



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

January 13, 2010

Mr. John De Vellis
Barrister & Solicitor
SHIBLEY RIGHTON LLP
250 University Avenue, Suite 700
Toronto, ON M5H 3E5

Re: Cambridge and North Dumfries Hydro Inc.
Response to School Energy Coalition Supplemental Interrogatories
2010 Electricity Distribution Rates, Board File EB-2009-0260.

Dear Mr. De Vellis:

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 School Energy Coalition 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

IN THE MATTER OF the *Ontario Energy Board Act*,
1998, S. O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF a review of an application
filed by Cambridge and North Dumfries Hydro Inc. for
an order approving just and reasonable rates and
other charges for electricity distribution commencing
May 1, 2010.

**Cambridge and North Dumfries Hydro Inc.
Response
to**

**Supplemental
INTERROGATORIES
OF THE
SCHOOL ENERGY COALITION**

(Numbered consecutively from original list of SEC IRs).

15. With respect to SEC IR#3(b):

- (a) Does the applicant envision these activities being undertaken within the regulated utility?
- (b) Please set out the total costs of these new services that are included in the current rate application.

Response

- a) The supplying of remote water meter readable devices or services would have been in the regulated utility as part of meter reading, billing and collection service. The municipalities are currently cost constrained in water services, both in capital and operating costs and therefore opted not to install remote read water meter devices. Ultimately our business decision was to give notice to the City and Region that we would discontinue the service for meter reading, billing and collection of water and sewer.

The areas of conservation and demand management and Green Energy Act activities continue to evolve with a broader level of activity for the regulated utility. We continue to monitor future services and envision many to be within the regulated

utility. A case in point would be the working groups at the OPA who are looking at changes for the Peaksaver program.

- b) There are no incremental costs in the application associated with new services. As part of our ongoing operation we monitor the changes in a variety of topics to ensure we are suitably aware of new products and services.

16. With respect to SEC IR#5(b), please confirm that there has been a corresponding decrease in the forecast wages as a result of the holiday.

Response

It is confirmed that there is a corresponding decrease in the forecast wages as a result of the holiday.

17. With respect to bad debt expenses (SEC IR#6), please provide the amount by which bad debt expenses are assumed to increase in 2010 as a result of the LEAP program. Please explain also why the LEAP program will result in higher bad debt costs.

Response

The new OEB code amendments announced on October 1, 2009 (related to previous LEAP program) are assumed to negatively impact bad debts. In advance of actual implementation it is difficult to quantify but it is reasonable to estimate that the impact will be less than 2% of the overall total.

Generally the changes will provide greater latitude to a subset of customers that are higher risk. Given the extended timeframes, relaxed collection requirements and security deposit guidelines, a negative impact will occur.

18. With respect to SEC IR#13:

- (a) Is the new CIS system capable of providing water billing services? If so, please advise why the water billing services are being discontinued.
- (b) Please advise also whether the water billing revenue was taken into account in determining the net present value of the new CIS system.
- (c) With respect to part (c) of the response, if the water billing services are continuing until October, why is there no allocation of costs to the City of Cambridge and Region of Waterloo at all for 2010?

Response

- a) Based on a revised plan, the new CIS system will not be capable of providing water billing services.
- b) See (a).
- c) The conversion to the new CIS system is subsequent to October and no allocation of costs would be appropriate.