EB-2009-0143

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 Essex Powerlines Corporation 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 18, 2010

ESSEX POWERLINES CORPORATION
2010 RATES REBASING CASE
EB-2009-0143

ENERGY PROBE RESEARCH FOUNDATION
SECOND ROUND INTERROGATORIES

Interrogatory # 49

Ref: Energy Probe Interrogatory # 1

a) **The answer provided in part (e) of the response indicates that Essex spends a specific dollar amount each year with respect to capital projects and that if the cost to do the current projects listed were reduced due to the elimination of the 8% provincial sales tax it would simply add projects to the list to keep capital spending at the amount approved for year. Please confirm that any additional projects that Essex would add to the 2010 capital expenditures would be discretionary in nature. If this cannot be confirmed, please explain why these projects are not included in the current 2010 capital project list.**

Response:

The Asset Investment Plan is based on the dollars available for capital projects. If more dollars become available the AIS plan is rerun and new projects will be included. At this time it is not possible to provide a list of the projects because it will be dependent on the status of projects at the time of rerunning the AIS plan. Suffice to say, we would spend the additional funds.

b) **Please explain why the estimated amount of provincial sales tax is $90,000 for both 2009 and 2010 despite capital expenditures of nearly $4.2 million in 2010 as compared to $3.2 million in 2009.**

Response:

A portion of the capital expenditure for 2010 relates to municipal infrastructure work that is labour and vehicle intensive and will primarily be sub-contracted as Essex does not have the internal resources to complete the construction and meet the customer timelines. The $90,000 estimated provincial sales tax for 2010 capital expenditures reflects our best estimate at this time based on the mix of costs ultimately incurred to perform the 2010 capital work. For example, underground work is increasing from 2009 to 2010 but the material cost does not change significantly but the labour and equipment costs will increase but they do not attract PST.

c) In the response to part (h) Essex indicates that it does not agree that a deferral account related to any potential savings connected to the elimination of the provincial sales tax.

i) Is Essex is favour of the establishment of a variance account to record any variance in the savings resulting from the elimination of the provincial sales tax from the $4,500 in OM&A costs and the $45,000 in capital expenditures if the Board were to use the Essex forecasts in its Decision to reduce the revenue requirement? If not, why not?

ii) Does Essex also believe that no deferral/variance account should be set up if there are additional costs associated with the HST such as restrictions on the claim of input tax credits for certain expense items? If the response to this question is different from that provided in the response to part (h), please explain.

Response to i) and ii):

There will be costs to implement the new tax. They will include programming and additional administrative costs. These costs will offset the potential savings with the net result that will not be material. These are the reasons that we feel a variance account is not necessary for savings or costs. Until Essex understands exactly how the proposed variance account would be set-up and administered, it cannot agree or disagree with Energy Probe. This issue appears to be an industry-wide issue. Should the Board wish to engage stakeholders on this issue, Essex would be happy to provide input.

Interrogatory # 50

Ref: Energy Probe Interrogatory # 3 (b) and Exhibit 1, Tab 2, Schedule 3, page 2 & Attachment 2

The evidence indicates that the positions of General Manager, Information Systems Manager and Finance & Operations Analyst are positions that are provided by Essex Power Corporation, yet they do not appear to report to anyone in Essex Power Corporation.

Is this correct? If not, please describe the reporting relationship of the three positions noted above.

Response:

The positions are provided by Essex Power Corporation employees but they report to the appropriate level within Essex Powerlines. They are not dedicated full time to EPL. In EPL, the General Manager reports to the Board of Directors, the Information Systems Manager and the Finance and Operations Analyst report to the General Manager.

Interrogatory # 51

Ref: Energy Probe Interrogatory # 6 (b)

a) **The response provided does not explain how the proportion recovered from Essex Power Services has been derived. Please provide the specific allocation factors used. If no specific allocation factors have been used, please explain how Essex Powerlines can conclude that $1,700 out of $49,495.32 is an appropriate amount to be recovered from the affiliate?**

Response:

The cost of insurance as outlined in the previous response covers all insurance requirements not just exclusively for work performed for EPSC. The $1,700 was derived as follows:

Estimated Administrative Recovery from EPS and third party work - $65,000
Estimated Total Administrative costs for 2009 - $1,900,000
Insurance cost calculation = $65,000/$1,900,000 = 3.4% X $49,495.32 = $1,700.

b) **What are the expected 2009 revenues for Essex Power Services?**

Response:

The 2009 revenues to be received from providing services to Essex Power Services are shown on Exhibit 3, Tab 3, Schedule 1, Attachment 2, page 1 and are $546,418.

