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January 7, 2010

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

**Re: Vulnerable Energy Consumers Coalition (VECC)
Notice of Intervention: EB-2009-0186
Hydro Hawkesbury Inc. – 2010 Electricity Distribution Rate Application**

Please find enclosed the interrogatories of the Vulnerable Energy Consumers Coalition (VECC) in the above-noted proceeding.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

Hydro Hawkesbury Inc. (“HHI”)

Board File Number EB-2009-0186

Round #1 Interrogatories of the Vulnerable Energy Consumers’ Coalition (“VECC”)

Question #1

Reference: Exhibit 3, ERA Load Forecast, pages 3 and 11

a) Please confirm that the referenced large use customer permanently ceased operations in November 2009 as announced. If not, please provide current expectations regarding the customer’s operations in 2010.

b) If the customer did cease operations, please confirm the current status of the site (i.e., is it being used by someone else, is there a minimum monthly “caretaker” load?).

c) Please confirm that the loads shown in Table #1 exclude the large use customer.

Question #2

Reference: Exhibit 3, ERA Load Forecast, page 7

a) Please re-do Table #4 and for each year predict the “weather normal” WSL using ERA’s definition of weather normal.

Question #3

Reference: Exhibit 3, ERA Load Forecast, page 8

a) Please provide the most recent Employment Forecast produced by the Ontario Ministry of Finance and update the 2009 & 2010 load forecast accordingly.

Question #4

Reference: Exhibit 3, ERA Load Forecast, page 14

a) Please provide the actual year end 2008 and 2009 customer count for each customer class.

Question #5

Reference: Exhibit 3, Tab 1, Schedule 2

a) What is the source of the $0.06072 / kWh value used for the 2010 Cost of Power?

b) Are any of Hawkesbury's distribution customers registered as Market Participants and billed directly for commodity costs by the IESO?

c) If the response to part (b) is yes, what is their forecast use for 2010 and has it been excluded from the calculation of the commodity cost used to determine the working capital allowance?

d) What portion of Hawkesbury's 2009 (or use 2008 if 2009 is not yet available) sales (excluding the large use customer) are to non-RPP customers? If the $0.06072 value used for the commodity cost is based on the RPP price, please undertake the following:
   - Using the same source, estimate the commodity cost for non-RPP customers
   - Estimate an average commodity cost for all sales based on the weighted average of the RPP and non-RPP forecast costs.
   - Re-estimate the Total Commodity cost for 2010.

e) Please provide the basis for the $70,600 in 2010 Low Voltage charges (per page 4).

Question #6

Reference: Exhibit 3, Tab 2, Schedule 1, Attachment 1

a) Page 1 reports 2010 LV costs of $105,452 whereas Exhibit 3, Tab 1, Schedule 2, page reports a value of $70,600. Please reconcile.

b) Please report the 2010 LV costs and transformer allowance discounts at existing (2009) rates by customer class and provide a revised version of the fixed/variable (F/V) splits (page 2) based on existing rates, where rates exclude the LV charge adder and allow for the reduced revenues due to the transformer allowance where appropriate.

Question #7

Reference: Exhibit 3, Tab 3, Schedule 1, Attachment 1, pages 2-3

a) Please explain the reduction in volume of transactions between 2008 and 2010 for the items:
   - Arrears Certificates
   - Credit Reference

b) Is Hawkesbury Hydro proposing to change any of its existing service charges for 2010 or introduce any new ones? If yes, please provide the justification for the new rate(s).

Question #8

Reference: Exhibit 3, Tab 3, Schedule 2, Attachment 1, page 1

a) Please explain the decrease in Miscellaneous Service Revenues (Acct. 4235) between 2008 and 2010.

b) Please explain why the 2010 Revenues from Merchandising and Jobbing (4325) are less than those in 2008 while the Costs & Expenses for Merchandising and Jobbing increase between 2008 and 2010.

Question #9

Reference: Exhibit 7, ERA Cost Allocation Study, page 13

a) Please provide a table that sets out the 2010 revenue to cost ratios for each customer class if the distribution rates for each class were all increased by the same percentage such that total revenue equalled totals costs. Please include in the same table the Board's recommended Target Range for each class' revenue to cost ratio.

