

**Board Staff Supplemental Interrogatories
Haldimand County Hydro Inc. ("Haldimand County Hydro")
2010 Electricity Distribution Rate Application
EB-2009-0265
Dated: December 20, 2009**

Rate Base and Capital Expenditures

1. Ref: Response to Board staff interrogatory number 1

In Response to Board staff interrogatory number 1, total capital expenditures for 2008 are indicated to be \$4,694,802. However, in Exhibit 2/Tab2/Schedule 1/Page 3 of the evidence total additions for 2008 are \$4,971,824. Please reconcile the difference.

2. Ref: Response to Board staff interrogatory number 3

In response to Board staff interrogatory number 3(f), Haldimand County Hydro has indicated that the per bill fee that Haldimand County Hydro charges Haldimand County Energy includes a portion of the amortization costs associated with the CIS system. Please answer the following questions with respect to the per bill charge:

- a) What is the estimated charge that Haldimand County Hydro has included in the per bill fee for amortization costs associated with the CIS system? Please provide the per bill and total charge on an annual basis.
- b) What will be the total amount collected to-date as of April 30, 2010 in the per bill fee charged to Haldimand County Energy representing amortization costs of the CIS system?

Operating Revenue

Load Forecast Methodology

3. Ref: Response to Board staff interrogatory number 8

In response to Board staff interrogatory number 8(b), Haldimand County Hydro has indicated that its objective was to develop a multi-regression model that achieved an R-square value higher than or equal to 95%.

- a) What is the rationale for developing a model that has a high R-square but at the same time is not statistically and theoretically sound? The model proposed by Haldimand has independent variables with a negative coefficient that is counter-intuitive and some variables that are statistically insignificant.
- b) Please provide a correlation matrix for the independent variables used in the regression model.

4. Ref: Response to Energy Probe interrogatory number 12

Please calculate and provide the Durbin-Watson statistic for the regression output provided in response to Energy Probe interrogatory number 12(a).

5. Exhibit 3 / Tab 2 / Schedule 2 / Page 12

Please calculate and provide the Durbin-Watson statistic for the regression output provided in page 12 of the above reference.

6. Ref: Response to VECC interrogatory number 8

In response to VECC interrogatory number 8(e), Haldimand provided a list of alternate regressions models that it had tested. Please provide the resulting load forecast and the Durbin-Watson statistic for the following models:

- a) "Exclusion" of Population
- b) "Exclusion" of Population, GDP, Spring / Fall & Blackout Flags.

Operating Costs

7. Ref: Response to Board staff interrogatory number 17

In response to Board staff interrogatory number 17(a), Haldimand County Hydro has identified a one-time cost of \$51,780 with respect to the initial cycle of the pole inspection program. However, Haldimand will be able to recover this one-time cost on an annual basis for the next four years. Why has Haldimand not included one-fourth of this cost in its controllable OM&A so as to match the recovery of the costs with the costs incurred?

8. Ref: Response to Board staff interrogatory number 18

In response to Board staff interrogatory number 18(c), please calculate and provide Haldimand County Hydro's total operating and administration costs for billing and collection (2008 to 2010). Also, provide the total water and wastewater billing costs (2008 to 2010). Please provide the costs for each of the years requested.

9. Ref: Response to Board staff interrogatory number 18

In response to Board staff interrogatory number 18(d), Haldimand County Hydro has indicated that it made no attempt to forecast the charges for providing tree trimming and pole relocation services to the City. Please provide the annual charges for the years 2007 to 2009 with respect to providing tree trimming and pole relocation services to the City. Please identify the charges separately for tree trimming and pole relocation.

10. Ref: Response to Board staff interrogatory number 20

In response to Board staff interrogatory number 20(c), Haldimand County Hydro has indicated that it follows the policy of excluding regulatory assets from taxable income and conversely not claiming a deduction for regulatory liabilities. However, this contradicts the evidence in Exhibit 4 / Tab 3 / Schedule 1 / Page 5 which includes regulatory assets to determine regulatory taxable income. For the 2010 Test Year, Haldimand has included an amount of \$4,457,505 (Regulatory Assets – Opening Balance) in “Additions” and an amount of \$4,344,457 (Regulatory Assets – Closing Balance) in “Deductions”. Please explain the inconsistency between the interrogatory response and the pre-filed evidence.

11. Ref: Response to Energy Probe interrogatory number 1

The PST and GST will be harmonized effective July 1, 2010. Unlike the GST, the PST is included as an OM&A expense and is also included in capital expenditures. With harmonization, corporations would see a reduction in OM&A expenses and capital expenditures.

- a) Would the Applicant agree to the establishment of a variance account to capture the reductions in OM&A and capital expenditures?
- b) Are there other alternatives that the Board might consider to reflect the reductions in OM&A and Capex?

12. Ref: Response to Energy Probe interrogatories 23 and 24

For a number of tax related changes, Haldimand County Hydro's response has been that at the time of filing the Application, the budget measures had not been enacted. However, with the tax changes being enacted, does Haldimand intend to reflect the changes in their Application? If "not", please provide reasons for doing so.

