CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.

1500 Bishop Street, P.O. Box 1060, Cambridge, ON N1R 5X6

January 13, 2010

Mr. Michael Buonaguro
Counsel for VECC
Public Interest Advocacy Centre
34 King Street East, Suite 1102
Toronto, Ontario
M5C 2X8

Re: Cambridge and North Dumfries Hydro Inc.
Response to Vulnerable Energy Consumers Coalition (VECC) Supplemental Interrogatories
2010 Electricity Distribution Rates, Board File EB-2009–0260.

Dear Mr. Buonaguro:

In accordance with Procedural Order No. 2 received from the Ontario Energy Board on December 14, 2009, please find attached Cambridge and North Dumfries Hydro Inc.'s responses to Vulnerable Energy Consumers Coalition (VECC) Supplemental Interrogatories in the above proceedings.

Sincerely,

CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.

John W. Grotheer
President and CEO

c.c. All Intervenors
Board Secretary, Ontario Energy Board

CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.

2010 RATE APPLICATION

EB-2009-0260

RESPONSE TO
VECC'S INTERROGATORIES (ROUND #2)

(Note: Numbering carries on from the First Round Interrogatories)

Question #36

Reference: VECC #3 a) (corrected to **VECC #5 a)**

a) Per the original question, please provide the monthly service charges and volumetric rates used for each class to prepare the schedule.

Response

a) The monthly service charges and volumetric rates used for each rate class to prepare the schedule presented in response to question 5. a) in Round 1 interrogatories are presented in the table below.

Class	Annual kWh	Annual kW For Dx	Monthly Fixed Service/Connection Charges Exlcuding Smart Meter Adder	Volumetric Rates Excluding LV Charges and Including Transformer Allowance	Annualized Customers/Connections	Fixed Dist. Revenue Excluding Smart Meter Adder	Variable Dist. Revenue Excluding LV Charges and Including Transformer Allowance	Total Dist. Revenue Excluding LV Charges and Including Transformer Allowance
Residential	410,473,239		8.73	0.0142	542,612	4,737,000	5,816,406	10,553,406
GS < 50 kW	177,148,264		12.27	0.0131	54,978	674,581	2,315,328	2,989,909
GS >50	506,952,245	1,345,750	99.19	3.3446	8,694	862,335	4,500,941	5,363,276
GS >1000 to 4999 kW	218,544,993	468,058	787.13	2.8398	300	236,139	1,329,201	1,565,340
Large Users	159,305,102	301,094	4,382.74	1.8171	24	105,186	547,110	652,296
Street Lighting	9,470,257	24,732	0.27	1.7133	152,598	41,202	42,372	83,574
USL	2,997,302		6.13	0.0131	6,082	37,285	39,175	76,460
Embedded Distributor		103,266		0.5792			59,816	59,816
Total	**1,484,891,402**	**2,242,900**				**6,693,728**	**14,650,348**	**21,344,075**

Question #37

Reference: VECC #8 c)

a) Do the additional land disposals reported for 2009 and 2010 and the revised 2010 building disposal change Cambridge and North Dumfries 2010 rate base? If not, why not? If yes, please provide a revised version of Tables #1, #21 and #24 from Exhibit 2.

Response

a) The data provided in IR 8 (c) is taken directly from the original application. No additional land or building disposals are anticipated.

Question #38

Reference: VECC #10 and Board Staff #5

a) Does the delay in the in-service date for the new CIS impact on the proposed 2010 rate base? If not, why not? If yes, please provide a revised version of Table #1 including this change plus any changes identified in response to VECC #37.

b) The response to Board Staff #5 b) indicates a number of CIS upgrades that "could" be included in 2010. Please identify the specific upgrades that Cambridge and North Dumfries is proposing to undertake for 2010 and their associated cost.

Response

a) See OEB Staff Interrogatory 44.

b) See OEB Staff Interrogatory 44.

Question #39

Reference: VECC #14 and Board Staff #9 b)

Preamble: The response to Board Staff #9 b) states that the objective was to achieve an R square value of 95% and that including the population and spring/fall variable increased to value from 94.16% to 94.31%.

a) Please explain why the focus was on the R Square value as opposed to the Adjusted R Square since the later compensates for the number of variables used?

b) Please confirm that the inclusion of these two variables only increases the Adjusted R Square value from 93.97% to 94.0%.

Response

a) Cambridge and North Dumfries Hydro Inc. used the Regression function in Excel to conduct the regression analysis. According to the documentation on this Excel function it states:*The Regression analysis tool performs linear regression analysis by using the "least squares" method to fit a line through a set of observations.* It is Cambridge and North Dumfries Hydro Inc understanding that that the best indicator of the "best fit" is the R Square value. It is also Cambridge and North Dumfries Hydro Inc understanding that if it was possible to achieve a R Square value of 1.0 the fitted line or prediction model would produce results exactly the same as the actual data the regression analysis was attempting predict. Based on Cambridge and North Dumfries Hydro's limited experience with regression analysis the Adjusted R Square value is always less than the R square value. One would expect that in the case where a R square of 1.0 would be achieved the Adjusted R square would be less than one. As a result, Cambridge and North Dumfries Hydro relied on the R square value as the best indicator of how well the resulting model could be used in the load forecast. The R Square value in the revised load forecast proposed by Cambridge and North Dumfries Hydro Inc. reflecting responses to VECC 14 c and f is 95.68%

b) It is confirmed that the inclusion of these two variables only increases the Adjusted R Square value from 93.97% to 94.0%. However, the Adjusted R Square value in the revised load forecast proposed by Cambridge and North Dumfries Hydro Inc. reflecting responses to VECC 14 c and f is 95.45%

Question #40

Reference: VECC #16 a)

a) Please outline the change in activities/requirements that give rise to the need for 2 additional Customer Care Clerk positions in 2010.

b) Are the Lineman Apprentices hired over 2007-2010 intended to increase overall staff levels or are they part of a succession plan for anticipated retirements?

