

Feb 17, 2010

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge St.  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**D. D. Rennick**  
**EB-2009-0270**  
**North Bay Hydro Distribution Limited**  
**2010 Electricity Distribution Rate Application**

Please find enclosed the second round interrogatories of D. D. Rennick in the above-noted proceeding.

Yours very truly,

D. D. Rennick

Cc: North Bay Hydro Distribution Limited  
Intervenors of record

**North Bay Hydro Distribution Limited (NBHDL)**  
**EB-2009-0270 - 2010 Rate Application**  
**Interrogatories of Donald D. Rennick (Second Round)**

Original

Question # 1

I would be willing to signing a confidentiality agreement concerning the requested file as well as the other files that have not been included in the filing with the OEB. (ie. 2010 Depreciation\_V8, 2010 Hydro One Dat for Cost Allocation, 2010 Revenue Requirement Model, Rate Design Model2010, Weather Model)

#2

Please confirm that the return on equity rates provided by the OEB are suggested rates and not required rates.

#8

The expense breakdown provides for a labour expense breakout in Acct # 5014, 5016, 5020, 5040 and 5070. Why not use those accounts?

#10

Please provide a breakdown detailing the estimate for training expenses. In addition, there appears to be a number of accounts that include training. Please detail the total training expenses included in the 2010 estimates.

#11

The Electrical Distributors Association fees are budgeted for 2010 at \$38,056.00 which incorporates a 2.3 % inflation factor over the 2009 expense. What benefit is derived from this membership? In addition, please calculate the total increase in costs attributed to adding this estimated inflation factor to 2009 expenses?

#13

Please confirm that this practice results in assets that are unused or disposed of being included in the rate base and therefore included in the return on equity amount charged to NBHDL customers.

#15

Suggest that this item could be eliminated from the application.

#18

Please provide the details of this expense.

#20

Please explain HR services \$56,500 and Wholesale settlement costs \$45,291

#21

Please provide average per employee management compensation excluding the CDM employee's wages and benefits.

#23

Description of this position in the application seems incomplete. Perhaps these duties could be handled by the Financial and Administration department.

#24

Please provide a more direct answer. Has NBDHL conducted any studies or examined maintenance or installation work orders to assess the effectiveness of linemen crews in comparison to private contractors? If so what was the extent and result of those studies?

#25

The answer for #12 does not appear to provide an answer to this question. Please elaborate on your response.

#27

Ignoring the \$1,333,950 note, the 2008 financial statements indicate that a \$1,000,000 dividend was paid out of NBHDL's net income to North Bay Holdings Ltd. North Bay Holdings Ltd then declared a dividend to the City of North Bay. This appears to be at variance with the City of North Bay Bylaw # 2003-84. Please explain. Also, please explain the comment that this does not a *"reflect an income dividend" per se*". In addition, please explain the comment *"the appropriate allocation of proportional equity and debt resources to the Hydro Services Company, in the original stand up of that company."*

#28

Please confirm that the estimated actual interest payments for 2010 will be \$1,184,257 and that the application provides for an interest recovery of \$1,821,364.

#31

Please explain the statement *"This annualizing assumes a 30 day period."* In addition, if the monthly proposed rate, as shown on "Tariff of Rates and Charges" on page 669 of the application, is adopted, customers would expect to pay  $12 * \$14.84$  for the year for a total Local Fixed Delivery Charge of \$178.08. Using NBDHL's current system they will pay  $\$14.84/30 * 365$  (366) or \$180.55 (\$181.04) for the year. Please explain.

#35

Please provide a copy of the information that indicates that NBHL salaries are below or between the minimum and midpoint of similar positions outside the sector.

#36

Please give additional details as to the continual and additional costs required by the Smart Meter installation that inclusion of the \$318,140 meter reading cost implies. In addition, on page 179 of the application it indicates that the costs for Smart Meters have not been included in the application. This inclusion of this expense inclusion for 2010 and beyond would seem to indicate that indirectly these costs are being included. Please explain.

#37

The OEB imposes a healthy assessment on NBHDL customers each year. In return for these assessments, in particular a \$35,000 fee for this application, what assistance has been requested from OEB to complete this application and comply with the many regulations imposed by the OEB?

#### Additional Interrogatories

1. The application appears to include requests for one-time expenses which have not been adjusted/spread over future years:

Page 437 - Acct # 5415 - Energy conservation \$195,000 - includes the cost of two real time operating pilot programs amounting to \$110,000.

Page 436 - Acct # 5114 - Maintenance of Distribution Equipment – includes the cost of two studies amounting to \$95,000 and in addition 2008 estimates include the cost of a study amounting to \$70,000 that does not appear to have been removed from the 2010 account total.

Page 439 - Acct # 5630 - Outside Services Employed – includes \$20,000 in information costs and \$20,000 in legal fees.

Please confirm and adjust or explain the above.

2. Page 450 - 5610 – Management Salaries and Expenses – the application includes a decrease in anticipated relocation costs of \$10,000. This leaves an amount of \$15,000 in estimated relocation costs remaining from a 2008 expenditure. Please explain.
3. In a number of places the application indicates that a major cost driver for 2009 and 2010 is NBHDL's implementation of an asset management system. Please indicate NBHDL's estimate of the costs of implementing and maintaining this system. Given that NBHDL's customer base has been virtually static for the past ten years, please explain, with reference to the ultimate benefits that will be realized by the customers of NBHDL, the plan's advantage over and above a less costly approach.