13. Ref: Response to Energy Probe interrogatory number 18

In response to Energy Probe interrogatory number 18(f), Haldimand County Hydro has indicated that the per bill fee charged to Haldimand County Energy Inc. is \$4.10 per bill. The response also seems to suggest that it is a market based rate. Please provide a survey of what other utilities charge for providing similar services. In this regard, please provide the number of utilities surveyed, billing charges and also identify whether the charges are based on a service level agreement, fully allocated costs or a market based rate.

Cost of Capital

14. Ref: Response to Board staff interrogatory number 22

In response to Board staff interrogatory number 22, Haldimand County Hydro has provided additional documentation. One of the documents titled "The

Regional Municipality of Haldimand-Norfolk Schedule B to By-Law No. 55-00" shows the schedule of interest rate payments with the last interest payment amount being \$249,275 due on May 1, 2010. Please answer the following questions with respect to this amount:

- a) As noted in response to interrogatory number 22(d), the semi-annual interest payment in the amount of \$249,275 is calculated for the six-month period November 1, 2009 to May 1, 2010. However, Haldimand's 2010 Cost of Service Application is for the calendar year 2010. Why has Haldimand included interest payments for the last two months of 2009 which represent the Bridge Year and not the Test Year?
- b) Please re-calculate the interest payment for four months, from January 1 to May 1, 2010.

Cost Allocation

15. Ref: Response to VECC interrogatory number 19

Please answer the following questions with respect to Table 13 in response to VECC interrogatory #19.

- a) The transmission charge determinant for the Embedded Distributor for the partial year summed over the supply points amounts to 114,711 kW. The billing determinant over the same period sums to 119,710, which is 4.4% higher. If the disparity is due to the load being observed at different points in time, please explain how this difference occurs, perhaps by using an example of a single month and describing the respective kW amounts, when they were observed within the month, and why they were observed at those hours. If the disparity is due to some other reason, please explain.
- b) To the extent that cost and revenue of the Embedded Distributor load will not be exactly equal during the rate year and subsequently, is it Haldimand's intention to record the disparity in accounts 1584 and 1586 along with all other customers, or to record it in a sub-account for the Embedded Distributor alone?

16. Ref: Response to Board staff interrogatory number 30 and VECC interrogatory number 18(b).

Please answer the following questions with respect to Low Voltage (LV) charges paid by Haldimand County Hydro to Hydro One.

- a) Please give the name of the Hydro One Sub-transmission class rate, together with any rate riders that yield the rate \$0.361 per kW used in the third row of the calculation of annual LV charges.
- b) Does the Hydro One Common ST Line rate apply to the load at all of the six supply points listed in response to Board staff interrogatory # 30, to just the first four points, or some other amount?. (If it would be helpful, please provide a copy of a monthly statement from Hydro One.)
- c) Please provide a hypothetical forecast of the 2010 annual LV charges if Rate Rider # 4 and the 2009 Foregone Revenue Rate Riders were not included in the calculation.

Deferral and Variance Accounts

17. Ref: Exhibit 9 / Tab 1 / Schedule 2

Please calculate a separate rate rider for the recovery of the proposed Global Adjustment balance using the allocated amounts and the 2008 non-RPP consumption data (kWh or kW as applicable) as the billing determinant.

18. Ref: Exhibit 9 / Tab 1 / Schedule 2

If Haldimand County Hydro were to establish a separate rate rider to dispose of the balance of the Power (Global Adjustment) sub-account of account 1588, please provide Haldimand's views as to whether this rate rider would be applicable to MUSH ("Municipalities, Universities, Schools and Hospitals") sector customers. If "No", does Haldimand have the capability in its billing system to exclude MUSH sector customers to which the separate rate rider for the disposition of the account 1588 subaccount Power (Global Adjustment) balance would apply?

19. Ref: Exhibit 9 / Tab 1 / Schedule 2

Please calculate the proposed rate rider to dispose of the December 31, 2008 balances plus carrying charges to April 30, 2010, for deferral and variance accounts excluding the Global Adjustment sub-account of Account 1588.

20. Ref: Response to Board staff interrogatory 38

- a) Given that accounts 1570 and 1590 have not been accurately filed, please provide a table with all accounts and their respective balances requested for disposition. Please footnote the reasons why the balances in this table are different from the originally filed evidence.
- b) Please recalculate the rate rider applying the allocation factors per the EDDVAR report for accounts 1570 and 1590.

LRAM and SSM Amounts

21. Ref: Response to Board staff interrogatory number 42.

Please provide a revised SSM amount that incorporates "assumptions used from the beginning year" as outlined in section 7.3 of the Electricity Distributor Conservation and Demand Management Guidelines, issued March 28, 2008.

22. Ref: Exhibit 1 / Tab 1 / Schedule 5

Please answer the following questions:

- a) Based on changes that Haldimand wishes to make as a result of the first and second round of interrogatories from all parties, please submit an updated Microsoft Excel file containing the revenue requirement work form.
- b) Please also provide all updated schedules, revenue requirement and PILs calculations, changes to rate adders/riders and bill impacts.

- c) In case there is a change in the list of specific approvals that Haldimand County Hydro is seeking, please provide a revised list of specific approvals.