Interrogatory # 52

Ref: Energy Probe Interrogatory # 7 (b) & (c)

a) **The response to part (b) indicates that revenues reduced by $23,000 would be received from EPS and any other third party customers. However, it is not clear what assumptions have been used.**

   i) **Please confirm that the reduction in revenues of $23,000 would be the result if the overhead rates applicable were changed to 14% for material, 46% for labour and 24% for equipment. If this cannot be**

confirmed, please provide the proper figures upon which this estimate is based.

Response:

We confirm that the $23,000 reduction in revenues from EPS and any other third party customers would result from the overhead rates being changed to 14% for material, 46% for labour and 24% for equipment. . However, we do not see the purpose to use burden and overhead rates that were determined for capital work and apply these to third party services. To reduce the revenues for the third party work that is not included in the revenue requirement is not a decision in the best interest of EPL and not relevant to this proceeding since the reduction in revenue would have no impact on revenue requirement, as discussed below.

ii) **The response to Energy Probe Interrogatory # 6 (d) indicates that a change in the overhead percentages would not have any impact on the revenue requirement. Please confirm that the loss of the $23,000 in revenues would have no impact on the revenue requirement. If this cannot be confirmed, please reconcile with the response to Energy Probe Interrogatory # 6 (d).**

Response:

We confirm that the reduction in revenue of $23,000 would have no impact on the revenue requirement for distribution purposes and will have an impact to EPL as a whole.

b) **Is the response to part (c) based on the assumption that the internal capital burdens and overhead rates are adjusted to the third party rates (i.e. 15% for material, 52% for labour and 21% for equipment)? If not, please provide the proper figures upon which these estimates are based.**

Response:

We confirm that the response to part (c) is based on the assumption that the internal capital burdens and overhead rates are adjusted to the third party burden and overhead rates. We do not see the purpose to use burden and overhead rates that were determined for third party work and apply these to capital work. If the Board wants to approve higher capitalization rates than we have submitted, we would suggest that the Board have a consultation to determine and implement consistent rates industry-wide.

Interrogatory # 53

Ref: Energy Probe Interrogatory # 8 (b) &

Energy Probe Interrogatory # 5 & Exhibit 2, Tab 3, Schedule 3, Attachment 1

a) The figure shown for transportation equipment in the response to Energy Probe Interrogatory # 5 shows an asset transfer of $509,368, while the ret/other shown in Attachment 1 of Exhibit 2, Tab 3, Schedule 3 for 2008 is $465,910. The difference is $43,458, which is the reduction in accumulated depreciation. Please confirm that the gross asset transfer of $509,368 for transportation equipment was reduced by the same amount as the reduction in accumulated depreciation for rate base purposes. If this cannot be confirmed, please explain the accounting adjustments made.

Response:
Essex confirms the gross asset transfer value of transportation equipment was $509,368. The difference between the $509,368 and the $465,910 is associated with a fully depreciated vehicle which was sold in 2008 which had an original value of $43,458.

b) Please reconcile the asset transfer of $226,915 for meters shown in the response to Energy Probe Interrogatory # 5 with the ret/other entry of $456,582 shown in Attachment 1 of Exhibit 2, Tab 3, Schedule 3. In this reconciliation, please explain how the reduction in accumulated depreciation of $55.

Response:
The amount of the actual transfer for meters is $226,915. The continuity schedule includes purchases of $285,334 in error (should have been included in the additions column), plus a write off for obsolete stock in the amount of $55,667. There are no changes to the ending balances, the adjustment was between Additions and Ret./Other which net to a zero dollar change.

c) Beyond the differences noted above, please reconcile the total asset transfer $4,054,133 provided in the response to Energy Probe Interrogatory # 5 with the ret/other figure in Attachment 1 of Exhibit 2, Tab 3, Schedule 3 of $3,162,914.

