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January 12, 2010

Delivered By Courier

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Attention: Kirsten Walli
Board Secretary

**Re: Haldimand County Hydro Inc. (EB-2009-0265)
2010 Electricity Distribution Rate (Cost of Service) Application
Responses to Supplemental Interrogatories**

Dear Ms. Walli:

Haldimand County Hydro Inc. filed an application with the Ontario Energy Board (the "Board") on August 28, 2009 seeking approval for changes to rates that Haldimand County Hydro may charge for electricity distribution to be effective May 1, 2010.

Pursuant to Procedural Order No. 3 issued on December 11, 2009, Board Staff and Intervenor filed supplemental interrogatories on December 23, 2009. Haldimand County Hydro is required to file responses by January 13, 2010.

In accordance with Procedural Order No. 3, two hard copies of the complete responses to all supplemental interrogatories are now enclosed. An electronic copy of the complete responses in PDF format will be submitted through the Board's *Regulatory Electronic Submission System* ("RESS").

In addition, an electronic copy of the complete responses in PDF format will be forwarded via email to the representatives noted for each of the intervenors as follows :

1. Energy Probe Research Foundation
 - a. David MacIntosh, Energy Probe Research Foundation
 - b. Randy Aiken, Aiken & Associates

2. Vulnerable Energy Consumers Coalition

- a. Michael Buonaguro, Public Interest Advocacy Centre
- b. William Harper, Econalysis Consulting Services Inc.

These responses to supplemental interrogatories relating to the 2010 Electricity Distribution Rate (Cost of Service) Application are respectfully submitted for the Board's consideration.

Yours truly,
HALDIMAND COUNTY HYDRO INC.

Original Signed By

Jacqueline A. Scott
Finance Manager

**Board Staff Supplemental Interrogatories
Haldimand County Hydro Inc. ("Haldimand County Hydro")
2010 Electricity Distribution Rate Application
EB-2009-0265
Dated: December 23, 2009**

Rate Base and Capital Expenditures

1. Ref: Response to Board staff interrogatory number 1

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

Response

The \$4,694,802 reported in the response to Board Staff Interrogatory #1 is net of disposals, where as the \$4,971,824 reported in Exhibit 2 / Tab 2 / Schedule 1 / Table 7 is additions only with reported disposals of \$277,021 in the same table for net capital expenditures in 2008 of \$4,694,802.

However, the disposal amount of \$137,809 included in response to Board Staff Interrogatory #1 was reported incorrectly as it did not include the disposals in the OEB USoA account 1850 – Line Transformers and account 1860 – Meters. These two disposal amounts total to \$139,212 and were incorrectly netted to "Operations Capital Expenditures" in the interrogatory response. (\$137,809 plus \$139,212 equals the total disposals of \$277,021)

Below is the revised table from response to Board Staff Interrogatory #1 in order to correct this misstatement.

	2006 Actual	2007 Actual	2008 Actual	2009 Bridge	2010 Test
Allowed ROE (%) on the regulated rate base	9.00%	9.00%	9.00%	9.00%	8.01%
Actual ROE (%) on the regulated rate base	9.08%	9.75%	11.60%	5.63%	9.94%
Retained Earnings	\$ 4,349,078	\$ 5,673,959	\$ 8,473,801	\$ 8,908,705	\$ 10,264,868
Dividends Paid to Shareholder	\$ 55,557	\$ 404,452	\$ 449,627	\$ 515,808	\$ 237,677
Sustaining Capital Expenditures (excluding Smart Meters)	\$ 981,904	\$ 208,380	\$ 1,136,631	\$ 1,855,676	\$ 1,080,960
Development Capital Expenditures (excluding Smart Meters)	\$ 1,860,949	\$ 2,156,958	\$ 2,863,672	\$ 2,085,276	\$ 1,870,528
Operations Capital Expenditures	\$ 372,986	\$ 406,009	\$ 1,067,940	\$ 438,089	\$ 459,158
Smart Meters Capital Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Other Capital Expenditures:					
Other Capital	\$ 131,992	\$ 609,968	\$ 145,793	\$ 97,857	\$ 33,255
Capital Contributions	\$ (353,824)	\$ (472,830)	\$ (242,212)	\$ (47,800)	\$ (131,600)
Disposals	\$ (72,493)	\$ (72,192)	\$ (277,022)	\$ -	\$ -
Total Capital Expenditures (including Smart Meters)	\$ 2,921,514	\$ 2,836,293	\$ 4,694,802	\$ 4,429,098	\$ 3,312,301
Total Capital Expenditures (excluding Smart Meters)	\$ 2,921,514	\$ 2,836,293	\$ 4,694,802	\$ 4,429,098	\$ 3,312,301
Depreciation Expense (2006 & 2007 exclude Fully Allocated Depreciation)	\$ 2,026,392	\$ 2,162,367	\$ 2,442,300	\$ 2,813,976	\$ 2,932,087
Construction Work in Progress	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Base	\$ 34,527,190	\$ 35,466,521	\$ 36,781,875	\$ 39,009,183	\$ 40,097,056
Number of Customer Additions (Total)	120	123	116	150	151
Residential	133	113	106	144	145
General Service < 50 kW (excludes Unmetered Scattered Load)	(12)	25	8	3	3
General Service > 50 kW (includes Intervals)	(1)	(15)	2	3	3
Note:					
<p>1. Smart Meters are not included in Rate Base and Capital Expenditures as part of Haldimand County Hydro Inc.'s ("HCHI") 2010 EDR Application and therefore have not been included as part of this table. The expenditures on Smart Meter capital currently reside in the OEB approved variance account '1555' and will not be transferred to Rate Base and Capital until HCHI meets the Smart Meter filing guideline requirements for inclusion of smart meter costs into ongoing operations and rate base. (Reference: Exhibit 9 / Tab 2 / Schedule 3)</p>					

2. Ref: Response to Board staff interrogatory number 3

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

- a) What is the estimated charge that Haldimand County Hydro has included in the per bill fee for amortization costs associated with the CIS system? Please provide the per bill and total charge on an annual basis.

