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January 20, 2010

BY EMAIL & COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2009-0261
Chatham-Kent Hydro Inc. – 2010 Cost of Service Application
Energy Probe Technical Conference Questions

Pursuant to Procedural Order No. 3, issued by the Board on January 15, 2010, please find attached two hard copies of the questions from Energy Probe Research Foundation (Energy Probe) prior to the Technical Conference in the EB-2009-0261 proceeding. For ease of filing responses, Energy Probe has continued to use the Interrogatory numbering system. An electronic version of this communication will be forwarded in PDF format.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

cc: Dave Kenney, Chatham-Kent Hydro Inc. (By email)
James Sidlofsky, Borden Ladner Gervais LLP (By email)
Randy Aiken, Aiken & Associates (By email)
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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 an application by Chatham-
Kent Hydro Inc. for an order approving just and reasonable
rates and other charges for electricity distribution to be
effective May 1, 2010.

**SECOND ROUND
INTERROGATORIES OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

January 20, 2010

**CHATHAM-KENT HYDRO INC.
2010 RATES REBASING CASE
EB-2009-0261**

**ENERGY PROBE RESEARCH FOUNDATION
SECOND ROUND INTERROGATORIES**

Interrogatory # 67

Ref: Energy Probe Interrogatory # 5

The table provided in the response to part (c) shows additions to accumulated depreciation of \$3.911 million through the end of November 2009, or approximately \$0.356 million per month. The original forecast shown in Table 2-10 of Exhibit 2, Tab 2, Schedule 1 shows a forecast for the entire year of \$3.946 million.

- a) Please provide the current estimate (if an actual figure is not available) for the additions to accumulated depreciation at the end of 2009.
- b) What is driving the different in additions to accumulated depreciation at the end of 2009 as compared to the forecast?
- c) Part (d) of the response indicates that 2009 additions will be approximately \$300,000 lower than forecast. Please indicate which asset categories contribute to the reduction from forecast.

Interrogatory # 68

Ref: Energy Probe Interrogatory # 9

- a) The response indicates that for new residential connections, a cost of \$145,785 was incurred for 140 connections, or \$1,041 per connection in 2008. The forecast for 2009 is \$200,755 for 70 connections, or \$2,868 per connection. The forecast for 2010 is \$254,128 for 117 connections, or \$2,172 per connection. Please explain the significant increase in the cost per connection forecast for 2009 and 2010. What is the most recent average cost per connection experienced in 2009?

- b) The response indicates that for new commercial/industrial connections, a cost of \$61,011 was incurred for 30 connections, or \$2,034 per connection in 2008. The forecast for 2009 is \$149,521 for 25 connections, or \$5,981 per connection. The forecast for 2010 is \$205,285 for 29 connections, or \$7,079 per connection. Please explain the significant increase in the cost per connection forecast for 2009 and 2010. What is the most recent average cost per connection experienced in 2009?

Interrogatory # 69

Ref: Energy Probe Interrogatory # 10

- a) The response to part (a) is not complete. Please provide the forecast number of residential rebuilds in 2009 and 2010.
- b) Please complete the following table for residential rebuilds.

	2006	2007	2008	2009	2010
Annual Expenditure	37,029	28,749	14,103	30,780	47,757
Number of Rebuilds	25	14	8		
Average per Rebuild	1,481	2,054	1,763		

Please explain any significant deviation in the average per rebuild in 2009 and 2010 from that in 2006 through 2008.

- c) Please explain the significant increase in the average cost per rebuild for the commercial/industrial customers as shown in the following table.

	2006	2007	2008	2009	2010
Annual Expenditure	213,356	147,665	264,157	175,500	202,394
Number of Rebuilds	60	43	37	8	6
Average per Rebuild	3,556	3,434	7,139	21,938	33,732

Interrogatory # 70

**Ref: Energy Probe Interrogatory # 16 &
Energy Probe Interrogatory # 5 (d) &
Energy Probe Interrogatory # 21**

The response to Energy Probe Interrogatory # 16 indicates that about 50% of the expenditures associated with long term load transfers will not be completed by year end 2009. This represents capital expenditures of approximately \$206,000. The response to Energy Probe Interrogatory # 21 indicates that \$200,000 will not be spent on the land purchase by the end of 2009. Are these amounts included as part of the \$300,000 noted in the response to Energy Probe Interrogatory # 5 (d)?

Interrogatory # 71

Ref: Energy Probe Interrogatory # 22

The response provided indicates that Chatham-Kent Hydro owns the property at 320 Queen Street and that the Green Data Centre building to be built on the property will be owned by Chatham-Kent Utility Services.

Please indicate how Chatham-Kent Hydro has allocated the costs associated with the property at 320 Queen Street between the regulated utility and its affiliate. For example, is Chatham-Kent Hydro receiving rental income for the land? What percentage of the property/land at 320 Queen Street will be utilized by the regulated utility? What is the value of the land included in rate base associated with the property at 320 Queen Street?