Question #10

Reference: Exhibit 8, Tab 2, Schedule 1

a) Please confirm whether the fixed-variable percentages shown on page 1 were based on variable revenues that: i) excluded the LV cost adder and ii) were reduced by the transformer ownership allowance as appropriate. If not, please recalculate.

b) Please provide source data used to determine the F/V splits set out on page 3 and confirm that the rates used:

- Excluded the smart meter rate adder from each LDC’s fixed charges
- Excluded any LV cost adder from each LDC’s variable charges
- Excluded variable revenues due to the transformer allowance discount where appropriate.

c) Why is it appropriate to use the average fixed charge from a group of other LDC’s to benchmark Hawkesbury’s fixed charges as opposed to using the Cost Allocation results (Sheet O2) and the Board’s recommended range for service charges?

Question #11

Reference: Exhibit 8, Tab 2, Schedule 1, Attachment 1

a) The Rate Application revenue to cost ratios set out on page 2 are based on Base Distribution revenues and allocated costs net of miscellaneous revenues. However, the OEB’s Cost Allocation Methodology calculates revenue to cost ratios based on Total Service Revenue by customer class (including allocated miscellaneous revenues) and total Allocated Costs. Please provide a schedule that sets out the proposed revenue to cost ratios calculated in a manner consistent with the OEB’s model.

b) Please provide the supporting calculations for the “Cost Allocation Revenue to Cost Ratios” set out on page 2.

c) Hawkesbury is proposing to increase the revenue to cost ratios for the GS>50; Street Lighting and USL classes to the lower end of the Board’s Target Ranges in 2010. Why is Hawkesbury proposing to move all way in 2010 as opposed to 50% of way as approved by the Board in a number of 2008 and 2009 Rate Application Decisions?

Question #12

Reference: Exhibit 8, Tab 3, Schedule 1, Attachment 1

a) With respect to page 1, were the Old Rates noted in the table (i.e., $2.57 and $0.70) applicable for the whole period Jan 2008 to July 2009? If not what rates were applicable in each month?

b) Were the current Retail Transmission Service rates applicable for the whole period Jan 2008 to July 2009? If not, what rates were applicable in each month?

Question #13

Reference: Exhibit 8, Tab 4, Schedule 3, pages 2-3

a) Please provide the estimated total bill impact in 2012 for each customer class when the two year refund period expires.

Question #14

Reference: Exhibit 8, Tab 4, Schedule 3, Attachment 2, page 2

a) Please provide equivalent schedules for a Residential customer using 500 kWh and 250 kWh per month.

Question #15

Reference: Exhibit 9, Tab 1, Schedule 2

a) Consistent with the Board's EB-2008-0046 Report, please break down the reported balance for recovery for Account #1588 (RSVA Power) between:
   - RSVA – Power –Global Adjustment Sub-account, and
   - RSVA – Power (excluding the Global Adjustment Sub-account)

Question #16

Reference: Exhibit 9, Tab 2, Schedule 1, Attachment 1

a) With respect to page 1, please provide the allocation basis for RSVA – Power – Global Adjustment Sub-account, in accordance with EB-2008-0046 (page 21) and recalculate the rate riders.

b) Why is the recovery of account #1508 allocated using distribution revenues at existing rates as opposed to revenues at proposed rates?

Question #17

Reference: Exhibit 2 and Exhibit 4

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

b) Please provide the amount of provincial sales tax paid on OM&A expenses by HHI in 2006, 2007, 2008, and 2009.

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

d) Please provide the amount of provincial sales tax paid by HHI on capital expenditures included in rate base in 2006, 2007, 2008, and 2009.

e) Please provide HHI's estimate of the impact, on 2010 revenue requirement, of the removal of the provincial sales tax.

Question #18

Reference: Exhibit 2, Tab 1, Schedule 1

a) Please confirm that for each year 2006-2009 inclusive, the working capital allowance for HHI has accounted for more than 50% of the utility rate base and that for 2010, the working capital allowance for HHI comprises 48.9% of rate base.

b) Please indicate whether HHI has ever conducted or commissioned a lead-lag study and, if so, please provide a copy of the last such study.

c) Please provide HHI's estimate of the cost of conducting a lead-lag study.