Response

With respect to the methodology used in determining prices charged to affiliates, the following is an excerpt from Exhibit 4/ Tab 2/ Schedule 5/ page 3:

“...and the water & wastewater billing and collecting administrative fee is calculated as 85% of the fee that HCEI collects from Haldimand County. The fee to the County is calculated using direct and indirect costs related to the service allocated based on the number of water customers to the total water and electric customers.”

The tables provided in response to Board Staff Supplemental Interrogatory # 8 below include the indirect amortization expense included in the portion of the billing and collecting costs attributable to the water and waste water billing and collecting fee for each of the 2008 actual, 2009 bridge and 2010 test year.

The per bill and total charge on an annual basis for amortization associated with the CIS system specific to the current fee being charged are not identifiable due to the history associated with the setting of the fee and the mitigation of fee increases, as noted previously in response to Energy Probe Interrogatory # 18(f) as follows:

“...The water billing rate paid by Haldimand County to Haldimand County Energy Inc. was increased 91.6% for a compounded average of 11.5% per year from \$2.14 per bill in 2002 to \$4.10 per bill in 2008. The customers of Haldimand County Hydro Inc. benefit from this billing arrangement because the revenue exceeds the marginal cost as evidenced by the fixed nature of some of the costs recovered by the arrangement. It is also important that the cost to the municipality be market based as they compare their alternatives. The water

billing rate was not increased for 2009 or 2010 in order to avoid becoming uncompetitive and possibly losing the arrangement.”

- b) What will be the total amount collected to-date as of April 30, 2010 in the per bill fee charged to Haldimand County Energy representing amortization costs of the CIS system?

Response

Refer to response to (a) above.

Operating Revenue

Load Forecast Methodology

3. Ref: Response to Board staff interrogatory number 8

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

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

Response

It is Haldimand County Hydro's understanding that using a model that results in the highest R-square value as possible would provide the best "predictor" model that could be used for forecasting purposes. However, Haldimand County Hydro also understands that Board Staff and Intervenors could have concerns with the forecasting model when there are independent variables with negative coefficients that are counter-intuitive and some variables that are statistically insignificant. In this regard, Haldimand County Hydro has attempted to once again address this issue by exploring another alternative.

Haldimand County Hydro developed a revised load forecast that is based on a regression model that excludes Ontario Real GDP and Population and includes a CDM flag. The CDM flag is an increasing number from 1 to 36 starting in Jan 06 through to Dec 08. The actual number has been cubed which means Jan 06 is 1, Feb 06 is 8 (i.e. 2^3), Mar 06 is 27 (i.e. 3^3) Dec 08 is 46,656 (i.e. 36^3). This produces a regression analysis that does not have any independent variables with a negative coefficient that are counter-intuitive. In Haldimand County Hydro's view, this indicates that the CDM activity in Haldimand County is growing exponentially by the power of 3. The regression analysis results in the R square dropping to 90.4%, but the forecast is 343,156,303 kWh in 2010 as compared to 343,105,621 kWh in the application.

The resulting regression analysis does have variables that could be classified as being statically insignificant but are not causing the forecast to be reduced.

The statistical results associated with the revised regression model are provided below.

<i>Regression Statistics</i>	
Multiple R	95.05%
R Square	90.35%
Adjusted R Square	89.34%
Standard Error	1,024,063
Observations	96

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	9	8.44406E+14	9.38228E+13	89.4654843	8.18164E-40
Residual	86	9.01886E+13	1.0487E+12		
Total	95	9.34594E+14			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	(49,452,962)	8,023,659	(6.16)	2.22817E-08	(65,403,468)	(33,502,456)	(65,403,468)	(33,502,456)
Heating Degree Days	10,045	900	11.16	2.13059E-18	8,255	11,835	8,255	11,835
Cooling Degree Days	69,089	6,074	11.38	7.84823E-19	57,015	81,162	57,015	81,162
Number of Days in Month	1,039,660	139,971	7.43	7.49042E-11	761,407	1,317,914	761,407	1,317,914
Spring / Fall Flag	(2,732,922)	413,218	(6.61)	3.02909E-09	(3,554,373)	(1,911,471)	(3,554,373)	(1,911,471)
Number of Customers	2,295	341	6.73	1.83168E-09	1,617	2,973	1,617	2,973
Number of Peak Hours	68	7,148	0.01	0.992458704	(14,142)	14,278	(14,142)	14,278
Blackout Flag	(480,670)	1,066,422	(0.45)	0.653317751	(2,600,647)	1,639,308	(2,600,647)	1,639,308
CDM Flag	(36)	13	(2.86)	0.005287064	(61)	(11)	(61)	(11)
Summer Months Flag	(1,913,786)	704,426	(2.72)	0.007968471	(3,314,138)	(513,435)	(3,314,138)	(513,435)

In summary, the above exercise produces a load forecast that may have better overall statistical results, but the resulting forecast is very similar to the forecast proposed in the application. This suggests to Haldimand County Hydro that the forecast proposed in the application is reasonable.

- b) Please provide a correlation matrix for the independent variables used in the regression model.

Response

The correlation matrix for the independent variables associated with the regression model used to answer Board Staff Interrogatory #8 (b) which supports a 2010 load forecast of 348,537,606 kWh (Billed) is provided below.

<i>Regression Statistics</i>	
Multiple R	95.94%
R Square	92.05%
Adjusted R Square	91.22%
Standard Error	929,292
Observations	96

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	9	8.60326E+14	9.55918E+13	110.6920151	2.05837E-43
Residual	86	7.42682E+13	8.63583E+11		
Total	95	9.34594E+14			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	(143,276,225)	20,744,641	(6.91)	8.0955E-10	(184,515,205)	(102,037,245)	(184,515,205)	(102,037,245)
Heating Degree Days	10,376	819	12.67	2.23803E-21	8,749	12,004	8,749	12,004
Cooling Degree Days	71,364	5,474	13.04	4.49946E-22	60,482	82,247	60,482	82,247
Ontario Real GDP Monthly %	(459,773)	86,303	(5.33)	7.877E-07	(631,338)	(288,208)	(631,338)	(288,208)
Number of Days in Month	975,200	127,014	7.68	2.36017E-11	722,704	1,227,696	722,704	1,227,696
Spring / Fall Flag	(2,681,198)	375,144	(7.15)	2.71144E-10	(3,426,959)	(1,935,436)	(3,426,959)	(1,935,436)
Number of Customers	9,936	1,560	6.37	9.07863E-09	6,834	13,038	6,834	13,038
Number of Peak Hours	2,515	6,474	0.39	0.698598835	(10,354)	15,385	(10,354)	15,385
Blackout Flag	(604,101)	968,145	(0.62)	0.534293949	(2,528,710)	1,320,508	(2,528,710)	1,320,508
Summer Months Flag	(1,889,819)	638,298	(2.96)	0.003965993	(3,158,713)	(620,926)	(3,158,713)	(620,926)

4. Ref: Response to Energy Probe interrogatory number 12

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

Response

In order to conduct the regression analysis that supports the proposed load forecast, Haldimand County Hydro used the “Regression” function provided in Excel. The Durbin-Watson statistic is not an output value that is provided by this function.

