Chatham-Kent Hydro Inc.

EB-2009-0261

Responses to Energy Probe Interrogatories

Question #1

Ref: Exhibit 1, Tab 1, Schedule 12

a) Please update the Chatham-Kent organizational chart to show the utility's financial, regulatory and customer service functions and its reporting relationships as part of the organization structure.

b) In a number of the application exhibits there is reference made to the CEO. Please show that function as part of the organization structure, demonstrating the relationship with the president.

Answer:

a) See Appendix A.

b) The President reports to the CEO of Chatham-Kent Energy (CK Energy). The CEO of CK Energy is also a director of Chatham-Kent Hydro (CK Hydro) Board.

Question #2

Ref: Exhibit 1, Tab 1, Schedule 15

The evidence states that there are no outstanding OEB directives applicable specifically to Chatham-Kent as at the date of filing this Application. The Applicant was one of the thirteen licensed distributors deemed to be applicants in the EB-2007-0063 Combined Proceeding.

a) On December 13, 2007, the Board issued its Decision and Order on Cost Awards. Is Chatham-Kent in compliance in respect of that Board Order?

b) If the answer to a) above is yes, please advise the date that your cheque for $213.83 was issued in payment and forwarded to Energy Probe Research Foundation.

c) If the answer to a) above is no, please advise the steps the Applicant will now take to achieve compliance.

Answer:

a) CK Hydro is not in compliance with the respect to the Board Order.

b) See c).

c) A cheque will be issued for the amount owing.

Question #3

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 Chatham-Kent Hydro 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 Chatham-Kent Hydro 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 Chatham-Kent Hydro to comply with two separate sets of tax rules?

e) Please confirm that Chatham-Kent Hydro 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 Chatham-Kent Hydro on capital expenditures included in rate base in each of 2006, 2007, 2008 and 2009.

h) If Chatham-Kent Hydro is unable to quantify the impact of the removal of the provincial sales tax, is Chatham-Kent Hydro 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?

Answer:

a) CK Hydro did not make any adjustments to the OM&A forecasts shown in Exhibit 4 to reflect the elimination of the 8% Provincial Sales Tax.

b) The estimated Provincial Sales Tax included in the OM&A forecast for 2010 would amount to approximately $50,000.

c) The amount of Provincial Sales Tax paid by CK Hydro for OM&A expenses is estimated as follows: 2006–$64,958, 2007-$54,090, 2008-$55,454 and 2009-$45,237.

d) CK Hydro does not expect any reduction in compliance costs that will result from the reduction in the administrative burden on CK Hydro to comply with two separate sets of tax rules.

e) CK Hydro 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) The estimated costs of the Provincial Sales Tax included in the capital expenditures included in rate base forecast for 2010 year is approximately $200,000.

g) The amount of Provincial Sales Tax paid by CK Hydro on capital expenditures is estimated as follows: 2006-$249,906, 2007-$356,199, 2008-$141,286 and 2009-$173,824.

h) CK Hydro is not agreeable to the creation of the deferral account, as the administrative burden is not worth the benefit.

Question #4

Ref: Exhibit 1, page 21 & 22

Are any of the costs associated with the Board of Directors of Chatham-Kent Energy, Chatham-Kent Utility Services or Middlesex Power Distribution Corporation included in the costs by CK Hydro Inc. for recovery through the revenue requirement? If yes, please identify and quantify these costs.

Answer:

There are no Middlesex Power Board of Director costs allocated to CK Hydro.

There is a partial allocation of the CK Energy Board costs in the amount of $29,333 and a partial allocation of Chatham-Kent Utility Services Inc (CK Utility Services) Board costs in the amount of $9,250 to CK Hydro for 2010.

Question #5

Ref: Exhibit 2, Tab 2, Schedule 1, Tables 2-10 & 2-11

a) How many of months of actual data are reflected in the data used in Table 2-10 for the 2009 bridge year?

b) Please explain why there are no disposals of gross assets or accumulated depreciation shown for either of 2009 or 2010.

c) Please provide an update to Table 2-10 for the 2009 bridge year forecast that reflects actual data for the most recent year-to-date period that is currently available along with the forecast for the remaining months in 2009

d) Please confirm that all of the capital expenditures shown in both Tables 2-10 & 2-11 for the bridge and test years are still forecast to be completed and in service by the end of the respective years. If this cannot be confirmed, please provide the details for the capital expenditures that would be placed in work in progress for each of 2009 and 2010.

Answer:

a) None.

b) The disposals of gross assets and corresponding accumulated depreciation were omitted. CK Hydro has determined that the expected disposals are either fully depreciated, or have minimal net book values.

c) The Table below represents the costs to November 2009.

CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1805	Land	117,846			117,846	0			0	117,846
CEC	1806	Land Rights	0			0	0			0	0
47	1808	Buildings and Fixtures	339,972			339,972	125,325	13,591		138,916	201,056
13	1810	Leasehold Improvements	0			0	0			0	0
47	1815	Transformer Station Equipment - Normally	0			0	0			0	0
47	1820	Distribution Station Equipment - Normally	795,093	39,849		834,942	193,281	36,864		230,145	604,797
47	1825	Storage Battery Equipment	0			0	0			0	0
47	1830	Poles, Towers and Fixtures	4,227,639	458,734		4,686,373	769,572	187,454		957,026	3,729,347
47	1835	Overhead Conductors and Devices	18,772,941	858,816		19,631,757	6,764,030	915,744		7,679,774	11,951,983
47	1840	Underground Conduit	1,204,240	153,024		1,357,264	246,252	54,291		300,543	1,056,721
47	1845	Underground Conductors and Devices	14,616,203	430,965		15,047,168	5,937,648	813,322		6,750,970	8,296,198
47	1850	Line Transformers	14,359,934	556,815		14,916,748	4,941,260	715,362		5,656,622	9,260,127
47	1855	Services	3,354,546	294,843		3,649,389	661,747	145,976		807,723	2,841,666
47	1860	Meters	2,828,962	30,471		2,859,434	1,086,522	140,824		1,227,346	1,632,088
	1861	Smart Meters	4,210,814			4,210,814	539,712	375,787		915,499	3,295,315
N/A	1865	Other Installations on Customer's Premises	0			0	0			0	0
N/A	1905	Land	568,511	34,166		602,677	0			0	602,677
CEC	1906	Land Rights	0			0	0			0	0
47	1908	Buildings and Fixtures	3,334,581	96,869		3,431,451	671,841	105,615		777,456	2,653,995
13	1910	Leasehold Improvements	0			0	0			0	0
8	1915	Office Furniture and Equipment	124,426	18,400		142,826	75,823	12,044		87,867	54,960
10	1920	Computer Equipment - Hardware	298,067			298,067	297,273	794		298,067	(0)
	1920	Computer - Hardware post Mar 22/04	55,331			55,331	35,555	9,854		45,409	9,922
	1920	Computer - Hardware post Mar19/07	169,819	11,914		181,733	53,433	6,542		59,975	121,758
12	1925	Computer Software	483,095	119,743		602,839	177,563	65,762		243,325	359,513
10	1930	Transportation Equipment	2,519,106	361,062		2,880,167	1,560,960	249,825		1,810,785	1,069,382
8	1935	Stores Equipment	0			0	0			0	0
8	1940	Tools, Shop and Garage Equipment	638,613	37,460		676,073	498,094	27,713		525,807	150,266
8	1945	Measurement and Testing Equipment	0			0	0			0	0
8	1950	Power Operated Equipment	0			0	0			0	0
8	1955	Communication Equipment	0			0	0			0	0
8	1960	Miscellaneous Equipment	0			0	0			0	0
47	1970	Load Management Controls - Customer Pre	0			0	0			0	0
47	1975	Load Management Controls - Utility Premis	0			0	0			0	0
47	1980	System Supervisory Equipment	787,728	13,177		800,905	547,406	53,234		600,640	200,265
47	1985	Sentinel Lighting Rentals	0			0	0			0	0
47	1990	Other Tangible Property	1,750,427	73,928		1,824,355	906,542	150,254		1,056,796	767,559
47	1995	Contributions and Grants	(3,886,753)	(323,843)		(4,210,596)	(849,424)	(169,092)		(1,018,516)	(3,192,080)
		Total before Work in Process	**71,671,139**	**3,266,395**	**0**	**74,937,534**	**25,240,414**	**3,911,760**	**0**	**29,152,174**	**45,785,360**
WIP		Work in Process	0			0	0			0	0
		Total after Work in Process	**71,671,139**	**3,266,395**	**0**	**74,937,534**	**25,240,414**	**3,911,760**	**0**	**29,152,174**	**45,785,360**

	1925	Transportation
	1930	Stores Equipment

Less: Fully Allocated Depreciatio		
Transportation	249,825	
Communication		
Net Depreciation	3,661,935	29,152,174

d) 2009 additions will be approximately $300,000 lower than Table 2-10, and all planned 2010 additions will be completed in 2010.

Question #6

Ref: Exhibit 2, Tab 1, Schedule 1, page 1

Please provide the details related to the OEB approval for the inclusion of smart meter assets in rate base for the two periods discussed at lines 19-22.

Answer:

The OEB approved the expenditures for 2006 to April 2007 in the proceeding EB-2007-0063, and the expenditures from May 1 to December 2007 in the proceeding EB-2008-0155.

Total Capital cost	EB-2007-0063	EB-2007-0155
1.1 Advanced Metering Communication Device	2,578,000	1,633,216
1.2 Advanced Metering Regional Collector	11,000	6,746
1.3 Advanced Metering Control Computer	72,000	88,899
1.4 Wide Area Network	172,000	
1.5 Other AMI Capital Costs related to Minimum functionality	26,500	18,266
Total Fixed Asset	2,859,500	1,747,127

Question #7

Ref: Exhibit 2, Tab 2, Schedule 1

a) How have the gross asset value and accumulated depreciation associated with meters that have been replaced by smart meters been accounted for in the continuity schedules? For example, have these assets remained in Account 1860?

b) Please provide details related to the accounting treatment of these assets as directed by the Board.

c) What are the gross asset value, accumulated depreciation and net book value associated with the meters that have been replaced with smart meters at the end of 2009?

d) Table 2-11 shows an amount of $303,916 related to fully allocated depreciation. What proportion of this amount has been expensed as part of OM&A expenses and what proportion has been capitalized? How do these proportions compare to the proportions forecast for 2009 and recorded on an actual basis in 2006 through 2008? Please explain any significant differences.

Answer:

a) Disposals incurred up to 2007 have been recorded in Smart Meter Deferred Assets account 1555. The entry was as follows:

DR account 1555	129,734.92	(Deferred Assets)
DR account 2105	73,669.19	(Accumulated Depreciation)
CR account 1860	203,404.11	(Meter Assets)

Disposals incurred in 2008 and 2009 are accounted for in the continuity schedules.

b) Consistent with Board direction, normal practice is to expire assets and related accumulated depreciation at the time of disposal.

c) Please see the following table:

The total amount for Stranded cost to the end of 2009

Residential	Deferral Account	Rate Base
Net Fixed Assets	203,404	247,689
Depreciation	73,669	134,853
Net Book Value	129,735	112,835

General Service	Deferral Account	Rate Base
Net Fixed Assets		44,841
Depreciation		21,393
Net Book Value		23,448

d) The Table 2-11 amount of $303,916 related to fully allocated depreciation has been allocated 41% to OM&A, 46% to Capital, and 13% to Recoverable Work. Historical data for 2006-2009 can be found in the table below. The 2010 allocation is consistent with the historical data.

Summary of Vehicle allocated to Maintenance, Capital and Recoverable

Year	Mtce	Capital	Rec	Total
2006	36.26%	52.06%	11.68%	100.00%
2007	40.36%	51.63%	8.01%	100.00%
2008	43.07%	43.98%	12.95%	100.00%
2009	39.47%	47.23%	13.30%	100.00%

Note : 2009 is to Nov 30, 2009

Allocation for 2010*	41.27%	45.61%	13.12%	100.00%

*based on the average of 2008 and 2009

Question #8

Ref: Exhibit 2, Tab 3, Schedule 2, Table 2-17

Will the economic slowdown and the loss of load and customers have any impact on the timing of the expenditures shown in Table 2-17? In particular is there any delay in the demand, renewals or capacity capital budget plan? If not, please explain why not.

Answer:

The economic slowdown and the loss of load and customers will not impact the timing of the expenditures in the 2010 budget. The economic slow down and the loss of load and customers have been considered in the preparation of the budget.

Question #9

Ref: Exhibit 2, Tab 3, Schedule 2, pages 8, 9 & 10

a) Please provide the forecast number of new residential connections for 2009 and 2010.

b) Please provide the most recent year-to-date number of new residential connections available for 2009 and the corresponding number for the same year-to-date period in 2008.

c) What was the actual capital expenditure in 2007 and 2008 for new residential connections?

d) Please provide the forecast number of detached residential connections for 2009 and 2010.

e) Please provide the most recent year-to-date number of detached residential connections available for 2009 and the corresponding number for the same year-to-date period in 2008.

f) What was the actual capital expenditure in 2007 and 2008 for detached residential connections?

g) Please provide the forecast number of new commercial/industrial connections for 2009 and 2010.

h) Please provide the most recent year-to-date number of new commercial/industrial connections available for 2009 and the corresponding number for the same year-to-date period in 2008.

i) What was the actual capital expenditure in 2007 and 2008 for new commercial/industrial connections?

j) What accounted for the significantly higher level of new commercial/industrial connections in 2006?

Answer:

a) The new Residential connections forecasted for 2009 and 2010 are 70 and 117 respectively.

b) The number of new Residential connections year-to-date, as of November 30 2009 is 60 and 140 for the same period of 2008.

c) Please see Exhibit 2, Tab 2, Schedule 3, page 18: Residential New Service expenditures for 2007 are $181,462.00.

Please see Exhibit 2, Tab 2, Schedule 3, page 22: Residential New Service expenditures for 2008 are $145,785.00.

d) The detached Residential connections forecasted in the application for 2009 and 2010 are 50 and 50 respectively.

e) The number of detached Residential connections year-to-date as of November 30 2009 is 56 and 46 for the same period of 2008.

f) Actual expenditures for detached Residential connections for 2007 and 2008 are $442,857 and $335,706 respectively.

g) New Commercial/Industrial connections forecasted for 2009 and 2010 are 25 and 29 respectively.

h) The number of new Commercial/Industrial connections, year-to-date for 2009 is 24 and 30 for the same period in 2008.

i) Please see Exhibit 2, Tab 2, Schedule 3, page 18: Commercial/Industrial New Service expenditures for 2007 are $48,563.00.

Please see Exhibit 2, Tab 2, Schedule 3, page 22: Commercial/Industrial New Service expenditures for 2008 are $61,011.00.

These expenditures are for connecting new commercial and industrial services.

j) 2006 was a peak economic year for Chatham-Kent, causing an increase in new Commercial/Industrial connections.

Question #10

Ref: Exhibit 2, Tab 3, Schedule 2, pages 13 & 14

a) Please provide the number of residential rebuilds for 2004 through 2008, along with the forecast for 2009 and 2010.

b) Please provide the actual capital expenditures in 2006, 2007 and 2008 associated with residential rebuilds.

c) Please provide the most recent year-to-date number of residential rebuilds available for 2009 and the corresponding number for the same year-to-date period in 2008.

d) Please provide the forecast number of commercial/industrial customer rebuilds for 2009 and 2010.

e) Please provide the actual capital expenditures in 2006, 2007 and 2008 associated with commercial/industrial rebuilds.

f) Please provide the most recent year-to-date number of commercial/industrial rebuilds available for 2009 and the corresponding number for the same year-to-date period in 2008.

Answer:

a) There were 9 Residential rebuilds in 2004, 18 in 2005, 25 in 2006, 14 in 2007 and 8 in 2008.

b) The actual capital expenditures for 2006 were $37,029; for 2007 they were $28,749; and for 2008, they were $14,103.

c) The residential rebuilds for 2009 year-to-date at November 30 is 8; and the 2008 total for the same period was 8.

d) The forecast number of commercial/industrial customer rebuilds for 2009 is 8 and 2010 is 6.

e) The actual capital expenditures for 2006 was $213,356, 2007 $147,665, and 2008 264,157.

f) The commercial/industrial rebuilds for 2009 total up to November 30 is 8; and the 2008 total for the same period was 9.

Question #11

Ref: Exhibit 2, Tab 3, Schedule 2, pages 15 & 16 & 18

a) Please provide the actual capital expenditures in 2006, 2007 and 2008 associated with capital pole replacements.

b) Please provide the actual capital expenditures in 2006, 2007 and 2008 associated with transformer replacements.

c) Please provide the actual capital expenditures in 2006, 2007 and 2008 associated with overhead distribution upgrades.

Answer:

a) Please see CK Hydro's response to SEC Question #2.

b) Please see CK Hydro's response to SEC Question #2.

c) Please see CK Hydro's response to SEC Question #2.