Question #19

Reference: Exhibit 2, Tab 2, Schedule 3
Exhibit 2, Tab 3, Schedule 1, Attachment 1, and
Exhibit 2, Tab 3, Schedule 2

a) Please explain why land rights (Account 1806) are depreciated.

b) Please confirm that the gross value of land rights is $8,588.

c) Please confirm that for each year 2007-2010 inclusive HHI is booking an amortization expense of $626 in respect of land rights.

d) Please reconcile the $626 annual expense with the 4% depreciation rate associated with land rights.

Question #20

Reference: Exhibit 2, Tab 4, Schedule 1, page 10
Exhibit 2, Tab 4, Schedule 3, Attachment 1, Appendix 2-B, and
Exhibit 2, Tab 3, Schedule 3

a) Please confirm that no retirements are shown in the capital asset continuity statements for any accounts in any of the years 2007-2010 inclusive. Please comment.

b) With respect to the purchase of the new truck in 2008, please provide details with respect to the truck that was replaced including (i) year, (ii) mileage, (iii) salvage/trade-in/resale value of the truck that was replaced and how the revenues from disposition of this asset were recognized by HHI.

c) Please confirm that no contributions or grants were received for 2006, 2007, and 2009 and none are expected for 2010. If unable to so confirm, please explain; if able to confirm, please explain.

Question #21

Reference: Exhibit 2, Tab 4, Schedule 1, page 1, lines 11-12

a) Please confirm that the study referred to in lines 11 and 12 is the Stantec study submitted in the pre-filed evidence.

Question #22

Reference: Exhibit 2, Tab 6, Schedule 1

a) Please provide HHI's SAIDI, SAIFI, and CAIDI for each year 2006-2008 inclusive.

Question #23

Reference: Exhibit 4, Tab 1, Schedule 1

a) Please confirm that the increase from 2006 actual OM&A of $770,907 to projected 2010 OM&A of $965,143 is consistent with an average annual increase of 5.77% in OM&A costs.

b) Please confirm that the percentage and absolute increase in OM&A costs from 2006 to 2010 would be higher had there not been significant conservation spending in 2006 (and, to a lesser extent in 2007).

c) Please explain how the average increase in controllable costs of "less than 2.8% per annum or $24.5K over the six year period" was calculated.

Question #24

Reference: Exhibit 4, Tab 2, Schedule 4

a) Please provide the deliverables that HHI expects to get as a result of it spending $2,000 on LEAP initiatives in 2010.

Question #25

References: Exhibit 9, Tab 3, Schedule 1, Attachment 3
Exhibit 9, Tab 3, Schedule 2, Attachment 1

Preamble: HHI has 4725 RPP eligible Residential and 576 GS<50kw eligible RPP customers.

a) Please provide support/details of the 2009-2010 Residential Class SM Unit costs (procurement and installation separately).

b) Please provide support/details of the 2009-2010 Residential Class SM AMI, communications and back office costs (procurement and installation).

c) Please provide support/details of the 2010 Commercial Class SM Unit costs (procurement and installation separately).

d) Please provide support/details of the 2010 Commercial Class SM Unit costs (procurement and installation separately).

e) Please provide a schedule that gives a breakdown of the 2010 Capital Costs of $416,722 shown in the referenced schedule between the Residential and GS<50kw classes.

f) Please provide a breakdown of the O&M costs of $30,992 for meters installed in 2010 between the Residential, GS<50kw classes.

g) Are any Smart Meters to be installed in other classes? If so, please provide details of the costs.

<u>Question #26</u>

Reference: Exhibit 9, Tab 3, Schedule 2, Attachment 1, page 4 of 4

a) Please calculate the Net Fixed assets and SM Rate Adder Revenue Requirement by rate class ((Residential, GS<50kW).

b) Please calculate the SM revenue requirement and SM Rate Adder by rate class (Residential, GS<50kW). Please compare this to the aggregate $1.51/metered customer per month requested.

c) Please provide a cash flow projection showing SM rate adder revenue and Smart Meter expenditures by rate class per Month for the 2009, 2010 and 2011 rate years.

d) Please comment on the apparent cross subsidy between the Residential and GS<50 kW classes in respect of the proposed SM funding adder for 2010 and beyond.