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

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

Response

Refer to response to Board Staff Supplemental Interrogatory #4.

6. Ref: Response to VECC interrogatory number 8

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

a) "Exclusion" of Population

Response

***Alternate regression model - "Exclusion" of Population –
Resulting 2010 Billed Load Forecast is 348,537,606 kWh.***

***Refer to response to Supplemental Interrogatory # 4 with regards to the
Durbin-Watson statistic.***

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

Response

***Alternate regression model – "Exclusion" of Population, GDP, Spring /
Fall & Blackout Flags –
Resulting 2010 Billed Load Forecast is 349,773,065 kWh.***

***Refer to response to Supplemental Interrogatory # 4 with regards to the
Durbin-Watson statistic.***

Operating Costs

7. Ref: Response to Board staff interrogatory number 17

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

Response

With respect to the rate application, and looking forward from 2010, the cost of \$51,780 can be viewed as a onetime cost which will not occur in subsequent years at this expenditure level. Therefore, spreading the cost recovery over four years is possible.

8. Ref: Response to Board staff interrogatory number 18

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

Response

Haldimand County Hydro's total operating and administrative costs on account of the billing and collecting function are provided in the following table:

Billing and Collecting - Operating and Administrative Costs (excludes Meter Reading Costs)	2008	2009	2010
	12 Month Actual	12 Month Bridge Year	12 Month Test Year
DIRECT COSTS			
Labour	\$ 642,634.50	\$ 723,744.00	\$ 742,802.50
Collections	76,586.18	84,000.00	84,000.00
Postage	187,284.80	204,666.00	212,001.00
Office and Printing	37,378.99	31,168.00	32,512.00
SUB-TOTAL	\$ 943,884.47	\$ 1,043,578.00	\$ 1,071,315.50
INDIRECT / OVERHEAD COSTS			
Building			
Utilities	\$ 76,284.42	\$ 82,104.00	\$ 86,732.00
Property Taxes - Caledonia	37,151.26	39,996.00	41,161.00
Property Insurance	12,165.12	12,530.00	12,905.00
	\$ 125,600.80	\$ 134,630.00	\$ 140,798.00
Amortization			
Building	\$ 46,992.25	\$ 48,015.00	\$ 48,015.00
Office Equipment	33,588.56	32,842.00	30,760.00
Computer Hardware	68,272.76	65,982.00	50,799.00
Computer Software	69,901.74	180,452.00	216,949.60
Communications	3,864.70	1,080.00	-
	\$ 222,620.01	\$ 328,371.00	\$ 346,523.60
IT Support			
Billing System (CIS & NorthStar)	\$ 42,725.52	\$ 85,188.00	\$ 88,697.00
Aegisys	34,236.00	36,075.00	36,770.00
IT Security & IT Audit	12,150.00	23,734.00	26,790.00
Great Plains/Financial	29,153.55	38,500.00	37,200.00
Internet Services	9,215.17	10,238.00	10,238.00
	\$ 127,480.24	\$ 193,735.00	\$ 199,695.00
SUB-TOTAL	\$ 475,701.05	\$ 656,736.00	\$ 687,016.60
TOTAL BILLING and COLLECTING COSTS	\$ 1,419,585.52	\$ 1,700,314.00	\$ 1,758,332.10

The portion of the total billing and collecting operating and administrative costs attributable to the water and waste water billing and collecting fee are provided in the following table:

Billing and Collecting - Operating and Administrative Costs Attributable to Water and Wastewater Billing & Collecting Fee	2008	2009	2010
	12 Month Actual	12 Month Bridge Year	12 Month Test Year
TOTAL BILLING and COLLECTING COSTS	\$ 1,419,585.52	\$ 1,700,314.00	\$ 1,758,332.10
Allocation to Haldimand County	@ 29.33%	@ 29.31%	@ 29.31%
PORTION BILLING and COLLECTING COSTS - Water & Waste Water Billing and Collecting	\$ 416,364.43	\$ 498,362.03	\$ 515,367.14
Annual Expense - per Bill	\$ 48.20	\$ 57.51	\$ 59.48
Monthly Expense - per Bill	\$ 4.02	\$ 4.79	\$ 4.96
Add: Water Meter Reading Costs			
Meter Reading	\$ 0.220	\$ 0.220	\$ 0.220
Itron processing fee	0.026	0.026	0.026
	\$ 0.246	\$ 0.246	\$ 0.246
Total Fee per Water and Waste Water Bill	\$ 4.27	\$ 5.04	\$ 5.21

9. Ref: Response to Board staff interrogatory number 18

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

Response

Refer to Exhibit 4/Tab 2/Schedule 5/Table 7 for the requested information. However, the specific part of Table 7 referencing “tree trimming and pole relocation services to the City” is copied below and updated for 2009 with actual charges to the end of November as indicated.

**TABLE 7
HCHI's CHARGES TO AFFILIATES**

ACTIVITY	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Forecast
<i>HCHI Charges to Haldimand County:</i>					
Tree Trimming & Removals (Cost share to County)	\$8,538	\$12,456	\$20,132	\$6,999 \$9,951	
Pole Relocations or “New” Pole Installs (Requested by County)	\$2,833		\$9,902	\$5,589	

It is misleading to describe the arrangement as Haldimand County Hydro “providing tree trimming ... services to the City”. Contractors’ invoices are being apportioned with 60% to the municipality and 40% to the utility. The municipality’s portion is directly coded to a miscellaneous receivable, and as such, their portion of each invoice is never recorded in the operating expenses of Haldimand County Hydro. Accordingly, the associated payment from the municipality is therefore not an offset to the operating and maintenance costs of Haldimand County Hydro.