Response:
The original 2008 columns of the Fixed Asset Continuity Schedule showed Additions of $2,912,675 and Ret./Other of $3,162,914 (total of $6,075,589). There were two adjustments made to these columns. The first was for account 1850, Transformer Allowance – the Additions amount was decreased by $617,742 and the Ret./Others were increased by $617,742 for a zero net change. The second adjustment was to account 1860 – Meters, the Additions were increased by $285,334 while the Ret./Others was decreased by $285,334 resulting in another zero net change. The revised Fixed Asset Continuity Schedule now shows Additions of $2,580,267 and Ret./Other of $3,495,322 (total

$6,075,589). A revised copy of the 2008 columns of the Fixed Asset Continuity Schedule is shown below. The following chart explains the differences between the Asset Transfer List and the Revised Fixed Asset Continuity Schedules:

Asset Transfer					
Description	Acct No	Transferred Amount	Per Revised Continuity Schedule	Variance	Explanation
	1330	459,686	-	459,686	included in assets transferred but not continuity schedule
Transformers	1850	617,742	617,742	-	
Meter	1860	226,915	171,248	55,667	write off fully depreciated obsolete meters
Land	1905	191,700	191,700	-	
Building & Fixtures	1908	1,588,454	1,588,454	-	
Office Furniture	1915	118,693	118,693	-	
Computer Hardware	1920	36,176	36,176	-	
Computer Software	1925	67,989	67,989	-	
Transportation Eq	1930	509,368	465,910	43,458	Write off fully depreciated truck
Store Eq	1935	24,040	24,040	-	
Tools, Garage Eq	1940	139,035	139,035	-	
Measurement Eq	1945	13,012	13,012	-	
Communication Eq	1955	61,323	61,323	-	
Total		4,054,133	3,495,322	558,811	

Fixed Asset Continuity Schedule

		2007	2008 Changes			2008
		Balance	Additions	Ret./Other	Amortization	Balance
1805-Land						
	Gross Assets	47,899	0	0	0	47,899
	Accumulated Amortization	0	0	0	0	0
	Net Book Value	47,899	0	0	0	47,899
1806-Land Rights						

	Gross Assets	39,883	10,229	0	0	50,113
	Accumulated Amortization	(1,111)	0	0	(900)	(2,011)
	Net Book Value	38,772	10,229	0	(900)	48,102
1820-Distribution Station Equipment - Normally Primary below 50 kV						
	Gross Assets	19,296	37,676	(0)	0	56,971
	Accumulated Amortization	(11,525)	0	0	(2,190)	(13,715)
	Net Book Value	7,771	37,676	(0)	(2,190)	43,256
1830-Poles, Towers and Fixtures						
	Gross Assets	4,689,147	326,533	0	0	5,015,681
	Accumulated Amortization	(366,693)	0	0	(90,146)	(456,839)
	Net Book Value	4,322,454	326,533	0	(90,146)	4,558,842
1835-Overhead Conductors and Devices						
	Gross Assets	4,451,377	372,372	0	0	4,823,750
	Accumulated Amortization	(1,909,153)	0	0	(299,438)	(2,208,591)
	Net Book Value	2,542,224	372,372	1	(299,438)	2,615,159
1840-Underground Conduit						
	Gross Assets	7,799,994	256,022	(0)	0	8,056,016
	Accumulated Amortization	(982,845)	0	0	(192,257)	(1,175,102)
	Net Book Value	6,817,149	256,022	(0)	(192,257)	6,880,914
1845-Underground Conductors and Devices						
	Gross Assets	8,937,782	367,004	0	0	9,304,787
	Accumulated Amortization	(2,383,261)	0	(0)	(418,236)	(2,801,498)
	Net Book Value	6,554,521	367,004	0	(418,236)	6,503,289
1850-Line Transformers						
	Gross Assets	9,870,571	944,225	617,742	0	11,432,538
	Accumulated Amortization	(2,606,254)	0	0	(381,658)	(2,987,912)
	Net Book Value	7,264,317	944,225	617,742	(381,658)	8,444,626
1855-Services						
	Gross Assets	5,325,977	673,224	(0)	0	5,999,201
	Accumulated Amortization	(1,209,992)	0	0	(241,710)	(1,451,702)
	Net Book	4,115,985	673,224	0	(241,710)	4,547,499

