EB-2009-0273

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

AND IN THE MATTER OF an Application by Orillia Power Distribution Company for an Order or Orders approving or fixing just and reasonable rates and other charges for the distribution of electricity commencing May 1, 2010.

INTERROGATORIES

of the

School Energy Coalition

1. Please confirm that the Applicant has 26 schools operated by publicly funded school boards in its franchise area. Please advise how many schools are in each of the GS<50 and GS>50 classes.

2. Ref. Ex. 1, Tab 2, Schedule 2, pg. 5: Are the rates of return shown in Table 1-3 provided on a rate-regulated basis? If not, please provide OPDC's rate of return on a rate-regulated basis from 2007.

3. Please advise whether the 2010 Budget presented to the Board of Directors on July 23, 2009 has been approved? If any amendments to the budget were made by the Board of Directors, please itemize them.

4. Please file the Applicant's current strategic plan or multi-year business plan, or similar document. If the Applicant's plan is contained in a plan for the holding company, or the corporate group, or the shareholder Orillia Power Corporation and/or the Corporation of the City of Orillia, please provide that full upstream plan.

5. Ref: Ex. 1, Appendix 1-L. With respect to OPDC's financial statements:

   (a) Please explain why a $4 million dividend was paid in 2008, despite earnings of $602,000. The payment resulted in a reduction in retained earnings from $245,000 to -$3,153,000.

   (b) Please advise the total of any dividends paid, or planned, in 2009 and 2010.

OM&A

6. Ex. 4: Bad debt expenses

The 2010 bad debt expense forecast, while significantly reduced from 2009, is 87% higher than 2008. Please:

(a) Provide an up to date forecast for the 2009 bridge year.

(b) Provide any analysis or evidence used to develop the 2010 forecast.

(c) State whether the 2010 forecast is expected to continue during the IRM period or whether OPDC expects a return to pre-2009 levels after 2010.

7. Employee costs:

(a) Under the new incentive plan incentive pay increased significantly in 2008. For unionized staff, the payout is expected to total 1.6% of base wages, compared to 0.3% in 2007 (before the plan was implemented). Please state whether the new plan was taken into consideration in developing the base wage rate increases that were negotiated in 2007.

8. Ex. 4, Affiliate Charges: please provide, in confidence if necessary, 2007, 2008 and pro forma 2009 financial statements for Orillia Power Generation Corporation.

Cost of Debt

9. OPDC is requesting the deemed long-term debt rate, on the basis that its Promissory Note issued to the City of Orillia is calleable on demand. The Note, however, is only calleable as follows: on March 31 of each year the City, on six months' written notice to OPDC, may demand repayment of 20% of the principal amount.

(a) Please state whether the City has provided OPDC written notice that it demands 20% repayment by March 31, 2010.

(b) If the City has not provided notice referred to in paragraph (a) above, then the Note is not calleable for 2010, and the earliest demand repayment date, of 20% of the principal amount **if** the City provides notice on or before September 30, 2010, is **March 31, 2011**. Please comment.

(c) The Note also states that the interest rate is determined by reference to the Royal Bank of Canada interest rate on 270 day term deposits exceeding $8,000,000. Please state what the nominal rate of interest under the terms of the Promissory Note is for 2010.

Cost Allocation

10. Ex. 7: Please:

    (a) explain whether OPDC intends on any further movements in revenue to cost ratios towards 100% after 2010. If not, why not?

    (b) explain whether and when London Hydro intends to move all rate classes towards 100% revenue to cost ratios.

    (c) Please provide the revenue by rate class assuming Streetlighting is moved to 70% revenue to cost ratio in 2010.

    (d) Ex. 8, Table 8-2: Please explain what the left most column ("Total Revenue Requirement 2010 Cost Allocation") in the table represents. Is this the revenue requirement divided on the basis of 100% revenue to cost ratios?

11. Exhibit 8: Rate Design

    (a) Please explain the extremely high fixed charge for the GS>50kW rate class. It would appear from the ratios that small users within the GS>50kW rate class are paying a disproportionate share of the revenue collected from that class. Please comment.

    (b) Please re-do the bill impact summary for the GS>50kW assuming:

        (i) A fixed charge for GS>50kW of $200.

        (ii) a fixed charge for GS>50kW of $338.04 (the existing rate).