10. Ref: Response to Board staff interrogatory number 20

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

Response

By adding the opening balance of regulatory assets and also deducting the closing balance of regulatory assets, this effectively removes (or includes) the current year change associated with regulatory assets from income for tax purposes. Since this method has been applied since the inception of the regulatory assets, all regulatory assets have been effectively excluded from taxable income. Accordingly, there is no inconsistency between the interrogatory response and the pre-filed evidence.

11. Ref: Response to Energy Probe interrogatory number 1

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

- a) Would the Applicant agree to the establishment of a variance account to capture the reductions in OM&A and capital expenditures?

Response

Energy Probe, in their Interrogatory # 1(h), basically asked this same question, which is provided below, along with Haldimand County Hydro's response, for ease of reference:

"Energy Probe Interrogatory # 1 (h)

If HCHI is unable to quantify the impact of the removal of the provincial sales tax, is HCHI 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?

Response

Haldimand County Hydro is unable to quantify the impact of the removal of the provincial sales tax – as noted in response to (c) above. Haldimand County Hydro would be concerned with the additional administrative process of determining and tracking the resulting savings in a deferral account, presumed savings which wouldn't begin to occur until after the implementation of the HST, which is proposed to not be effective until July 1, 2010. Inventory (i.e. materials issued to both OM&A expenses and capital expenditures) will be on hand at the beginning of 2010 at a landed cost; that is, inclusive of the provincial sales tax originally paid. Haldimand County Hydro's inventory is valued on the weighted average cost basis, so receipts of goods that do not include the provincial sales tax portion subsequent to July 1, 2010 will simply reduce the average cost of each item and it won't be until over time that the full effect of the savings from the provincial sales tax portion will be realized. The administrative burden of determining the actual provincial tax savings during this time would be unreasonable. Haldimand County Hydro is also unclear on how to recognize the savings generally for non-inventory items. You could

not just assume that the 8% now claimed as input tax credits is equal to savings. For example, on a supply and install contract which currently incorporates the vendor's provincial sales tax, one is to expect that their new contract price should first be reduced to exclude the provincial sales tax before adding on the new HST, and there is no way to determine that the expected reduction is exactly 8%."

To reiterate, the cost impact on Haldimand County Hydro as a result of the switch from PST to a harmonized PST and GST is expected to not be accurately determined. The degree to which OM&A and capital expenditure costs reflect the full tax change will be unknown. Accordingly, Haldimand County Hydro does not accept that accurate amounts using reasonable effort could be determined for entering into a deferral account if it were established.

- b) Are there other alternatives that the Board might consider to reflect the reductions in OM&A and Capex?

Response

As noted in (a) above, and considering the further effect of the transitional rules for large businesses as well as expenses that were previously PST exempt which will now attract HST, Haldimand County Hydro is unable to suggest other alternatives for the Board's consideration.

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

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

Response

Haldimand County Hydro intends to reflect the required tax changes, as a result of the 2009 Ontario Budget as recently enacted, as provided for in our responses to Energy Probe interrogatories # 23 # 24.

13. Ref: Response to Energy Probe interrogatory number 18

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

Response

The full response by Haldimand County Hydro to Energy Probe Interrogatory # 18(f) is quoted below because it differs from the question above:

“The water billing rate paid by Haldimand County to Haldimand County Energy Inc. was increased 91.6% for a compounded average of 11.5% per year from \$2.14 per bill in 2002 to \$4.10 per bill in 2008. The customers of Haldimand County Hydro Inc. benefit from this billing arrangement because the revenue exceeds the marginal cost as evidenced by the fixed nature of some of the costs recovered by the arrangement. It is also important that the cost to the municipality be market based as they compare their alternatives.

The water billing rate was not increased for 2009 or 2010 in order to avoid becoming uncompetitive and possibly losing the arrangement. For example the evidence filed December 5, 2008 by London Hydro in EB-2008-0235, Exhibit 4, Page 67 of 174, includes “Based upon a limited 2008 telephone survey with other utilities, an average market rate of approximately \$2.00 per bill or \$24.00 per year per account is currently being charged by other utilities. London Hydro’s rate continues to be above the average market rate, however, London Hydro bills on a monthly basis versus bi-monthly as with certain other utilities.”

On December 30, 2009 the requested survey was issued by email to 16 utilities, followed by an additional 2 on January 4, 2010 and another 1 on January 7, 2010 but one responded that they have stopped billing for water. These 18 utilities plus Haldimand represent, to our knowledge, all the utilities in Ontario involved in billing for water & waste water on behalf of their municipality, either directly or through an affiliate. As of January 11, 2010 5 utilities provided the requested information which is summarized in the table below:

Results of Water & Sewer Billing Fee Survey As of January 11, 2010

Water & Sewer billing fee to municipality			
Utility	Current Rate per Bill in December, 2009	Billing Frequency M - Monthly B - Bimonthly	S - service level agreement F - fully allocated costs M - market based rate
1	\$1.17	M	F
2	\$2.30	B	S
3	\$2.50	M	F & M
4	\$3.76	M	F
5	\$4.20	M	F & M
Haldimand	\$4.10	M	F & M
Average with Haldimand			
		\$3.01	
Average without Haldimand			
		\$2.79	

Cost of Capital

14. Ref: Response to Board staff interrogatory number 22

In response to Board staff interrogatory number 22, Haldimand County Hydro has provided additional documentation. One of the documents titled "The Regional Municipality of Haldimand-Norfolk Schedule B to By-Law No. 55-00" shows the schedule of interest rate payments with the last interest payment amount being \$249,275 due on May 1, 2010. Please answer the following questions with respect to this amount:

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

Response

Similar to the other years provided in Exhibit 5/ Tab 1/ Schedule 3/ Table 2, in order to calculate a weighted average annual debt cost rate, the amounts of interest paid during the year were weighted against the principal balances net of principal payments for the year to arrive at the annualized interest rate. Interest payments are recorded on the date they become due and payable, which is May 1st and November 1st. As such, the 2010 test year included the full 6 months of interest related to the May 1, 2010 scheduled payment. Similarly, the 2009 bridge year includes the full 6 months of interest related to the May 1, 2009 scheduled payment and the full 6 months of interest related to the November 1, 2009 scheduled payment.