Question #12

Ref: Exhibit 2, Tab 3, Schedule 2, page 19

a) Why would CK Hydro not replace a meter that is at the end of its life expectancy, has failed or has an expired Measurement Canada seal with a smart meter?

b) Are the costs associated with these replacement meters based on the purchase of new meters or the use of existing meters that have been replaced by smart meters?

c) Does Chatham-Kent Hydro re-use the meters that have been replaced by smart meters? If not, why not?

Answer:

a) Residential and General Service < 50 classes do receive new smart meters when the meters are being replaced.

   The other rate classes do not fall into the scope of the smart meter mandate, and therefore their meters are not replaced with a smart meter.

b) These costs are for the purchase of new meters.

c) Yes. CK Hydro has retrofitted approximately 40% of its residential meter population to function as Smart Meters. The remaining meters were recycled; these meters were of a type that could not be retrofitted with a Smart Meter module, and therefore could not be utilized in the system.

Question #13

Ref: Exhibit 2, Tab 3, Schedule 2, page 23

Please provide the actual capital expenditures in 2006, 2007 and 2008 associated with emergency situations.

Answer:

Please see CK Hydro's response to SEC Question #2.

Question #14

Ref: Exhibit 2, Tab 3, Schedule 2, page 27

The Ontario Energy Board has initiated a number of proceedings that deal with embedded generation. Based on the Reports from the Board, would any of the forecasted costs associated the increase in generation connections to the distribution system be covered from other sources such as payments from the generators? Please explain.

Answer:

No, this project is for planning the total distribution system planning, which covers more than just the potential for generation connections. Therefore, it is not recoverable.

Question #15

Ref: Exhibit 2, Tab 3, Schedule 2, page 33 & Exhibit 2, Tab 2, Schedule 2

Where is the decommissioning of Chatham # 9 Substation shown in the continuity schedules in Exhibit 2, Tab 2, Schedule 2? Why are there no disposals shown?

Answer:

Substation #9 (picture below) is simply a 2500 KVA transformer situated on a municipal right-of-way. When the transformer is removed, CK Hydro expects to reallocate it within its system. Therefore all its current assets will remain used and useful.

Question #16

Ref: Exhibit 2, Tab 3, Schedule 2, page 36

a) Have all of the 9 smaller projects that make up the expenditure of $412,936 in 2009 for long term load transfers been completed?

b) For each of the projects that are not yet completed, will the completion take place before end of 2009?

c) Can any of the projects be deferred and completed in 2010 rather than in 2009? If not, why not?

Answer:

a) No, not all of the nine projects have been completed. Approximately 50% of the expenditures will be completed by year end.

b) CK Hydro is presently working with Hydro One to eliminate these Long Term Load Transfers. Of the eleven load transfer projects four will not be completed before the end of 2009.

c) Yes.

Question #17

Ref: Exhibit 2, Tab 3, Schedule 2, page 39

Will any of the capital expenditures shown for 2010 for the voltage conversion project scheduled to begin in 2010 and continue for five years be in service in 2010?

Answer:

All voltage conversion projects scheduled for 2010 will be put into service before the end of 2010.

Question #18

Ref: Exhibit 2, Tab 3, Schedule 2, page 40 & Exhibit 2, Tab 2, Schedule 2

a) Will Chatham #8 Substation be fully depreciated by the end of 2009?

b) If not, why is there no disposal shown in the continuity schedules shown in Exhibit 2, Tab 2, Schedule 2 for this asset?

Answer:

a) Chatham #8 Substation will not be fully depreciated at the end of 2009. The projected Net Book Value at year end is as follows:

	NBV $
Building	18,791
Land	4,552
Total	23,343

b) This item is not shown as a disposal because CK Hydro will use the building as a storage site; therefore, the asset will continue to be used and useful.

Question #19

Ref: Exhibit 2, Tab 3, Schedule 2, page 45

a) Please provide the actual capital expenditures in 2006, 2007 and 2008 for rolling stock.

b) Please provide a detailed breakdown of the vehicles to be purchased in 2009 and 2010 including the cost of each vehicle, the age of the vehicle being replaced and whether any of the new vehicles are additions to the fleet rather than replacement vehicles.

c) How has Chatham-Kent Energy accounted for the revenues associated with the sale/scrap of the vehicles being replaced?

Answer:

a) See Appendix B.

b) See Appendix C. All new vehicles are replacing old vehicles.

c) CK Energy does not receive the revenues from the sale/scrape of other associated companies. Revenue related to sale of vehicles being replaced is recorded by CK Hydro as Other Distribution Revenue in account 4360.

Question #20

Ref: Exhibit 2, Tab 3, Schedule 2, page 54

a) Please provide the actual capital expenditures in 2006, 2007 and 2009 for capital equipment.

b) Please explain the significant increase forecast for 2010.

Answer:

a) Please refer to CK Hydro's response to SEC Question #2, small tools line.

b) The significant increase in the 2010 capital equipment is due to the purchase of new primary cable fault locating equipment. This equipment failed at the end of 2008 at a time that was too late for inclusion in the 2009 capital equipment budget. Operations staff has been fortunate enough to locate primary cable faults in 2009, however they cannot continue to jeopardize system reliability.

Question #21

Ref: Exhibit 2, Tab 3, Schedule 2, page 55 & 56 & 60

a) Does Chatham-Kent Hydro own the property at 320 Queen St., or does one of the affiliates own the property? If so, which one?

b) Has Chatham-Kent Hydro purchased the land adjacent to the property at 320 Queen St.? If not, will this property be purchased by Chatham-Kent Hydro before the end of the year?

Answer:

a) CK Hydro owns the property at 320 Queen Street.

b) No. The plan was to complete the purchase by year end, but CK Hydro has been unable to close the transaction.

Question #22

Ref: Exhibit 2, Tab 3, Schedule 2, page 55 & 56 & 60

On November 17, 2009, Chatham-Kent Utility Services (CKUS) announced plans for a $2.5 million Green Data Centre to be located on the CKUS property at 320 Queen Street. The centre is expected to be up and running by the summer of 2010.

a) Please provide the details with regard to the ownership of the land and the building at 320 Queen St. in light of the above statement.

b) Will any of the costs associated with the Green Data Centre be included in the rate base for Chatham-Kent Hydro? If yes, please explain and quantify.

c) Did any affiliate of Chatham-Kent Hydro purchase any adjacent land to 320 Queen St.? If yes, please explain how this impacts on the Chatham-Kent Hydro proposal to utilize this land.

Answer:

a) 320 Queen Street is owned by CK Hydro. The Green Data Centre building will be owned by CK Utility Services.

b) No.

c) No.

Question #23

Ref: Exhibit 2, Tab 3, Schedule 2, page 57

a) Please provide the business case for the capital expenditures related to the consumer load disconnect switches.

b) Please provide the details of all associated cost savings that are projected to result from this expenditure and please indicate where in the OM&A costs these savings have been reflected in 2010.

Answer:

a) The disconnect switches will be installed on customer premises where CK Hydro has had to disconnect the customer in the past year. The majority of these customers will be for rental properties where there is customer turnover that requires disconnecting customers. These devices will be used for disconnecting only; the reconnects will continue to be done at the customer's premise for safety concerns. With the implementation of monthly billing, there is the possibility that additional disconnects will be required, as customers may be disconnected more frequently for bad debt reasons. Disconnect switches will also allow for the remote disconnection of hard-to-reach meters.

b) The cost savings is in Account 5320 Collecting. These savings offset other cost increases in this account.

Remote Disconnects	1,000
Fewer Trips/Switch	1.5
Total Fewer Trips	1,500
Cost/Trip	$30
Savings	$45,000

Question #24

Ref: Exhibit 2, Tab 3, Schedule 2, page 58

Are any of the capital expenditures for building renovations in 2009 or 2010 associated with use of the building by any of the affiliates of Chatham-Kent Hydro? If yes, please provide details.

Answer:

None of the capital expenditures for building renovations in 2009 or 2010 are associated with use of the building by any of the affiliates of CK Hydro.

Question #25

Interrogatory # 25

Ref: Exhibit 2, Tab 3, Schedule 2, page 59

Please provide a copy of the business case referred to related to the replacement of the underground fuel tanks.

Answer:

See Appendix D.

Question #26

Ref: Exhibit 2, Tab 3, Schedule 2, page 61 & 62

a) Could Chatham-Kent Hydro re-surface the rear yard at 320 Queen St. in two phases, the first of which takes place in 2010 with the second phase taking place in 2011? If not, please explain why not?

b) Does the construction of the Green Data Centre noted in Interrogatory # 20 above have any impact on the amount or timing of the proposed re-surfacing? Please explain.

c) Does the construction of the Green Data Centre noted in Interrogatory # 20 above have any impact on the timing of the construction of the environmental storage facility?

Answer:

a) No. It would not be economical to resurface over two years.

b) No. The Green Data Centre is located in the front parking area, while the resurfacing is of the rear yard area.

c) No, the Green Data Centre does not impact the environmental storage facility construction.

Question #27

Ref: Exhibit 2, Tab 2, Schedule 2

Contributions and grants totalled $335,000 in 2008 and have averaged this amount over the 2004 through 2008 period.

a) Please explain the decrease in contribution and grants to $275,000 forecast for 2009 and 2010.

b) What is the most recent year-to-date figure for contribution and grants in 2009 and what was the corresponding amount for the same period in 2008?

Answer:

a) A significant portion of Contributions are driven by economic activity related to new connections and expansions. Fewer customer connections and expansions are forecasted in 2009 and 2010.

b) Contributions and grants from January to November 30, 2008 totalled $207,051, while for the same period in 2009 the amount is $323,843.

Year	Actual Jan-Nov	Actual Dec	YTD Actual Total
2008	207,051	127,900	334,951
2009	323,843		323,843

Question #28

Ref: Exhibit 2, Tab 5, Appendix A

a) Is the $0.0607 rate used to calculate the cost of power shown in Appendix A based on the April 15, 2009 Regulated Price Plan Price Report? If not, what is it based on?

b) 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.

c) Has Chatham-Kent Hydro reflected the different rates applicable to RPP and non-RPP customers in the cost of power calculation? If not, why not?

d) Please provide the percentage of the total kWh represented by the non RPP kWh based on actuals for 2008 and if available, for the 2010 forecast.

e) 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 (d) 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).

f) 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.

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

Answer:

a) The cost of power rate in Appendix A was based on the April 15, 2009 Regulated Price Plan Price Report.

b) Please see the following chart:

Electricity - Commodity	**2010 Forecasted**	**2010 Loss**			
Class per Load Forecast	**Metered kWhs**	**Factor**	**2010**		
Residential	199,501,364	1.0443	208,348,066	$0.0622	$12,948,832
General Service < 50 kW	86,923,094	1.0443	90,777,617	$0.0622	$5,641,829
General Service > 50 to 999 kW	183,018,503	1.0443	191,134,288	$0.0622	$11,878,996
Intermediate	134,791,341	1.0443	140,768,538	$0.0622	$8,748,765
Large Use	0	0.0000	0	$0.0622	$0
Streetlights	334,470	1.0443	349,301	$0.0622	$21,709
Sentinel Lights	5,547,412	1.0443	5,793,407	$0.0622	$360,060
Unmetered Scattered Loads	1,041,782	1.0443	1,087,979	$0.0622	$67,618
Standby	31,031,687	1.0443	32,407,758	$0.0622	$2,014,142
TOTAL	**642,189,652**		**670,666,953**		**$41,681,951**

Transmission - Network		**Volume**			
Class per Load Forecast		**Metric**	**2010**		
Residential		kWh	208,348,066	$0.0048	$1,000,071
General Service < 50 kW		kWh	90,777,617	$0.0043	$390,344
General Service > 50 to 999 kW		kW	502,112	$1.7720	$889,742
Intermediate		kW	322,877	$1.8882	$609,657
Large Use		kW	0		$0
Streetlights		kW	1,079	$1.3460	$1,452
Sentinel Lights		kW	18,432	$1.3363	$24,631
Unmetered Scattered Loads		kWh	1,087,979	$0.0043	$4,678
Standby		kW	83,730	$1.8888	$158,149
TOTAL			**301,141,892**		**$3,078,724**

Transmission - Connection		**Volume**			
Class per Load Forecast		**Metric**	**2010**		
Residential		kWh	208,348,066	$0.0041	$854,227
General Service < 50 kW		kWh	90,777,617	$0.0037	$335,877
General Service > 50 to 999 kW		kW	502,112	$1.4556	$730,874
Intermediate		kW	322,877	$1.5942	$514,731
Large Use		kW	0		$0
Streetlights		kW	1,079	$1.1475	$1,238
Sentinel Lights		kW	18,432	$1.1244	$20,725
Unmetered Scattered Loads		kWh	1,087,979	$0.0037	$4,026
Standby		kW	83,730	$1.5942	$133,482
TOTAL			**301,141,892**		**$2,595,180**

Wholesale Market Service					
Class per Load Forecast			**2010**		
Residential			208,348,066	$0.0052	$1,083,410
General Service < 50 kW			90,777,617	$0.0052	$472,044
General Service > 50 to 999 kW			191,134,288	$0.0052	$993,898
Intermediate			140,768,538	$0.0052	$731,996
Large Use			0	$0.0052	$0
Streetlights			349,301	$0.0052	$1,816
Sentinel Lights			5,793,407	$0.0052	$30,126
Unmetered Scattered Loads			1,087,979	$0.0052	$5,657
Standby			32,407,758	$0.0052	$168,520
TOTAL			**670,666,953**		**$3,487,468**

Rural Rate Assistance					
Class per Load Forecast			**2010**		
Residential			208,348,066	$0.0013	$270,852
General Service < 50 kW			90,777,617	$0.0013	$118,011
General Service > 50 to 999 kW			191,134,288	$0.0013	$248,475
Intermediate			140,768,538	$0.0013	$182,999
Large Use			0	$0.0013	$0
Streetlights			349,301	$0.0013	$454
Sentinel Lights			5,793,407	$0.0013	$7,531
Unmetered Scattered Loads			1,087,979	$0.0013	$1,414
Standby			32,407,758	$0.0013	$42,130
TOTAL			**670,666,953**		**$871,867**

	2010
4705-Power Purchased	$41,681,951
4708-Charges-WMS	$3,487,468
4714-Charges-NW	$3,078,724
4716-Charges-CN	$2,595,180
4730-Rural Rate Assistance	$871,867
4750-Low Voltage	$228,345
TOTAL	**51,943,536**

c) CK Hydro has not reflected the different rates between RPP customers and non-RPP customers because CK Hydro believes that the cost of power, which includes global adjustment for its RPP customers, is not materially different than the non-RPP cost of power.

d) The total kWh represented by the non-RPP kWh based on actual for 2008 was 64%. If CK Hydro were to assume all customers other than Residential and General Service < 50 kWh are non-RPP, the 2010 forecast would be 55%.

e) Please see the following table:

Electricity - Commodity					
non-RPP Load Forecast	**2010 Forecasted Metered kWhs**	**2010 Loss Factor**		**2010**	
Residential	109,725,750	1.0443	114,591,436	$0.0582	$6,669,222
General Service < 50 kW	47,807,702	1.0443	49,927,690	$0.0582	$2,905,792
General Service > 50 to 999 kW	100,660,176	1.0443	105,123,858	$0.0582	$6,118,209
Intermediate	74,135,238	1.0443	77,422,696	$0.0582	$4,506,001
Large Use	0	0.0000	0	$0.0582	$0
Streetlights	183,958	1.0443	192,116	$0.0582	$11,181
Sentinel Lights	3,051,077	1.0443	3,186,374	$0.0582	$185,447
Unmetered Scattered Loads	572,980	1.0443	598,388	$0.0582	$34,826
Standby	17,067,428	1.0443	17,824,267	$0.0582	$1,037,372
TOTAL	**353,204,309**		**368,866,824**		**$21,468,049**

Electricity - Commodity					
RPP Load Forecast	**2010 Forecasted Metered kWhs**	**2010 Loss Factor**		**2010**	
Residential	89,775,614	1.0443	93,756,630	$0.0622	$5,826,975
General Service < 50 kW	39,115,392	1.0443	40,849,928	$0.0622	$2,538,823
General Service > 50 to 999 kW	82,358,326	1.0443	86,010,429	$0.0622	$5,345,548
Intermediate	60,656,104	1.0443	63,345,842	$0.0622	$3,936,944
Large Use	0	0.0000	0	$0.0622	$0
Streetlights	150,511	1.0443	157,186	$0.0622	$9,769
Sentinel Lights	2,496,336	1.0443	2,607,033	$0.0622	$162,027
Unmetered Scattered Loads	468,802	1.0443	489,590	$0.0622	$30,428
Standby	13,964,259	1.0443	14,583,491	$0.0622	$906,364
TOTAL	**288,985,343**		**301,800,129**		**$18,756,878**

