividend that will likely be paid in 2010 please?

5. Unbilled Revenue

Refs: Exhibit 1 /3 /1 /p3

Table 1-12 summarizes assets and liabilities. The table shows Regulatory Liabilities of \$0.408 million, \$0.523 million, \$0.942 million and \$1.401 million for the years 2007, 2008, 2009 and 2010 respectively. Please explain in detail the annual changes resulting in this 243% increase over four years.

6. Shared Services and Affiliate Relationship Code (ARC) Exemptions

Ref: Exhibit 1, Appendix 1-F

In the Appendix, the Decision and Order (RP-2002-0071/EB-2002-0365) is included. Section 2.3.3 of the Decision and Order states in part: "A cost-based price shall reflect the costs of producing the service or product, including a rate of return on invested capital. The return component shall be the higher of the utility's approved rate of return or the bank prime rate." For each of the years 2004 to 2009 (to date), please identify:

- a) The Applicant's average approved rate of return,
- b) The average bank prime rate, and
- c) The return component used by the Applicant in its shared services calculations.

7. Customer Base and Growth Rate

Ref: Exhibit 1, Appendix 1-G

On page 2, the total customer base for December 2007 is shown as 12,780, for December 2008 as 12,932, and for December 2009 as 13,065. In Exhibit 1 /1 / 4 / p1, the Applicant notes it has approximately 12,800 customers. Please reconcile the values from the two sources and note any mid-year assumptions.

Rate Base

8. The OPDC Distribution System

Ref: Exhibit 2 / 1 / 1 / p3

On page 3 the Applicant notes: "The control centre is staffed twelve hours a day, seven days a week and is monitored after-hours through a paging and dial-in system as well as a third party call centre."

- a) Please verify that the paging and dial-in system is an automated system requiring no on-site personnel, or describe, and
- b) Please provide details of the business arrangements with the third party call centre including the name of the organization, the process used to select the vendor and the approximate annual cost to the Applicant.

9. Gross Fixed Assets

Ref: Exhibit 2 / 2 / 2 / p2

Account 1830 - Poles, Towers and Fixtures for the years 2008 to 2010 has no amounts shown.

- a) Please verify that the items that would normally be in this category have been included in a related category.
- b) If so, please provide the amount separately for the years 2008 to 2010.

10. Donations

Ref: Exhibit 2 / 3 / 1 / p3 and Exhibit 4 / 2 / 1 / p11

In Table 2-16 under Other Deductions, the 2009 and 2010 entries for "6205 – Donations" and "Donations not related to customers" are shown as \$20,000 and \$14,000 respectively. Please:

- a. Explain these entries, name the beneficiary/beneficiaries of these donations and explain how the beneficiary/beneficiaries is/are related to the Applicant's business.
- b. For each year, the entry for "Donations not related to customers" is subtracted from the previous line entry "Other Items Total". Please explain why the donation is subtracted and not added.
- c. Reconcile these donations with the statement in Exhibit 4 / 2 / 1 / p11: "OPDC did not include any charitable donations not related to the welfare of Orillia's distribution customers in our OM&A expenses."
- d. Clarify if any of these donations relate to the Applicant's Low Income Energy Assistance Program and whether these are existing or new programs.

11. Cost of Power for Working Capital Allowance

Ref: Exhibit 2 / 3 / 2 / p1

The Applicant states: "As a result, Orillia Power Distribution CUSTOMERS continue to benefit, post Bill 35, in the form of lower power costs due to the receipt of various credits to both wholesale market service and transmission costs."

- a) Please state the overall percentage saving in power costs enjoyed by the Applicant's customers and the monthly dollar savings that fall to Residential customers (at 800 kWh) and General Service <50 kW (at 2,000 kWh).
- b) Please describe the nature of the various credits referenced.

12. Capital Expenditures

Ref: Exhibit 2 / 4 / 1 / pp 2,3,17 &19

On pages 2 and 3 the Applicant summarizes its capital expenditures for the 2004 to 2010 period.