- b) Please re-calculate the interest payment for four months, from January 1 to May 1, 2010.

Response

The semi-annual interest payment due May 1, 2010 totals \$249,275; accordingly, 4 months of this interest calculates to \$166,183 (\$249,275 / 6 months x 4 months). The reported principal balance of \$2,556,667 times the scheduled rate of interest of 6.50% results in a total interest cost attributable to 2010 of \$166,183.

Cost Allocation

15. Ref: Response to VECC interrogatory number 19

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

- a) The transmission charge determinant for the Embedded Distributor for the partial year summed over the supply points amounts to 114,711 kW. The billing determinant over the same period sums to 119,710, which is 4.4% higher. If the disparity is due to the load being observed at different points in time, please explain how this difference occurs, perhaps by using an example of a single month and describing the respective kW amounts, when they were observed within the month, and why they were observed at those hours. If the disparity is due to some other reason, please explain.

Response

The disparity, in the order of 4.4%, is due to the application of the loss factor to the billing determinant kW; that is, Haldimand County Hydro's approved loss factor of 1.0565 less the 1% for the treatment of a primary metered account.

As a result of our review in conjunction with this supplemental interrogatory, Haldimand County Hydro has determined that the charge determinant kW and the billing determinant kW have been incorrectly calculated, as follows:

- 1. The billing determinant should not be uplifted by the loss factor of 1.0565 for the rates currently being applied. However, when the "proposed" Embedded Distributor Rate class is approved, the "proposed" loss factor of 1.0305 will be applicable to all charges that attract an uplift as the load forecast used to calculate rates includes losses as provided by Hydro One.***
- 2. The charge determinant is understated by the Hydro One Supply Facilities loss factor of 1.006 currently applied to the demand kW billed to Haldimand County Hydro for this embedded consumption.***

3. The transmission network service amounts are not currently calculated on the Demand 7-7 kW for the charge determinant or the billed determinant.

In addition, Haldimand County Hydro had prepared the original analysis based on the period March 7, 2009 to June 30, 2009, the period of time for which Haldimand County Hydro currently had actual data. Actual data is now currently available to November 30, 2009 – an additional 5 months of history.

Haldimand County Hydro would request the opportunity to update the Retail Transmission Network and Connection analysis in Exhibit 8 / Tab 1 / Schedule 3 / Table 13 with the 3 adjustments as noted above, as well as incorporating the actual data for the additional 5 months of history.

Further, and as originally proposed in Exhibit 1 / Tab 1 / Schedule 5 / page 2 and also as restated in response to VECC Interrogatory #18 (a), Haldimand County Hydro also requested approval to further adjust Retail Transmission Service rates and Low Voltage / Distribution Wheeling Service rates upon the OEB decision on Hydro One Networks Inc.'s 2010 / 2011 Distribution Application (EB-2009-0096) currently before the Board.

- b) To the extent that cost and revenue of the Embedded Distributor load will not be exactly equal during the rate year and subsequently, is it Haldimand's intention to record the disparity in accounts 1584 and 1586 along with all other customers, or to record it in a sub-account for the Embedded Distributor alone?

Response

Haldimand County Hydro has been recording the variance between the cost and revenue associated with the Embedded Distributor Hydro One related to the Transmission Service Charges, Network and Connection, in sub-accounts of 1584 and 1586 respectively, for this Embedded Distributor since the embedded situation commenced March 7, 2009. It is Haldimand County Hydro's intention to continue to record this variance for the Embedded Distributor Hydro One in sub-accounts of 1584 and 1586.

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

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

- a) Please give the name of the Hydro One Sub-transmission class rate, together with any rate riders that yield the rate \$0.361 per kW used in the third row of the calculation of annual LV charges.

Response

The Low Voltage Charge for the Transmission Stations of \$0.361 per kW is found on the Hydro One Networks Inc. "Tariff of Rates and Charges" effective May 1, 2009 implemented June 1, 2009 for the Sub-Transmission Class under the "Facility charge for connection to Common ST Lines (44 kV to 13.8 kV)" rate. Breakout as follows:

<i>Monthly Charge per Rate Order:</i>	<i>Rate (per kW)</i>
<i>Facility Charge for connection to Common ST Lines</i>	<i>\$ 0.550</i>
<i>Rider #4 – Common ST Line (Foregone Distribution Revenue 2008)</i>	<i>\$(0.200)</i>
<i>Rider #3A – Regulatory Asset Recovery – General</i>	<i>\$(0.010)</i>
<i>Rider #5A – Regulatory Asset Recovery – Incremental Capital</i>	<i>\$ <u>0.021</u></i>
<i>Total Low Voltage Charge</i>	<i>\$<u>0.361</u></i>

- b) Does the Hydro One Common ST Line rate apply to the load at all of the six supply points listed in response to Board staff interrogatory # 30, to just the first four points, or some other amount?. (If it would be helpful, please provide a copy of a monthly statement from Hydro One.)

Response

The Hydro One Common ST Line rate, as noted above at \$0.361 per kW, only applies to the first four points at the Transmission Stations detailed in the response to Board Staff Interrogatory #30.

The Hydro One Low Voltage Distribution Station rate of \$0.78 per kW applies to the last two points, the Argyle DS and Lythmore DS. This rate is found on the same rate order as detailed in part a) but found under the "Facility charge for connection to low voltage (< 13.8 kV secondary) Low Voltage Distribution Station" rate. Breakout as follows:

<i>Monthly Charge per Rate Order:</i>	<i>Rate (per kW)</i>
<i>Facility Charge for connection to low voltage DS</i>	<i>\$ 1.21</i>
<i>Rider #4 – Common ST Line (Foregone Distribution Revenue 2008)</i>	<i><u>\$(0.43)</u></i>
<i>Total Low Voltage Charge</i>	<i><u>\$0.78</u></i>

- c) Please provide a hypothetical forecast of the 2010 annual LV charges if Rate Rider # 4 and the 2009 Foregone Revenue Rate Riders were not included in the calculation.

