December 18, 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-2009-0140
Veridian Connections Inc. – 2010 Cost of Service Application
Energy Probe Interrogatories

Pursuant to Procedural Notice No. 1, issued by the Board on November 23, 2009, please find attached two hard copies of the Interrogatories of Energy Probe Research Foundation (Energy Probe) in the EB-2009-0140 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: George Armstrong, Veridian Connections Inc. (By email)
Andrew Taylor, Ogilvy Renault LLP (By email)
Randy Aiken, Aiken & Associates (By email)

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EB-2009-0140

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

INTERROGATORIES OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")

December 18, 2009

VERIDIAN CONNECTIONS INC.
2010 RATES REBASING CASE
EB-2009-0140

ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES

Interrogatory # 1

Ref: Exhibit 2 & Exhibit 4

The provincial government has announced plans to harmonize the provincial retail sales tax (RST) with the goods and services tax (GST) effective July 1, 2010 to create harmonized sales tax (HST). Based on the proposed elimination of the RST effective July 1, 2010:

a) **Please confirm that Veridian Connections has not made any adjustments to the OM&A forecasts shown in Exhibit 4 to reflect the elimination of the 8% provincial sales tax.**

b) **Please provide the estimated costs of the provincial sales tax included in the OM&A forecast for 2010.**

c) **Please provide the amount of provincial sales tax paid by Veridian Connections in each of 2006, 2007, 2008 and 2009 on OM&A expenses.**

d) **Is there any reduction in compliance costs that will result from the reduction in the administrative burden on Veridian Connections to comply with two separate sets of tax rules?**

e) **Please confirm that Veridian Connections has not made any adjustments to the capital expenditure forecasts shown in Exhibit 2 to reflect the elimination of the 8% provincial sales tax.**

f) **Please provide the estimated costs of the provincial sales tax included in the capital expenditures included in rate base forecast for 2010.**

g) **Please provide the amount of provincial sales tax paid by Veridian Connections on capital expenditures included in rate base in each of 2006, 2007, 2008 and 2009.**

h) If Veridian Connections is unable to quantify the impact of the removal of the provincial sales tax, is Veridian Connections agreeable to the creation of a deferral account into which the resulting savings would be placed and rebated to customers in the future? If not, why not?

Interrogatory # 2

Ref: Exhibit 1, Tab 1, Schedule 11

a) Are any of the costs associated with the Board of Directors of Veridian Corporation and/or Veridian Energy Inc. included in the costs included in the filing by Veridian Connections for recovery through the revenue requirement? If yes, please identify and quantify these costs.

b) Please explain why no services are forecast to be exchanged between Veridian Connections and Veridian Energy Inc. in the test year when it appears that services were exchanged in 2009.

c) Please quantify the costs related to the services exchanged between Veridian Connections and Veridian Energy Inc. in each of 2006 through 2009.

d) Has Veridian Energy Inc. terminated the Transitional Services Agreement with Veridian Connections? If yes, please provide a copy of the termination agreement and the effective date of the termination.

Interrogatory # 3

Ref: Exhibit 2, Tab 4, Schedule 1, Table 1

a) How many months of actual spending and how many months of forecasted spending are included in the 2009 forecast shown in Table 1: 2009 Forecast Projects?

b) Please provide an updated Table 1 reflecting the most recent year-to-date actual expenditures along with a projection of expenditures that will be made in the remainder of 2009.

Interrogatory # 4

Ref: Exhibit 2, Tab 4, Schedule 2

For each project with an in service date in 2009 shown in each of Tables 1, 2, 3, 4 & 5, please confirm whether or not the project is still expected to be in service before the end of 2009.