	Value					
1860-Meters						
	Gross Assets	2,368,265	495,655	171,248	0	3,035,168
	Accumulated Amortization	(609,767)	0	55,667	(117,366)	(671,466)
	Net Book Value	1,758,498	495,655	226,915	(117,366)	2,363,702
1905-Land						
	Gross Assets	0	0	191,700	0	191,700
	Accumulated Amortization	0	0	0	0	0
	Net Book Value	0	0	191,700	0	191,700
1908-Buildings and Fixtures						
	Gross Assets	0	16,106	1,588,454	0	1,604,560
	Accumulated Amortization	0	0	0	(78,108)	(78,108)
	Net Book Value	0	16,106	1,588,454	(78,108)	1,526,452
1915-Office Furniture and Equipment						
	Gross Assets	8,808	0	118,693	0	127,501
	Accumulated Amortization	(5,286)	0	0	(27,560)	(32,846)
	Net Book Value	3,522	0	118,693	(27,560)	94,654
1920-Computer Equipment - Hardware						
	Gross Assets	7,328	8,381	36,176	0	51,885
	Accumulated Amortization	(7,518)	0	0	(14,887)	(22,405)
	Net Book Value	(190)	8,381	36,176	(14,887)	29,480
1925-Computer Software						
	Gross Assets	345,411	17,356	67,989	0	430,756
	Accumulated Amortization	(147,862)	0	0	(71,992)	(219,854)
	Net Book Value	197,549	17,356	67,989	(71,992)	210,902
1930-Transportation Equipment						
	Gross Assets	0	23,993	465,910	0	489,902
	Accumulated Amortization	0	0	43,459	(157,610)	(114,151)
	Net Book Value	0	23,993	509,369	(157,610)	375,751
1935-Stores Equipment						
	Gross Assets	0	0	24,040	0	24,040
	Accumulated Amortization	0	0	0	(4,217)	(4,217)
	Net Book Value	0	0	24,040	(4,217)	19,822

1940-Tools, Shop and Garage Equipment						
	Gross Assets	0	20,300	139,035	0	159,335
	Accumulated Amortization	0	0	(0)	(25,191)	(25,191)
	Net Book Value	0	20,300	139,035	(25,191)	134,144
1945-Measurement and Testing Equipment						
	Gross Assets	0	7,391	13,012	0	20,403
	Accumulated Amortization	0	0	(0)	(2,712)	(2,712)
	Net Book Value	0	7,391	13,012	(2,712)	17,691
1955-Communication Equipment						
	Gross Assets	82,120	17,899	61,323	0	161,342
	Accumulated Amortization	(19,148)	0	0	(29,326)	(48,474)
	Net Book Value	62,972	17,899	61,323	(29,326)	112,868
1995-Contributions and Grants - Credit						
	Gross Assets	(6,928,269)	(1,014,098)	0	0	(7,942,366)
	Accumulated Amortization	228,734	0	(0)	148,152	376,886
	Net Book Value	(6,699,535)	(1,014,098)	(0)	148,152	(7,565,480)
TOTAL						
TOTAL	**Gross Assets**	**37,065,589**	**2,580,267**	**3,495,322**	**0**	**43,141,179**
TOTAL	**Accumulated Amortization**	**(10,031,682)**	**0**	**99,125**	**(2,007,353)**	**(11,939,909)**
TOTAL	**Net Book Value**	**27,033,907**	**2,580,267**	**3,594,448**	**(2,007,353)**	**31,201,269**

Interrogatory # 54

Ref: Energy Probe Interrogatory # 11 (m)

The response provided did not answer the question of whether or not it would agree that a variance account should be established based on the $50,000 being included in the revenue requirement or in a specific rate rider in lieu of a deferral account and not including any costs in the revenue requirement or in a rate rider. If the Board

includes the $50,000 in the revenue requirement, does Essex agree that a variance account around this amount is appropriate?