Transmission - Network		**Volume**			
Class per Load Forecast		**Metric**		**2010**	
Residential		kWh	208,348,066	$0.0048	$1,000,071
General Service < 50 kW		kWh	90,777,617	$0.0043	$390,344
General Service > 50 to 999 kW		kW	502,112	$1.7720	$889,742
Intermediate		kW	322,877	$1.8882	$609,657
Large Use		kW	0		$0
Streetlights		kW	1,079	$1.3460	$1,452
Sentinel Lights		kW	18,432	$1.3363	$24,631
Unmetered Scattered Loads		kWh	1,087,979	$0.0043	$4,678
Standby		kW	83,730	$1.8888	$158,149
TOTAL			**301,141,892**		**$3,078,724**

Transmission - Connection		**Volume**			
Class per Load Forecast		**Metric**		**2010**	
Residential		kWh	208,348,066	$0.0041	$854,227
General Service < 50 kW		kWh	90,777,617	$0.0037	$335,877
General Service > 50 to 999 kW		kW	502,112	$1.4556	$730,874
Intermediate		kW	322,877	$1.5942	$514,731
Large Use		kW	0		$0
Streetlights		kW	1,079	$1.1475	$1,238
Sentinel Lights		kW	18,432	$1.1244	$20,725
Unmetered Scattered Loads		kWh	1,087,979	$0.0037	$4,026
Standby		kW	83,730	$1.5942	$133,482
TOTAL			**301,141,892**		**$2,595,180**

Wholesale Market Service					
Class per Load Forecast				**2010**	
Residential			208,348,066	$0.0052	$1,083,410
General Service < 50 kW			90,777,617	$0.0052	$472,044
General Service > 50 to 999 kW			191,134,288	$0.0052	$993,898
Intermediate			140,768,538	$0.0052	$731,996
Large Use			0	$0.0052	$0
Streetlights			349,301	$0.0052	$1,816
Sentinel Lights			5,793,407	$0.0052	$30,126
Unmetered Scattered Loads			1,087,979	$0.0052	$5,657
Standby			32,407,758	$0.0052	$168,520
TOTAL			**670,666,953**		**$3,487,468**

Rural Rate Assistance					
Class per Load Forecast				**2010**	
Residential			208,348,066	$0.0013	$270,852
General Service < 50 kW			90,777,617	$0.0013	$118,011
General Service > 50 to 999 kW			191,134,288	$0.0013	$248,475
Intermediate			140,768,538	$0.0013	$182,999
Large Use			0	$0.0013	$0
Streetlights			349,301	$0.0013	$454
Sentinel Lights			5,793,407	$0.0013	$7,531
Unmetered Scattered Loads			1,087,979	$0.0013	$1,414
Standby			32,407,758	$0.0013	$42,130
TOTAL			**670,666,953**		**$871,867**

	2010
4705-Power Purchased	$40,224,927
4708-Charges-WMS	$3,487,468
4714-Charges-NW	$3,078,724
4716-Charges-CN	$2,595,180
4730-Rural Rate Assistance	$871,867
4750-Low Voltage	$228,345
TOTAL	**50,486,512**

f) No, CK Hydro does not service any market participants.

g) No.

Question #29

Ref: Exhibit 3, Tab 2, Schedule 1, Table 3-2 & Table 3-3

a) Please provide a live Excel spreadsheet that shows the calculation of the 6, 10 and 20 year average of heating and cooling degree days.

b) In the spreadsheet, please indicate which period of years is used for each of the averages.

c) Did Chatham-Kent Hydro consider using a 7 year average for heating and degree days based on the 2002 through 2008, the same period as used for monthly kWh data? If not, why not?

d) Please add a column to Table 3-3 showing the impact on the forecast of using a seven year average of degree days for the period 2002 through 2008.

Answer:

a) A copy of the Average of heating and cooling degree days in excel format has been filed with the electronic version of these responses. It has the following file name "Chatham_HDD CDD_20091223.xls".

b) See a)

c) Yes. There was a desire to use a longer term weather average to minimize the effects of 1 or 2 years of extreme weather. It was felt a 10 year average was a more appropriate approach.

d) Table 3-3

Volume based on Heating and Cooling Days

Year	Month	6 Year Average	7 Year Average	10 Year Average	20 Year Average
2010	Jan	67,616,407	67,474,523	67,449,243	67,276,242
2010	Feb	61,256,529	62,171,105	61,100,120	60,916,177
2010	Mar	65,927,817	66,461,402	65,994,337	65,921,873
2010	Apr	57,586,081	58,148,262	57,522,475	57,980,724
2010	May	59,161,822	59,625,047	59,098,335	59,311,523
2010	Jun	68,387,200	68,594,885	68,670,312	67,324,110
2010	Jul	73,329,093	74,023,684	74,070,196	72,061,516
2010	Aug	74,751,030	74,945,951	74,297,913	72,781,720
2010	Sep	65,426,791	65,074,746	65,495,217	64,588,859
2010	Oct	60,067,219	59,630,193	60,009,597	59,795,234
2010	Nov	59,976,401	59,614,463	59,895,237	60,411,319
2010	Dec	63,375,419	62,403,606	63,306,636	63,067,354
Total		776,861,807	778,167,867	776,909,617	771,436,651
Difference kWhs			1,306,061	(1,258,250)	(5,472,966)
Difference %			0.17%	-0.16%	-0.71%

Question #30

Ref: Exhibit 3, Tab 2, Schedule 1, page 11 & Table 3-7

a) Please explain why the GDP explanatory variable was retained in the equation even though the coefficient is not statistically significant and it has the wrong sign.

b) Please explain why the median age variable was retained in the equation even though the coefficient is not statistically significant. Please also explain the a priori expectation that the coefficient should be negative.

c) Please re-estimate the equation excluding the GDP explanatory variable. Please provide the regression statistics as shown on page 11 and provide the forecast for 2009 and 2010 that would result from this equation in the format shown in Table 3-7.

d) In addition to the change in part (c) above, please remove the median age variable and provide the regression statistics as shown on page 11 and provide the forecast for 2009 and 2010 that would result from this equation in the format shown in Table 3-7.

e) In addition to the changes in part (d) above, please replace the Windsor-Sarnia-Chatham unemployment rate with the Ontario unemployment rate. Please provide the regression statistics as shown on page 11 and provide the forecast for 2009 and 2010 that would result from this equation in the format shown in Table 3-7. Please also provide the 2009 and 2010 forecast used for the Ontario unemployment rate.

f) Chatham-Kent Hydro has developed two factors to use in its analysis, being the seasonal weighting factor and the industrial production weighting factor, but has not included the number of days in the month or the spring/fall flag (variable with 1 in March, April, May, September, October and November and 0 in other months) as have many other filers in 2008 and 2009. Please remove the seasonal and industrial production factors and include the number of days in the month and the spring fall flag in the regression analysis in addition to the changes in part (d) above.

g) Please provide a live Excel spreadsheet with the data used by Chatham-Kent Hydro and the additional data needed to provide responses in the other parts of this interrogatory.

Answer:

a) Please see CK Hydro's response to Board Staff Question 12 a)

b) The forecast for CK Hydro went through several iterations. Any input that resulted in an increase in the R^2 value was kept. A negative coefficient for this variable was deemed logical;

as median age increases, younger members of the population leave the community, shrinking average household energy usage.

c) No GDP.

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.963639
R Square	0.928601
Adjusted R Square	0.920985
Standard Error	1803797
Observations	84

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	8	3.17E+15	3.97E+14	121.9294	8.53E-40
Residual	75	2.44E+14	3.25E+12		
Total	83	3.42E+15			

	Co-efficient	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*
Intercept	-7.8E+08	1.2E+08	-6.49597	8.05E-09	-1E+09	-5.4E+08
Heating Degree Days	20727.43	1805.886	11.47771	3.5E-18	17129.93	24324.94
Cooling Degree Days	123246	6235.224	19.76609	1.82E-31	110824.8	135667.2
Peakhours	34482.85	12763.52	2.701672	0.008526	9056.615	59909.08
Seasonal Weighting Factor	4001853	471494.1	8.487599	1.41E-12	3062589	4941117
Industrial Production Weighting Factor	739003.5	265961.1	2.778615	0.006895	209181.9	1268825
Population	8150.157	1138.594	7.158091	4.69E-10	5881.962	10418.35
Unemployment Rate	-599622	263868.8	-2.27242	0.025927	-1125275	-73968.3
Median Age	-1039248	95748.28	-10.854	4.89E-17	-1229988	-848508

2009, 2010 Forecast without GDP

Year	Month	Forecasted kWh
2009	Jan	72,513,694
2009	Feb	62,603,640
2009	Mar	66,962,164
2009	Apr	59,057,229
2009	May	60,673,559
2009	Jun	70,228,983
2009	Jul	76,182,371
2009	Aug	75,340,279
2009	Sep	67,103,399
2009	Oct	62,183,806
2009	Nov	60,977,727
2009	Dec	64,424,487

Year	Month	Forecasted kWh
2010	Jan	67,107,909
2010	Feb	60,791,841
2010	Mar	65,509,847
2010	Apr	57,212,087
2010	May	58,857,624
2010	Jun	68,097,429
2010	Jul	73,072,321
2010	Aug	74,552,675
2010	Sep	65,274,010
2010	Oct	59,957,760
2010	Nov	59,907,826
2010	Dec	63,371,719

d) Please see CK Hydro's response to VECC Question #10 h) and i)

e) No GDP, no Median Age, Ontario Unemployment Rate

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.937698553
R Square	0.879278576
Adjusted R Square	0.868159498
Standard Error	2330009.626
Observations	84

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	7	3.01E+15	4.29E+14	79.07837	2.81E-32
Residual	76	4.13E+14	5.43E+12		
Total	83	3.42E+15			

	Co-efficient	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*
Intercept	-280543471.7	1.33E+08	-2.11676	0.037553	-5.4E+08	-1.7E+07
Heating Degree Days	17934.13445	2333.823	7.684444	4.41E-11	13285.92	22582.35
Cooling Degree Days	111656.7181	7856.603	14.21183	4.23E-23	96008.94	127304.5
Peakhours	44143.08464	16434.94	2.685929	0.008878	11410.06	76876.1
Seasonal Weighting Factor	3796213.869	604945.6	6.275298	1.97E-08	2591360	5001067
Industrial Production Weighting Factor	338716.4552	338688.5	1.000083	0.320444	-335840	1013273
Population	3332.849493	1243.231	2.680796	0.009003	856.7401	5808.959
Unemployment Rate	-3711133.857	501625.5	-7.39822	1.55E-10	-4710208	-2712060

kWH Forecast

2009	Jan	77,325,165.88
2009	Feb	65,846,180.52
2009	Mar	69,779,649.07
2009	Apr	61,827,937.32
2009	May	63,099,320.37
2009	Jun	72,357,575.88
2009	Jul	77,985,740.69
2009	Aug	77,243,236.97
2009	Sep	69,985,764.58
2009	Oct	65,340,695.95
2009	Nov	64,196,166.97
2009	Dec	67,857,148.92

2010	Jan	70,486,216.26
2010	Feb	64,456,992.85
2010	Mar	69,757,546.99
2010	Apr	61,389,001.79
2010	May	62,781,705.21
2010	Jun	72,660,388.33
2010	Jul	77,578,213.63
2010	Aug	78,792,832.94
2010	Sep	69,807,236.00
2010	Oct	64,562,266.57
2010	Nov	64,903,481.34
2010	Dec	68,315,453.23

2009 and 2010 Unemployment Forecast

2009	Jan	10.0
2009	Feb	11.3
2009	Mar	11.9
2009	Apr	12.1
2009	May	12.1
2009	Jun	12.9
2009	Jul	13.3
2009	Aug	12.7
2009	Sep	12.4
2009	Oct	12.4
2009	Nov	12.4
2009	Dec	12.4

2010	Jan	12.4
2010	Feb	12.4
2010	Mar	12.4
2010	Apr	12.4
2010	May	12.4
2010	Jun	12.4
2010	Jul	12.4
2010	Aug	12.4
2010	Sep	12.4
2010	Oct	12.4
2010	Nov	12.4
2010	Dec	12.5

f) Results of Regression Analysis – No Weighting Factors, No GDP, and No Median Age, includes number of days in each month, includes spring/fall flags.

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.906145
R Square	0.821099
Adjusted R Square	0.804621
Standard Error	2836431
Observations	84

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	7	2.81E+15	4.01E+14	49.83078	7.38E-26
Residual	76	6.11E+14	8.05E+12		
Total	83	3.42E+15			

	Co-efficient	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*
Intercept	-9.4E+07	1.53E+08	-0.61211	0.542294	-4E+08	2.11E+08
Heating Degree Days	8402.047	2155.205	3.898491	0.000207	4109.584	12694.51
Cooling Degree Days	93346.18	8703.43	10.72522	7.17E-17	76011.79	110680.6
Peakhours	52490.69	20433.54	2.56885	0.012164	11793.77	93187.61
Days of Month	908634.4	411269.4	2.209341	0.030163	89520.47	1727748
Seasonal Flag	-4129900	807913	-5.11181	2.31E-06	-5738998	-2520802
Population	1262.467	1425.341	0.88573	0.378557	-1576.35	4101.281
Unemployment Rate	-2152616	432767.7	-4.97407	3.97E-06	-3014547	-1290684

g) A copy of the Average of heating and cooling degree days in excel format has been filed with the electronic version of these responses. It has the following file name “Chatham_Regression Model Q30.xlsm”.

Question #31

Ref: Exhibit 3, Tab 2, Schedule 1, pages 3, 11, 14 & Appendix A

It is not clear how the heating and degree day figures used for 2009 and 2010 have been forecast. The evidence at page 3 indicates that a 6 year average was used; at page 11 the evidence indicates that they are forecasted using the previous 12 month average; at page 14 the evidence states that average monthly heating and cooling degree days which have occurred from 2002 to 2008 (a 7 year period) have been used; in Appendix A, different degree day figures are shown for 2009 and 2010.

Please clarify and confirm how the forecasts of degree days (both heating and cooling) have been determined for the bridge and test years.

Answer:

HDD and CDD are calculated by averaging the previous 10 years of data for each month. At the time of the analysis, January 2009 HDD and CDD were known and used in the forecast.

Question #32

Ref: Exhibit 3, Tab 2, Schedule 1, Table 3-8 & Table 3-7

a) Please confirm that the predicted values shown Table 3-8 are based on forecasted normal heating and cooling degree days while the actual values reflect actual heating and cooling degree days.

b) Please fill in the two tables below for January through July 2009.

	Fcst Heating Degree Days (a)	Actual Heating Degree Days (b)	Difference (c) = (b) - (a)	Equation Coefficient (d)	Heating Degree Day Impact (e) = (c) x (d)
Jan				20,843.40	
Feb				20,843.40	
Mar				20,843.40	
Apr				20,843.40	
May				20,843.40	
Jun				20,843.40	
July				20,843.40	
Total					

	Fcst Heating Degree Days (a)	Actual Heating Degree Days (b)	Difference (c) = (b) - (a)	Equation Coefficient (d)	Heating Degree Day Impact (e) = (c) x (d)
Jan				123,729.78	
Feb				123,729.78	
Mar				123,729.78	
Apr				123,729.78	
May				123,729.78	
Jun				123,729.78	
July				123,729.78	

Total					

c) Please re-estimate the equation shown on page 11, excluding the GDP and median age variables, but using actual purchased kWh and the actual values of the explanatory variables from January 2002 through July, 2009 (or later if all the historical data for later months are available). Please provide the regression statistics as shown on page 11 and provide the 2009 and 2010 forecasts as shown in Table 3-7.

Answer:

a) This is the case.

b)

	Fcst Heating Degree Days (a)	Actual Heating Degree Days (b)	Difference (c) = (b) - (a)	Equation Coefficient (d)	Heating Degree Day Impact (e) = (c) x (d)
Jan	799.1	799.1	0	20,843.40	0
Feb	575.4	552.9	-22.5	20,843.40	-468,977
Mar	484.9	463.8	-21.1	20,843.40	-439,796
Apr	258.2	263.4	5.2	20,843.40	108,386
May	114.8	75.8	-39	20,843.40	-812,893
Jun	15.5	25.3	9.8	20,843.40	204,265
July	0.8	1.4	0.6	20,843.40	12,506
Total	2248.7	2181.7	-67.0		-1,396,509

	Fcst Heating Degree Days (a)	Actual Heating Degree Days (b)	Difference (c) = (b) - (a)	Equation Coefficient (d)	Heating Degree Day Impact (e) = (c) x (d)
Jan	799.1	799.1	0	123,729.78	0
Feb	575.4	552.9	-22.5	123,729.78	-2,783,920
Mar	484.9	463.8	-21.1	123,729.78	-2,610,698
Apr	258.2	263.4	5.2	123,729.78	643,395
May	114.8	75.8	-39	123,729.78	-4,825,461
Jun	15.5	25.3	9.8	123,729.78	1,212,552
July	0.8	1.4	0.6	123,729.78	74,238
Total	2248.7	2181.7	-67.0		8,289,895

c) Current data to November 2009, No GDP, No Median Age.