- If the later, how many of the Lineman currently employed by the Company will be eligible for retirement in the next 3 years?
- If the former, please explain the reason for the additional three Lineman.

Response

a) As noted in Exhibit 4, Page 55, the two positions are 1.5 F.T.E.

The change in activities/requirements that give rise to the need are as follows:

- On-going growth in customer based requires periodic additions.
- The average length of calls has increased from 159 seconds (average January – April 2009) to 275 seconds (average May – November 2009). This increase can be attributed to higher levels of retailer activities and more emphasis in conservation programs and environment concerns in general.
- The introduction of monthly billing will increase telephone call volumes.

b) The lineman apprentice positions are part of the succession plan for the retirement of three employees in the next three years.

Question #41

Reference: VECC #29 b) and VECC #15 h)

a) Please provide updated versions of Exhibit 2, (corrected to **Exhibit 3**) Tables 5, 14, 15, 17 and 18 based on the revised load forecast.

b) Please provide a schedule comparing the weather normalized use per customer for 2008 (per VECC #15 h)) with the new 2010 values per the response to part (a) above – Table 5 by customer class. Please comment on the reasonableness of any variances.

Response

a) The updated versions of Exhibit 3, Tables 17 and 18 based on the revised load forecast are presented below. Tables 5, 14 and 15 did not change because the information presented in the tables is based on non weather corrected usage.

Table 17 - Alingment of Non- Normal to Weather Normal Forecast for 2009

Year	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 to 4999 kW	General Service > 5000 kW	Street Lights	Unmetered Loads	Total
Non - Normalized Weather Billed Forecast (MWh)								
2009	391,712	172,389	489,933	219,980	156,392	9,460	2,211	1,442,076
Adjustment for Weather								
2009	-6,848	-3,014	-4,107	-879	0	0	0	-14,847
Weather Normalized Billed Forecast (MWh)								
2009	384,865	169,375	485,826	219,101	156,392	9,460	2,211	1,427,228

Table 18 - Alingment of Non- Normal to Weather Normal Forecast for 2010

Year	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 to 4999 kW	General Service > 5000 kW	Street Lights	Unmetered Loads	Total
Non - Normalized Weather Billed Forecast (MWh)								
2010	397,324	171,473	499,032	216,905	159,305	9,470	1,856	1,455,365
Adjustment for Weather								
2010	-32,916	-14,206	-19,826	-4,106	0	0	0	-71,053
Weather Normalized Billed Forecast (MWh)								
2010	364,408	157,268	479,206	212,799	159,305	9,470	1,856	1,384,312

b) A schedule comparing the weather normalized use per customer for 2008 (per VECC # 15, (h) with the 2010 values per the response to part (a) above is presented below.

Forecast Annual kWh Usage per Customer/Connection

Year	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 to 4999 kW	General Service > 5000 kW	Street Lights	Unmetered Loads
kWhs - Weather Normalized							
2008	9,197	39,133	704,625	8,993,801	76,765,918	762	4,612
2010	8,059	34,327	661,448	8,511,951	79,652,551	745	3,662
Variance	**-12.37%**	**-12.28%**	**-6.13%**	**-5.36%**	**3.76%**	**-2.27%**	**-20.61%**

The variance reflects a projected economic decline from 2008 to 2010 suggested in the updated Ontario GDP numbers as well as a projection of increased CDM activity consistent with the CDM activity from Jan 2006 to Dec 2008.

Question #42

Reference: VECC #30 b) and VECC #5 a)

a) Please explain why the %'s shown for Distribution Revenue at Existing Rates provided in response to VECC #30 b) don't match those provided in response to VECC #5 a). Note: In some cases the difference is minor but in others (such as embedded distributors) it is material.

Response

a) In VECC #5 a) the percentage of distribution revenue at existing rates was based on revenue at existing rates information which is 2009 rates applied to

2010 billing determinants. These percentages include revenue from embedded distributors of $59,816. For purposes of the cost allocation model the objective was to ensure the cost allocation model had $94,473 of embedded distribution revenue since this was the amount that was determined by the stand alone LV model. In order to allocate the base revenue requirement to the various rate classes, for the updated cost allocation model, the percentage of distribution revenue at existing rates by rate class excluding embedded distributor was determined. These percentages were applied to the proposed base revenue requirement minus embedded distributor revenue (i.e. $23,345,924 minus $94,473 or. 23,251,451). Then the $94,473 of embedded distributor revenue was added back for a total of $23,345,924. The percentage of distribution revenue at existing rates show in VECC #30 b) represent the results of these calculations.

Question #43

Reference: VECC #30 c)

a) The response provided suggests the difference is due to the fact the 2010 Cost Allocation does not include a distribution revenue amount for Embedded Distributor. However, Sheet O1 of the 2010 Cost Allocation does include an amount ($94,473) for Embedded Distributor. Please review and explain.

Response

The 2010 cost allocation does include a distribution revenue amount for embedded distributor. The answer to VECC #30 c) should have said the 2010 Ser Rev Req Alllocated as Per Distribution @ Existing Rates numbers in Table 2, Exhibit 7, Page 3 should be the same as Row #18 of the 2010 Cost Allocation Model filing but it was an oversight.