Interrogatory # 72

Ref: Energy Probe Interrogatory # 28

- a) Please confirm that some GS < 50 kW customers are non-RPP customers.
- b) Please confirm that more customers have been moved to non-RPP status since 2008.
- c) Please re-calculate the commodity costs shown in the response to part (e) using the actual 2008 figure of 64% of the total kWh.

Interrogatory # 73

Ref: Energy Probe Interrogatory # 30

The response to part (b) of the question indicates that any variable that resulted in an increase in the R2 value was kept. Please explain which R2 variable is being referred to: the R square or the adjusted R square that are both shown in the regression analysis on page 11 of Exhibit 3, Tab 2, Schedule 1.

Interrogatory # 74

Ref: Energy Probe Interrogatory # 33 & VECC Interrogatory # 11 (c)

Please provide a reconciliation of the volume decrease of 98,631,273 kWh shown in Table 3-11 that is supposed to be based on the average of 2002 through 2007 with the figures provided in the table in response to VECC # 11 (c).

Interrogatory # 75

Ref: Energy Probe Interrogatory # 32 & VECC Interrogatory # 11 (a)

The second table requested in part (b) of Energy Probe Interrogatory should have requested the use of cooling degree days rather than heating degree days.

- a) Please update the table provided in response to VECC Interrogatory # 11 (a) to include December 2009 actual information.**
- b) Please update the two tables provided in the response to Energy Probe Interrogatory # 32 part (b), with the second table corrected to reflect cooling degree days, for the 12 month period in 2009.**

Interrogatory # 76

Ref: Energy Probe Interrogatory # 34 (d)

The response indicates that CDM that took place in 2007 and 2008 is not reflected in the historical data or the regression analysis. Please indicate how the historical data was altered to remove the actual CDM impacts in 2007 and 2008.

Interrogatory # 77

Ref: Energy Probe Interrogatory # 35

The response provided is not clear.

- a) Please explain the derivation of the manual adjustment of 101,717,086 provided in the response in relation to the manual adjustment of 102,236,148 shown in Table 3-9.**

- b) Please explain why the billed energy figure shown for 2010 on page 18 of Exhibit 3, Tab 2, Schedule 1 is not 646,007,526 kWh being the 674,625,659 shown in Table 3-9 as the predicted amount after adjustments, divided by 1.0443?

Interrogatory # 78

Ref: Energy Probe Interrogatory # 41

The response indicates that there would be an increase in the revenue deficiency if the Hydro One weather sensitivity allocation was used rather than that proposed by Chatham-Kent Hydro (response to part (d)). However, as shown in the response to part (g), the rate impact impacts shown are nearly all small decreases as compared to increases in the original Table 1-2. Further, the monthly dollar figures in the revised Table 1-2 do not appear to be consistent with those in the original table. Please provide a corrected version of Table 1-2 as the response to part (f) of the original interrogatory.

Interrogatory # 79

Ref: Energy Probe Interrogatory 45 (a)

The response provided is not complete. Please explain why account 4080 does not appear in Table 3-27. Based on the \$105,000 in this account, does Chatham-Kent Hydro agree that the revenues shown in Table 3-27 should be increased by \$105,000 for 2010? If not, why not?

Interrogatory # 80

Ref: Energy Probe Interrogatory # 59

Please confirm that the total CCA for the test year shown in Appendix H of the response of \$3,639,807 does not include the \$56,000 associated with CCA Class 52.

Interrogatory # 81

Ref: SEC Interrogatory # 9 (b)

Please provide the impact on the actual working capital calculations that have changed as a result of moving to monthly billing.

Interrogatory # 82

**Ref: SEC Interrogatory # 13 &
Board Staff Interrogatory # 28**

Please reconcile the \$160,000 referred to in the SEC Interrogatory with the figures provided in response to Board Staff.

Interrogatory # 83

Ref: Board Staff Interrogatory # 23

The EB-2008-0150 Report of the Board dated March 10, 2009 indicated that distributors should include 0.12% of their distribution revenue requirement as an eligible cost for recovery.

- a) Did Chatham-Kent Hydro include this amount in the 2010 revenue requirement and if so, what is the dollar amount?**
- b) What amount of assistance has Chatham-Kent Hydro provided in the past?**

Interrogatory # 84

Ref: Board Staff Interrogatory # 26 (b)

The response indicates that the six new positions will be filled in the second quarter of 2010, but that Chatham-Kent Energy has included full year costs for the labour.

- a) Please provide the full year costs for the labour associated with these six positions in total that are included in the revenue requirement.**
- b) Please provide the actual 2010 forecast of costs associated with these six positions in total based on forecasted filling timelines.**
- c) Please provide separately the estimated labour costs for the two apprenticeship positions that will be hired in 2010, along with the projected timing of these hires.**

Interrogatory # 85

**Ref: Board Staff Interrogatory # 27 &
Exhibit 4, Tab 2, Schedule 5, Table 4-16**

- a) Are the expenses of \$110,000 and \$75,000 shown in the response to Board Staff in addition to the \$50,000 allocated from the affiliate shown in Table 4-16? Please explain.**
- b) Is the \$75,000 cost associated with new financial systems capitalized? If not, why not?**