Response

The calculation of a hypothetical forecast of the 2010 Low Voltage Charges excluding Rate Rider #4 and the 2009 Foregone Revenue Rate Rider generate charges of \$250,050, as compared to the \$160,500 in Exhibit 8 / Tab 1 / Schedule 1 / page 12 with detail breakout provided in response to VECC Interrogatory #18 (b).

Below is a schedule showing the derivation of the hypothetical forecast, as requested, of the 2010 Low Voltage Charges.

Hydro One Networks Inc. ("HONI")				2010 Forecasted Volumes (kW)
Peak (kW - Low Voltage - DS)				51,816
Peak (kW - Low Voltage - TS)				294,108
<hr/>				
Rates Effective May 1, 2009 (HONI Rates Implemented June 1, 2009)				Low Voltage Charges
\$50.70	NPI	Monthly Service Charge	\$	612
\$1.210	HONI	Low Voltage Charges - DS	\$	62,697
\$0.561	HONI	Low Voltage Charges - TS	\$	164,995
\$183.92	HONI	Monthly Service Charge (4 points)	\$	8,828
\$538.25	HONI	Meter Charge (2 DS's)	\$	12,918
Total				\$ 250,050

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

Response

As detailed in response to Energy Probe Interrogatory # 7 (c), the non-RPP customer kWh's used as an allocator for the disposition of RSVA – Power – Global Adjustment were originally reported incorrectly. An updated Table 4 has been provided in response to Board Staff Supplemental Interrogatory #20 (b) as a result of this correction, and now used as the allocator in order to calculate a separate rate rider for the recovery of the proposed Global Adjustment balance as requested. See below for calculations.

[illegible]

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

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

Response

Haldimand County Hydro does not feel that a separate rate rider to dispose of the balance in the RSVA – Power – Global Adjustment account would be applicable to the MUSH sector of customers as this group of customers would have been paying RPP during the period the variance account is applicable for. This same view also applies to the Residential and General Service < 50 kW customer rate classes. The portion of these two classes that are enrolled with a Retailer contribute to the Global Adjustment variance, thus being the reason why Haldimand County Hydro has included a portion of those two rate classes in the calculation of a separate rate rider for the recovery of the Global Adjustment variance as detailed in the response to Supplemental Interrogatory # 17 above. However, the balance of the Residential rate class and the General Service < 50 kW rate class pay RPP and also should not be responsible for recovery of this variance.

Unfortunately, Haldimand County Hydro does not have the capability in its billing system to apply the separate rate rider to only those customers that it is applicable to for any class of customers.

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

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

Response

The proposed rate rider to dispose of the December 31, 2008 deferral and variance account balances plus carrying charges to April 30, 2010 excluding the Global Adjustment sub-account are detailed below. The calculations also include the adjustment as a result of the response to Supplemental Interrogatory # 20 below.

DEFERRAL AND VARIANCE ACCOUNTS	Account No.	Total Claim	Allocation Factor	Residential	General Service < 50 kW	General Service 50 to 4999 kW	Sentinel Lights	Street Lighting	Unmetered Scattered Load
RSVA - Wholesale Market Service Charge	1580	\$ (930,595)	kWh	\$ (459,709)	\$ (165,241)	\$ (296,885)	\$ (1,136)	\$ (6,316)	\$ (1,308)
RSVA - Retail Transmission Network Charge	1584	\$ (29,698)	kWh	\$ (14,670)	\$ (5,273)	\$ (9,474)	\$ (36)	\$ (202)	\$ (42)
RSVA - Retail Transmission Connection Charge	1586	\$ 152,981	kWh	\$ 75,572	\$ 27,164	\$ 48,805	\$ 187	\$ 1,038	\$ 215
RSVA - Power	1588	\$ 222,149	kWh	\$ 109,740	\$ 39,446	\$ 70,871	\$ 271	\$ 1,508	\$ 312
Sub-Total - RSVAs		\$ (585,163)		\$ (289,068)	\$ (103,904)	\$ (186,683)	\$ (714)	\$ (3,972)	\$ (822)
Other Regulatory Assets - Pension Contributions	1508	\$ 205,783	Dist'n Revenue	\$ 141,408	\$ 34,365	\$ 25,189	\$ 1,212	\$ 3,238	\$ 371
Retail Cost Variance Account - Retail	1518	\$ 351,891	# Customers	\$ 265,271	\$ 33,735	\$ 2,047	\$ 8,430	\$ 41,206	\$ 1,202
Retail Cost Variance Account - STR	1548	\$ 4,845	# Customers	\$ 3,652	\$ 464	\$ 28	\$ 116	\$ 567	\$ 17
LV Variance Account	1550	\$ (306,222)	kWh	\$ (151,272)	\$ (54,374)	\$ (97,693)	\$ (374)	\$ (2,078)	\$ (430)
Qualifying Transition Costs	1570	\$ 0	# Customers	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Recovery of Regulatory Asset Balances	1590	\$ (137,396)	kWh	\$ (67,873)	\$ (24,397)	\$ (43,833)	\$ (168)	\$ (933)	\$ (193)
Sub-Total - Non RSVAs		\$ 118,901		\$ 191,186	\$ (10,206)	\$ (114,262)	\$ 9,216	\$ 42,000	\$ 967
TOTAL DEFERRAL AND VARIANCE ACCOUNTS TO BE RECOVERED (REFUNDED)		\$ (466,262)		\$ (97,882)	\$ (114,110)	\$ (300,945)	\$ 8,502	\$ 38,029	\$ 144
Disposition Period (default) - One Year									
Volumetric Rate Rider - Billing Determinants				kWh	kWh	kW	kW	kW	kWh
DEFERRAL AND VARIANCE ACCOUNTS RATE RIDER (Volumetric)				\$ (0.0006)	\$ (0.0019)	\$ (1.0148)	\$ 7.2851	\$ 5.8732	\$ 0.0003