Response:
For the reasons outlined in Essex's response to IR 11 m), Essex does not agree to a deferral account.

Interrogatory # 55

Ref: Energy Probe Interrogatory # 12 (a)

Please explain the relevance of a variance account in relation to the working cash allowance forecast included in a cost of service application.

Response:
Essex sees no relevance of a variance account in relation to its proposed Working Cash Allowance. In our response to EP #12(a), we were simply indicating that in the absence of any more recently approved rates from Hydro One, we did not foresee any changes to our proposed working capital allowance arising from changes to transmission or low voltage rates, and that if such rates were to change subsequently, the effect would be captured in a variance account without any impact to the working capital allowance.

Essex would update its proposed working cash allowance to reflect any relevant changes approved by the OEB, prior to a rate order being issued in this cost of service application. For example, if the RPP price report issued in April 2010 indicates a change in the forecast commodity price, and the record in this proceeding remains open at that time, the latest price forecast would be used to determine the working cash allowance, using the same methodology as described in Essex's rate application.

Interrogatory # 56

Ref: Energy Probe Interrogatory # 16 (b)

The response indicates that the most recent normal volume for Can-Detroit is 6,765,079 kWh. Please provide the figure that was included in the original forecast.
Response:
See response to BS IR# 5b). The recent volume for Can-Detroit covers the period Dec 08 to Nov 09 as requested. The original forecast included volumes from Feb 08 to Dec 08 of 6,547,493 kWh.

Interrogatory # 57

Ref: Energy Probe Interrogatory # 25 (b)

The year-to-date November 30, 2009 costs incurred for the cost of service application total approximately $141,000 out of the $200,000 forecast (excluding intervenor costs). Assuming no oral component to the hearing, but a second round of interrogatories and written argument, what is the current projection for these costs as compared to the $200,000 forecast?

Response:
Based on actual costs incurred as of December 31, 2009 and the expected cost of the 2nd round of interrogatories, a settlement conference, a settlement proposal and a model rerun and filing, we expect our rate rebasing costs to remain at $200,000.

Interrogatory # 58

Ref: Energy Probe Interrogatory # 28 (c)

How has Essex determined the $200,000 associated with only the regulated company portion of the IFRS conversion costs? What is the amount of the costs allocated to the three affiliates?
Response:

The cost was determined by a review of EPL's IFRS requirements. The cost is for EPL only. The three affiliates are very small in terms of revenue and asset base when compared to EPL. The affiliates are also not considered publically accountable entities and as such are not required to convert to IFRS reporting standards. It is only because of their affiliation to Essex and the need for the preparation of consolidated financial statements under IFRS rules that these affiliates are compelled to embark on the onerous IFRS reporting standard with no individual benefit. However, the costs directly attributable to these affiliates as a result of the IFRS requirement, by association to EPL, will be borne by the affiliates. We estimate their cost to be collectively about $10,000.

Interrogatory # 59

Ref: Energy Probe Interrogatory # 29

a) **Please confirm that Essex would agree the LEAP funding should be removed from the revenue requirement if the Board provided another mechanism (if necessary) to fund the program following such direction from the Government.**

   Response:

Essex would agree to the removal of the LEAP funding from the revenue requirement if the Board provided another mechanism to fund the program.

b) **Please reconcile the $18,002.80 cost shown in part (b) of the response with the figure of $25,000 provided in the evidence and in the response to part (a) of Energy Probe Interrogatory # 29.**

Response:
As stated in Exhibit 4, Tab 2, Schedule 4 the total budget (cost) of the LEAP program is $25,000, however, Essex only increased it's costs by the incremental portion of this amount ($18,002.80). The staff labour portion of $6,997.20 is already included in the costs so was not added to the revenue requirement.

