



THE BOARD OF DIRECTORS

Chair, GAIL REGAN
President, Cara Holdings Ltd

President, PATRICIA ADAMS
MAX ALLEN

Producer, IDEAS, CBC Radio

GEORGE CONNELL

President Emeritus, University of Toronto

ANDREW COYNE

Journalist

IAN GRAY

President, St. Lawrence Starch Co

Secretary Treasurer, ANNETTA TURNER

DAVID NOWLAN

Professor Emeritus, Economics, University of Toronto

CLIFFORD ORWIN

Professor of Political Science, University of Toronto

ANDREW ROMAN

Barrister & Solicitor, Miller Thomson

MARGARET WENTE

Columnist, Globe and Mail

December 23, 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-2009-0265
Haldimand County Hydro Inc. – 2010 Cost of Service Application
Second Round Interrogatories of Energy Probe

Pursuant to Procedural Order No. 2, issued by the Board on December 11, 2009, please find attached two hard copies of the Second Round Interrogatories of Energy Probe Research Foundation (Energy Probe) in the EB-2009-0265 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: Lloyd Payne, Haldimand County Hydro Inc. (By email)
Randy Aiken, Aiken & Associates (By email)
Interested Parties (By email)

Energy Probe Research Foundation 225 BRUNSWICK AVE., TORONTO, ONTARIO M5S 2M6

Phone: (416) 964-9223 Fax: (416) 964-8239 E-mail: EnergyProbe@nextcity.com Internet: www.EnergyProbe.org

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
Haldimand County 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 23, 2009

**HALDIMAND COUNTY HYDRO INC.
2010 RATES REBASING CASE
EB-2009-0265**

**ENERGY PROBE RESEARCH FOUNDATION
SECOND ROUND INTERROGATORIES**

Interrogatory # 28

Ref: Energy Probe Interrogatory # 2

- a) The response is not clear. Is all of the \$54,000 related to charges from Haldimand County Utilities Inc. related to the Board of Directors of Haldimand County Utilities Inc.? If not, what portion of the \$54,000 is directly related to the HCUI Board of Directors?
- b) What is the cost associated with the Board of Directors of Haldimand County Hydro Inc.?

Interrogatory # 29

Ref: Energy Probe Interrogatory # 4 c)

The response to part (c) does not fully explain the changes in contributed capital. Contributed capital was \$353,000 in 2006, \$472,000 in 2007 and \$242,000 in 2008 and the new dwelling permits provided in the response were 141 in 2006, 131 in 2007 and 100 in 2008.

- a) Please explain the increase in 2007 contributed capital despite the decline in the number of new dwelling permits.
- b) Please explain the nearly 50% reduction in 2008 contributed capital despite a decline in new dwelling permits of less than half of this amount.
- c) Please provide the forecast of new dwelling permits for 2009 and 2010 that underlie the contributed capital forecasts of \$47,800 for 2009 and \$131,600 for 2010.

Interrogatory # 30

Ref: Energy Probe Interrogatory # 4 d) & f)

- a) The response in part (d) indicates that year-to-date September capital expenditures total \$2.61 million in 2009, leaving more than \$1.8 million to be spent and placed in service by year-end. Is HCHI confident that it will meet its 2009 capital expenditure forecast of \$4.429 million and that this amount will be closed to rate base before year-end? If not, please provide details.**
- b) Please explain the significant increase in year-to-date contributions and grants in 2009 of \$369,000 as compared to the forecast for the entire year of \$47,800.**

Interrogatory # 31

Ref: Energy Probe Interrogatory # 6 a)

The response indicates that Project # 4 – Alder Street Conversion – has been postponed and will not proceed in 2010. Please explain why HCHI now plans to utilize this \$300,000 for other capital projects in 2010. In particular, please provide a full description of these projects in the same format as done in Exhibit 2, Tab 2, Schedule 3. Please also explain why these projects were not included in the original 2010 forecast.

Interrogatory # 32

Ref: Energy Probe Interrogatory # 6 b)

- a) Please confirm that HCHI has not included any revenue in the forecast related to the sale of the vehicle.**
- b) Has HCHI sold a similar vehicle in the past at public auction? If yes, please indicate the proceeds from such sale.**
- c) Please provide a list of all vehicles sold by public auction, or otherwise, in 2006 through to the current date. For each vehicle please show the original purchase price and proceeds from the sale.**

Interrogatory # 33

Ref: Energy Probe Interrogatory # 7 d)

Please explain the difference between the HCHI WAP for non RPP volumes of \$0.03592 per kWh based on the historical period Oct/08 to Sept/09 and the forecasted average HOEP price of \$0.03326 per kWh. Please explain why the forecasted average HOEP price should not be used.