Interrogatory # 5

Ref: Exhibit 2, Tab 5, Schedule 1

a) Please provide the most recent year-to-date number of new residential connections for 2009.

b) What is the relationship between the number of new residential connections and the number of new residential building lots?

c) Please explain how the capital contribution from the municipality has determined for the Bell Boulevard project shown on page 10. Please also indicate the total cost associated with the relocation only.

d) How many new General Service customers have Veridian Connections connected in 2009, as compared to the forecast of 20 shown on page 12?

e) Please explain how the capital contribution from the municipality for the Altona Road project shown on page 13 has been derived. In particular, why is the capital contribution only equal to 25% of the total cost?

f) Please explain how the capital contribution from the municipality for the Jane Forrester Park project shown on page 14 has been derived. In particular, why is the capital contribution equal to 77.5% of the total cost?

g) Please explain how the municipal capital contribution of $116,000 or 40% of the total cost has been determined for the Brock Street West project shown on page 23.

h) Based on the best information now available, will all of the 2010 projects shown on pages 24 through 39 be in service by the end of 2010? If not, please provide details.

i) Does Veridian Connections have any more recent forecasts for the number of new residential lots to be serviced in 2010 (page 27)? If so, please provide the most recent projection for 2010 lots.

j) Please explain how the capital contribution from the municipality for the Bayly Street Rebuild project shown on page 34 and the Westney Road Rebuild project shown on page 35 have been derived. In particular, why is the capital contribution equal to 25% of the total cost?

Interrogatory # 6

Ref: Exhibit 2, Tab 5, Schedule 3

a) What is the scrap value of the vehicles scheduled to be replaced in 2010 (pages 4 & 5)?

b) Please indicate where in the evidence the revenue associated with the scrap value is shown in 2010.

Interrogatory # 7

Ref: Exhibit 2, Tab 5, Schedule 4

a) Please provide the detailed cost breakdown for the Ajax building expansion referred to on page 4. Please explain any variance from the total cost of $2,230,000 forecast.

b) Will the building expansion project be completed before the end of 2010?

Interrogatory # 8

Ref: Exhibit 2, Tab 5, Schedule 5

a) Please explain why Veridian Connections has included the IFRS related costs shown on page 23 in the revenue requirement, rather than in the deferral account that will be established by the Board as indicated in the July 28, 2009 Report of the Board – Transition to International Financial Report Standards.

b) Are there any capital costs in 2010 related to IFRS? If yes, please identify.

c) Does Veridian Connections agree that if the IFRS related costs are included in the revenue requirement there should be a variance account established around this amount? If not, why not?

Interrogatory # 9

Ref: Exhibit 2, Tab 6

a) Has Veridian Connections included the required fixed asset continuity schedules in its evidence in the form shown in Appendix 2-C of the Chapter 2 of the Filing Requirements for Transmission and Distribution Applications dated May 27, 2009?

b) If the response to part (a) is yes, please indicate where this information has been provided for the historical, bridge and test years. If the response to part (a) is no, please provide the schedules for each of the years 2006 through 2010.

Interrogatory # 10

Ref: Exhibit 2, Tab 10, Schedule 2 &
Exhibit 10, Tab 1, Schedule 1, Attachment 3, page 33 &
Exhibit 10, Tab 1, Schedule 1, Attachment 4, page 32

a) Please update the cost of power component of the working capital allowance to reflect the October 15, 2009 OEB RPP Report that has a cost of power of $.06215 per kWh.

b) Has Veridian Connections reflected the different rates applicable to RPP and non-RPP customers in the cost of power calculation? If not, why not?

c) Based on the information provided at Exhibit 9, Tab 3, Schedule 4, please provide the non RPP kWh as a percentage of the total kWh in 2008. Based on this figure and the addition volumes that have migrated to non RPP status as of November 1, 2009, please estimate the percentage of volumes for 2010 that would be non RPP volumes.

d) Please calculate the cost of power and the related impact on the working capital allowance to reflect the RPP and non RPP volumes (as provided in the response to part (c) above using the RPP price of $0.06215 per kWh and a price of $0.05820 per kWh for the non RPP volumes (being the sum of the forecasted average HOEP price of $0.03326 per kWh and the forecasted global adjustment of $0.02494 per kWh for the RPP year).

e) Are the kWh's associated with any market participants served by the distributor included in the kWh's used to calculate the cost of power? If yes, please recalculate the cost of power component of the working capital allowance removing any such volumes.

f) Does the distributor intend to update the transmission related cost of power to reflect 2010 transmission rates when they are approved by the Board?