- a) Please confirm that the 2010 planned capital expenditure of \$1.714 million is 1.3% higher than the average capital expenditure over the 2004 to 2009 period.
- b) Please explain how the Applicant's strategic objectives will be met by the planned capital expenditure and how performance improvements will be measured.
- c) On pages 17 and 19 the Applicant identifies four situations where, through the economic process, dollar payments were made to developers. Please explain the economic process employed.

13. Asset Management Plan

Ref: Exhibit 2, Appendix 2-A

The Applicant includes a Form 3, "Statement of Adherence to the Guideline for Proximity to Distribution Lines dated Jan. 12, 2005" which includes exceptions related to Andrew St. and Colborne St. facilities. In both cases the Action Taken is stated as "to be budgeted for 2010 correction". Please confirm that the current capital expenditures include this corrective work and reference the items in the pre-filed evidence or explain.

Operating Revenue

14. Load Forecasting Methodology

Ref: Exhibit 3 / 1 / 1 / pp1-3

On page 1, the Applicant states that its weather normalization forecasting method is similar to the one approved by the Board for Toronto Hydro Electric System Ltd. in its 2008, 2009 and 2010 rate application (EB-2007-0680). It also lists a number of 2009 cost of service applicants that used the same method as Toronto.

- a) Please confirm that in the Toronto application – as in this application – the Applicant developed a multivariate model which resulted in a mathematical expression to forecast future loads.
- b) Please confirm that in the Toronto application, a GDP forecast for the GTA was applied to the model to develop a forecast of future loads.
- c) Please confirm that in the current application, the Applicant does not directly utilize *any* GDP forecast but, rather, reduces the 2008 weather-normalized load by the Province-wide load changes estimated by the IESO.
- d) On page 3, the Applicant states that it “believes it is proposing a small improvement” by incorporating information from the IESO 18-month Outlook. Please explain how the use of the IESO load change data which are an estimate for the Province as a whole, which do not take into account local economic conditions and which do not take into account the Applicant’s CDM individual plans, provides a better forecast than the approach utilized by Toronto.
- e) Please explain why GDP is included in the multifactor regression model when the only utilized output is the 2008 weather normalized load.
- f) Please re-estimate 2008 weather normalized load using only weather related variables.

15. Load Forecast Results

Ref: Exhibit 3 / 1 / 3 / pp1-21

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 compare the economic trends expected in the Applicant’s local area with the economic trends inherent in the IESO Outlook.
- b) Please file the regional data and provide the sources that support the Applicant’s position in a) above.
- c) Please recalculate the 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 the current load forecast for the 2009 bridge and 2010 test years.

16. CDM influence in the Load Forecast

Ref: Exhibit 3 / 1 / 3 / pp1-21 and Exhibit 4 / 6 / 1 / p3

The Applicant appears to have made no further adjustments for CDM activities since it incorporated the IESO 18-Month Outlook into its load forecasting model and the Outlook already accounts for CDM energy savings.

- a) Please describe the Applicant's CDM initiatives and compare the reduction expected by the Applicant with the CDM assumptions included in the IESO 18-Month outlook.
- b) Please describe the Exhibit 4 entry "Turn Key Services OPA CDM Programs - \$189k"

17. Manual Adjustments to the Predicted kWh load

Ref: Exhibit 3 / 1 / 3 / p7

On page 7 the Applicant shows a graph comparing actual and predicted load from 1996 to 2008.

- a) Please describe any manual adjustments that were employed in developing the model.
- b) If manual adjustments were incorporated in the model, please recalculate the 2008 kWh load without the manual adjustments.

18. Period used to define Weather Normal

Ref: Exhibit 3 / 1 / 3 / pp8&9

On page 9 the Applicant notes that it has utilized historical weather from January 1996 to December 2008; i.e. a 13 year period. In Table 3-5 the 2008 predicted value corresponding to this year is 339.5 kWh. However, the following line reads: "2008 Weather Normal – 13 year average: 344.8 kWh".