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.906563
R Square	0.821857
Adjusted R Square	0.807524
Standard Error	3456054
Observations	95

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	7	4.79E+15	6.85E+14	57.33877	6.58E-30
Residual	87	1.04E+15	1.19E+13		
Total	94	5.83E+15			

	Co-efficient	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*
Intercept	-4.9E+08	1.66E+08	-2.9624	0.003935	-8.2E+08	-1.6E+08
Heating Degree Days	25027.65	3057.537	8.185559	2.08E-12	18950.47	31104.84
Cooling Degree Days	144299.9	10992.55	13.12707	2.42E-22	122451	166148.8
Peakhours	45045.55	23033.42	1.95566	0.053714	-735.868	90826.96
Seasonal Weighting Factor	3264091	838055.8	3.894837	0.000192	1598364	4929817
Industrial Production Weighting Factor	1401733	473722.2	2.958976	0.003975	460158.6	2343307
Population	5194.346	1536.292	3.381093	0.001083	2140.799	8247.892
Unemployment Rate	-3288498	341681.2	-9.62446	2.37E-15	-3967626	-2609369

2009 and 2010 kWh Forecast

2010	Jan	65,887,837
2010	Feb	59,652,624
2010	Mar	64,445,500
2010	Apr	56,056,507
2010	May	55,854,025
2010	Jun	66,289,235
2010	Jul	70,869,194
2010	Aug	72,066,208
2010	Sep	62,594,568
2010	Oct	57,232,002
2010	Nov	57,385,366
2010	Dec	60,189,120

Question #33

Ref: Exhibit 3, Tab 2, Schedule 1, Table 3-11 & page 15

a) For each of the customers shown in Table 3-11 please provide all the annual volumes used to calculate the average that has been reflected in the volume decrease.

b) At page 15 the evidence indicates that Chatham-Kent Hydro has manually reduced the usage for 2009 and 2010. Please explain why Chatham-Kent Hydro did not remove the volumes associated with the customers shown in Table 3-11 (grossed up for losses) from the historical data used in the regression equation.

c) Please re-estimate the regression equation shown on page 11 using historical kWh data that has had the estimated purchases associated with the consumption of the customers shown in Table 3-11 removed.

d) Please provide the forecasted consumption for 2009 and 2010 based on the equation estimated in part (c) above in the format shown in Table 3-1.

Answer:

a) Please see CK Hydro's response to VECC Question #11 c).

b) CK Hydro believed that the best method to address the customer impact from economic slowdown was to make the manual adjustment.

c) See Appendix E.

d) Forecasted consumption for 2009 and 2010 based on the consumption in c) is detailed in the chart below:

Year	Actual	Predicted	% Difference
2002	938,289,237	862,669,546	-8.06%
2003	893,794,600	818,210,129	-8.46%
2004	904,175,458	815,060,375	-9.86%
2005	946,838,236	848,695,509	-10.37%
2006	899,106,310	800,087,607	-11.01%
2007	881,809,112	789,295,466	-10.49%
2008	852,818,080	779,853,845	-8.56%
2009 (WN)	-	752,894,401	
2010 (WN)	-	736,634,344	

Question #34

Ref: Exhibit 3, Tab 2, Schedule 1, page 16 & 17

a) Please explain how the 4% reduction estimate was calculated. Please provide the corresponding calculations.

b) Why is the 4% reduction applied to the average residential kWh figure rather than 2008 figure?

c) What is the average compound decline in the residential kWhs shown in Table 3-12 for the 2002 through 2008 period?

d) Please confirm that the reductions in consumption in 2007 and 2008 related to CDM are reflected in both the historical data and the regression analysis.

e) Please provide the calculation of the residential reduction forecast that is related only to the CDM programs to be deployed in 2009 and 2010.

f) Please explain how the GS < 50 kW reduction figure was estimated. In particular, please provide the savings estimates and calculations used to come up with the figure shown in the evidence.

g) Please explain why the CDM related reduction in volumes is grossed up by the loss factor, while the volumes related to the economic slowdown do not appear to have been grossed up.

Answer:

a) Please refer to CK Hydro's response to VECC Question #11 d).

b) The average kWh was used because CK Hydro believed it would produce a more accurate reduction for the conservation that was not captured in the regression analysis.

c) Please see the following table:

Calculation of Conservation and Demand Management

Year	Residential kWh	Difference
2002	253,649,524	
2003	248,336,123	5,313,401
2004	246,887,434	1,448,689
2005	267,121,761	-20,234,327
2006	251,345,806	15,775,955
2007	236,072,777	15,273,029
2008	232,973,162	3,099,615
		20,676,362
Average		2,953,766

d) CDM is not reflected in both the historical data and regression analysis.

e)

Residential Conservation Load Impact OPA Conservation Programs	2009 Only		2010 Only	
	kWh	kW	kWh	kW
Cools Savings Rebate	230,890	146	253,979	160
Great Refrigerator Roundup	522,000	50	469,800	45
Every Kilowatt Counts Power Savings Event	1,689,350	98	1,689,350	108
Peaksaver	0	512	0	502
Eco-Energy Retrofit*				

* There are currently no numbers availible for participation rates or energy savings in our area, but the effect of this program will likely yield significant reductions.

f) Please refer to CK Hydro's response to VECC Question #11 d).

g) Both the CDM and the economic slowdown volumes are grossed up for losses.

Question #35

Ref: Exhibit 3, Tab 2, Schedule 1, Table 3-9 & page 18

Please show the calculations that take the 2009 and 2010 forecast kWh figures shown in Table 3-9 and come up with the figures shown on page 18 using a loss factor of 4.43%.

Answer:

Year	Load Forecast Predicted	Loss Factor	Predicted after Loss Factor	Manual Adjustment	Amount
2008	844,806,883	1.0443	808,969,533		808,969,533
2009 (B)	802,584,558	1.0443	768,538,311	101,717,086	666,821,225
2010 (T)	776,861,807	1.0443	743,906,738	101,717,086	642,189,652

Question #36

Ref: Exhibit 3, Tab 2, Schedule 1, Table3-15

Please provide the number of customers/connections by rate class for the most recent month available. Please also provide the number of customers/connection by rate class for the corresponding month in 2008.

Answer:

Rate Class	**Nov 2008**	**Nov 2009**
Residential	28,502	28,477
GS < 50 kW	3,169	3,168
GS >50 kW Non-Interval	391	369
GS >50 kW Interval	35	34
Streetlight	10,679	10,715
Sentinel Lights	344	335
Unmetered Scattered Load	194	194
Intermediate	3	3
Large User	2	2
Total	43,320	43,297

Question #37

Ref: Exhibit 3, Tab 2, Schedule 1, page 20

a) Please confirm that the average use figures shown in Table 3-16 do not reflect normalization for weather.

b) Please provide a table that shows the annual heating degree days and the annual cooling degree days for each year 2002 through 2008.

Answer:

a) The average use figures do not reflect normalized weather.

b)

Year	HDD	CDD
2002	3330	607
2003	3544	607
2004	3705	607
2005	3715	607
2006	3745	594
2007	3708	582
2008	3722	528

Question #38

Ref: Exhibit 3, Tab 2, Schedule 1, page 21

a) What is the impact of using the geometric growth rate in standby usage between 2002 and 2007 and then applying that growth rate to the 2007 figure to generate 2009 and 2010 forecasts? Please provide the 2009 and 2010 usage for the standby class that this methodology would produce.

b) Why does Chatham-Kent Hydro believe that the 6 year average is appropriate, given that there has been a trend to increased usage in this class?

Answer:

a) The usage for the Standby class using the Geometric growth rate between 2002 and 2007 is as follows:

Year	Consumption
2002	30,542,407
2003	27,611,150
2004	31,347,945
2005	37,615,872
2006	36,900,476
2007	37,331,496
Geomean	33,325,695

Year	Change
2003	0.9040
2004	1.1353
2005	1.1999
2006	0.9810
2007	1.0117
Geomean	1.0410

Year	Est. Consumption
2009	38,860,629
2010	40,452,396

b) The 2008 consumption was an anomaly since the standby customer did not generate as much power as previously, which resulted in a large consumption increase in demand (37.5%) for the year. The amount of generation that the customer does in a year is dependent upon many factors such as the price of natural gas. The consumption can fluctuate in each year and CK Hydro submits that the best way to estimate their consumption is by using the average of the 6 years.

Question #39

Ref: Exhibit 3, Tab 2, Schedule 1, Table 3-1 & Table 3-11

Please reconcile the reduction in volumes shown in Table 3-11 for 1 Large Use customer with the evidence in Table 3-1 that shows there has been no revenue in the Large Use customer class in 2006 through 2008.

Answer:

Please see CK Hydro's response to Board Staff Question #18.

Question #40

Ref: Exhibit 3, Tab 2, Schedule 1, page 22-24

a) Why would it be reasonable to assign the weather difference to more than just weather sensitive rate classes?

b) Which rate classes does Chatham-Kent Hydro consider to be weather sensitive?

c) Which rate classes did Hydro One consider to be weather sensitive?

d) Please explain how the difference in the two figures shown in Table 3-20 is related to more than just the weather.

e) Please explain the Hydro One weather allocation factors of 51% and 22% shown in Table 3-22.

f) Please expand Table 3-22 to reflect the addition of any other rate class that had a Hydro One weather allocation.

g) Is Chatham-Kent Hydro aware of any other distributor that has filed for 2009 or 2010 rates that used the Toronto Hydro Electric System Ltd. (EB-2007-0680) methodology but did not follow the Hydro One weather allocation methodology to adjust weather sensitive loads to ensure that the total billed energy forecast by rate class is equal to the total weather normalized billed energy forecast? Please provide details, including any acceptance by the Board in the relevant Decisions.

Answer:

a) The adjustment made to CK Hydro's load was for weather and economic conditions. The adjustment was large, and was more than just weather related. The economic conditions and the significant conservation efforts of the customers had made it challenging to forecast the load. If CK Hydro had allocated the adjustment to just the weather sensitive classes, the consumption for rate setting purposes would be unreasonably low as shown in Table 3-22.

b) The Residential, GS < 50 kW and GS > 50 kW classes are considered by CK Hydro to be the weather sensitive classes.

c) Please see CK Hydro's response to VECC Question #12 i).

d) See a).

e) Please see CK Hydro's response to VECC Question #12 i).

f)

	Residential	General Serive < 50	General Service > 50 kW	Intermediate
Hydro One Weather Allocation	51%	22%	24%	3%
Weather and Economic Sensitivty	31,057,224	13,156,736	14,587,241	1,766,193
Proposed Weather Economic Sensitivty Adjustment	17,050,847	7,223,231	15,918,501	17,284,567
Difference	14,006,377	5,933,505	(1,331,260)	(15,518,374)
Proposed Consumption	199,501,364	86,923,094	183,018,503	134,791,341
Consumpiton using Hydro One Weather	185,494,987	80,989,588	184,349,763	150,309,715

g) CK Hydro is not aware of any other distributor that has filed for 2009 or 2010 rates that used the Toronto Hydro Electric Systems Ltd methodology and did not follow the Hydro One weather allocation methodology. In reviewing the 2009 cost of service decisions, CK Hydro observed that intervenors requested a different allocation of the weather normalized consumption. The methodology proposed is CK Hydro's attempt to improve on the allocation of the weather normalized consumption.

Question #41

Ref: Exhibit 3, Tab 2, Schedule 1 & Exhibit 6, Tab 1, Schedule 1 & Exhibit 7, Tab 1, Schedule 2 & Exhibit 1, Tab 2, Schedule 1

Under the assumption that the Hydro One weather sensitivity allocation is appropriate, please provide the following:

a) A revised Table 3-23 that is based on the results of the Hydro One methodology.

b) A revised Table 3-26 reflecting the revised Table 3-23 results.

c) A revised Summary of Forecast Data shown on page 27 of Exhibit 3, Tab 2, Schedule 1.

d) A revised Table 6-1 from Exhibit 6, Tab 1, Schedule 1 that shows the impact on 2010 for the existing rates and required revenues columns of the revisions calculated above.

e) Revised Tables 7-3, 7-4 and 7-5 that reflect the changes in the revenue to cost ratios for the 2010 cost allocation based on the revised data calculated above.

f) Based on the same revenue to cost ratios proposed in Table 7-7, please provide a revised Table 7-8 that reflects the impact of the changes requested above.

g) Please provide a revised Table 1-2 that reflects the changes requested above.

Answer:

a) Revised Table 3-23 based on the results of Hydro One methodology:

	Residential	General Service < 50 kW	General Service > 50 to 999 kW	Intermediate	Streetlights	Sentinel Lights	Unmetered Scattered Loads	Standby
	Weather and Economic Sensitivity							
	51.3%	21.7%	24.1%	2.9%	0.0%	0.0%	0.0%	0.0%
	51.3%	21.7%	24.1%	2.9%	0.0%	0.0%	0.0%	0.0%
	Weather and Economic Adjustemnt							
	2009	(32,216,448)						
	2010	(60,567,394)						

Year	Residential	General Service < 50 kW	General Service > 50 to 999 kW	Intermediate	Streetlights	Sentinel Lights	Unmetered Scattered Loads	Standby	Total
Non-normalized Weather Billed Energy Forecast									
2009	229,705,301	97,907,768	222,742,674	209,092,094	6,278,245	377,285	1,093,169	33,558,224	800,754,759
2010	226,474,420	95,941,097	211,434,266	229,578,750	5,999,071	361,702	1,126,601	33,558,224	804,474,132
Adjustment for Weather and Economic Sensitivty									-
2009	(16,519,671)	(6,998,209)	(7,759,110)	(939,457)	-	-	-	-	(32,216,448)
2010	(31,057,224)	(13,156,736)	(14,587,241)	(1,766,193)	-	-	-	-	(60,567,394)
Manual Adjustment to Billed Energy Forecast									-
2009	(9,922,209)	(1,794,773)	(12,497,262)	(77,502,843)	-	-	-	-	(101,717,086)
2010	(9,922,209)	(1,794,773)	(12,497,262)	(77,502,843)	-	-	-	-	(101,717,086)
Weather Normalized Billed Energy Forecast									-
2009	203,263,421	89,114,785	202,486,302	130,649,794	6,278,245	377,285	1,093,169	33,558,224	666,821,225
2010	185,494,987	80,989,588	184,349,763	150,309,715	5,999,071	361,702	1,126,601	33,558,224	642,189,652

b) Revised Table 3-26 reflecting revised Table 3-23 above:

	General Service > 50 to 999 kW	Intermediate	Streetlights	Sentinel Lights	Standby
Average	0.25%	0.26%	0.31%	0.30%	0.26%

Year	General Service > 50 to 999 kW	Intermediate	Streetlights	Sentinel Lights	Standby
2009	505,111	342,466	19,205	1,124	87,240
2010	459,869	393,999	18,351	1,078	87,240

c) See Appendix F.