Interrogatory # 11

Ref: Exhibit 3, Tab 3, Schedule 1, Attachment 1 & 2

a) Please explain how Veridian Connections has calculated normalized residential and GS < 50 kW volumes.

b) Please provide the calculations and assumptions used to normalize the 2008 residential volumes for Veridian Main.

Interrogatory # 12

Ref: Exhibit 3, Tab 4, Schedule 2

At page 2, the evidence indicates that the allocation of the forecasted wholesale kWh to customer classes for weather sensitive classes is based on their share of the 2008 wholesale kWh total exclusive of distribution losses.

a) Was the allocation done based on actual volume 2008 shares or based on normalized volume 2008 shares? If based on actual volumes, please explain why this is an appropriate allocation methodology for normalized forecast volumes.

b) If the allocation was based on actual 2008 volumes, please allocate the volumes based on normalized 2008 volumes and provide a table showing the impact for each rate class that shows the actual volumes based on the two different approaches.

Interrogatory # 13

Ref: Exhibit 3, Tab 4, Schedule 3

Please update Table 1 to reflect the most recent information available.

Interrogatory # 14

Ref: Exhibit 3, Tab 6, Schedule 1 & Schedule 2

a) **Please update Table 6 to reflect the most recent information available for 2009.**

b) **Please update Table 7 to reflect the most recent information available for 2009.**

Interrogatory # 15

Ref: Exhibit 3, Tab 7, Schedule 1

a) **Please explain why there is a significant reduction in the forecast for residential average use for 2009 and 2010 when the average use over the 2003 through 2008 period averages nearly 10,000 kWh and the average annual decrease over this period is less than 0.1% per year.**

b) **Please explain the significant reduction in the forecasted average use in 2009 and 2010 in the GS < 50 kW class when average use has actually increased from 2003 to 2008.**

Interrogatory # 16

Ref: Exhibit 3, Tab 7, Schedule 2

Please explain the accelerated reduction forecast for 2009 and 2010 from that shown historically for the Res – Urban, Res – Suburban and GS < 50 kW classes.

Interrogatory # 17

Ref: Exhibit 3, Tab 7, Schedule 3

a) **Other than monthly full-time employment levels for Ontario, what other data series were examined to measure the change in economic activity? Please provide the statistical results associated with the use of these other variables in the same manner as shown in Table 3.**

b) Was any attempt made to include the number of customers as an explanatory variable in the equation shown in Table 3? If not, why not. If yes, please provide the regression statistics.

c) Please update Table 6 to reflect the most recent employment forecasts from each of the four chartered banks shown. Please use this updated employment forecast to recalculate the 2009 and 2010 forecast figures shown in Table 7.

d) Please provide a comparison in the same format as Table 10, but showing a comparison of the period Nov 08 through Oct 09 to Nov 07 through Oct 08.

Interrogatory # 18

Ref: Exhibit 3, Tab 8, Schedule 1

Please provide the most recent year-to-date figures for 2009 in the same level of detail as shown in Table 10. Please provide the corresponding figures for the same year-to-date period in 2008.

Interrogatory # 19

Ref: Exhibit 3, Tab 8, Schedule 3, page 4 & Schedule 4

a) Are interest credits and debits associated with deferral and variance accounts and other regulatory assets included in the interest revenue forecast for 2010 and/or included in the Other Income and Expenses line shown in Schedule 4 for 2006 through 2010?

b) If the response to (a) is yes, please provide a breakdown of the 2006 through 2010 figures in Other Income and Expenses into each of its components, including interest related to deferral/variance/regulatory asset accounts separate from other interest revenue.

