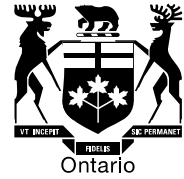


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BY E-MAIL

February 22, 2010

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: West Coast Huron Energy Inc.
2010 IRM3 Distribution Rate Application
Board Staff Interrogatories
Board File No. EB-2009-0254**

In accordance with the Notice of Application and Written Hearing, please find attached Board Staff Interrogatories in the above proceeding. Please forward the following to West Coast Huron Energy Inc. and to all other registered parties to this proceeding.

In addition please advise West Coast Huron Energy Inc. that responses to interrogatories are due by March 8, 2010

Yours truly,

Original Signed By

Martin Benum
Advisor – Applications & Regulatory Audit

Encl.

Board Staff Interrogatories

2010 IRM3 Electricity Distribution Rates West Coast Huron Energy Inc. ("West Coast Huron") EB-2009-0254

1. Ref: 2010 IRM Deferral Variance Account 1588 -Power

The 2008 ending balances reported in the 2010 IRM Deferral Variance Account workform prepared by West Coast Huron shows the split for account 1588 – Power and Global Adjustment. On October 15, 2009 the Board issued "Regulatory Audit and Accounting Bulletin 200901" which clarified the accounting rules for reporting the 1558 – Global Adjustment sub-account.

Account Description		I = C + D+ E + F + G + H
RSVA - Power (Excluding Global Adjustment)	1588	(145,659)
RSVA - Power (Global Adjustment Sub-account)		51,162

- a) Has West Coast Huron reviewed the Regulatory Audit & Accounting Bulletin 200901 dated October 15, 2009, and ensured that it has accounted for its account 1588 and sub-account global adjustment in accordance with this Bulletin?
- b) Has West Coast Huron made adjustments subsequent to filing the 2010 IRM3 application and need to re-file an updated 2010 IRM Deferral Variance Account workform?

2. Ref: 2010 IRM Deferral Variance Account 1588 – Global Adjustment

The EDDVAR Report as well as the Board's Decision in EB-2009-0113 adopted an allocation of the sub-account global adjustment balance based on kWh for non RPP customers by rate class. Traditionally this allocation would then be combined with all other allocated variance account balances by rate class. The combined balance by rate class would then be divided by the volumetric billing determinants (kWh or kW) from the most recent audited year end or Board approved forecast, if available. This process hence spreads the recovery or refund of allocated account balances to all customers in the affected rate class.

This method was factored on two premises;

- a) that the recovery/refund of a variance unique to a subset of customers within a rate class would not be unfair to the rate class as a whole; and
- b) that the distributors' billing systems would not be able to bill a subset of customers within a rate class, without placing a significant burden to the distributor.

However there could be material unfairness to RPP customers within the affected rate classes. Therefore Board staff suggests that a separate rate rider be established to clear the GA sub-account balance to Non-RPP customers within rate classes. What remains unclear to Board staff is whether a distributors billing system could accommodate that change within a reasonable timeframe.

Board staff would like to poll West Coast Huron on the above issue.

- a) Board staff is proposing that a separate disposition rate rider be applied prospectively to Non-RPP customers for 1588 – Global Adjustment. Does West Coast Huron agree that this proposal would be fair to all customers? Why or why not?
- b) If the Board were to order West Coast Huron to provide such a rate rider, would West Coast Huron’s billing system be capable of billing non-RPP the separate rate rider? What complications, if any, would West Coast Huron see with this rate rider?
- c) If West Coast Huron were to be unable to bill in this fashion what would West Coast Huron consider proposing in the alternative?

3. Ref: 2010 IRM Deferral Variance Billing Determinants

Below are the billing determinants identified on Sheet “B1.3 Rate Class And Bill Det” of the workform.