Account Description	Account Number	Principal as of Dec. 31/08	Interest as of Dec. 31/08	Interest Forecast to Dec. 31/09	Interest Forecast to Apr. 30/10	Total Claim
RSVA Accounts						
RSVA - Wholesale Market Service Charge	1580	\$ (883,697)	\$ (35,226)	\$ (10,052)	\$ (1,620)	\$ (930,595)
RSVA - Retail Transmission Network Charge	1584	\$ (1,428)	\$ (28,251)	\$ (16)	\$ (3)	\$ (29,698)
RSVA - Retail Transmission Connection Charge	1586	\$ 167,836	\$ (17,071)	\$ 1,909	\$ 308	\$ 152,981
RSVA - Power	1588	\$ (143,201)	\$ 367,241	\$ (1,629)	\$ (263)	\$ 222,149
RSVA - Power - Global Adjustment	1588	\$ 214,151	\$ 23,806	\$ 2,436	\$ 393	\$ 240,786
Sub-total RSVA Accounts		\$ (646,340)	\$ 310,499	\$ (7,352)	\$ (1,185)	\$ (344,377)
Non RSVA Accounts						
Other Regulatory Assets - Pension Cont'n.	1508	\$ 178,327	\$ 25,100	\$ 2,028	\$ 327	\$ 205,783
Retail Cost Variance Account - Retail	1518	\$ 313,279	\$ 34,474	\$ 3,564	\$ 574	\$ 351,891
Retail Cost Variance Account - STR	1548	\$ 3,781	\$ 1,015	\$ 43	\$ 7	\$ 4,845
LV Variance Account	1550	\$ (280,877)	\$ (21,635)	\$ (3,195)	\$ (515)	\$ (306,222)
Qualifying Transition Costs	1570	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Recovery of Regulatory Asset Balances	1590	\$ 82,311	\$ (220,794)	\$ 936	\$ 151	\$ (137,396)
Sub-total Non RSVA Accounts		\$ 296,820	\$ (181,840)	\$ 3,376	\$ 544	\$ 118,901
Total Deferral and Variance Accounts		\$ (349,519)	\$ 128,660	\$ (3,976)	\$ (641)	\$ (225,476)
Note: Interim Recoveries Balance and Applicable Interest in Account 1570 Transferred to Account 1590						

- b) Please recalculate the rate rider applying the allocation factors per the EDDVAR report for accounts 1570 and 1590.

Response

As noted in response to Supplemental Interrogatory # 17 above, the following Table 4 has been revised to reflect the correction of the non-RPP kWh's allocation factor. This is required to revise the rate rider in accordance with the allocation factors per the EDDVAR report for accounts 1570 and 1590, which have now been combined as noted in response to part (c) above, all as included in the following revised Table 5.

Table 4 Revised
2010 Load Forecast Data and Allocators

2010 FORECAST DATA BY CLASS	kW	kWh	kWh (Non - RPP Customers)	Distribution Revenue	Number of Customers/ Connections
Residential	-	169,492,357	24,603,768	\$ 8,692,594	18,534
General Service < 50 kW	-	60,923,412	9,562,188	\$ 2,112,502	2,357
General Service 50 to 4999 kW	296,554	109,459,903	74,833,758	\$ 1,548,436	143
Sentinel Lights	1,167	418,928	49,265	\$ 74,483	589
Street Lighting	6,475	2,328,757	-	\$ 199,036	2,879
Unmetered Scattered Load	-	482,264	-	\$ 22,822	84
Total	304,196	343,105,621	109,048,979	\$ 12,649,873	24,586

ALLOCATORS	kW	kWh	kWh (Non - RPP Customers)	Distribution Revenue	Number of Customers/ Connections
Residential	0.00%	49.40%	22.56%	68.72%	75.38%
General Service < 50 kW	0.00%	17.76%	8.77%	16.70%	9.59%
General Service 50 to 4999 kW	97.49%	31.90%	68.62%	12.24%	0.58%
Sentinel Lights	0.38%	0.12%	0.05%	0.59%	2.40%
Street Lighting	2.13%	0.68%	0.00%	1.57%	11.71%
Unmetered Scattered Load	0.00%	0.14%	0.00%	0.18%	0.34%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Table 5 Revised
Derivation of Deferral and Variance Account Rate Riders

DEFERRAL AND VARIANCE ACCOUNTS	Account No.	Total Claim	Allocation Factor	Residential	General Service < 50 kW	General Service 50 to 4999 kW	Sentinel Lights	Street Lighting	Unmetered Scattered Load
RSVA - Wholesale Market Service Charge	1580	\$ (930,595)	kWh	\$ (459,709)	\$ (165,241)	\$ (296,885)	\$ (1,136)	\$ (6,316)	\$ (1,308)
RSVA - Retail Transmission Network Charge	1584	\$ (29,698)	kWh	\$ (14,670)	\$ (5,273)	\$ (9,474)	\$ (36)	\$ (202)	\$ (42)
RSVA - Retail Transmission Connection Charge	1586	\$ 152,981	kWh	\$ 75,572	\$ 27,164	\$ 48,805	\$ 187	\$ 1,038	\$ 215
RSVA - Power	1588	\$ 222,149	kWh	\$ 109,740	\$ 39,446	\$ 70,871	\$ 271	\$ 1,508	\$ 312
RSVA - Power - Global Adjustment	1588	\$ 240,786	kWh - Non RPP	\$ 54,326	\$ 21,114	\$ 165,237	\$ 109	\$ -	\$ -
Sub-Total - RSVAs		\$ (344,377)		\$ (234,741)	\$ (82,790)	\$ (21,446)	\$ (606)	\$ (3,972)	\$ (822)
Other Regulatory Assets - Pension Contributions	1508	\$ 205,783	Dist'n Revenue	\$ 141,408	\$ 34,365	\$ 25,189	\$ 1,212	\$ 3,238	\$ 371
Retail Cost Variance Account - Retail	1518	\$ 351,891	# Customers	\$ 265,271	\$ 33,735	\$ 2,047	\$ 8,430	\$ 41,206	\$ 1,202
Retail Cost Variance Account - STR	1548	\$ 4,845	# Customers	\$ 3,652	\$ 464	\$ 28	\$ 116	\$ 567	\$ 17
LV Variance Account	1550	\$ (306,222)	kWh	\$ (151,272)	\$ (54,374)	\$ (97,693)	\$ (374)	\$ (2,078)	\$ (430)
Qualifying Transition Costs	1570	\$ 0	# Customers	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Recovery of Regulatory Asset Balances	1590	\$ (137,396)	kWh	\$ (67,873)	\$ (24,397)	\$ (43,833)	\$ (168)	\$ (933)	\$ (193)
Sub-Total - Non RSVAs		\$ 118,901		\$ 191,186	\$ (10,206)	\$ (114,262)	\$ 9,216	\$ 42,000	\$ 967
TOTAL DEFERRAL AND VARIANCE ACCOUNTS TO BE RECOVERED (REFUNDED)		\$ (225,476)		\$ (43,555)	\$ (92,997)	\$ (135,708)	\$ 8,611	\$ 38,029	\$ 144
Disposition Period (default) - One Year									
Volumetric Rate Rider - <i>Billing Determinants</i>				<i>kWh</i>	<i>kWh</i>	<i>kW</i>	<i>kW</i>	<i>kW</i>	<i>kWh</i>
DEFERRAL AND VARIANCE ACCOUNTS RATE RIDER (Volumetric)				\$ (0.0003)	\$ (0.0015)	\$ (0.4576)	\$ 7.3783	\$ 5.8732	\$ 0.0003