d) Revised Table 6-1, on the following page

Chatham-Kent Hydro Inc.
Revenue Deficiency Determination

Description	2009 Bridge	2010 Test Existing Rates	2010 Test - Required Revenue
Revenue			
Revenue Deficiency			**1,928,546**
Distribution Revenue	12,800,555	12,709,339	12,709,339
Other Operating Revenue (Net)	1,181,584	1,187,450	1,187,450
Smart Meter Deferral Account Adjustment			
Total Revenue	**13,982,139**	**13,896,789**	**15,825,336**
Costs and Expenses			
Administrative & General, Billing & Collecting	4,064,299	4,574,078	4,574,078
Operation & Maintenance	1,761,886	2,229,034	2,229,034
Depreciation & Amortization	3,701,765	3,815,361	3,815,361
Property Taxes	0	0	0
Capital Taxes	91,104	30,805	30,805
Deemed Interest	2,088,763	2,422,602	2,422,602
Total Costs and Expenses	**11,707,817**	**13,071,881**	**13,071,881**
Less OCT Included Above			
Total Costs and Expenses Net of OCT	**11,707,817**	**13,071,881**	**13,071,881**
Utility Income Before Income Taxes	**2,274,322**	**824,908**	**2,753,455**
Income Taxes:			
Corporate Income Taxes	876,644	359,008	956,858
Total Income Taxes	**876,644**	**359,008**	**956,858**
Utility Net Income	**1,397,678**	**465,900**	**1,796,597**
Capital Tax Expense Calculation:			
Total Rate Base	55,490,686	56,073,568	56,073,568
Exemption	15,000,000	15,000,000	15,000,000
Deemed Taxable Capital	**40,490,686**	**41,073,568**	**41,073,568**
Ontario Capital Tax	91,104	30,805	30,805
Income Tax Expense Calculation:			
Accounting Income	2,274,322	824,908	2,753,455
Tax Adjustments to Accounting Income	382,175	333,183	333,183
Taxable Income	**2,656,497**	**1,158,092**	**3,086,638**
Income Tax Expense	876,644	359,008	956,858
	33.00%	31.00%	31.00%
Actual Return on Rate Base:			
Rate Base	55,490,686	56,073,568	56,073,568
Interest Expense	2,088,763	2,422,602	2,422,602
Net Income	1,397,678	465,900	1,796,597
Total Actual Return on Rate Base	**3,486,441**	**2,888,502**	**4,219,200**
Actual Return on Rate Base	6.28%	5.15%	7.52%
Required Return on Rate Base:			
Rate Base	55,490,686	56,073,568	56,073,568
Return Rates:			
Return on Debt (Weighted)	7.04%	7.20%	7.20%
Return on Equity	9.00%	8.01%	8.01%
Deemed Interest Expense	2,083,360	2,422,602	2,422,602
Return On Equity	2,330,775	1,796,597	1,796,597
Total Return	**4,414,135**	**4,219,200**	**4,219,200**
Expected Return on Rate Base	7.95%	7.52%	7.52%
Revenue Deficiency After Tax	**927,694**	**1,330,697**	**-0**
Revenue Deficiency Before Tax	**1,384,618**	**1,928,546**	**-0**

e) Revised Tables 7-3, 7-4 and 7-5

TABLE 7-3		**Allocated**	**Revenue to Cost**
Rate Classification	**Revenue**	**Cost**	**Percentage**
Residential	8,963,185	9,055,778	99.0%
General Service < 50	2,426,861	2,281,945	106.4%
General Service 50 to 999	1,717,117	2,709,801	63.4%
Intermediate 1,000 to 4,999	2,663,777	1,005,130	265.0%
Streetlight	153,483	337,695	45.4%
Sentinel Light	23,887	46,630	51.2%
Unmetered Scattered	17,075	32,112	53.2%
Standby	251,833	748,125	33.7%
Total	16,217,217	16,217,217	

TABLE 7-4		**Allocated**	**Revenue to Cost**
Rate Classification	**Revenue**	**Cost**	**Percentage**
Residential	8,749,464	8,859,329	98.8%
General Service < 50	2,368,651	2,235,095	106.0%
General Service 50 to 999	1,676,259	2,610,586	64.2%
Intermediate 1,000 to 4,999	2,595,342	1,017,408	255.1%
Streetlight	149,775	322,769	46.4%
Sentinel Light	23,305	44,662	52.2%
Unmetered Scattered	16,658	30,690	54.3%
Standby	245,881	704,797	34.9%
Total	15,825,336	15,825,336	

TABLE 7-5		**Initial Cost Alloc.**	**2010 Cost**	**2010 Cost Alloc.**
	Initial Cost	**Model without**	**Allocation**	**Model without**
Rate Classification	**Model**	**Transformer Allow**	**Model**	**Transformer Allow.**
Residential	98.9%	102.9%	99.0%	98.8%
General Service < 50	102.9%	107.4%	106.4%	106.0%
General Service 50 to 999	101.3%	88.1%	63.4%	64.2%
Intermediate 1,000 to 4,999	92.7%	74.7%	265.0%	255.1%
Large User	324.6%	283.3%		
Streetlight	44.0%	46.9%	45.4%	46.4%
Sentinel Light	47.5%	50.3%	51.2%	52.2%
Unmetered Scattered	293.0%	311.0%	53.2%	54.3%
Standby	30.7%	33.0%	33.7%	34.9%

f) Revised Table 7-8

Rate Classification	Current Revenue	Test Year Revenue Assuming Current Revenue to Cost Ratio	Test Year Revenue Assuming Proposed Revenue to Cost Ratio
Residential	6,701,595	7,983,069	7,927,879
General Service < 50	1,825,272	2,174,300	2,159,088
General Service 50 to 999	1,281,179	1,526,165	2,510,397
Intermediate 1,000 to 4,999	2,145,885	2,556,219	1,317,410
Streetlight	116,242	138,469	292,758
Sentinel Light	18,245	21,734	36,595
Unmetered Scattered	13,081	15,582	27,812
Standby	186,655	222,347	365,947
Total	12,288,153	14,637,886	14,637,886

g) Revised Table 1-2

Class – Typical Usage	Monthly Dollar Impact	Total Bill Impact %
Residential - 800 kWh		
2010 total bill	5.85	-0.3%
2009 total bill	5.86	
General Service <50 kW – 2,000 kWh		
2010 total bill	14.62	-0.3%
2009 total bill	14.66	
General Service >50 kW - 250 kW		
2010 total bill	134.41	-0.3%
2009 total bill	134.75	
General Service Intermediate - 4,000 kW		
2010 total bill	2,172.24	-0.3%
2009 total bill	2,177.76	
Street Lighting		
2010 total bill	610.94	-0.3%
2009 total bill	612.50	
Sentinel Lighting		
2010 total bill	40.73	-0.3%
2009 total bill	40.83	
Unmetered Scattered Load		
2010 total bill	1,493.41	-0.3%
2009 total bill	1,497.21	
Standby Charge - 8,000 kW		
2010 total bill	3,112.00	0.3%
2009 total bill	3,104.14	

Question #42

Ref: Exhibit 3, Tab 2, Schedule 1, page 25

Please confirm that the reference to Table 3-21 at line 5 should be to Table 3-23.

Answer:

Yes, the reference should be to Table 3-23 instead of to Table 3-21.

Question #43

Ref: Exhibit 3, Tab 2, Schedule 1, page 21, Table 3-25 & Table 3-26

At page 21, Chatham-Kent Hydro explained why it proposed to use a 6 year average (2002 through 2007) for the kWh forecast for the Standby class.

a) Does the 0.26% average for the Standby class shown in Table 3-25 include the 2008 figure of 0.21%? If yes, please explain why it is appropriate to use the 2008 figure for calculating the kW forecast when the corresponding 2008 figure was not used to calculate the kWh forecast.

b) If the 2008 figure was used in calculating the 0.26% average for the Standby class in Table 3-25, please recalculate the average using only the data for 2002 through 2007 and show the impact on the 2010 kW forecast of 80,671 shown for this class in Table 3-26. What is the impact on 2010 revenues for this change based on the proposed per kW charge for this class? Please show the calculation.

Answer:

a) The 0.26% average does not include the 2008 figure.

b) N/A

Question #44

Ref: Exhibit 3, Tab 3, Schedule 1, Table 3-27

For each of the four major grouping of accounts shown at the bottom of Table 3-27, please provide the most recent year-to-date total of revenues that is currently available for 2009, along with the corresponding figures for the same year-to-date period in 2008.

Answer:

Description	YTD Oct 08	YTD Oct 09
Specific Service Charges	398,773	263,718
Late Payment Charges	169,573	192,478
Other Distribution Revenue	390,169	394,014
Other Income and Expenses	265,203	120,625

Question #45

Ref: Exhibit 3, Tab 3, Schedule 1, Table 3-28 & Table 3-27

a) Please explain why there are no SSS Admin Charges shown for 2009 and 2010 or for 2008 on an actual basis. If this is related to the movement of the revenue from Account 4082 to Account 4080, please explain why Account 4080 does not appear in Table 3-27 Summary of Other Distribution Revenue.

b) Please explain the decline in joint use pole rental that started in 2008 and is forecast to continue in 2009.

c) Why is no late payment revenue shown for 2009 or 2010?

d) What is the regulatory credit of $34,000 shown for 2009 related to?

e) Please confirm that the figures shown under Account 4360 – Loss on Disposition of Property (totalling $40,000 in 2010) is actually a gain on the disposition of property. If this cannot be confirmed, please provide details related to these losses.

Answer:

a) As per OEB guidelines, the SSS has been booked to Account 4080 for every year except 2007 when it was booked to 4082 in error. The table below reclassifies the cost in 2007 to the right accounts.

	2006	2007	2008	2009	2010
4080 - SSS	110,531	106,584	108,449	105,000	105,000
4082 - Retail services	69,144	71,926	63,697	65,004	65,004
4084 – STR revenues	3,724	3,105	1,773	1,996	1,996

b) In 2007, $6,973.20 was recorded to in this account in error. A further $4,000 was booked in 2007 which related to 2006 pole rental. If the accounts were recorded correctly, the balances would be as shown in the following table. The decrease in 2008 was due to 160 fewer poles being rented.

	2006	2007	2008	2009	2010
Joint Pole Use	106,218	105,740	108,092	104,496	104,496

c) In Table 3-28 the amount of the late payment amount was not indicated but was recorded on Table 3-27 and is included in the Revenue Requirement. The following chart shows the late payment amounts.

	2008 Actual	Variance	2009 Bridge Actual	Variance	2010 Test Existing rates	Variance
4225 – Late payment	206,625	-43,596	170,000	-36,625	188,861	18,861

d) This is an accrual for smart meter revenue that was earned in 2008, and it is part of the recovery applied for in this Application.

e) The amounts recorded in this account are actually gains in disposition of property, and should be shown in line 4355 gain on disposition.

Question #46

Ref: Exhibit 4, Tab 2, Schedule 1, Tables 4-2 & 4-3

a) Please confirm that the OM&A cost per customer is forecast to increase by 31% from 2006 and 2010.

b) Please confirm that the inflation for period 2006 to 2010 is 6% based on the figures provided in Table 4-3.

c) Please confirm that after taking into account inflation, the OM&A cost per customer over 4 years is forecast to increase by 25%, or more than 6% per year.

d) Please confirm that the OM&A cost per customer is forecast to increase by 12.4% between 2006 and 2009.

e) Please confirm that the inflation for period 2006 to 2009 is 4.6% based on the figures provided in Table 4-3.

f) Please confirm that after taking into account inflation, the OM&A cost per customer over 4 years is forecast to increase by 7.8%, or 2.6% per year.

g) Please confirm that the OM&A cost per customer is forecast to increase by 16.6% in 2010 over the 2009 level, despite an inflation rate forecast of only 1.4%.

Answer:

a) Yes, the OM&A cost per customer is forecast to increase by 31%.

b) The sum of the annual inflation figures for calendar years 2007 through 2010 provided in Table 4-3 is 6%.

c) Yes, after taking into account inflation, the OM&A cost per customer over 4 years is forecast to increase by 25%, or more than 6% per year.

d) If both Controllable and Uncontrollable costs are considered, the OM&A costs per customer are forecast to increase by 12.4% from 2006 to 2009.

e) The sum of the annual inflation figures for calendar years 2007 through 2009 provided in Table 4-3 is 4.6%.

f) Yes, after taking into account inflation, the OM&A cost per customer over 4 years is forecast to increase by 7.8%, or 2.6% per year.

g) Yes, the OM&A cost per customer is forecast to increase by 16.6% in 2010 over the 2009 level, despite an inflation rate forecast of only 1.4%.

Question #47

Ref: Exhibit 4, Tab 2, Schedule 2, page 6

On September 28, 2009 the OEB issued a letter providing a status update on the LEAP initiative. As part of that letter the Board indicated that the Minister of Energy and Infrastructure requested that the Board not proceed to implement new support programs for low-income energy consumers in advance of a ministerial direction.

a) What is the estimated all-in cost of moving to monthly billing for residential customers?

b) In light of the Minister's letter, does Chatham-Kent Hydro agree that it should delay the implementation of moving to monthly billing for residential customers? If not, why not?

c) Could Chatham-Kent Hydro move to monthly billing only for low-income areas (based on Statistics Canada data available by postal code)? If not, why not? What would be the reduction in costs in 2010 if this approach was taken?

Answer:

a) The estimated all-in cost of moving to monthly billing for residential customers is $142,381.

b) No. Moving to monthly billing will assist all of CK Hydro customers, not just the low-income energy consumers, as it provides more timely information to customers who are trying to manage their electricity usage. It is also being requested by the social agencies in our community.

c) Yes, however it will create more administration and billing activities, thereby increasing the costs further.

Question #48

Ref: Exhibit 4, Tab 2, Schedule 3, page 5

a) Please provide the total cost associated with the 2010 cost of service application, and provide the break out of these costs into the major categories such as legal, consulting, intervenor, OEB, etc.

b) Please reconcile the figures provided in response to part (a) (adjusted for the 4 year recovery) with the figures provided in the Regulatory Cost Schedule shown on page 5 of Exhibit 4, Tab 2, Schedule 2. Please explain any differences.

c) Does the total cost associated with the 2010 cost of service application include costs associated with an oral (technical conference and/or hearing) component of the rates application? If yes, please provide the amount by component that is associated with an oral component to the application.

d) Please explain the significant drop in 2009 for Other Regulatory Agency Fees or Assessments.

e) Please explain the significant increase in 2010 for Operating Expenses Associated with Staff Resources Allocated to Regulatory Matters. In particular, is this increase related to the 2010 rates application and, if so, has it been amortized over 4 years? If not, why not.

Answer:

a) Please see CK Hydro's response to Board Staff Questions #23 and #28.

b) Please see CK Hydro's response to Board Staff Questions #23 and #28.

c) Please see CK Hydro's response to Board Staff Questions #23 and #28.

d) EDA fees and S&P fees were being recorded incorrectly in the Regulatory Cost account, see note on the bottom of Exhibit 4, Tab 2, Schedule 3, Page 5.

e) The increase is due to additional resources in order to maintain strong participation in regulatory matters. These costs are ongoing and annual, and do not relate to the costs of the 2010 cost of service rate application.

Question #49

Ref: Exhibit 4, Tab 2, Schedule 4, page 11

a) When will Chatham-Kent Hydro have the General Service customers switched over to smart meters?

b) Is all or a portion of the $110,440 increase from 2009 related to the one-time maintenance costs required when converting to smart meters? Please explain.

c) Are any of the cost increases of $157,847 in management salaries and expenses related to IFRS eligible to be included in the deferral account that the Board indicated it would establish for incremental one-time administrative costs related to the transition to IFRS in the EB-008-0408 Report of the Board on Transition to International Financial Reporting Standards dated July 28, 2009? If so, please quantify the amount and provide details on the component costs.

d) If Chatham-Kent is proposing to include costs in its 2010 revenue requirement rather than in the deferral account, does it agree that there should be a variance account established around the forecast amount? If not, why not?

Answer:

a) This rate category will be switched over to Smart Meters by the end of 2010.

b) These are ongoing smart meter maintenance costs. The costs in 2008 and 2009 are recorded in the smart meter deferral account.

c) These costs are the ongoing costs. All one-time costs will be recorded in the deferral account.

d) No, these costs are for staff and a new financial system, which will be firm and committed costs. All resulting one-time costs which can fluctuate and are difficult to forecast will be recorded in the deferral account.

Question #50

Ref: Exhibit 4, Tab 2, Schedule 4, page 4

a) How many apprentice position will Chatham-Kent Hydro have at the end of 2009? Please indicate for each year up to 2009, how many new apprentices were added.

b) How many of the 6 additional staff members forecast for 2010 are apprentice linesman positions?

Answer:

a) CK Hydro will have two apprentice positions at the end of 2009.

b) Two of the 6 additional staff members forecast for 2010 are apprentice linesman positions.

Question #51

Ref: Exhibit 4, Tab 2, Schedule 4, Appendix D

a) Will there be a cash flow benefit to Chatham-Kent Hydro of moving to monthly billing? Please explain.

b) Please explain how the figure $0.38 impact per customer has been calculated. Is this the monthly or annual impact per customer?

c) For each of the categories shown in section 4 of the table on page 2 for the costs allocated to Chatham-Kent Hydro, please provide the all assumptions and calculations used to arrive at the percentages shown.

Answer:

a) Yes. For those customers not currently on budget, CK Hydro projects receiving 50% of its billing dollars roughly 30 days earlier under monthly billing than under bi-monthly billing.

b) Calculation of the Cost per customer per month:

Total costs/year	$142,381
Customers	31,223
Cost/customer/month	$0.38

c) The monthly billing services will also benefit Chatham-Kent Public Utilities Commission (CK PUC). The costs will be allocated as follows:

	CK Hydro	CK PUC	Other
Supplies	50.0%	50.0%	0.0%
Billing	46.5%	46.5%	7.0%
Customer Service	45.5%	45.5%	9.0%
Collections	45.5%	45.5%	9.0%
Cashier	45.5%	45.5%	9.0%
Efficiency	45.8%	45.8%	8.4%

The allocations above are based upon the time the new staff in CK Utility Services will spend on providing services to the various organizations.

Question #52

Ref: Exhibit 4, Tab 2, Schedule 5, Table 4-14

a) Please explain why 100% of the costs related to IFRS are allocated to Chatham-Kent Hydro. Will any of the other affiliates benefit from the work being done by CK Utility Service related to IFRS changes? How many of the affiliate companies, other than Chatham-Kent Hydro will need to transition to IFRS?

b) Please explain why Chatham-Kent Hydro should pay for any of the Board of Director costs for CK Utility Service.

