

**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 North
Bay Hydro Distribution Ltd. 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 37 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. North Bay Hydro Generation Ltd.:
 - (a) Please advise whether the applicant or its parent company, North Bay Hydro Holdings Limited, has any plans to make North Bay Hydro Generation Ltd. active again. The evidence (Ex. 1, pg. 40) currently states that it is inactive.
 - (b) If yes, please advise what activities are planned for North Bay Hydro Generation Ltd. and whether it will be using any of the applicant's assets or employees.
3. Please provide a summary of what parts of the application do not comply with the Minimum Filing Requirements.
4. NBHD projects a revenue deficiency in 2010 of \$1.839 million. Please provide a table summarising the main drivers of the deficiency.
5. Please provide NBHD's rate-regulated return on equity for the years 2006 to 2009.
6. Ref. Ex. 1, pg. 44: NBHD's last cost of service application was in 2006. Please explain, then, how under-investing in its assets during that period would help to keep rates low.

7. Ref.: Ex. 1, pg. 44:

- (a) please provide a copy of NBHD's business plan.
- (b) Please provide a copy of any presentation or plan submitted to NBHD's Board of Directors for approval in conjunction with the current rate application.

8. Ex. 1, pg. 46:

- (a) please provide a summary of the deferral account balances used for the purposes of setting 2006 rates that were incorrect.
- (b) Please explain how and when any corrections were made.
- (c) Is NBHD seeking recovery of any of the corrected account balances in this application? If so, please specify which accounts.

9. Ex. 2:

- (a) Please complete the following table:

	2006	2007	2008	2009	2010
Annual capital expenditures					
Depreciation					
Annual cap ex as % of depreciation					

10. Ex. 1, pg. 50: for each of the major drivers (capital and OM&A) set out on the page, please provide the revenue requirement impact for 2010 (for capital projects please provide the total capital cost of the project and the associated 2010 revenue requirement impact.)

11. Ref: Exhibit 2: Capital Expenditures

- (a) Please provide a table summarising 2010 and 2011 capital expenditures by major project. Please also include the projected in-service date for each project.

12. Ref.: Exhibit 2:

- (a) The applicant has proposed a number of large capital projects in the test year, including two voltage conversion projects. Has the applicant incorporated any savings realised as a result of these projects into its

application? For example, has the line loss forecast been updated to take into account the voltage conversion projects? If not, why not?

- (b) Please provide the applicant's best estimate as to the impact that the voltage conversion projects will have on its distribution line losses.
 - (c) Please provide the applicant's best estimate as to the impact that the various asset renewal projects will have on its OM&A expenditures, for example, as a result of reduced trouble calls or other unplanned repair or maintenance work.
13. Ex. 2, METSCO Inc. Fixes Asset Management Plan: has NBDH conducted the condition assessment survey of its vintage lines, as recommended by METSCO? If so, please provide a summary of the results.
14. Ex. 4, pg. 23- 2010 vs. 2009 OM&A

Preamble

Total OM&A increases in 2010 by \$796,892 (16%) in 2010 over 2009. The variance analysis provided beginning at pg. 23 of the exhibit discusses items totalling \$640,551, leaving an unexplained increase of \$156,341.

- (a) Most of the unexplained increase is in Administrative and General Expense, which increase by \$363,477 (17%) in 2010 over 2009. However, the table on pg. 23 only explains \$282,862 of the increase. Please provide an explanation for the remaining \$80,615 increase, including what assumptions were made to arrive at the total.
 - (b) In addition to the unexplained increase in Administrative and General Expenses, there remains another \$75,726 in other OM&A that is not explained. Please provide an explanation for that increase as well.
15. Ref: Ex. 4, pg. 27: what accounts for the large decrease in Other Income and Expenses from \$804,512 in 2008 to \$141,229 in 2010?
16. Ex. 4, pg. 2:
- (a) Please provide a summary of what changes were made to the definitions and allocations for 2006 Board Approved, 2006 Actual, 2007 and 2008.
 - (b) Can the amounts listed in Table 4-1 for each year be compared to each other? If not, please reproduce the table on a normalized basis.
17. Ex. 4, pg. 24: Smart Grid expenditures
- (a) Has a third party been selected for the \$40,000 planning work? If not, when will one be selected? How was the \$40,000 estimate derived?

