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December 11, 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-2009-0259
Burlington Hydro Inc. – 2010 Cost of Service Application
Energy Probe Interrogatories # 2

Pursuant to Procedural Order No. 2, issued by the Board on December 4, 2009, please find two hard copies of the Second Round Interrogatories of Energy Probe Research Foundation (Energy Probe) in the EB-2009-0259 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: Michael Kysley, Burlington Hydro Inc. (By email)
Randy Aiken, Aiken & Associates (By email)
Intervenors of Record (By email)

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Ontario Energy Board

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 Burlington
Hydro Inc. for an order approving just and reasonable rates
and other charges for electricity distribution to be effective
May 1, 2010.

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

December 11, 2009

**BURLINGTON HYDRO INC.
2010 RATES REBASING CASE
EB-2009-0259**

**ENERGY PROBE RESEARCH FOUNDATION
SECOND ROUND INTERROGATORIES**

Interrogatory # 38

Ref: Energy Probe Interrogatory # 2

The response indicates that the Holdco Board oversees the LDC operation, but that the LDC has its own Board of Directors.

- a) What does the LDC Board of Directors do given that the Holdco Board oversees the LDC operations?
- b) What is the total cost associated with the LDC Board of Directors?

Interrogatory # 39

Ref: Energy Probe Interrogatory # 3

The response indicates that the new position will reduce excessive hours of overtime. Please indicate in the evidence where this reduction in overtime related expenses can be found. Please quantify the reduction in overtime costs included in the 2010 filing.

Interrogatory # 40

Ref: Energy Probe Interrogatory # 5

- a) Does the response in part (c) reflect the movement of more customers from RPP to non-RPP status effective November of 2009? If not, does Burlington Hydro have an estimate of the percentage of its total kWh sales associated with these customers?
- b) Please explain why the Wholesale Market Service charge has been reduced in the scenario with RPP and non-RPP volumes. Does the Wholesale Market Service charge not apply to non-RPP customers?

Interrogatory # 41

Ref: Energy Probe Interrogatory # 10

What is the t-statistic associated with the number of peak hours in the response to part (c)?

Interrogatory # 42

Ref: Energy Probe Interrogatory # 11

The response to part (a) indicates that Burlington Hydro did a regression analysis that removed both the population and number of customers from the equation. The response indicates that all of the remaining coefficients in the equation had signs that were expected.

- a) Please provide the coefficients and regression statistics associated with this equation in the same format as in the response to part (c) of the Energy Probe interrogatory # 11.**
- b) Please also provide the volume forecast for 2009 and 2010 (using all 3 weather normals) generated by this equation.**

Interrogatory # 43

Ref: Energy Probe Interrogatory # 15 & 16

The response to part (a) of Energy Probe interrogatory # 16 indicates that there is \$113,000 of one-time revenue included in the forecast revenue for specific service charges in 2009.

- a) Please confirm that this \$113,000 is also reflected in the September year-to-date figure for 2009 of \$732,412 shown in the response to Energy Probe interrogatory # 15.**
- b) If so confirmed, please confirm that the year-to-date revenue in 2009 excluding the one-time adjustment is virtually identical to the year-to date-figure of the previous year.**

- c) Based on the response to part (b) above, is it reasonable to forecast the 2009 specific service charges, excluding the \$113,000 one-time revenue, will be similar to the level of \$944,000 recorded in 2008? If not, why not?
- d) Please explain the reduction in the 2010 forecast of specific service charges from the levels recorded in 2008 and 2007.
- e) Please explain how the interest rate of 0.27% shown in the response to part (h) of Energy Probe interrogatory # 16 has been forecast for 2010. Is all of the \$11.9 million cash balance kept in a bank account or is some amount invested in short term instruments? If yes, please provide details.

Interrogatory # 44

Ref: Energy Probe Interrogatory # 17

- a) What is the impact on the costs of the 3.0% increase negotiated with unionized employees in place of the 3.5% used in the forecast for 2009?
- b) Given that the non-unionized increase was equal to the 3.9% that was forecast for 2009, was there any impact on the forecasted 2009 costs associated with non-union personnel? If yes, please explain and quantify.