Interrogatory # 20

Ref: Exhibit 4, Tab 2, Schedule 1, page 2 &
Exhibit 1, Tab 2, Schedule 2, page 3

The evidence indicates that Veridian Connections has used an inflation factor of 2% for when year-specific increases on various goods and services were not known.

a) Was this 2% increase used for both 2009 and 2010? If not, what inflation factor was used for each of 2009 and 2010?

b) What is the basis for the 2.0% forecast?

c) What is the impact on the 2010 revenue requirement for a change of 0.25% in the inflation rate (i.e. if the inflation rate were 1.75% rather than 2.0%)?

d) Would Veridian Connections agree that the Board could use the GDP-IPI price factor that will be used for the 2010 IRM adjustments as a proxy for the 2% used? If not, why not?

Interrogatory # 21

Ref: Exhibit 4, Tab 2, Schedule 1

a) At page 3, reference is made to additional resources related to IFRS. Are any of these additional resources temporary in nature and related to the conversion of IFRS rather than the ongoing compliance with IFRS? If yes, please provide details including the cost included in the 2010 revenue requirement associated with the conversion to IFRS.

b) Please confirm that the figures shown in Table 3 are cumulative in nature. For example, Maintenance –Fault Repairs/Tree Trimming costs in 2010 are $529,000 higher than in 2007.

c) Does Veridian Connections have OEB approval to put the 2009 testing costs associated with the PCB Compliance Program into a deferral account? What is the projected total to be assigned to the deferral account in 2009?

d) Why is Veridian Connections moving to bi-monthly billing rather than to monthly billing?

Interrogatory # 22

Ref: Exhibit 4, Tab 2, Schedule 1, Attachment 1

Please provide the most recent year-to-date figures for 2009 in the same level of detail as shown in Appendix 2-F. Please also provide the year-to-date figures for the corresponding period in 2008.

Interrogatory # 23

Ref: Exhibit 4, Tab 2, Schedule 1, Attachment 2, page 3

a) Please explain the inclusion of $60,000 in the 2010 revenue requirement related to account 6205 Donations.

b) How much of the $60,000 in account 6205 is related to LEAP?

Interrogatory # 24

Ref: Exhibit 4, Tab 2, Schedule 1, Attachment 4

a) Please indicate which line items are included in the $100,000 cost included in 2010 for the 2010 cost of service applications. If these line items do not add up to $100,000 please indicate what portion of each line item is included in the $100,000.

b) Please provide a breakdown of the $400,000 forecasted cost associated with the 2010 cost of service rate application into its component parts such as legal, consulting, intervenors, newspaper notices, OEB costs, etc.

c) How much of the $400,000 is related to an oral component (technical conference and/or oral hearing)?

d) Please explain the significant increase forecast for 2009 in the OEB Annual Assessment. What is the actual cost associated with this line item in 2009?

Interrogatory # 25

Ref: Exhibit 4, Tab 3, Schedule 4

At page 4 reference is made to the new positions of Corporate Secretary and an Executive Assistant at a test year cost of $130,000.

a) Is the $130,000 cost inclusive of benefits? If not, what is the total cost associated with these positions?

b) Please provide a forecast of the external costs that would be incurred if these positions were not added.

Interrogatory # 26

Ref: Exhibit 4, Tab 5, Schedule 1

As of the current time, how many FTEE's does Veridian Connections have in 2009? How many of these positions are currently filled?

Interrogatory # 27

Ref: Exhibit 4, Tab 5, Schedule 3

What is the impact on the 2010 revenue requirement in 2010 if the management and non union staff were limited to 1.5%?

Interrogatory # 28

Ref: Exhibit 4, Tab 5, Schedule 6

Please provide the most recent year-to-date figure for 2009 for the cost related to total annual overtime. Please also provide the corresponding figure for 2008 for the same period.