- (b) Regarding the FIT/MFIT implementation initiatives, the evidence states that the work (\$45,000) will be outsourced. Has a provider been selected? If not, when will one be selected? How was the \$40,000 estimate derived?
- (c) has NBHD considered what proportion of the GEGEA-related spending will provide benefit to electricity consumers in Ontario as a whole and therefore should be allocated to the provincial benefit?
- (d) with respect to question (c) above, the evidence states at pg. 60 that the salary for the new employee listed in the CDM department is expected to be recovered from the IESO through the provincial benefit. Is the expense for this employee therefore in addition to any amounts shown in Table 4-1 on page 1?

18. Ex. 4: Community Relations

- (a) The evidence discusses \$195,000 in GEGEA- and smart-grid-related expenses that have been booked in the community relations account. Please explain the remainder of the expenditures (\$27,000) in that account for 2010.

19. Ex. 4, pg. 23: the evidence states that an additional \$25,000 (\$6,200 per substation) was added to the forecast cost of the substation assessments "to cover remediation of potential issues arising out of the assessments." Please explain what potential issues could arise during the substation assessments and how the forecast of \$6,200 was derived.

20. Ex. 4, pg. 27: the evidence states that NBHD has included an additional \$20,000 in 2010 for customer information costs. Please state what assumptions were made in arriving at the forecast (i.e. what new initiatives are planned, and at what cost).

21. Ex. 4, pg. 42: Training programs

- (a) Training programs increase by a total of \$102,212 in 2009 and 2010 combined. Please provide a breakdown of the projected costs.

22. Ex. 4: Capitalized overheads

- (a) Please provide the capitalization rate for overheads and labour costs from 2006 actual to 2010.
- (b) Please explain any significant year over year variation.
- (c) Table 4-7 on pg. 24 indicates that OM&A increased in 2009 over 2008 by \$207,623 as a result of capitalized overheads. This implies that less overhead was capitalized in 2009, resulting in higher OM&A costs. However, at pg. 27 of the exhibit (the 2009 vs. 2008 variance analysis) the evidence states that 2009 Operation Supervision and Engineering

decreased in 2009 over 2008 by \$221,757 primarily due to the fact that an increased capital program meant that more of those costs were capitalized. The two sections of the evidence appear to be inconsistent. Please explain.

23. Ex. 4: compensation: over-time

- (a) Please explain the significant increase in over-time projected in 2010 over 2009 (\$216,517 vs. \$115,585).
- (b) Please explain, in particular, whether increase in over-time is projected as a result of increases to planned preventative maintenance work.

24. Ref. Ex. 5: Cost of Capital

- (a) The Promissory Note issued to the City of North Bay bears interest at the rate of 5% per annum and is callable with 12 months notice to NBHD. Please advise whether NBHD has received any such notice as of the date of the reply to this interrogatory.
- (b) If NBHD has not received any notice from the City of any intention require repayment, then the note is not callable for the 2010 rate year. In addition, Note 18 in the applicant's 2008 audited financial statements states that "management does not expect that this note will be called within the foreseeable future." Therefore, does NBHD agree that the applicable rate for rate making purposes is 5%?

25. Cost Allocation

- (a) Does NBHD intend on making further movements in the revenue to cost ratios of the Streetlighting and Sentinel lighting classes during the IRM period? Why or why not?

26. Ex. 5: Rate Design

- (a) The proposed fixed charge for the GS>50kW rate class is far above the Board's maximum amount. Please explain why NBHD is further increasing the charge in 2010?
- (b) Please re-do the Bill Impact Tables for the GS>50kW rate class assuming:
 - (i) The fixed charge for the class remains constant at \$311.40 (the 2009 level); and
 - (ii) The fixed charge is reduced to the maximum level per the Report of the Board on Application of Cost Allocation for Electricity Distributors (EB-2007-0667).