Interrogatory # 60

Ref: Energy Probe Interrogatory # 32 (d)

a) **Please provide the total cost included in the 2010 revenue requirement associated with each of the Distribution Engineer and the Special Customer Accounts Manager.**

Response:
The total costs included in the 2010 revenue requirement associated with the Distribution Engineer was $108,750, while the total costs for the Special Customer Accounts Manager was $72,500.

b) **Based on the response to part (d) what would be the impact on the revenue requirement if Essex capitalized a portion of the costs associated with these positions at the rates stated?**

Response:
The impact of Essex capitalizing a portion of the costs associated with the Distribution Engineer and the Special Customer Accounts Manager would be a reduction in the Distribution Revenue Requirement from $11,512,541 to $11,457,058, a $55,483 decrease. Also see VECC Interrogatory response #38.

Interrogatory # 61

Ref: Energy Probe Interrogatory # 40 &
Board Staff Interrogatory # 18 (a)

a) **Please confirm that the Section 2368.05 provided in the response to Board Staff deals with the federal small business deduction eligibility and does not impact on the eligibility for the provincial small business deduction.**

b) **Based on the above, does Essex now believe that the provincial small business tax rate shown in Energy Probe Interrogatory # 40 (b) is applicable to Essex? If not, please provide copies of any information that Essex is relying on to be ineligible in relation to the provincial small business deduction.**

c) **Assuming applicability, please confirm the calculations provided in part (c) of Energy Probe Interrogatory # 40, or provide supporting calculations for a different value.**

Response to a), b), & c):

We confirm that Section 2368.05 applies to federal small business deduction eligibility. However, the Ontario Tax Act (OTA) section 31 with various subsections outlines that the deduction is calculated based on whether a deduction has been made under section 125 of the federal act for the year and since the federal deduction amount is zero, the provincial deduction amount would be zero also.

Interrogatory # 62

Ref: Energy Probe Interrogatory # 41

Is the exclusion of the non CCA items shown in the response to part (a) for such items as transformer inventory transfer, meter inventory transfer and inventory reclassified into meter cap acct based on these assets already being included in the opening CCA for tax purposes? If not, please provide more details on the exclusion of these amounts to the CCA additions in 2008.

Response:

These items are not already included in the opening CCA for tax purposes. The amounts reported as inventory items was to demonstrate and explain the reduction from the assets in the filing to reconcile to the CCA for tax purposes for IR #41. The various inventory amounts are not included in the opening CCA because they do not qualify for CCA. Inventory items for tax purposes are not "available for use" according to the rules as per section 5364.15 of the tax act.

Interrogatory # 63

Ref: Board Staff Interrogatory # 21

a) **The response indicates that the $6 million fixed rate loan from TD Bank that was issued on November 9, 2009 is for a term of 20 years. However, the weighted average cost of debt table shows this loan with a term date of 9-Nov-2019. Please reconcile.**

Response:
The term of the loan is 10 years this loan has an amortization period of 20 years.

b) **Please also confirm that the rate of 6.00% shown for this loan in the second part of the table should be 4.99%, but that the interest cost already reflects this correct rate.**

Response:
We confirm that the rate for this loan in the second part of the table should read 4.99%. However, this oversight does not affect the net interest as the calculation comes from the first part of the table.

Interrogatory # 64

Ref: Board Staff Interrogatory # 22 &
Energy Probe Interrogatory # 44 (d)

a) **Has TD Bank increased the current stamping fee from 0.5% to 1.75%? If not, when is this increase now expected?**

Response:
The stamping fee was increased to 1.25% effective December 1, 2009 but the agreement was for only one year and the stamping fee could increase in Dec. 2010.

b) **The response to the Energy Probe interrogatory indicates that the BA rate is a fluctuating short term rate and that the swap rate for the $3 million loan is 5.3% and for the $3.3 million loan is 4.19%. Please indicate how these numbers were determined and what they were based on.**

Response:
The swap rate is not based on the BA rate. The swap rate is established separately by TD Securities with whom we have the Interest Rate Swap agreement. The rate was established based on long term borrowing rates at the time. The BA rate is swapped out for the longer term rate. TD Securities pays us for the short term BA rate interest and we pay TD Securities interest at the higher long term rate. Thereby the net cost to EPL is the long term interest rates of 5.3% and 4.19%.

c) **If the swap rates were to be updated based on current BA rates, what would the 5.3% and 4.19% figures be?**

Response:
This is not an option and therefore the analysis will not be completed.