Interrogatory # 29

Ref: Exhibit 4, Tab 5, Schedule 8 & Schedule 1

a) **Please update this schedule to reflect hires through to the end of 2009.**

b) **Please reconcile the number of hires shown in Schedule 8 with the number of FTEEs shown in Table 1 of Exhibit 4, Tab 5, Schedule 1. For example, Schedule 1 shows the addition of 30.3 FTEEs in 2010 as compared to 2009, while Schedule 8 shows the hire of only 14.**

Interrogatory # 30

Ref: Exhibit 4, Tab 5, Schedule 9

a) **What is the total cost associated with the incentive compensation in the test year?**

b) For each of 2006 through 2008, and for 2009 if available, please indicate what percentage of the maximum incentive payments was actually paid out.

c) What percentage of the maximum incentive payments available in 2010 has Veridian Connections included in the 2010 forecast?

Interrogatory # 31

Ref: Exhibit 4, Tab 6, Schedule 5, page 3-4

a) Please provide the number of FTEEs committed to provision of services to the affiliates in 2009.

b) Please provide the corresponding number of FTEEs committed to the provision of services to the affiliates in 2010.

Interrogatory # 32

Ref: Exhibit 4, Tab 6, Schedule 5, Attachment 1, page 3

a) Please provide a listing of all the fully allocated costs associated with the governance, financial and facilities services that total $228,838 to be recovered from Veridian Corporation in 2010.

b) Please explain for each component of the allocation what the allocation was based on.

Interrogatory # 33

Ref: Exhibit 4, Tab 8, Schedule 3

Please show how the opening balance shown for 2010 of $289,661,801 is related to the 2009 figures shown for net for depreciation of $264,720,572 and the 2009 additions of $16,575,272. In addition to the additions in 2010 for smart meters ($6,449,036), computer hardware SM ($118,717) and computer software SM ($77,068), what else is driving the difference?

Interrogatory # 34

Ref: Exhibit 4, Tab 9, Schedule 3, Attachment 2, Sheet Y1

a) Please update the capital taxes payable to reflect the elimination of the Ontario Capital Tax effective July 1, 2010. In other words, please calculate the capital tax using a rate of 0.075%.

b) Please update the income tax expense to reflect a provincial tax rate of 13% on taxable income in excess of $500,000.

c) Please confirm that the 2009 provincial budget reduced the small business tax rate from 5.5% to 4.5% effective July 1, 2010 on the first $500,000 of taxable income and eliminated the 4.25% surtax on taxable income over $500,000, also effective July 1, 2010.

d) Please confirm that the 2010 provincial tax savings resulting from the above change noted in part (c) is $18,750, the difference between the following calculations on the first $1,500,000 of taxable income:

* 13% x $1,500,000 = $195,000 and

*

5% x $500,000	=	$25,000
13% x $1,000,000	=	$130,000
2.125% x $1,000,000	=	$21,250
Total	=	$176,250

If these calculations cannot be confirmed, please provide the calculations that show the reduction in the provincial income tax and provide the rationale for the rates and numbers used.

Interrogatory # 35

Ref: Exhibit 4, Tab 9, Schedule 3

a) Please explain what is meant by the statement at lines 13-15 of page 3 with respect to tax credits.

b) Please provide the calculations associated with any apprenticeship tax credit and/or cooperative education tax credit claimed for 2010.

Interrogatory # 36

Ref: Exhibit 4, Tab 9, Schedule 3, Attachment 2 &
Exhibit 4, Tab 8, Schedule 3

a) **Please explain why the additions shown for the 2009 CCA calculation do not match the additions shown in Exhibit 4, Tab 8, Schedule 3, Attachment 1, page 2.**

b) **Please explain why the half year rule has been applied to the CCA related to the transfer of the smart meters to rate base in 2010 when a full year of depreciation has been taken on these assets in the 2010 test year.**

c) **Does the calculation of rate base assume that the smart meter assets that are being transferred to rate base are in rate base as part of the opening balance in 2010?**

d) **Please explain why the half year rule has not been applied to CCA Class 12 (computer software) in either 2009 or 2010.**

e) **Why were no additions related to computer hardware added to CCA Class 50 in 2009?**

f) **Is Veridian Connections aware that a new CCA class (Class 52) has been established for computer hardware and systems software purchased after January 27, 2009 and prior to February, 2011 that has a rate of 100% and removes the half year rule that effectively allows the write-off of the full amount of the capital addition in the year that the addition was made?**

g) **Please revise the CCA calculations to reflect the CCA Class 52 described in part (f) above and the movement of the computer hardware additions in 2009 and 2010 into this CCA Class. Please also provide the impact on income taxes resulting from this change.**