Answer:

a) The costs allocated to CK Hydro from CK Utility Services are the costs related to CK Hydro only. Costs for services to have the other affiliates IFRS compliant will be charged to all three affiliates.

b) In order for CK Utility Services to provide the necessary services to CK Hydro, it requires these additional Board of Director costs. A portion of the CK Utility costs are allocated to CK Hydro because they oversee the services required by CK Hydro.

Question #53

Ref: Exhibit 4, Tab 2, Schedule 6 & Exhibit 4, Tab 2, Schedule 4

a) Please reconcile the 38 FTE for 2009 shown on page 3 with the 39 shown for 2009 as the starting point for the additions in 2010 shown on page 4.

b) Please reconcile the "6 additions" indicated on page 4 with the addition of 5 positions shown in the analysis.

c) Please confirm that the 2 2010 apprentices and the Operations Supervisor shown on page 4 are the same positions described on page 11 of Exhibit 4, Tab 2, Schedule 4 under Account 5105.

d) Please indicate where in the analysis on page 4 the increase in personnel in accounting related to IFRS described on page 11 of Exhibit 4, tab 2, Schedule 4 under Account 5610 are included.

e) Appendix D of Exhibit 4, Tab 2, Schedule 4 indicates the net addition of 4 staff members associated with the move to monthly billing. Have any of these additions been added in 2009 or are all of these additions expected to be made in 2010? If any of the additions are forecast for 2010, please indicate where in the analysis presented in page 4 these additions are shown.

Answer:

a) Please see CK Hydro's response to Board Staff Question #26 a).

b) Please see CK Hydro's response to Board Staff Question #26 a).

c) The information on Exhibit 4, Tab 2, Schedule 4, Page 4 refers to 2 lineman apprentices whereas Exhibit 4, Tab 2, Schedule 4, Page 11 refers to 1 Engineering Technician and 1 Meter apprentice.

d) The increase in personnel referred to in account 5610 in Exhibit 4, Tab 2, Schedule 4, Page 11 is for the affiliate, CK Utility Services. The FTE on page 4 is for employees in CK Hydro only.

e) These additions in staff are in the affiliate, CK Utility Services. The FTE on page 4 is for CK Hydro employees only.

The staff members have been hired in CK Utility Services in 2009 in order to train them to begin monthly billing in 2010.

Question #54

Ref: Exhibit 4, Tab 2, Schedule 6, pages 5-8

a) The negotiated annual wage increases for unionized personnel is said to be less than 3% per year. Please provide the increase for 2009 and 2010. Are these the increases that have been built into the 2009 and 2010 forecasts? If not, why not, and if not, what increase has been built into the forecast for unionized personnel?

b) What is the total cost related to the incentive program that has been included in the revenue requirement?

c) Why is no cost related to the incentive program shown for any years in Table 4-20?

d) What annual percentage wage increases have been included in the 2009 and 2010 forecasts for non-union employees? What is the dollar amount associated with these increases in each of 2009 and 2010?

Answer:

a) 2009: 3% and 2010: 2.5%. These increases have been built into the 2009 and 2010 forecasts.

b) The information has been filed with the Board confidentially, as it is personal information of an identifiable individual.

c) Since only the President of CK Hydro is eligible for incentive payments, it has been included in the Total Salary and Wages for the management employees in order to keep individual salaries confidential.

d) 2009: 2.5%, 2010: 2.5%.

Annual dollar amount increases are: 2009: $20,147.00 and 2010: $20,664.00

Question #55

Ref: Exhibit 4, Tab 2, Schedule 6, Table 4-22

Please expand Table 4-22 to include the 2010 forecast.

Answer:

Post-Retirement Benefit Information

Pension	2006 Actual	2007 Actual	2008 Actual	2009 Bridge	2010
Premiums Paid	195,000	219,000	219,000	231,180	236,520
Change in Account	31,148	49,200	57,656	59,385	62,171
Post-Retirement Benefit Expense	226,148	268,200	276,656	290,565	298,691

Question #56

Ref: Exhibit 4, Tab 3, Schedule 1, Table 4-28

a) 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.

b) Please confirm that the 2010 provincial tax savings resulting from the above change 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.

Answer:

a) CK Hydro confirms the above noted planned changes in Provincial tax rates.

b) CK Hydro confirms that the impact of the announced Ontario income tax changes would be $18,750 for 2010.

Question #57

Ref: Exhibit 4, Tab 3, Schedule 2, Table 4-29 & Exhibit 2, Tab 2, Schedule 1, Table 2-10

The capital additions shown in Table 2-10 in Exhibit 2, Tab 2, Schedule 1 total $4,222,390, and excluding land would total $4,022,390. Please reconcile these additions with the figure of $3,959,390 shown in Table 4-29 in Exhibit 4, Tab 3, Schedule 2. In particular, what addition of $63,000 has not been included in the CCA calculation and why has it not been included?

Answer:

Changes were made to the Capital additions model and not updated on the CCA schedule, as CK Hydro's Accounting Firm reviewed the Tax file during the completion of the rate application model. The following changes were made to reconcile Table 2-10 in Exhibit 2, Tab 2, Schedule 1 with Table 4-29 in 4, Tab 3, Schedule 2:

- Class 8 decreased by $115,500
- Class 47 increased by $178,500
- Moved $63,000 from class 50 to class 52

Please see CK Hydro's response to Question #59 for full details on these changes.

Question #58

Ref: Exhibit 4, Tab 3, Schedule 2, Table 4-30 & Exhibit 2, Tab 2, Schedule 1, Table 2-11

The capital additions shown in Table 2-11 in Exhibit 2, Tab 2, Schedule 1 total $5,517,531, and excluding land would total $5,492,531. Please reconcile these additions with the figure of $5,415,531 shown in Table 4-30 in Exhibit 4, Tab 3, Schedule 2. In particular, what addition of $77,000 has not been included in the CCA calculation and why has it not been included?

Answer:

Changes were made to the Capital additions model and not updated on the CCA schedule. The following changes were made to reconcile Table 2-11 in Exhibit 2, Tab 2, Schedule 1 with Table 4-30 in Exhibit 4, Tab 3, Schedule 2:

- Class 8 decreased by $768,000
- Class 10 increased by $302,000
- Class 47 increased by $543,000
- Moved $56,000 from class 50 to class 52

Please see CK Hydro's response to Question #59 for full details on these changes.

Question #59

Ref: Exhibit 4, Tab 3, Schedule 2, Tables 4-29 & 4-30

a) Is Chatham-Kent Hydro 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?

b) Please revise Tables 4-29 & 4-30 to reflect the CCA Class 52 described in part (a) above and the movement of the computer hardware additions in 2009 and 2010 from Class 50 to Class 52.

c) It appears that Chatham-Kent Hydro has incorrectly included some amounts in the wrong CCA classes in 2010. In particular, it appears the $478,000 included in Class 10 is the amount for buildings and fixtures instead of the $780,000 associated with transportation equipment. Similarly, the amount included in Class 8 appears to include transportation equipment, but not office furniture and equipment. Please review the additions in the CCA and provide a schedule to show any corrections required.

Answer:

a) CK Hydro is aware of this new CCA class.

b) Please see Appendix G and Appendix H.

c) Please see Appendix H.

Question #60

Ref: Exhibit 4, Tab 3, Schedule 1

The evidence is not clear as to whether or not Chatham-Kent Hydro has included any apprenticeship or co-operative education tax credits in the calculation of the regulatory income tax.

a) 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 if these changes have not already been reflected in the calculation of income taxes. Please show the number of positions eligible for the credit and the amount that can be claimed for each in 2010.

b) Has Chatham-Kent Hydro included any tax credits related to the Co-operative Education Tax Credit? If not, why not? If not, please provide a calculation that reflects the 2009 provincial budget changes that increased the credit to 25% of qualifying wages to a maximum of $3,000.

Answer:

a) For 2010 there will be 2 apprentices from 2009 and 2 from 2010. Pro-rating the 2 hired in 2010 based on hiring dates results in 1 full time equivalent. Therefore, the 2010 Ontario tax credit would be approximately $30,000 [(2+1) x $10,000]. This amount would be included in taxable income, resulting in additional tax of approximately $9,300 ($30,000 x 31%) for 2010.

b) Chatham-Kent has not included any tax credits related to the Co-operative Education Tax Credit. CK Hydro does not anticipate having any employees who are qualified under the Co-operative Education Tax Credit program.

Question #61

Exhibit 4, Tab 2, Schedule 1, Table 4-1

Why does Chatham-Kent Hydro not pay any property taxes? In particular, why is there no property tax shown for the property at 320 Queen Street in Chatham, or any of the other property owned by the distributor? Are the property taxes included in other cost categories? If yes, please provide the actual and forecast property tax figures for each of 2006 through 2010.

Answer:

CK Hydro has paid property taxes, which are included in other cost categories; the property taxes are included in account 5114 and 5675.

The following table contains actuals for 2006 to 2008 and forecasted for 2009 and 2010:

	2006	2007	2008	2009	2010
320 Queen St Chatham-category 5675	128,157	145,041	147,743	144,911	147,809
Other – category 5675	951	10,266	35,052	23,787	31,885
Stations -5114	67,400	79,837	53,535	55,738	49,230
Total	196,508	235,144	236,330	224,436	228,924

Question #62

Ref: Exhibit 5, Tab 1, Schedule 1

Is it the position of Chatham-Kent Hydro that the Board deemed long-term debt rate should apply to all of the long-term debt held by the distributor because the loan is callable by the Municipality of Chatham-Kent? If not, what is the basis for the proposal to use the deemed long-term debt rate on all of the long-term debt?

Answer:

Yes.

Question #63

Ref: Exhibit 5, Tab 1, Schedule 2, Appendix A

a) Please provide a copy of the current long-term debt arrangement and any amendments made to the original agreement.

b) Please provide a copy of the new long-term debt arrangement entered into in 2009 along with any amendments to the original agreement.

c) Has Chatham-Kent sought third party financing for the new debt to be issued in 2009 or 2010? If not, why not? If yes, please provide copies of all correspondence related to this search.

Answer:

a) Please see CK Hydro's response to Board Staff Question 33 a).

b) Please see CK Hydro's response to Board Staff Question 34.

c) Please see CK Hydro's response to Board Staff Question 34.

Question #64

Ref: Exhibit 7, Tab 1, Schedule 2, Table 7-7

In several 2008 and 2009 Board Decisions (see for example the EB-2007-0693 Decision and Order dated August 11, 2008), the Board stated that "No point within any of the ranges should be considered to be any more reliable than any other point within the range" and that "The Board will not approve any further movement within the ranges as requested by a number of the intervenors in the proceeding, and by the Applicant itself".

a) In light of the above, please explain why Chatham-Kent Hydro proposes to change some revenue to cost ratios that are already within the Board approved range. In particular, why are the ratios for the residential and GS < 50 kW classes proposed to be changed?

b) Please consider the scenario under which any rate class that has a revenue-to-cost ratio outside of the Board target range is moved to the target range (minimum for ratios below the minimum and maximum for ratios above the maximum). In such a scenario, what would be the potential impact on the revenue to cost ratios for the residential and GS < 50 kW classes?

c) Under the scenario in (b) above, would any rate mitigation measures be required, in the opinion of Chatham-Kent Hydro? Please explain.

Answer:

a) CK Hydro is proposing to move the revenue-to-cost ratios to meet the circumstances of the customers. Please see CK Hydro's response to Board Staff Questions 39, 40, 41, 42 and 43.

b) Please see CK Hydro's response to Board Staff Questions 39, 40, 41, 42 and 43.

c) Please see CK Hydro's response to Board Staff Questions 39, 40, 41, 42 and 43.

Question #65

Ref: Exhibit 9, Tab 1, Schedule 2, Table 9-2

Please update Table 9-2 to reflect the actual interest rates as prescribed by the Board for 2009. Please also assume that the current prescribed interest rate remains in place through April, 2010.

Answer:

Please see Appendix I.

Question #66

Ref: Exhibit 10, Tab 1, Schedule 2

a) Please provide the amount included in Table 10-1 that is associated with the claimed volume decrease associated with the deployment of smart meters.

b) Please explain the comment at the bottom of page 2 that indicates that "We heard stories of load shifting and the resulting drop in their monthly electricity bill because of the efforts they had taken". In particular, please explain how load shifting in the absence of time of use rates could result in lower electricity bills.

Answer:

a) The smart meter report in Table 10-1 is:

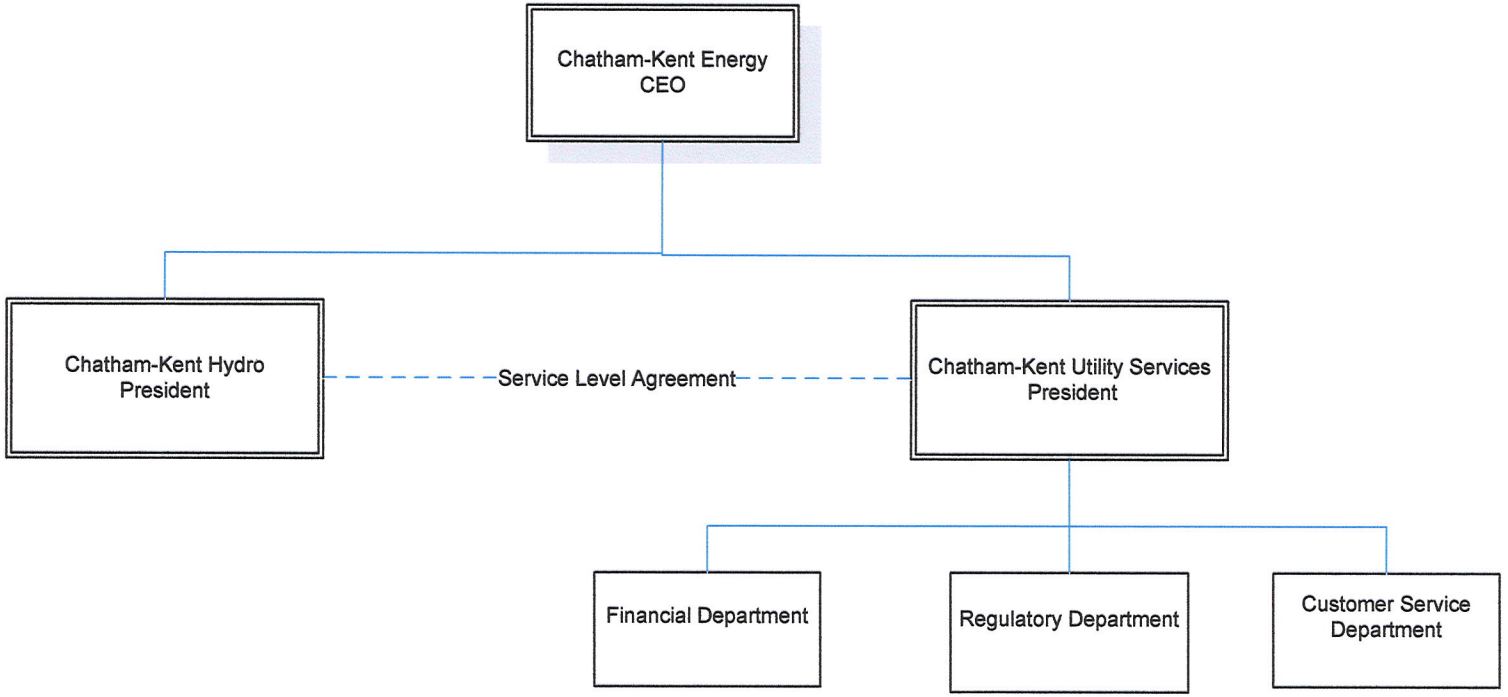
Volume	24,788,953.00
LRAM	347,010.21
SSM	181,266.20

b) The comment on the bottom of page 2 is a direct quote for a report commissioned by the IESO and prepared by Navigator. The report is provided in Appendix B of Exhibit 10.

Without TOU rates, the customer would not have experienced lower bills. If the customers did have lower bills, the only way they could experience those lower bills is by conserving. Since the customers believed they were on TOU rates, they changed their behaviour in two ways: conserving and shifting loads. If the customers experienced lower bills, it was caused by a decrease in consumption, not the shifting of load. Therefore, it is reasonable to conclude that smart meters have driven conservation.

