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January 21, 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-2009-0261
Chatham-Kent Hydro Inc. – 2010 Electricity Distribution Rate Application

Please find enclosed the tech conference questions of the Vulnerable Energy Consumers Coalition (VECC) in the above-noted proceeding.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

Chatham-Kent Hydro
2010 Rate Application
Board File No. EB-2009-0261

VECC'S TECHNICAL CONFERENCE QUESTIONS

QUESTION #1

Reference: VECC #1 a)

a) Please provide the projected 2009 ROE.

QUESTION #2

Reference: VECC #4 b) and Appendix D

a) For each of the vehicles replaced over the period 2004-2009 inclusive, please provide the revenue received upon disposal e.g., from sale/auction, trade-in, etc., and indicate how these revenues have been recognized by the utility.

QUESTION #3

Reference: VECC #5

a) The referenced response states that the expected life of a wooden pole is 30 to 40 years. The evidence states that Chatham-Kent Hydro has 13,420 wooden poles and replaces about 35 annually. Please confirm that over a 40-year period, at this rate of replacement, the utility will replace only 1,400 poles.

b) Please explain how the current rate of replacement of wooden poles is sustainable.

QUESTION #4

Reference: VECC #8

a) Please re-do the response to part (a), reducing the variable revenues where appropriate for the transformer ownership allowance. Please report both resulting fixed/variable split by customer class and each class' share of the total revenue at current rates.

QUESTION #5

Reference: VECC #10

a) Please confirm that the unemployment rates used to estimate the regression model (per Exhibit 3/Tab 2/Schedule 1, Appendix A) were based on Ontario values and not Windsor-Sarnia Regional values.

b) The data reported in response to part (d) is based on the Province's Spring 2009 Budget and not the October 2009 Economic Outlook. Please provide the requested information.

c) Using the results from part (b), please re-estimate the forecast purchases for 2009 and 2010, using:
   - The regression model that Chatham-Kent is proposing
   - The regression model developed in response to VECC #10 h)

   Please also provide a revise version of Appendix A that reflects the updated economic and unemployment values used.

QUESTION #6

Reference: VECC #11

a) With respect to the response to part c), please undertake the following:
   - Pro-rate the January-November 2009 sales for the 17 customers over 12 months to obtain a estimate for 2009 in total
   - Contrast this estimate with the sales in 2007 to determine the change
   - Increase the change for losses
   - Contrast the result with the 90,000,105 kWh in the Application (Exhibit 3/Tab 2/Schedule 1, page 16)

b) With respect to part d), since the additional 5% identified by Navigant was calculated over the period 2002-2007. Why wouldn't it then already be reflected in the regression analysis which generally covered the same period?

c) Please re-estimate the conservation adjustment assuming that for 2010 the impact of smart meters is limited only to those customers actually subject to TOU billing.

QUESTION #7

Reference: VECC #12

a) With respect to part c), please provide the number of connections for Street Lights, Sentinel Lights and USL.

b) Part h) indicates that the adjustment required to match the results of the regression analysis for 2009 and 2010 is considerably greater than past adjustments for weather normalization. Part l) indicates that the adjustment captures economic conditions as well. How can Chatham-Kent be assured there is no double counting in this adjustment when:
   - The projection developed using the regression model already includes a forecast of the economic outlook for 2009 and 2010.
   - Subsequent to this adjustment, manual adjustment is made to reflect the load reduction for 17 large customers.

c) With respect to part o), please clarify whether the 90,000,104 is the estimate of the impact of slow/down and closures on billed energy or purchased energy – as the same value is used in Tables 3-10 and 3-23. Please revise the overall load forecast if and as required.

QUESTION #8

Reference: VECC #15

a) Part h) requested the derivation of the revenue split between classes as set out in Table 7-6. Please provide a schedule that sets out how the %'s were derived from (and are consistent with) the proposed revenue to cost ratios.

QUESTION #9

Reference: VECC#18

a) The response includes a 2.16% increase in Connection costs. However, the Board's July 2009 Guideline (G-2008-0001, Revision 1.0) indicates that Connection charges will decrease by 2.2% effective July 2009. Please reconcile.

QUESTION #10

Reference: Board Staff #13 and #15

a) Exhibit 3/Tab 2/Schedule 1, page 14 states that the forecast for 2009 and 2010 used the average heating and cooling degree days for each month as occurred over the 2002-2008 period. This would suggest that the monthly values for 2009 and 2010 would be the same. However, the 2009 and 2010 values shown for heating degree days and cooling degree days differ for each month. Also, the response to Board Staff #15 suggests a historical average for the period 1998-2008 was used. Please respond more fully to the Board Staff IR #13 and explain these inconsistencies.

b) If the 2009 and 2010 forecasts are not based on the average degree days in each month over the 2002-2008 period, please provide"

- A revised version of Table 3-7 using such values.
- A revised response to VECC #10 i) using such values.

QUESTION #11

Reference: VECC #10 j) and Board Staff #17 b)

a) Based on the weather normal purchase prediction for 2008 provided in response to VECC 10 j) and Chatham Kent's weather normalization methodology, please calculate the weather normal use for each customer class for 2008 and provide the results in terms of both total sales and sales per customer.

QUESTION #12

Reference: VECC #20 a) and Exhibit 8/Tab 1/Schedule 6, Table 8-17

a) Please confirm that the loss factor has been trending down, i.e., that the three highest loss factors are for the years 2002, 2003, and 2004 respectively.

b) Given this trend, please explain why data from the years 2002-2004 inclusive should be used to calculate the total loss factor.