Rate Group	Rate Class	Billed Customers		
		or Connections	Billed kWh	Billed kW
		A	B	C
RES	Residential	3,315	26,495,809	
GSLT50	General Service Less Than 50 kW	502	14,988,751	
GSGT50	General Service 50 to 499 kW	51	22,189,247	73,371
GSGT50	General Service 500 to 4,999 kW	3	16,160,038	31,528
LU	Large Use	1	68,502,529	155,179
USL	Unmetered Scattered Load	6	145,074	
SL	Street Lighting	1,286	1,063,335	2,843
Sen	Sentinel Lighting	13	23,292	0

- a) Please identify if these values are from the West Coast Huron 2009 Cost of Service Application or 2008 RRR reported values.
- b) If the above are from the 2009 CoS application please provide reference to location in the application.

- c) If the above are from the 2008 RRR reported values, please explain why West Coast Huron has not used the 2009 CoS values.

4. Ref: 2010 IRM Deferral Variance Billing Determinants

Below are the Billed kWh for Non-RPP customers identified on Sheet “B1.3 Rate Class And Bill Det” of the workbook.

Rate Group	Rate Class	Billed kWh for Non-RPP customers D
RES	Residential	5,015,233
GSLT50	General Service Less Than 50 kW	2,765,772
GSGT50	General Service 50 to 499 kW	22,189,247
GSGT50	General Service 500 to 4,999 kW	16,160,038
LU	Large Use	0
USL	Unmetered Scattered Load	56,784
SL	Street Lighting	1,107,299
Sen	Sentinel Lighting	

- a) Please identify if these values estimated values or actual values and specify the applicable period.
- b) If the above values are estimated please explain why West Coast Huron is unable to determine actual.
- c) As discussed in one of the questions above Board staff have proposed a non-RPP customer rate rider for disposition of the 1588 – Global adjustment. If accepted would West Coast Huron support using the numbers above as the most reasonable denominator to be used for rate determination.
- d) If West Coast Huron were to establish a separate rate rider to dispose of the balance of the 1588 – Global adjustment sub-account, does West Coast Huron believe that the rider be applied to customers in the MUSH sector? If not, would West Coast Huron have the billing capability to exclude customers in the MUSH sector if a separate rate rider were to apply for the disposition of the 1588 – Global adjustment sub-account?

5. Ref: 2010 IRM Deferral Variance Total Claim

Below are the Total Claim values for the EDDVAR Group One Deferral Accounts.

Regulatory Assets - Continuity Schedule Final

Account Description	Account Number	Total Claim
		I = C + D+ E + F + G + H
LV Variance Account	1550	0
RSVA - Wholesale Market Service Charge	1580	(57,294)
RSVA - Retail Transmission Network Charge	1584	(60,248)
RSVA - Retail Transmission Connection Charge	1586	(26,309)
RSVA - Power (Excluding Global Adjustment)	1588	(145,659)
RSVA - Power (Global Adjustment Sub-account)		51,162
Recovery of Regulatory Asset Balances	1590	40,113
Disposition and recovery of Regulatory Balances Account	1595	0
	Total	(198,235)

- a) Please complete the amended Deferral Variance Account Workform V4 as found on the Board's website under the 2010 Electricity Distribution Rates update December 7, 2009. Note that Board staff can assist in converting your most recent model (either the one filed with your application or a more recent version if available). Please contact your case manager to assist you if need be.
- b) Please confirm if these are the final balances for disposition. If not the final balances please provide amended workform to support final balances for disposition.
- c) Please reconcile final balance for disposition to the 2008 year end account balance reported in the RRR filing. Please identify the source and reasons for variances.
- d) Please confirm that West Coast Huron has complied with and applied correctly the Boards accounting policy and procedures for calculation of the final disposition balance. If West Coast Huron has used other practices in the calculation please explain where in the filing and why.
- e) Please confirm that West Coast Huron has used the simple interest calculation as required by the Board using the Boards prescribed interest rates. If West Coast Huron has used other calculations please explain where in the filing and why.