Interrogatory # 37

Ref: Exhibit 4, Tab 9, Schedule 3, Attachment 2 &
Exhibit 4, Tab 8, Schedule 3

There appears to be a mismatch between the CCA additions shown for 2009 in Exhibit 4, Tab 9, Schedule 3, Attachment 2 and the additions to gross assets shown in Exhibit 4, Tab 8, Schedule 3. For example, the CCA addition shown for computer software (Class 12) is $901,000 and for computer equipment and transportation equipment (Class 10) is $1,317,800. However, as shown in the gross asset additions, the $1,317,800 is for computer software and the $901,000 is for computer hardware.

a) Please provide a mapping from the gross asset accounts shown in Exhibit 4, Tab 8, Schedule 3 to the CCA classes shown in Exhibit 4, Tab 9, Schedule 3, Attachment 2 for 2009.

b) Please provide a similar mapping for the 2010 additions as that provided in (a) above.

c) Please explain why no CCA is calculated in either 2009 or 2010 for CCA Class 13.1 (Leasehold Improvements) and CCA Class 14 (Franchises). Please provide a description of the intangible assets included in Class 14.

d) Please provide revised UCC schedules for 2009 and 2010 (sheet P1 in the RateMaker model) reflecting all changes that Veridian Connections believes are required based on the response to this interrogatory and to Energy Probe Interrogatory # 36

Interrogatory # 38

Ref: Exhibit 4, Tab 9, Schedule 3, Attachment 2

a) Please explain why the $60,000 associated with charitable donations is added back into the tax calculation (page 12 of 21).

b) Is Veridian Connections including this $60,000 in its 2010 revenue requirement as shown in Exhibit 4, Tab 2, Schedule 1, Attachment 2, page 3?

c) Please explain how the Ontario Specified Tax Credits of $17,168 shown on page 13 have been calculated.

d) Please explain how the investment & miscellaneous tax credits of $19,506 shown on page 17 have been calculated.

e) Where are the tax credits associated with the apprenticeship training tax credit and the co-operative education tax credit shown?

f) Please calculate the impact on taxes and on the revenue requirement of including the Apprenticeship Training Tax Credit, as modified in the 2009 provincial budget to 35% of qualifying wages to a maximum of $10,000 per position, and extending the eligibility period from 36 months to 48 months.

g) Has Veridian Connections included any tax credits related to the Co-operative Education Tax Credit? If not, why not? If yes, please provide the calculations used to calculate this credit and indicate where in the calculation of income taxes it can be found. Please indicate if the calculation reflects the 2009 provincial budget changes that increased the credit to 25% of qualifying wages to a maximum of $3,000.

h) Has Veridian Connections included the $2,000 federal training tax credit available for the first 24 months of apprentice positions in its tax calculations for 2010? If not, why not? Please provide the number of positions eligible for this credit in 2010 and indicate where in the tax calculation this figure can be found.

Interrogatory # 39

Ref: Exhibit 5, Tab 2, Schedule 1

a) Please explain why Veridian Connections did not seek third party financing to replace the loans from the municipal corporations shown on page 1 that matured at the end of October, 2009.

b) Please explain why Veridian Connections decided to borrow the incremental $21 million of long term debt from its parent company, Veridian Corporation. Was this decision made by Veridian Connections or by Veridian Corporation?

c) Please explain why the new notes payable to municipal shareholders that have an issue date of October 31, 2009 and maturity dates of November 1, 2012 should be costed at an interest rate that reflects long-term (30 year) debt costs.