Interrogatory # 65

Ref: SEC Interrogatory # 6 (b)

The response provided indicates wage-related increases of 3% for union employees, 2.5% for management employees and non-wage related increases of 2%. For each of these three items, please provide the corresponding dollar increase in 2010 based on these percentage increases.

Response:
The corresponding dollar increases included in 2010 are:

3% wage-related union increase - $70,967
2.5% wage-related management increase - $21,381
2% non-wage related increase - $10,823

Interrogatory # 66

Ref: VECC Interrogatory # 6 (b)

The commercial table provided in the response is fully shown. Please provide the entire table.

Response:

	Residential Expansion			Residential Secondary Services (new, upgrade, relocate, replace)		
Year	lots serviced	Capital Addition $	Capital Contribution $	No.	Capital Addition $	Capital Contribution $
2009 Forecasted	202	$545,400	$ 484,400	185	$143,375	$ 57,350
2009 Year to Date (as of approx. Nov 27	0	$ -	$ -	140	$141,045	Unavailable until year end
2010 Forecasted	150	$545,400	$ 484,400	185	$143,375	$ 57,350

	Commercial Industrial DG Expansion	Commercial Secondary Services	Commercial Meters Only

Year	No. of Developments	Capital addition $	Capital contribution $	No.	Capital addition $	Capital contribution $	No.	Capital addition $	Capital contribution $
2009 Estimated	5	$ 956,090	$ 794,650	25	$ 75,000	$ 65,000	20	$18,000	Included in Expansion
2009 Year to Date (as of approx. Nov 27)	5	$ 243,025	$ 147,300	11	$ 16,383	$ 14,675	7	$ 8,900	Included in Expansion
2010	6	$ 605,000	$ 292,500	25	$ 65,000	$ 55,000	20	$18,000	Included in Expansion

Interrogatory # 67

**Ref: Energy Probe Interrogatory # 12 (e) & (f) and
VECC Interrogatory # 10 (b)**

The response to the Energy Probe interrogatory indicates that based on the last 12 months of historical data, about 34% of total kwhr sales are for non-RPP customers. The response to the VECC interrogatory indicates that based on the same data, about 54% of total kwhr sales are for RPP customers.

a) **Please reconcile these figures, as they do not add to 100%.**

Response:
The correct figures are 54% of the total kwhr sales are for RPP customers while 46% relate to non-RPP customers.

c) **Based on the reconciled percentages for RPP and non-RPP volumes, please correct, if necessary, the response to Energy Probe interrogatory # 12, part (f). Please show the cost of power calculations.**

Response:
Using the percentage splits as listed above, the commodity cost would decrease from $37,639,134 to $37,397,380, causing a reduction in the working capital allowance of $36,263.

Cost of Power Calculations

	Rate	% Split	
RPP Customer	0.06215	54%	0.033561
Non-RPP Customer	0.05820	46%	0.026772
Weighted Average Rate			0.060333

kWhrs per load forecast		619,880,335
Estimated Cost of Power	(kwhrs @ WA rate)	$37,399,240
Cost of Power per RateMaker	(from Tab C2)	$37,639,134
Variance		$ (239,894)
Working Cost Allowance	15%	$ (35,984)

Interrogatory # 68

Ref: VECC Interrogatory # 13 (c)

a) **What is the basis for the assertion that at least one of the towns will not be contracting for billing services from Essex and reducing the margin by the $100,000 noted in the response?**

Response:
The towns have expressed an interest in reducing their billing costs and will be seeking interest from other parties to provide these services. It is our assertion that we will lose $100,000 in billing services if EPL is not successful in retaining this business. This loss of revenue will not affect the revenue requirement since this is considered non- utility revenue.

b) **Please provide any correspondence with any of the towns that relate to this possible change in contracting for services.**

Response:
We do not have any correspondence from the towns but this has been expressed several times to us verbally by all of the town treasurers. We do not have any signed agreements to provide this service to the towns so there is no commitment for them to remain with EPL.