- a) Please differentiate between the 339.5 and 344.8 kWh values that seem to describe the same 13 year period.
- b) Please clarify which value was used as the basis for obtaining the 2009 and 2010 load forecast values.

19. Customers/Connections

Ref: Exhibit 3 / 1 / 3 / p11

On page 11 the Applicant describes the method it used to obtain customers/connections forecasts and records the resulting values.

- a) Please confirm that the geometric mean approach used is essentially a rear-view mirror approach in that no economic or demographic forecasts are utilized.

- b) Please describe the checks made to verify that the projected values are consistent with local economic and demographic expectations.

20. kW/kWh Conversion

Ref: Exhibit 3 / 1 / 3 / pp19-20

In Table 3-17, the Applicant shows the General Service <50 kW kW/kWh ratios from 1996 to 2008 and the average value over this period. Board staff notes the average value (0.2631%) is higher than any value since 2003 due to the downward trend. Please recalculate the 2010 kW forecast for this class (Table 3-18) but now using the trend value evident in Table 3-17 data rather than the average.

21. Distribution and Other Revenues

Ref: Exhibit 1 / 1 / 1 / p6, Exhibit 3 / 1 / 3 / p21, Exhibit 3 / 3 / 1 / p2 and Exhibit 3, Appendix 3-C

In Table 1-1 the Applicant provides a schedule of proposed rates and charges by customer class. In Table 3-19 the 2010 load and customers/connections forecast together with billing determinants by customer class are provided. In Table 3-26 the anticipated 2010 revenues by customer class are provided. Please:

- a) By utilizing the data in the first two identified references, compute the expected revenues,
- b) Reconcile any overall revenue variance and identify whether Applicant or customers benefit from the variance, and
- c) Reconcile any overall revenue variance with the detailed variance calculations in Appendix 3-C.

Operating Costs

22. Drivers of Wage and Related Increases

Ref: Exhibit 4 / 1 / 1 / page 4

On page 4 the Applicant notes that it has been its practice over the years that the Executive/Management group receive the same annual percentage wage increases as

per the union contract. Please identify any exceptions in the 2006 to 2010 period to the practice.

23. OM&A Expenses

Ref: Exhibit 4 / 2 / 1 / page 2

In Table 4-4 the Applicant provides a summary of its OM&A expenses.

- a) Please confirm that the 2010 OM&A (including billing and amortization costs) at \$4.346 million is 11.8% greater than the 2008 value of \$3.8885 million.
- b) Please confirm that the 2008 OM&A (including billing and amortization costs) at \$3.8885 million is 7.8% greater than the 2006 value of \$3.6073 million
- c) Please identify the drivers responsible for the increased trend in OM&A expenses (i.e. from 7.8% to 11.8% in successive two-year periods).

24. Bad Debt Expenses

Ref: Exhibit 4 / 2 / 1 / page 4

In Table 4-5 the Applicant provides a cost driver table for various expenses including bad debt. Please provide a detailed table showing the actual/projected year-by-year expenses (2006 to 2010) for bad debt

25. MEARIE Utility Performance Management Survey

Ref: Exhibit 4 / 2 / 1 / page 9

On page 9 the Applicant references the MEARIE Utility Performance Management Survey and notes: "Through this benchmarking process, management can identify areas for potential improvements and thereby realize future cost reductions." With reference to the most recent survey, please identify the key areas for improvement that management identified and the future cost reductions that should be expected.

26. Regulatory Costs

Ref: Exhibit 4 / 2 / 1 / page 10

In Table 4-7 the Applicant breaks down the components of its regulatory costs and identifies "Operating expenses associated with staff resources allocated to regulatory matters (Regulatory Officer and New Engineering Staff.)" as the component responsible for the largest increase; i.e. an increase from \$100,299 in 2008 to \$198,000 in 2010.

- a) Please explain why this component of regulatory cost is expected to effectively double in two years.
- b) Please provide a forecast of the regulatory costs during the Applicant's upcoming incentive regulation term.