Appendices

Energy Probe Question 1 (a) & (b) Appendix



Chatham-Kent Hydro Inc.
Vehicle Capital Expenditures:

Year 2006 :

Single Bucket Truck	07BK11	$	243,808.99
Bucket Truck - Refurbishment of Transmission	VEBK08	$	10,516.90
2006 Dump Truck	06DP77	$	52,716.28
Bucket Truck - Recondition of Boom	VEBK19	$	5,933.10
2006 Total		$	312,975.27

Year 2007 :

2007 Bucket Truck	07BK06	$	278,017.16
Pickup 4X4 with Box	06PU116	$	44,964.79
Vehicle VEBK04 damaged-Insurance Claim	07BK04	$	2,261.09
Bucket Truck - Major Repair Differential	VEBK19	$	8,621.18
2007 Total		$	333,864.22

Year 2008 :

2008 Pick up	08PU03	$	35,714.64
2007 Bucket Truck	08BK15	$	130,458.12
Pickup 4X4 with Box	07PU150	$	45,373.31
Bucket Truck - New Hydraulics	07BK04	$	1,675.39
2008 Total		$	213,221.46

Chatham-Kent Hydro Inc.
Vehicle : Bucket Truck Dispsoals

Description of New Vehicle	Amount of New Vehicle	Description of Disposal Vehicle	Vehicle #	Year of Vehicle	Years In Service	Original Purchase Price
Year 2009 :						
New RBD Chassis # VEDD07	$ 145,200.25	1996 GMC Chassis only - Boom reinstalled on a New Chassis	VEDD07	1996	14	$ 45,532.09
Pick up # 09PU194	$ 49,356.71	1999 Ford F150 Pickup	VEPU194	1999	11	$ 26,124.67
Pick up # 09PU75	$ 34,908.00	2000 Ford F150 Pick up	VEPU75	2000	10	$ 26,168.98
Van # 09VN001	$ 23,319.96	2001 Ford F250 Pickup	VEPU001	2001	9	$ 41,985.40
Van # 09VN15	$ 39,710.28	1994 Ford Econoline Van	VEVN15	1994	16	$ 23,763.39
Van # 09VN129	$ 20,929.20	2002 Ford Pick up	VEPU129	2002	8	$ 25,581.44
Major Repairs						
2009 Total	$ 313,424.40					$ 189,155.97
Year 2010 :						
Double Bucket # 10BK19	$ 500,000.00	1995 International Double Bucket Truck	VEBK12	1995	15	$ 298,196.71
Not replaced		1998 International Single Bucket Truck	VEBK08	1997	14	$ 152,918.56
Single Bucket # 10BK12	$ 235,000.00	1999 Chev Single Bucket	VEBK19	2000	10	$ 168,457.19
Pick up # 10PU93	$ 30,000.00	1999 Ford F150 Pick up	VEPU093	1999	12	$ 26,124.67
Major Repairs	$ 15,000.00					
2010 Total	$ 780,000.00					$ 645,697.13

Energy Probe Question 25 Appendix

ETHANOL

	2007			2008		
	$	Units	Avg Price	$	Units	Avg $/L
January	$ 5,997.01	7,551.20	$ 0.7942	$ 7,546.65	7,482.50	$ 1.0086
February	$ 5,749.14	7,326.70	$ 0.7847	$ 7,690.58	7,710.31	$ 0.9974
March	$ 7,976.73	8,683.60	$ 0.9186	$ 6,217.82	5,920.40	$ 1.0502
April	$ 7,380.92	7,922.70	$ 0.9316	$ 7,290.04	6,631.30	$ 1.0993
May	$ 6,251.71	6,522.90	$ 0.9584	$ 8,470.08	7,065.50	$ 1.1988
June	$ 8,903.73	9,227.60	$ 0.9649	$ 8,312.36	6,513.30	$ 1.2762
July	$ 5,513.86	5,830.90	$ 0.9456	$ 7,430.92	5,701.20	$ 1.3034
August	$ 6,543.67	7,319.20	$ 0.8940	$ 8,802.70	7,242.00	$ 1.2155
September	$ 5,667.43	6,062.00	$ 0.9349	$ 6,787.71	5,510.62	$ 1.2318
October	$ 7,370.72	7,771.00	$ 0.9485	$ 7,431.18	7,271.00	$ 1.0220
November	$ 8,329.94	8,523.11	$ 0.9773	$ 4,005.74	4,850.80	$ 0.8258
December	$ 4,143.92	4,030.70	$ 1.0281	$ 1,177.88	1,510.30	$ 0.7799
TOTAL	**$ 79,828.78**	**86,771.61**	**$ 0.9200**	**$ 81,163.66**	**73,409.23**	**$ 1.1056**

***** UPI was supplier from Jan-Aug 07, Agris Sept-Dec 07**

DIESEL

	2007			2008		
	$	Units	Avg $/L	$	Units	Avg $/L
January	$ 3,453.99	4,387.60	$ 0.7872	$ 6,272.62	6,195.50	1.01244774
February	$ 4,128.89	5,179.50	$ 0.7972	$ 7,213.00	7,211.80	1.00016639
March	$ 4,884.01	5,615.00	$ 0.8698	$ 5,343.14	4,701.10	1.13657229
April	$ 4,574.05	5,260.20	$ 0.8696	$ 4,913.92	4,112.70	1.19481606
May	$ 2,760.91	3,210.50	$ 0.8600	$ 6,771.18	5,363.60	1.26243195
June	$ 6,158.72	7,266.60	$ 0.8475	$ 7,514.77	5,634.10	1.33380132
July	$ 3,246.55	3,796.80	$ 0.8551	$ 6,181.63	4,578.10	1.35026103
August	$ 1,825.05	2,103.00	$ 0.8678	$ 3,954.34	3,176.50	1.24487329
September	$ 6,753.87	7,637.00	$ 0.8844	$ 4,110.74	3,342.63	1.22979211
October	$ 3,553.74	3,815.20	$ 0.9315	$ 5,343.62	4,964.50	1.0763662
November	$ 6,725.51	6,890.70	$ 0.9760	$ 4,507.98	4,596.80	0.98067786
December	$ 3,800.67	3,732.62	$ 1.0182	$ 3,700.17	4,094.10	0.90378105
TOTAL	**$ 51,865.96**	**58,894.72**	**$ 0.8807**	**$ 65,827.11**	**57,971.43**	**$ 1.1355**

***** UCO supplied diesel Sept-Dec 08, Agris supplied ethanol all year and diesel up to Sept 08**

UCO	Sept 2/08	1.3390
AGRIS	Sept 2/08	1.2199
	UCO higher by	**0.1191 per litre**

$ 6,904.40	$ 3,670.46	**$10,574.86**
DIESEL	**ETHANOL**	Total Savings

Customer Closed		kWh 2002	kWh 2003	kWh 2004	kWh 2005	kWh 2006	kWh 2007	kWh 2008	kWh 2009	Average	Loss Factor	Total Reduction
Customer 1	CHATHAM	403,172	422,786	524,297	596,924	551,865	365,194	110,354		424,942	1.04430	443,767
Customer 2	CHATHAM	8,387,497	9,666,377	10,630,289	9,375,866	8,611,997	8,349,700	1,640,564		8,094,613	1.04430	8,453,204
Customer 3	CHATHAM					873,482	1,238,559	1,205,390		473,919	1.04430	494,913
Customer 4 A	WALLACEBURG	1,272,827	1,686,539	2,048,210	1,965,327	1,861,937	1,230,644	229,921		1,470,772	1.04430	1,535,927
Customer 4 B	WALLACEBURG	2,518,374	2,426,834	2,673,598	2,920,363	2,579,471	2,962,591	795,929		2,411,023	1.04430	2,517,831
Customer 4 C	WALLACEBURG							175,268		175,268	1.04430	183,032
Customer 5 A	WALLACEBURG							182,178		182,178	1.04430	190,248
Customer 5 B	WALLACEBURG	1,507,558	1,478,077	1,486,239	1,189,871	1,163,800	1,125,106	774,571	49,000	1,253,460	1.04430	1,308,988
Customer 6	WALLACEBURG	1,644,275	1,510,683	937,874	851,863	508,437	103,025	38,948		799,301	1.04430	834,710
Customer 7	BLENHEIM	19,942,541	18,027,053	20,547,731	21,115,019	18,212,698	16,541,416	7,386,752		17,396,173	1.04430	18,166,823
Customer 8	WALLACEBURG	12,184,699	12,569,904	14,524,643	15,083,516	15,133,425	15,999,793	13,839,060		14,190,720	1.04430	14,819,369
Customer 9	CHATHAM	512,986	488,255	504,455	542,129	810,282	1,333,920	1,489,965		811,713	1.04430	847,672
Customer 10	CHATHAM	554,617	646,015	659,012	736,621	595,804	373,151	228,414		541,948	1.04430	565,956
Customer 11	WALLACEBURG						302,290	319,251		310,771	1.04430	324,538
Customer 12	CHATHAM	25,161,314	23,641,653	29,010,762	33,258,177	38,553,008	35,525,700	32,138,492		31,041,301	1.04430	32,416,430
Customer 13	TILBURY	11,212,351	11,061,956	10,756,803	10,486,887	9,764,304	8,224,414	7,713,829	1,574,194	9,888,649	1.04430	10,326,716
		85,302,211	83,626,132	94,303,913	98,122,563	99,220,510	93,675,503	68,268,885	1,623,194	89,466,749		93,430,126

Customer Slow Down		kWh 2002	kWh 2003	kWh 2004	kWh 2005	kWh 2006	kWh 2007	kWh 2008	3 months kWh 2009	Annual kWh 2009	Average	kWh 2009	Difference	Loss Factor	Total Reduction
Customer 14	WALLACEBURG	1,514,327	1,638,819	1,674,923	1,602,715	1,667,528	1,672,583	1,484,123	318,812	1,275,246	1,607,860	1,275,246	332,614	1.04430	347,348
Customer 15	WALLACEBURG	1,215,754	551,296	945,617	1,538,355	1,551,310	1,260,169	760,122	30,154	120,614	1,117,518	120,614	996,903	1.04430	1,041,066
Customer 16	CHATHAM	6,336,860	5,830,261	5,488,683	5,130,362	4,679,530	4,378,973	4,030,531	1,008,470	4,033,882	5,125,029	4,033,882	1,091,147	1.04430	1,139,485
		9,066,941	8,020,376	8,109,223	8,271,432	7,898,368	7,311,725	6,274,776	1,357,436	5,429,742	7,850,406	5,429,742	2,420,664		2,527,899

Customer Slow Down		kWh 2002	kWh 2003	kWh 2004	kWh 2005	kWh 2006	kWh 2007	kWh 2008	kWh 2009	kWh 2009	Average	1/2 LOAD	Difference	Loss Factor	Total Reduction
Customer 17 A	CHATHAM	1,384,684	1,274,637	1,162,243	1,328,009	1,192,084	1,257,656	1,243,208	477,432	1,909,728	1,263,217	631,609	631,609	1.04430	659,589
Customer 17 B	CHATHAM	2,625,493	1,701,609	1,709,772	1,775,701	1,699,640	2,039,137	2,457,518	609,354	2,437,416	2,001,267	1,000,634	1,000,634	1.04430	1,044,962
Customer 17 C	CHATHAM	2,099,604	1,927,653	1,871,142	1,904,421	1,822,146	1,708,076	1,653,422	332,946	1,331,784	1,855,209	927,605	927,605	1.04430	968,697
		6,109,782	4,903,899	4,743,157	5,008,130	4,713,870	5,004,869	5,354,149	1,419,732	5,678,928	5,119,694	2,559,847	2,559,847		2,673,248

Companies purchased above closed Companies		kWh 2002	kWh 2003	kWh 2004	kWh 2005	kWh 2006	kWh 2007	kWh 2008	3 months kWh 2009	Annual kWh 2009	2 Years Average	Loss Factor	Total Increase
Customer 2	CHATHAM							4,506,869	1,075,852	4,303,409	2,791,361	1.04430	2,915,018
Customer 4	WALLACEBURG							652,072	219,556	878,224	435,814	1.04430	455,120
Customer 5	WALLACEBURG							650,187	250,652	1,002,607	450,419	1.04430	470,373
Customer 7	WALLACEBURG								94,858	379,433	47,429	1.04430	49,530
Customer 9	WALLACEBURG							46,487	7,538	30,154	27,013	1.04430	28,209
Customer 14	WALLACEBURG							3,015	11,496	45,984	7,256	1.04430	7,577
								5,858,630	1,659,953	6,639,810	3,759,291		3,925,828
Customer 1	CHATHAM							30,991	20,521	82,085	82,085	1.04430	85,721
Customer 3	CHATHAM								204,668	818,670	818,670	1.04430	854,937
Customer 10	BLENHEIM								276,246	1,104,982	1,104,982	1.04430	1,153,933
Customer 15	CHATHAM									2,500,000	2,500,000	1.04430	2,610,750
								30,991	501,434	4,505,737	4,505,737		4,705,341

	Average Usage	Loss Factor	Final Adjustment
Customers Closed 2008 - Decrease Load	89,466,749	1.04430	93,430,126
Customers Slow Down - Decrease Load	2,420,664	1.04430	2,527,899
Customer Slow Down Wheels - Decrease Load	2,559,847	1.04430	2,673,248
Purchased building from Closures - Increase Load	3,759,291	1.04430	3,925,828
Customers Usage just for lighting - Increase Load	4,505,737	1.04430	4,705,341
	- 83,622,385		- 90,000,105
Final 2010 Load Forecast from Regression	743,906,738		743,906,738
Final after Plant closures and Slow downs	660,284,353		653,906,633

	2006 EDR	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Weather Normal	2010 Weather Normal
Actual kWh Purchases		904,175,458	946,838,236	899,106,310	881,809,112	852,818,080		
Predicted kWh Purchases		895,326,292	936,088,379	903,700,015	893,753,530	844,806,883	802,584,558	776,861,807
Adjustments not in model							-102,236,148	-102,236,148
Revised Predicted kWh Purchases							700,348,410	674,625,659
% Difference		-1.0%	-1.1%	0.5%	1.4%	-0.9%		
Billed kWh	879,314,686	893,202,058	908,820,563	862,509,626	844,556,148	815,656,982	666,821,225	642,189,652
By Class								
Residential								
Customers	28,200	28,200	28,303	28,347	28,391	28,504	28,574	28,644
kWh	249,952,782	246,887,434	255,289,127	239,603,216	236,072,777	232,982,274	203,263,421	185,494,987
General Service < 50 kW								
Customers	3,291	3,233	3,186	3,140	3,132	3,097	3,067	3,038
kWh	112,582,193	112,454,172	107,002,229	102,942,601	100,856,561	99,914,752	89,114,785	80,989,588
General Service > 50 to 999 kW								
Customers	375	360	386	399	405	409	415	421
kWh	391,671,066	269,650,109	261,883,968	241,394,305	245,541,261	234,655,904	202,486,302	184,349,763
kW	1,013,282	687,658	669,694	627,671	608,972	623,613	505,111	459,869
Intermediate								
Customers	4	20	21	21	20	22	25	28
kWh	72,845,904	223,651,512	238,123,267	233,709,128	216,626,810	188,724,594	130,649,794	150,309,715
kW	156,920	552,774	581,551	591,430	579,905	517,747	342,466	393,999
Large Use								
Customers	2	0	0	0	0	0	0	0
kWh	43,644,776	0	0	0	0	0	0	0
kW	118,399	0	0	0	0	0	0	0
Streetlights								
Customers	10,465	10,465	10,465	10,570	10,510	10,679	10,715	10,751
kWh	8,194,332	7,885,370	7,607,072	6,662,770	6,663,852	6,570,411	6,278,245	5,999,071
kW	22,552	22,715	22,714	20,133	27,153	19,576	19,205	18,351
Sentinel Lights								
Connections	361	361	353	346	347	344	335	327
kWh	423,632	440,186	413,698	411,800	402,663	393,539	377,285	361,702
kW	1,128	1,071	1,149	1,771	1,118	1,104	1,124	1,078
Unmetered Scattered Loads								
Connections		193	193	193	195	194	194	194
kWh		885,330	885,330	885,330	1,060,728	1,060,728	1,093,169	1,126,601
Standby								
Connections		1	1	1	1	1	1	1
kWh		31,347,945	37,615,872	36,900,476	37,331,496	51,354,780	33,558,224	33,558,224
kW		88,440	99,597	90,767	94,533	107,627	87,240	87,240
Total								
Customer/Connections	42,698	42,833	42,908	43,017	43,001	43,250	43,326	43,403
kWh	879,314,685	893,202,058	908,820,563	862,509,626	844,556,148	815,656,982	666,821,225	642,189,652
kW from applicable classes	1,312,281	1,352,658	1,374,705	1,331,772	1,311,681	1,269,667	955,146	960,536