LRAM and SSM Amounts

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

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

Response

The following is the revised SSM calculation using OEB Measures and Assumptions. The revised SSM calculation is \$7,559.53.

Rate Class	LRAM	SSM Revised	SSM Original Submission
Residential Third Tranche			
urban	\$22,533.17	\$4,180.15	\$5,542.51
suburban	\$18,201.32	\$3,379.37	\$4,483.93
Residential OPA Conservation Programs			
urban	\$166,940.50		
suburban	\$134,613.09		
General Service<50kW OPA Conservation Programs	\$3,518.02		
General Service>50kW to 4,999kW OPA Conservation Programs	\$11,424.04		
Unmetered Scattered Load OPA Conservation Programs	\$0.00		
TOTALS	\$357,230.14	\$7,559.53	\$10,026.44
Net Change in SSM (decreased)		\$2,466.91	

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

Please answer the following questions:

- a) Based on changes that Haldimand wishes to make as a result of the first and second round of interrogatories from all parties, please submit an updated Microsoft Excel file containing the revenue requirement work form.

Response

The following table 1 summarizes changes that Haldimand County Hydro would propose to make as a result of the first and second round of interrogatories from all parties.

***Table 1 - Summary of Proposed Changes to Rate Application
As a Result of the First and Second Round of Interrogatories***

	ISSUE	INTERROGATORY RESPONSE	DETAILS	REVENUE REQUIREMENT	BILL IMPACT
1	Norfolk Power Distribution Inc. – Distribution Wheeling Service Revenue	Board Staff IRR # 14 Energy Probe IRR # 27	Remove \$42,207 incorrectly included as a “Revenue Offset”.	Increase	Yes
2	Haldimand County Utilities Inc. (Holding Co.) – Management Fee	Energy Probe Supplemental IRR # 37	Reduce OM& A expenses (i.e. Management Fee) by amount in excess of Board of Director costs; that is, by \$12,244 (\$41,756 versus \$54,000).	Decrease	Yes

	ISSUE	INTERROGATORY RESPONSE	DETAILS	REVENUE REQUIREMENT	BILL IMPACT
3	One-Time Costs – Pole Replacement Program	Board Staff IRR # 17 Board Staff Supplemental IRR # 7 Energy Probe IRR # 16 Energy Probe Supplemental IRR # 35	Reduce OM&A expenses by \$38,835; that is, by spreading the initial cycle one-time cost of \$51,780 over 4 year rate period (\$51,780 less \$51,780/4 = \$38,835)	Decrease	Yes
4	Weighted Debt Cost	Board Staff Supplemental IRR # 14 Energy Probe Supplemental IRR # 39(c)	Recalculation of interest cost and rate on account of Debenture with Haldimand County and Recalculation of 2010 Debenture issues with OIPC interest rates as at January 5, 2010 - 2010 weighted debt cost rate reduces to 5.13% (versus 5.58%).	Decrease	Yes
5	Cost of Capital – Report of the Board (EB-2009-0084)	VECC Supplemental IRR # 36(c)	Update Revenue Deficiency to incorporate 9.75% ROE (versus 8.01%) - increase to revenue deficiency in the amount of \$404,457.	Increase	Yes
6	Retail Transmission Service Rates (RTSR)	Board Staff Supplemental IRR # 15 VECC IRR # 18	Update to Hydro One (HONI) RTSRs for correction and updated information - results in increase in RTSR rates to HONI embedded class.	N/A	Yes

	ISSUE	INTERROGATORY RESPONSE	DETAILS	REVENUE REQUIREMENT	BILL IMPACT
7	Deferral and Variance Account Rate Riders	Board Staff IRR # 38 Board Staff Supplemental IRR # 20 Energy Probe IRR # 7(c)	Transfer of balance in account 1570 to account 1590. Incorrect calculation of non-RPP kWh to use as Global-Adjustment allocator.	N/A N/A	Yes Yes
8	HONI Distribution Revenue to be included in Cost Allocation Model	VECC Supplemental IRR # 34	Reallocation of existing revenue requirement amongst the regular customer rate classes.	N/A	Yes
9	SSM Claim	Board Staff Supplemental IRR # 21	Revised to incorporate "assumptions from beginning of year" per CDM Guidelines - decrease of \$2,466.91 in SSM claim.	N/A	Yes
10	Tax Related Changes	Board Staff Supplemental IRR # 12 Energy Probe IRR # 23, # 24, and # 25	Updated tax (PILs) calculations based on changes to revenue requirement per issues above. 2009 Ontario Budget Changes - Update revised Tax Credit amounts - Incorporate new CCA Class 52.	Increase	Yes

- b) Please also provide all updated schedules, revenue requirement and PILs calculations, changes to rate adders/riders and bill impacts.

Response

Haldimand County Hydro is unable to accurately estimate and/or update all schedules, revenue requirement, PILs calculations and changes to rate adders/riders and bill impacts using reasonable effort within the timelines provided.

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

Response

The list of "Specific Approvals Requested" as per Exhibit 1/ Tab 1 / Schedule 5 in Haldimand County Hydro's Application remains unchanged.