27. Administration and General

Ref: Exhibit 4 / 2 / 2 / p3

In Table 4-8 the Applicant breaks down the components of its Administration and General expenses. Account 5625 shows a large annual credit transferred out. Please provide details.

28. Misclassification error in 2006 EDR Model

Ref: Exhibit 4 / 3 / 1 / p1

The Applicant notes that in the preparation of the current application it discovered, that due to an error in its 2006 EDR, \$258,975 in distribution control centre costs were not included in the approved rates for May 1, 2006 and have not been in rates for the 2007, 2008 and 2009 rate years. It further notes that the correction of this omission accounts for almost 40% of the after tax revenue deficiency quoted in the application. Please provide a detailed explanation with emphasis on the 2010 entry and clarification as to how this \$259k is represented in historical cost tables; e.g. in Table 4-4 is this amount simply omitted from the 2006 EDR column but included for all column entries in 2006 to 2010?

29. Sale of segment of Sub Transmission Line

Ref: Exhibit 4 / 3 / 2 / p6

The Applicant explains that as a result of the planned system reconfiguration and tie in to the Hydro One grid related to the Matthias sub transmission line, it is planning to sell the remaining segment of this line to Orillia Power Generation Corporation. It is also noted that with the transaction expected to take place at the end of 2009, there are no budgeted maintenance costs for the Applicant in 2010.

- a) Making reference to the pre-filed evidence, please show how the sale value of the sub transmission line is included in the current application.
- b) Since the asset will be sold to an independent company, please explain the analysis that took place to ascertain the value of the asset (as distinct from simply relying on its book value).
- c) Please identify the expected maintenance savings included in the application.

30. Employee Performance Plan

Ref: Exhibit 4 / 4 / 1 / p3

The Applicant explains that all its employees share in the payout of the plan on a “pro-rata basis”. Please explain in detail how the payout calculations are made.

31. Employee Costs

Ref: Exhibit 4 / 4 / 1 / p4

In Table 4-10 for the years 2006 to 2010 and separately for Management and Union, the Applicant shows the sub-tables:

- Number of Employees (FTEs)
- Number of Part Time Employees
- Total Salaries and Wages
- Total Benefits
- Total Compensation (Salary, Wages and Benefits)

Please recalculate the last three sub-tables showing:

- a) The dollar value on an FTE basis
- b) The year-to-year changes in a) on a percent basis.

32. Charging of Employee Costs

Ref: Exhibit 4 / 4 / 1 / p5

In Table 4-10 (cont.) the Applicant shows the 2010 Total Compensation of \$2,783,216 is being charged to OM&A (\$2,383,216) and capitalized (\$190,000). Board staff notes that the sum of the two cost components (\$2,383,216 plus \$190,000) is \$210,000 less than the 2010 compensation total of \$2,783,216.

Please:

- a) Explain how the \$216,000 balance is charged.
- b) Provide details of the \$190,000 that has been capitalized.

33. Shared Services / Corporate Cost Allocation

Ref: Exhibit 4 / 3 / 2 / p6, Exhibit 4 / 4 / 1 / p10 and Exhibit 4 / 5 / 1 / pp1-9

In Schedule 3, page 6 the Applicant provides information regarding the sale of the sub transmission line segment. In Table 4-12 the Applicant shows the allocation of shared services staff to itself and Orillia Power Generation Corporation (OPGD). In Exhibit 4 / 5 / 1 / pp1-9 the Applicant discusses the bases on which shared services costs are allocated and explains that OPGD expects to complete a connection from the Matthiasville plant to the Hydro One transmission system.

- a) Please explain how the allocation of shared services costs between the Applicant and OPGD was modified in light of the sale of the sub transmission line segment.
- b) Please explain the audit process conducted – and its frequency – to verify the allocation of costs between the Applicant and OPGD.

- c) Please identify any costs associated with the connection from the Matthiasville plant to the Hydro One transmission system that the Applicant will pay for.