- f) Please confirm that West Coast Huron has complied with the requirement to apply recoveries to principal first as outlined in the 2006 Regulatory Assets Transactions document issued September 4, 2009 (included in the Updated IRM Deferral and Variance Account Work Form zip file). If West Coast Huron has not complied with this requirement please explain why not?

6. Ref: Supplemental Module - Revenue Offsets Allocation

The following table was extracted from page 24 of the West Coast Huron Board’s Decision and Order (EB-2008-0248) dated July 17, 2009.

1	2	3	4	5
Customer Class	Informational Filing Run 2	Revised 2006 Study *	Proposed Revenue to Cost Ratios**	Board Policy Range
Residential	82.39	89.44	92.70	85 – 115
GS < 50 kW	81.66	88.20	92.33	80 – 120
GS 50 - 499 kW	169.08	175.11	136.76	80 – 180
GS 500 -4999 kW	371.28	318.54	179.56	80 – 180
Large Use	108.03	63.35	105.73	85 – 115
Street Lights	27.82	31.94	72.10	70 – 120
Sentinel Lights	81.15	93.68	92.07	70 – 120
USL	63.57	64.67	83.14	80 – 120

Page 26 of the Decision noted the following under Board findings:

For the Large Use class, the starting point for re-balancing is changed very significantly from the initial application. The Board agrees with VECC’s thoughtful submission with respect to this class, and finds that the revenue to cost ratio should be increased to 75% in 2009, and in two equal increments in the following two years to reach 85% which is the lower boundary of the Board’s range. The Board also accepts VECC’s recommendation that the increased revenue that this change yields shall be used initially to lower the proposed rates for the General Service 500 – 4999 kW class. The ratio for this class is to be lowered, consistent with the increased ratios of other classes, to the point where it would be equal to the ratio of the General Service 50 – 499 kW class. If the re-balancing permits even further relative rate reductions, the ratios of the General Service 500 – 4999 kW class and the General Service 50 – 499 kW class should then be lowered together.

Sheet “C1.1 Decision Cost Revenue Adj” of the applicants submitted Supplemental Filing Module contained the following data:

Rate Class	Group	Pre -Rebased	Rebased	Transition
		Year 2008	Year 2009	Year 2 2010
Residential	No Change	0.00%	48.37%	48.37%
General Service Less Than 50 kW	No Change	0.00%	17.75%	17.75%
General Service 50 to 499 kW	No Change	0.00%	15.77%	15.77%
General Service 500 to 4,999 kW	No Change	0.00%	6.53%	6.53%
Large Use	No Change	0.00%	8.34%	8.34%
Unmetered Scattered Load	No Change	0.00%	0.07%	0.07%
Sentinel Lighting	No Change	0.00%	2.78%	2.78%
Street Lighting	No Change	0.00%	0.38%	0.38%

Board staff is concerned that the applicant may not have understood the revenue cost ratio allocation requirements to complete the revenue cost ratio adjustment.

- a) Did the applicant comply with the Boards instructions and move the Large Use to the final required 85% level in 2009? If so please provide supporting detail.
- b) If the applicant has not adjusted the Large Use to 85% as discussed in a) above, please provide an explanation as to why the applicant has not complied with the Board’s instructions to increase the revenue cost ratio’s for large users.
- c) Board staff would have expected that the applicant would have entered the values as shown under column 3 of the decision table to have been entered under the “Pre-Rebased Year 2008” column on sheet C1.1. Further Board staff would have expected that the applicant show the allocation of revenue cost ratios achieved under the “Rebased Year 2009”. Please correct the entries to Sheet C1.1 and complete the model.

HST Interrogatory

7. Harmonized Sales Tax

It is possible that the PST and GST may be harmonized effective July 1, 2010.

In the event that PST and GST are harmonized effective July 1, 2010:

- a. Would the Applicant agree to the establishment of a variance account to capture the reductions in OM&A and capital expenditures?
- b. Are there other alternatives that the Board might consider to reflect the reductions in OM&A and capital expenditures if this bill is enacted?