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January 11, 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)
EB-2009-0132
Cooperative Hydro Embrun Inc. – 2010 Electricity Distribution Rate
Application

Please find enclosed the interrogatories of the Vulnerable Energy Consumers Coalition in the above-noted proceeding. I apologize for the late filing, it was purely inadvertent.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC

Encl.

COOPÉRATIVE HYDRO EMBRUN INC. (“CHE”) 2010 RATE APPLICATION

Board File No. EB-2009-0132

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

Question #17

Reference: VECC #7 b), c) & d)

Preamble: The schedules provided in response to parts (b) and (c) do not provide fixed and variable revenues for 2010 at existing rates exclusive of the LV charges. Furthermore, subtracting the LV costs provided in response to part (a) from the 2010 revenue at current rates reported in the Application (Exhibit 3, Tab 2, Schedule 1, Attachment 1, page 1) does not yield the distribution revenue values by class as set out in Sheet O1.

- a) Please provide a response to parts b) and c) as originally requested.
- b) If the results from (a) above do not agree with the class distribution revenues shown in Sheet O1, please explain how the distribution revenue values in Sheet O1 were determined. (Note: This question is not asking for a re-run of the Cost Allocation model but rather an explanation/reconciliation of the inputs used).

Question #18

Reference: VECC #8 a)

- a) Please explain why the revenue to cost ratios reported in the response for 2010 at existing rates differ from those in the original Application (ERA Cost Allocation Study, page 11). (Note: VECC is not requesting re-run of the Cost Allocation methodology, it is seeking to better understand the results presented so as to determine if they were calculated correctly)

Question #19

Reference: VECC #12

- a) The response indicates that the information in Exhibit 8/Tab 2/Schedule 1 was based on an “outdated version of the cost allocation” and will be updated.

Please clarify what is meant by “outdated” - is it just the 2010 revenue requirement values that needs to be updated or does the cost allocation methodology itself required updating? If the later, please explain what the updating will involve.

Question #20

Reference: VECC #13 b)

- a) Does Embrun agree that the calculation of the fixed/variable split used to determine the monthly fixed charge should exclude LV charges? If not, why not?
- b) Does Embrun agree that the LV charges should be recovered through a separate rate adder as per Chapter 2 of the Filing Guidelines (Section 2.9.3) updated May 2009? If not, why not?

Question #21

Reference: VECC #2 a)

- a) The response states that “[t]he transformers are valued at actual cost.” Is this the actual historical cost, average cost of purchased transformers, or replacement cost (i.e., cost to purchase a new transformer)? Please explain.
- b) Has CHE ever changed the way it costs any particular types of equipment it holds in inventory, e.g., initially classifying as average cost and changing to replacement cost or vice versa?

Question #22

Reference: VECC #3 a)

- 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 by CHE in each year 2006-2009 inclusive on OM&A expenditures.
- c) Please provide the amount of provincial sales tax paid by CHE on capital expenditures included in rate base for each year 2006-2009 inclusive.

- d) Please provide the estimated amount of provincial sales tax included in the capital expenditure forecast for 2010.
- e) Would CHE agree with the establishment of a deferral account into which any utility savings arising from harmonization of the GST and provincial RST would be booked for later refunding to ratepayers?

Question #23

Reference: VECC #10 a)

- a) Please explain how the intervener costs were estimated, i..e., how the hourly rate and the hours were estimated.

Question #24

Reference: VECC #11

- a) The revised Exhibit 4, Tab 4, Schedule 1, Attachment 1 provided with the response to the referenced IR indicates lower 2010 employee costs than initially provided in CHE's Application. Please provide a calculation of the reduction in 2010 revenue requirement associated with these decreased costs.