34. Purchase of Products and Services from Non-Affiliates

Ref: Exhibit 4 / 6 / 1 / pp1-3

The Applicant identifies the products and services it acquires from non-affiliate companies and shows that some are priced by RFP, RFQ, sole source, tender, etc. Please explain the basis for selecting a particular acquisition method.

35. Depreciation

Ref: Exhibit 4 / 7 / 1 / pp1-9

The Applicant explains its depreciation methodology and provides depreciation values.

- a) Please explain the increase in depreciation for Poles and Wires from 2009 to 2010 as shown in Table 4-16.
- b) Please explain why in Table 4-16 there is zero depreciation shown for Computer Software for both 2009 and 2010.
- c) Please expand on the explanation the Applicant has already given for choosing not to use the Board's guidance regarding the half-year depreciation rule and instead including a full year of depreciation in the year that an asset is acquired.
- d) Please recalculate Table 4-16 based on adherence to the Board's half-year depreciation rule.
- e) Please provide quantitative evidence that supports the Applicant's intention to now amortize SCADA equipment over a 10 year period rather than the previous 15 year period.

36. Tax Calculations

Ref: Exhibit 4 / 8 / 1 / pp1-4

Effective July 1, 2010, Ontario Small Business Income Rate will drop from 5.5% to 4.5% and the surtax will be eliminated.

- a) Please explain whether the Applicant has included these changes in tax rate in its PILs calculations and how it has interpreted the capital tax and income tax changes that will become effective on July 1, 2010 with respect to proration in 2010.
- b) Please show the calculations and provide the Tax Act references to illustrate the Applicant's method.
- c) If the Applicant has not already included the July 1, 2010 changes, please repeat the calculations including these.

Cost of Capital and Capital Structure

37. Cost of Long-Term Debt

Ref: Exhibit 5 / 1 / 2 / p1

The Applicant explains that its only long-term debt is a promissory note with the City of Orillia, its municipal shareholder, for \$9.762 million. The promissory note was issued on November 1, 2000 with a 30 year term which includes terms and conditions that 1/5 of the principal can be called within any year with six months notice. The copy of the promissory filed shows the interest rate to be 7.5% p.a. Please expand on the rationale given in the pre-filed evidence that since the promissory note is with an affiliate and has a callable element, the Applicant is entitled to a return on long-term debt for the 2010 Test Year of 7.62%.

Rate Design

38. Current Fixed-Variable Split

Ref: Exhibit 8 / 2 / 1 / p1

Table 8-4 shows for each customer class, the 2010 fixed base and variable base revenues with 2009 approved rates and also the 2010 fixed-variable split. Please reproduce the table using 2009 rate data throughout.

39. Monthly Service Charge

Ref: Exhibit 8 / 2 / 1 / p2

The Applicant summarizes the Board's stated expectations regarding distributors making changes to the Monthly Service Charge (MSC) that result in a charge that is greater than the ceiling. Please calculate the percentage difference for each customer class between the ceiling and the 2010 proposed MSC and identify any plans the Applicant has to correct any large differences.

40. Transformer Allowance

Ref: Exhibit 8 / 2 / 2 / p2

The Applicant states that the General Service >50kW volumetric charge will increase by \$0.3585 per kW to recover the Transformer Allowance. Please show the calculation of the \$0.3585 per kW value.

41. Low Voltage Costs

Ref: Exhibit 8 / 2 / 2 / p3 and Exhibit 8 / 4 / 1 / p1

In Table 8-8 the Applicant shows the allocation of its 2010 \$185k Low Voltage Charge. In Exhibit 8 / 4 / 1 / p1 the Applicant explains how the percentage of power provided by Hydro One will increase from 94% to 100% in early 2010. Please confirm that Table 8-8 takes into account the expected increase in power purchased from Hydro One.

42. Retail Transmission Service Rates

Ref: Exhibit 8 / 3 / 1 / pp 1-4

The Applicant provides its rationale and supporting data for leaving the Retail Transmission Service Rates (RTSR) unadjusted at this time. While there is no significant trend over the full period covered by Graph 8-1, there is an approximate \$400k change in the second half of the period for the two accounts combined – a change that is worsening rather than improving the balance in the accounts.