Ontario

PILS OR INCOME TAXES WORK FORM

Name of LDC: Chatham-Kent Hydro Inc.
File Number: EB-2009-0261
Rate Year: 2010

Schedule 8 CCA Bridge Year

Class	Class Description	UCC Test Year Opening Balance	Additions	Disposals	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Test Year CCA	UCC End of Bridge Year
1	Distribution System - post 1987	$ 37,632,279	$ -	$ -	$ 37,632,279	$ -	$ 37,632,279	4%	$ 1,505,291	$ 36,126,988
2	Distribution System - pre 1988	$ -	$ -	$ -	$ -	$ -	$ -	6%	$ -	$ -
8	General Office/Stores Equip	$ 635,340	$ 54,500	$ -	$ 689,840	$ 27,250	$ 662,590	20%	$ 132,518	$ 557,322
10	Computer Hardware/ Vehicles	$ 779,843	$ 362,000	$ -	$ 1,141,843	$ 181,000	$ 960,843	30%	$ 288,253	$ 853,590
10.1	Certain Automobiles	$ -	$ -	$ -	$ -	$ -	$ -	30%	$ -	$ -
12	Computer Software	$ 124,375	$ 130,000	$ -	$ 254,375	$ 65,000	$ 189,375	100%	$ 189,375	$ 65,000
13 1	Lease # 1	$ -	$ -	$ -	$ -	$ -	$ -	5	$ -	$ -
13 2	Lease #2	$ -	$ -	$ -	$ -	$ -	$ -	4	$ -	$ -
13 3	Lease # 3	$ -	$ -	$ -	$ -	$ -	$ -	3	$ -	$ -
13 4	Lease # 4	$ -	$ -	$ -	$ -	$ -	$ -	4	$ -	$ -
14	Franchise	$ -	$ -	$ -	$ -	$ -	$ -	7	$ -	$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	$ 235,037	$ -	$ -	$ 235,037	$ -	$ 235,037	8%	$ 18,803	$ 216,234
43.1	Certain Energy-Efficient Electrical Generating Equipment	$ -	$ -	$ -	$ -	$ -	$ -	30%	$ -	$ -
45	Computers & Systems Software acq'd post Mar 22/04	$ 50,983	$ -	$ -	$ 50,983	$ -	$ 50,983	45%	$ 22,942	$ 28,041
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	$ 164,488	$ -	$ -	$ 164,488	$ -	$ 164,488	30%	$ 49,346	$ 115,142
47	Distribution System - post February 2005	$ 14,998,239	$ 3,412,890	$ -	$ 18,411,129	$ 1,706,445	$ 16,704,684	8%	$ 1,336,375	$ 17,074,754
50	Data Network Infrastructure Equipment - post Mar 2007	$ 39,695	$ -	$ -	$ 39,695	$ -	$ 39,695	55%	$ 21,832	$ 17,863
52	Data Network Infrastructure Equipment - post Jan 27 2009 no half year rule	$ -	$ 63,000	$ -	$ 63,000	$ -	$ 63,000	100%	$ 63,000	$ -
		$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
		$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
		$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
		$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
		$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
	TOTAL	$ 54,660,279	$ 4,022,390	$ -	$ 58,682,669	$ 1,979,695	$ 56,702,974		$ 3,627,736	$ 55,054,933

Ontario

PILS OR INCOME TAXES WORK FORM

Name of LDC: Chatham-Kent Hydro Inc.
File Number: EB-2009-0261
Rate Year: 2010

Schedule 8 CCA Test Year

Class	Class Description	UCC Test Year Opening Balance	Additions	Disposals	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Test Year CCA	UCC End of Test Year
1	Distribution System - post 1987	$ 36,126,988	$ -	$ -	$ 36,126,988	$ -	$ 36,126,988	4%	$ 1,445,080	$ 34,681,908
2	Distribution System - pre 1988	$ -	$ -	$ -	$ -	$ -	$ -	6%	$ -	$ -
8	General Office/Stores Equip	$ 557,322	$ 311,000	$ -	$ 868,322	$ 155,500	$ 712,822	20%	$ 142,564	$ 725,758
10	Computer Hardware/ Vehicles	$ 853,590	$ 780,000	$ -	$ 1,633,590	$ 390,000	$ 1,243,590	30%	$ 373,077	$ 1,260,513
10.1	Certain Automobiles	$ -	$ -	$ -	$ -	$ -	$ -	30%	$ -	$ -
12	Computer Software	$ 65,000	$ -	$ -	$ 65,000	$ -	$ 65,000	100%	$ 65,000	$ -
13 1	Lease # 1	$ -	$ -	$ -	$ -	$ -	$ -	0	$ -	$ -
13 2	Lease #2	$ -	$ -	$ -	$ -	$ -	$ -	0	$ -	$ -
13 3	Lease # 3	$ -	$ -	$ -	$ -	$ -	$ -	0	$ -	$ -
13 4	Lease # 4	$ -	$ -	$ -	$ -	$ -	$ -	0	$ -	$ -
14	Franchise	$ -	$ -	$ -	$ -	$ -	$ -	0	$ -	$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	$ 216,234	$ -	$ -	$ 216,234	$ -	$ 216,234	8%	$ 17,299	$ 198,935
43.1	Certain Energy-Efficient Electrical Generating Equipment	$ -	$ -	$ -	$ -	$ -	$ -	30%	$ -	$ -
45	Computers & Systems Software acq'd post Mar 22/04	$ 28,041	$ -	$ -	$ 28,041	$ -	$ 28,041	45%	$ 12,618	$ 15,422
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	$ 115,142	$ -	$ -	$ 115,142	$ -	$ 115,142	30%	$ 34,542	$ 80,599
47	Distribution System - post February 2005	$ 17,074,754	$ 4,345,531	$ -	$ 21,420,285	$ 2,172,766	$ 19,247,520	8%	$ 1,539,802	$ 19,880,484
50	Data Network Infrastructure Equipment - post Mar 2007	$ 17,863	$ -	$ -	$ 17,863	$ -	$ 17,863	55%	$ 9,825	$ 8,038
52	Data Network Infrastructure Equipment - post Jan 27 2009 no half year rule	$ -	$ 56,000	$ -	$ 56,000	$ -	$ 56,000	100%	$ 56,000	$ -
		$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
		$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
		$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
		$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
		$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
		$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
	TOTAL	$ 55,054,933	$ 5,492,531	$ -	$ 60,491,464	$ 2,718,266	$ 57,773,199		$ 3,639,807	$ 56,851,658

SHEET 1 - December 31, 2008 Deferral and Variance Accounts

NAME OF UTILITY	Chatham-Kent Hydro Inc.	**LICENCE NUMBER**	ED-2002-0563
NAME OF CONTACT	Jim Hogan	**DOCID NUMBER**	EB-2009-0261
E-mail Address	jimhogan@ckenergy.com		
VERSION NUMBER	v3.0	**PHONE NUMBER**	519-352-6300
Date	40056	**(extension)**	277

Enter appropriate data in cells which are highlighted in yellow only.
Enter the total applied for Deferral and Variance amounts for each account in the appropriate cells below:

Table 2

Account Description	Account Number	Principal Amounts as of Dec-31 2008	Interest to Dec31-08	Interest Jan-1 to Dec31-09	Interest Jan1-10 to Apr30-10	Total Claim
RSVA - Wholesale Market Service Charge	1580	$ (1,837,214)	$ (65,472)	$ (20,898)	$ (3,368.00)	$ (1,926,951)
RSVA - One-time Wholesale Market Service	1582	$ 50,162	$ 8,284	$ 571	$ 92.00	$ 59,109
RSVA - Retail Transmission Network Charge	1584	$ 482,990	$ 24,629	$ 5,494	$ 885.00	$ 513,997
RSVA - Retail Transmission Connection Charge	1586	$ (1,124,316)	$ (99,367)	$ (12,789)	$ (2,061.00)	$ (1,238,533)
RSVA - Power	1588/1589	$ 1,134,050	$ 63,906	$ 12,900	$ 2,079.00	$ 1,212,935
Sub-Totals		$ (1,294,328)	$ (68,019)	$ (14,722)	$ (2,373)	$ (1,379,443)
Other Regulatory Assets	1508	$ 882,143	$ 44,158	$ 10,034	$ 1,617.00	$ 937,952
Retail Cost Variance Account - Retail	1518	$ (152,681)	$ (9,127)	$ (1,737)	$ (280.00)	$ (163,825)
Misc. Deferred Debits	1525	$ 27,418	$ 1,274	$ 312	$ 50.00	$ 29,054
Retail Cost Variance Account - STR	1548	$ 102,573	$ 7,653	$ 1,167	$ 188.00	$ 111,581
Low Voltage	1550	$ (209,999)	$ 23,715	$ (2,389)	$ (385.00)	$ (189,058)
Qualifying Transition Costs	1570	$ 13,100	$ 1,141	$ 149	$ 24.00	$ 14,414
Extra-Ordinary Event Costs	1572	$ 93,463	$ 8,138	$ 1,063	$ 171.00	$ 102,835
Recovery of Regulatory Asset Balances	1590	$ 80,690	$ 53,864	$ 918	$ 148.00	$ 135,620
Other Deferred Credits	2425	$ -	$ -			$ -
Sub-Totals		$ 836,707	$ 130,816	$ 9,517	$ 1,533	$ 978,573
Totals per column		$ (457,621)	$ 62,796	$ (5,205)	$ (840)	$ (400,870)

	Jan 2009 to Apr 2010
Annual interest rate:	0.55%

Enter the appropriate 2010 data in the cells below.
Once the data in the yellow fields on Sheet 1 has been entered, the relevant allocations will appear on Sheet 2.
Go to Sheets 3 and 4 and enter the appropriate data in the yellow cells.

2010 Data By Class	kW	kWhs	Cust. Num.'s	Number of Metered Customers	Dx Revenue
RESIDENTIAL CLASS		199,501,364	28,644	28,644	$ 6,887,599
GENERAL SERVICE <50 KW CLASS		86,923,094	3,038	3,038	$ 1,876,182
GENERAL SERVICE >50 KW	456,548	183,018,503	421	421	$ 1,409,221
INTERMEDIATE	353,322	134,791,341	28	25	$ 2,297,175
STANDBY	80,671	31,031,687	1	1	$ 225,256
LARGE USER CLASS	0	0	0		$ -
UNMETERED & SCATTERED LOADS	0	1,041,782	194	194	$ 12,675
SENTINEL LIGHTS	997	334,470	327	327	$ 18,016
STREET LIGHTING	16,969	5,547,412	10,751	10,751	$ 112,056
Totals	908,507	642,189,652	43,403	43,401	$ 12,838,181

Allocators	kW	kWhs	Cust. Num.'s	Number of Metered Customers	Dx Revenue
RESIDENTIAL CLASS	0.0%	31.1%	66.0%	66.0%	53.6%
GENERAL SERVICE <50 KW CLASS	0.0%	13.5%	7.0%	7.0%	14.6%
GENERAL SERVICE >50 KW NON TIME OF USE	50.3%	28.5%	1.0%	1.0%	11.0%
GENERAL SERVICE >50 KW TIME OF USE	38.9%	21.0%	0.1%	0.1%	17.9%
STANDBY	8.9%	4.8%	0.0%	0.0%	1.8%
LARGE USER CLASS	0.0%	0.0%	0.0%	0.0%	0.0%
UNMETERED & SCATTERED LOADS	0.0%	0.2%	0.4%	0.4%	0.1%
SENTINEL LIGHTS	0.1%	0.1%	0.8%	0.8%	0.1%
STREET LIGHTING	1.9%	0.9%	24.8%	24.8%	0.9%
Totals	100%	100%	100%	100%	100%

Deferral and Variance Accounts:	Amount	ALLOCATOR	Residential	GS < 50 KW	GS > 50 kw	Intermediate	Standby	Large Users	Small Scattered Load	Sentinel Lighting	Street Lighting	Total
WMSC - Account 1580	$ (1,926,951)	kWh	$ (598,623)	$ (260,821)	$ (549,164)	$ (404,454)	$ (93,114)	$ -	$ (3,126)	$ (1,004)	$ (16,646)	$ (1,926,951)
One-Time WMSC - Account 1582	$ 59,109	kWh	$ 18,363	$ 8,001	$ 16,846	$ 12,407	$ 2,856	$ -	$ 96	$ 31	$ 511	$ 59,109
Network - Account 1584	$ 513,997	kWh	$ 159,677	$ 69,572	$ 146,485	$ 107,885	$ 24,837	$ -	$ 834	$ 268	$ 4,440	$ 513,997
Connection - Account 1586	$ (1,238,533)	kWh	$ (384,760)	$ (167,641)	$ (352,971)	$ (259,960)	$ (59,848)	$ -	$ (2,009)	$ (645)	$ (10,699)	$ (1,238,533)
Power - Account 1588	$ 1,212,935	kWh	$ 376,808	$ 164,176	$ 345,676	$ 254,587	$ 58,611	$ -	$ 1,968	$ 632	$ 10,478	$ 1,212,935
Subtotal - RSVA	$ (1,379,443)		$ (428,535)	$ (186,713)	$ (393,129)	$ (289,536)	$ (66,657)	$ -	$ (2,238)	$ (718)	$ (11,916)	$ (1,379,443)
Other Regulatory Assets - Account 1508	$ 937,952	Dx Revenue	$ 503,205	$ 137,073	$ 102,957	$ 167,831	$ 16,457	$ -	$ 926	$ 1,316	$ 8,187	$ 937,952
Retail Cost Variance Account - Acct 1518	$ (163,825)	# of Customers	$ (108,117)	$ (11,466)	$ (1,588)	$ (104)	$ (4)	$ -	$ (734)	$ (1,233)	$ (40,580)	$ (163,825)
Misc. Deferred Account - Acct 1525	$ 29,054	# of Customers	$ 15,587	$ 4,246	$ 3,189	$ 5,199	$ 510	$ -	$ 29	$ 41	$ 254	$ 29,054
Retail Cost Variance Account (STR) Acct 1548	$ 111,581	# of Customers	$ 73,638	$ 7,809	$ 1,081	$ 71	$ 3	$ -	$ 500	$ 840	$ 27,639	$ 111,581
Low Voltage - Account 1550	$ (189,058)	kWh	$ (58,732)	$ (25,590)	$ (53,880)	$ (39,682)	$ (9,136)	$ -	$ (307)	$ (98)	$ (1,633)	$ (189,058)
Qualifying Transition Costs - Acct 1570	$ 14,414	# of Customers	$ 9,512	$ 1,009	$ 140	$ 9	$ 0	$ -	$ 65	$ 108	$ 3,570	$ 14,414
Extra-Ordinary Event Costs - Acct 1572	$ 102,835	kWh	$ 31,947	$ 13,919	$ 29,307	$ 21,584	$ 4,969	$ -	$ 167	$ 54	$ 888	$ 102,835
Other Deferred Credits - Acct 2425	$ -	Dx Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Recovery of Regulatory Asset Balances	$ 135,620	kWh	$ 42,131	$ 18,357	$ 38,650	$ 28,466	$ 6,553	$ -	$ 220	$ 71	$ 1,172	$ 135,620
Subtotal - Non RSVA, Variable	$ 978,573		$ 467,040	$ 127,001	$ 81,207	$ 154,908	$ 12,800	$ -	$ 645	$ 1,027	$ (1,675)	$ 842,953
Smart Meters Revenue and Capital, 1555 (Fixed)	$ -	# of Metered Customers	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Smart Meter Expenses, 1556 (Fixed)	$ -	# of Metered Customers	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Subtotal - Non RSVA Fixed	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total to be Recovered	$ (400,870)		$ 38,505	$ (59,713)	$ (311,922)	$ (134,628)	$ (53,857)	$ -	$ (1,592)	$ 309	$ (13,591)	$ (536,490)

Balance to be collected or refunded, Variable	$ (400,870)		$ 38,505	$ (59,713)	$ (311,922)	$ (134,628)	$ (53,857)	$ -	$ (1,592)	$ 309	$ (13,591)	$ (536,490)
Balance to be collected or refunded, Fixed	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Number of years for Variable	1											
Number of years for Fixed	1											
Balance to be collected or refunded per year, Variable	$ (400,870)		$ 38,505	$ (59,713)	$ (311,922)	$ (134,628)	$ (53,857)	$ -	$ (1,592)	$ 309	$ (13,591)	$ (536,490)
Balance to be collected or refunded per year, Fixed	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Class		Residential	GS < 50 KW	GS > 50 kw	Intermediate	Standby	Large Users	Scattered Load	Sentinel Lighting	Street Lighting
Deferral and Variance Account Rate Riders, Variable		$ 0.0002	$ (0.0007)	$ (0.6832)	$ (0.3810)	$ (0.6676)		$ (0.0015)	$ 0.3100	$ (0.8009)
Billing Determinants		kWh	kWh	kW	kW	kW	kW	kWh	kW	kW
Deferral and Variance Account Rate Riders, Fixed (per month)		$ -	$ -	$ -	$ -	$ -		$ -		$ -
Billing Determinants		# metered cust.	# metered cust.	# metered cust.			# metered cust.			
Components of 2010 Riders:										
Variable	RSVA	$ (0.0021)	$ (0.0021)	$ (0.8611)				$ (0.0021)	$ (0.7208)	$ (0.7022)
Variable	Non RSVA	$ 0.0023	$ 0.0015	$ 0.1779				$ 0.0006	$ 1.0308	$ (0.0987)
Fixed, per month		$ -	$ -	$ -				$ -		$ -