Interrogatory # 45

**Ref: Energy Probe Interrogatory # 18 &
Board Staff Interrogatory # 14**

Please confirm that Burlington Hydro proposes to leave the \$39,000 associated with LEAP in the 2010 revenue requirement.

Interrogatory # 46

Ref: Energy Probe Interrogatory # 19, part (e)

The response did not fully answer the question asked.

- a) Why are the bank fees associated with arranging a new bank credit facility to assist in the funding of the smart meter program included in OM&A and not covered through the smart meter (1555) account?

- b) What is the amount of the bank fees associated with the smart meter portion of the new credit facility?

Interrogatory # 47

Ref: Energy Probe Interrogatory # 21

Please confirm that the costs associated with the employees eligible to retire in 2009 and 2010 (partial year) have been removed from the forecast for 2010. If this cannot be confirmed, please explain why.

Interrogatory # 48

**Ref: Energy Probe Interrogatory # 25 &
Board Staff Interrogatory # 15**

Does the Total Compensation Charged to Billings figure of \$673,493 shown for 2010 include an allocation of the incentive forecast of \$204,000 included in the 2010 revenue requirement? If yes, please explain what proportion of the \$204,000 is included in the total compensation charged to billings and please explain how this amount has been calculated. If no, please explain why not.

Interrogatory # 49

Ref: Energy Probe Interrogatory # 28

- a) Please explain why the taxes associated with the federal tax credit of \$16,000 and the co-operative education tax credit of \$3,000 in 2010 are taxed at a rate of 28.5%.
- b) Please calculate the net reduction in taxes in 2010 related to the apprenticeship training tax credits (federal and provincial) and the co-operative education tax credit, showing the tax credits available and the incremental taxes payable based on the credits.
- c) Please clarify what Burlington Hydro means by “little certainty as to the amount” as used in the response to part (b) of the interrogatory.
- d) Does Burlington Hydro consider the impact on the tax component of the revenue requirement calculated in part (b) above to be not significant?

Interrogatory # 50

Ref: Energy Probe Interrogatory # 29

The response indicates that there is no tax savings for Burlington Hydro associated with the reduction in the small business tax rate and elimination of the claw back because company's taxable capital is too large to be eligible from the small business tax deduction.

- a) Please quantify the taxable capital limits associated with the provincial small business tax deduction eligibility. Please provide the government documents that quantify the taxable capital limit.
- b) Does the provincial small business tax deduction have the same taxable capital limit as the federal small business tax rate?

Interrogatory # 51

Ref: Energy Probe Interrogatory # 30

Please explain the reference to the need to obtain approximately \$11 million in long term financing associated with the need to fund the smart meter rollout. In particular, does the capital structure shown in Exhibit 5, Tab 3, Schedule 1 reflect the inclusion of smart meters in the calculation of rate base and, hence, in the total capital required?

Interrogatory # 52

Ref: Board Staff Interrogatory # 10

The response provided indicates that Burlington Hydro has a three year tree trimming cycle and that in 2010 it has included costs associated with the most expensive area to trim in 2010. Given that rates derived from this application will be used as base rates for 2011 through 2012, would it be appropriate to reflect a "normalized" tree trimming expense in 2010 that reflects both the higher cost year and lower cost years in the cycle?

Interrogatory # 53

Ref: Board Staff Interrogatory # 11

- a) What is driving the increase in the forecast bad debt expense in account 5665 that is associated with uncollectible billable jobs?
- b) Please provide the most recent year-to-date bad debt expense in account 5665 for 2009 and for the same period in 2008.
- c) Please provide the most recent year-to-date bad debt expense in account 5335 for 2009 and for the same period in 2008.

Interrogatory # 54

Ref: Board Staff Interrogatory # 13

For each of the items shown as one-time costs included in the 2010 test year OM&A forecast, please indicate how often these costs are incurred (for example, every two years, or every four years).

Interrogatory # 55

Ref: VECC Interrogatory # 25

Please provide the actual property tax expense for each of 2006 through 2010. Please provide both the 2009 forecast used in the filing and the actual 2009 property tax expense.