- a) Please determine the RTSR rate changes necessary to rectify the increasing out-of-balance in the two accounts assuming the current balances in these are disposed of as requested in the application.
- b) Please determine the effect of the rate changes in a) on the customers' total bills for Residential customers (at 800 kWh) and General Service < 50kW (at 2,000 kWh)

43. Loss Factors

Ref: Exhibit 8 / 4 / 1 / pp 1-3

In Table 8-11 the Applicant shows the actual Supply Facility Loss Factors (SFLF) from 2002 to 2008 and the SFLF Average 2006-2008. Given the evident trend in the SFLF over the 2005 to 2008 period, please calculate 2009 and 2010 SFLF values based on the four years of trend data as distinct from using the average.

44. Transformer Discount kW

Ref: Exhibit 8 / 5 / 1 / p4

In Table 8-13 the Applicant shows the Transformer Discount kW value for General Service >50kW to be 237,300. Please provide the supporting data and calculation.

45. Distribution Rates

Ref: Exhibit 8 / 2 / 2 / p1 and Exhibit 8 / 5 / 2 / p3

In Table 8-7 the Applicant shows the Proposed Variable Distribution Charge before TX Allowance for all customer classes. In Table 8-15 the Applicant shows the Proposed Volumetric Distribution Charge excluding LV Charge for all customer classes. Except for the GS>50kW customer class, the values in the respective columns in both tables are the same. Please reconcile the difference for the GS>50kW customer class; i.e. \$3.0674 vs. \$3.4259.

Deferral and Variance Account Disposition

46. Regulatory Audit Bulletin – Account 1588

Ref: Exhibit 9 / 1 / 1 / pp1-3

On October 15, 2009, the Board's Regulatory Audit & Accounting group issued a bulletin related to Regulatory Accounting & Reporting of Account 1588 RSVA Power and Account 1588 RSVA Power Sub-account Global Adjustment. Please confirm whether or not the Applicant plans on making any changes to its filing with respect to Account 1588

47. Allocation Factors and Calculation of Rate Riders

Ref: Exhibit 9 / Appendix 9-B / p1

The Applicant used 2008 data by rate class to allocate Account balances and to calculate rate riders.

- a) Please clarify if the allocation factors and billing determinants used to calculate the riders reflect 2008 actual data or the most recent Board-approved volumetric forecast.

- b) If 2008 actual data were used, please provide the rationale for the departure from the Board's policy (Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative) which stipulates that in the normal course, the most recent Board-approved volumetric forecast should be used to derive the rate riders.

The Applicant proposes to allocate the balance in Account 1588 on the basis of kWh.

- c) Please clarify if the balance in the Global Adjustment sub-account was allocated to all customers on the basis of kWh or to non-RPP customers on the basis of kWh.
- d) If kWh were used for all customers, please provide the rate riders associated with an allocation of the Global Adjustment sub-account on the basis of kWh for non-RPP customers.

48. Account 1590

Ref: Exhibit 9 / 1 / 2 / p2

The Applicant is not proposing the clearance of account 1590. According to the July 31, 2009 report of the Board, EB-2008-0046 (Electricity Distributors' Deferral and Variance Account Review Initiative) (EDDVAR), account 1590 is part of Group 1, i.e. the group of accounts that do not require a prudence review. The only stipulation is that the associated rate rider must have ended at the time of disposition (page 6 of the EDDVAR report).

- a) Has the rate rider associated with the balance in account 1590 expired?
- b) If so, would the Applicant reconsider and ask the Board to disposition the balance in account 1590?

49. Smart Meters

Ref: Exhibit 9 / 1 / 2 / p2

The Applicant indicated that it is not requesting clearance of the smart meter variance accounts at this time, and that once smart meters are fully deployed, and all costs are known, it will come forward with an application to dispose of the balances in the smart meter accounts. Please indicate if the Applicant intends to proceed by means of a separate application to deal with this matter.