d) Did Veridian Connections obtain any interest rate quotes for a principle amount of $43,588,000 for a three year loan from any third party sources? If not, why not?

e) What was the 5 year Infrastructure Ontario debt rate on October 31, 2009?

f) What is the current 5 year, 10 year and 30 year Infrastructure Ontario debt rate that is currently available to local distribution companies?

g) Has Veridian Connections entered into the $21 million note payable to Veridian Corporation shown in Table 1 with an issue date of December 9, 2009? If yes, please provide a copy of the loan agreement.

h) Please explain why this $21 million note, which has a maturity date of December 17, 2019, should attract a long term debt rate that is based on a 30 year loan arrangement?

i) With respect to the existing note payable to Veridian Corporation with an issue date of June 1, 2007 at a rate of 5.56%, please provide a calculation (based on the information contained Attachment 3 to Exhibit 5, Tab 2, Schedule 2) showing the average outstanding principle associated with this loan.

Interrogatory # 40

Ref: Exhibit 7, Tab 2, Schedule 2

a) Please confirm that in addition to highlighted values, the large use class in Veridian_Main is also outside of the Board Target Range.

b) Please explain why the Board Target Range shown on page 18 of the Elenchus report (Attachment 3) is different from that shown on page 1 for the GS < 50, GS > 50, Intermediate and Large Use customer classes. Which set of figures is the actual Board Target Range?

Interrogatory # 41

Ref: Exhibit 7, Tab 3, Schedule 1, Table 1

a) Please explain why Veridian is proposing to increase the revenue to cost ratio for the residential, street lighting and USL customer classes even though they are already within the Board approved ranges.

b) Please explain why Veridian is proposing to increase the revenue to cost ratios for the intermediate and large use customers to levels above the floor of the Board approved ranges.

c) What would be the impact on the GS < 50 revenue to cost ratio if Veridian maintained the revenue to cost ratios for the residential, GS > 50, Streetlighting and USL classes at the ratios based on existing rates, increased the sentinel lighting ratio as proposed and moved the intermediate and large use customers to the floor on the Board approved ranges?

d) If the result from part (c) above results in a revenue to cost ratio of more than 120% for the GS < 50 class, please adjust the GS < 50 class down to 120% by increasing the ratios for the intermediate and large use customers upwards by the same amount relative to the bottom of the Board approved ranges (i.e. increase the revenue to cost ratios for these 2 rate classes by the same amount). What is the result revenue to cost ratios under this scenario for the intermediate and large use customer classes?

Interrogatory # 42

Ref: Exhibit 8, Tab 7, Schedule 2

The total bill impacts shown do not include an adjustment for the increase in the GST from 5% to an HST of 13% effective July 1, 2010 and also do not reflect the increase in return on equity as a result of the outcome of EB-2009-0084.

a) Please update the figures in Attachment 1 and Attachment 2 to reflect a return on equity of 9.75% and average GST/HST tax rate of 9% for 2010.

b) Are any changes required to rate mitigation impacts as a result of these changes? If yes, please indicate what Veridian Connections is proposing.

c) The HST will increase to an effective rate of 13% in 2011. Will this impact on any of the 2011 rate proposals?

Interrogatory # 43

Ref: Exhibit 9, Tab 4 Schedule 3

Veridian Connections has indicated that it has continued to include the net book value of stranded meters in rate base.

a) **What is the estimated remaining life of these stranded meters? In other words, when will they be fully depreciated under the approach of leaving them in rate base?**

b) **What would be the impact on the 2010 revenue requirement if the stranded meters were removed from rate base at the end of 2009?**

c) **What would be the impact on the rate riders calculated for the clearance of the deferral and variance accounts if the net book value were to be recovered over the same period as the other accounts?**

Interrogatory # 44

Ref: Exhibit 4, Tab 9, Schedule 3, page 3

Please provide the actual property taxes paid in 2006, 2007 and 2008, along with the forecast for 2009 and 2010. Please provide the actual 2009 property tax payable if this information is available.