Interrogatory # 34

Ref: Energy Probe Interrogatory # 15 e)

The revenue recorded in account 4090 consist of only 2 revenues – the revenues from Norfolk Power and the SSS Administration charge, as indicated in the response to part (b) of the response.

- a) Please confirm that the revenues in account 4090 are relatively flat month to month. If this cannot be confirmed, please explain any significant variance in the monthly revenue.**
- b) What was the revenue in account 4090 for the three month period October 2008 through December 2008?**

Interrogatory # 35

Ref: Energy Probe Interrogatory # 16

Please explain why the annual savings of \$256,000 in 2009 related to tree trimming should be considered a “one-time windfall”.

Interrogatory # 36

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

- a) Please provide a table that shows for each year 2006 though 2010 the cost share (in dollars) to HCHI and the cost share to the County associated with tree trimming & removals.**

- b) Please provide a table that shows for each year 2006 through 2010 the cost share (in dollars) to HCHI and the cost share to the County associated with pole relocations or “new” pole installs.
- c) Please explain the increase in year-to-date revenues associated with water & wastewater billing & collecting administrative fee shown for 2009 as compared to 2008 in the response to part (e) of the Energy Probe interrogatory in light of the explanation provided in part (f) that the billing rate has not increased for 2009 or 2010.

Interrogatory # 37

Ref: Energy Probe Interrogatory # 19 b)

- a) Please explain why the charges to HCHI and Haldimand County Energy total \$60,000 which is more than the Haldimand County Utilities Board of Directors costs of \$39,347.
- b) How much of the \$39,347 Haldimand County Utilities Board of Directors costs has been allocated to HCHI as part of the \$54,000 management fee?

Interrogatory # 38

**Ref: Energy Probe Interrogatory # 21 &
Exhibit 2, Tab 2, Schedule 1, Table 9**

Please provide a revised Table 9 from Exhibit 2, Tab 2, Schedule 1 where the depreciation calculated for 2010 is based on the standard half-year rule.

Interrogatory # 39

**Ref: Energy Probe Interrogatory # 26 &
Board Staff Interrogatory # 22 &
Exhibit 5, Tab 1, Schedule 3, Table 2**

The response to the Energy Probe interrogatory indicates that HCHI entered into a financing agreement with Infrastructure Ontario Projects Corporation (OIPC) for current borrowing in the total amount of \$10,351,000.

- a) Please show how the figure of \$10,351,000 is related to the Infrastructure Ontario figures shown in Table 2 of Exhibit 5, Tab 1, Schedule 3 that are applicable to the 2010 test year.
- b) Have any of the debentures shown in Table 2 with a date of issuance of December 1, 2009 and/or any amounts related to the \$10,351,000 been issued? If yes, please provide details including amount, term and rate.
- c) Please provide a revised Table 2 for 2010 only that clearly shows the calculation of the weighted cost of debt for 2010 based on all debt instruments currently in place as well as those forecast to be in place for 2010. Please distinguish between debt instruments currently in place and those forecast to be in place during 2010. For any debt instruments yet to be issued, please use the applicable OIPC rate from their website as of January 11, 2010.
- d) Please explain why HCHI has forecast a 25 year term for the May 3, 2010 debt issue.

Interrogatory # 40

Ref: Board Staff Interrogatory 3 f)

The response indicates that a portion of the amortization costs associated with the CIS system is incorporated into the monthly fee that HCHI charges Haldimand County Energy.

- a) How has HCHI determined the proportion of the amortization costs associated with the CIS system to be allocated to Haldimand County Energy? Please provide all assumptions and calculations used.
- b) Does HCHI also include costs in the monthly fee related to the return on capital (debt and equity) associated with the CIS system? If not, why not?

Interrogatory # 41

Ref: Board Staff Interrogatory # 20 c)

If HCHI follows the policy of excluding regulatory assets from taxable income and not claiming a deduction for regulatory liabilities, then please explain why it has included regulatory assets and liabilities in the calculation of the 2010 regulatory taxable income.

Interrogatory # 42

Ref: SEC Interrogatory # 7 a)

- a) Please explain why the amount advanced on May 1, 2010 of \$6,390,109 goes up on November 1, 2010 to \$6,523,144 despite a principal payment of \$133,125.**
- b) Please provide the mathematical calculations that yield the average annual balance of \$4,415,326 based on the figures in (a) above.**
- c) What is the source of the annual interest rate of 5.51%? What is the current rate forecast for this loan?**
- d) Please provide the mathematical calculations that result in \$182,888 as the interest payment due November 1, 2010.**