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BY EMAIL

February 23, 2010

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Board Staff Supplemental Interrogatories for Hydro Hawkesbury Inc.
EB-2009-0186**

Further to the Board's Procedural Order No. 2, dated February 19, 2010, please find attached the Board staff Supplemental Interrogatories on the cost of service rates application filed by Hydro Hawkesbury Inc. on November 5, 2009.

Please forward the attached to Hydro Hawkesbury Inc. and all intervenors in this proceeding.

Yours truly,

Original Signed By

Christie Clark P. Eng.
Case Manager

Enclosure

**Board Staff Interrogatories
2010 Electricity Distribution Rates
Hydro Hawkesbury Inc.
EB-2009-0186**

The Board has determined to proceed by way of written hearing at this point in time and in Procedural Order No. 2 dated February 19, 2010 has ordered supplemental written interrogatories and responses in the cost of service application of Hydro Hawkesbury Inc. ("Hawkesbury") for information that is in addition to the existing filed interrogatories. The following are Board Staff's supplemental interrogatories.

1. Depreciation

Reference: Board staff Interrogatory 1

In Board staff Interrogatory 1, Hawkesbury made corrections to its depreciation rates. Board staff now would like to see the impact of these corrections.

- a. Please use the corrected rates to correct and refile the Capital Asset Continuity Statements; Exhibit 2 Tab 3 Schedule 3.
- b. Please use these corrected rates to correct and file the Depreciation Expense table; Exhibit 4 Tab 7 Schedule 1 Attachment 1.

2. Rate Base

**Reference: Board staff Interrogatory 5
Board staff Interrogatory 11
Board staff Interrogatory 12**

Hawkesbury modified its forecast cost of power in response to Board staff Interrogatory 5. Hawkesbury updated its regulatory expenses in response to Board staff Interrogatory 11, and removed expenses for International Financial Reporting Standards in response to Board staff Interrogatory 12. Board staff would now like to see the impact of these changes and the impact arising from Interrogatory 1 above. Please recalculate the Projected 2010 rate base found on Exhibit 2 Tab 1 Schedule 1 using the results of these interrogatories.

3. Load Forecast

Reference: Board staff Interrogatory 9

It appears that the response to Board staff 9 a. was missed. Please state whether the filed Elenchus Research Associates report found at Exhibit 3 Tab 1 Schedule 1 is a draft or a final report.

4. Account 1525 and Account 1590

**Reference: Board staff Interrogatory 21
Board staff Interrogatory 23
RP-2005-0020/EB-2005-0379 2006 EDR Regulatory Asset
Recovery Worksheet**

In the referenced interrogatories, Board staff was interested in the details of the December 31, 2008, and December 31, 2004 balances for Account 1525 – Miscellaneous Deferred Debits and their relationships to the Balance in Account 1590 – Recovery of Regulatory Asset Balances. Board staff now requires supplemental clarifications concerning the entries.

In response to Interrogatory 21 a, Hawkesbury is showing an expense for “Secondary Env. Charge from Hydro One year 2005 – 2006” of \$237,727.

- a. Please explain the purpose of, and the billing determinant used to charge Hawkesbury for the “Secondary Env. Charge from Hydro One year 2005 – 2006”.
- b. Please also provide the Direction issued by the Board to record this “Secondary Env. Charge from Hydro One year 2005 – 2006” in account 1525 and the basis for disposition.
- c. Please explain the means with reasons for Hawkesbury’s proposal for allocation and recovery of this charge.

In Interrogatory 21 c. Hawkesbury states that the December 31, 2004 balance of account 1525 was \$273,603. However, the amount in account 1525 as at December 31, 2004 as per the final RP-2005-0020/EB-2005-0379 Regulatory Asset Recovery Worksheet in 2006 EDR was \$26,664.

- a. Please explain why \$26,664 was stated to be the balance as at December 31, 2004 in account 1525 in 2006 EDR, whereas in this proceeding (Interrogatory 21 c) Hawkesbury has stated that the balance in account 1525 as at December 31, 2004 was \$273,603.
- b. Does the December 31, 2004 balance of \$273,603 in account 1525, as stated in the response to Interrogatory #21 c include the "Secondary Env. Charge from Hydro One year 2005-2006" costs of \$237,727? If not, please explain the difference.
- c. Please provide any direction or guideline from the Board to retroactively change the December 31, 2004 balance in account 1525 that was cleared in the 2006 EDR.
- d. Please provide an explanation as to why the response to Interrogatory #21c) iii) states that \$52,401 was moved to account 1590, where the response to Interrogatory #23 and Interrogatory #21b) states that \$32,489 was dispositioned.

5. Account 1588

**Reference: Board staff Interrogatory 25, 26
Exhibit 9 Tab 1 Schedule 2**

In Board staff Interrogatory 26, Board staff requested Hawkesbury to separately state the Account 1588 – RSVA Power and Account 1588 RSVA Power– Sub-Account Global Adjustment (“GA”) balances. In Board staff Interrogatory 25, Hawkesbury recalculated the rate riders using the balance for Account 1588 – RSVA Power excluding the Global Adjustment.

It appears as though the debit balance of GA sub-account of \$252,665 as shown in response to Interrogatories #26a) and #26c) may have been incorrectly reflected in account balance for 1588 excluding the GA. In other words, the balance in account 1588 GA may have been added, instead of subtracted, to the balance in account 1588 total, to generate the balance in account 1588 excluding the GA. Board staff has produced the following table:

Account	Balance	Source
1588 Total	(\$396,988)	Exhibit 9 Tab 1 Schedule 2
1588 Global Adjustment	\$252,665	Response to #26 c)
1588 Excluding the GA	(\$144,324)	Responses to #25 and #26 d)

- a. Please review the balances for each of Account 1588 Total, Account 1588 GA, and Account 1588 Excluding the GA, and provide corrected information in Interrogatory #25 and #26.
- b. If there is no correction required, please explain the calculation that determines the 1588 balance excluding the GA.

6. Smart Meter Rate Adder

**Reference: Board staff Interrogatory 27
Exhibit 9 Tab 3 Schedule 1**

Board staff requested changes to the calculation of the rate adder in Board staff Interrogatory 27. In the response, Hawkesbury provided a new calculation. Some of the requested changes were not made. In addition the capital investment has changed.

- a. Please use the blended capital tax of 0.015% in the calculation of the rate adder, or explain the use of 0.225% as found on page 1 of the calculation.
- b. Tools and Equipment depreciation on page 2 appears to have a rate of 5%. Please use the approved rate of 10% or explain using 5.
- c. On page 3 of the calculation, the capital investment is shown to be \$864,347. On Exhibit 9 Tab 3 Schedule 1 page 2 it is shown to be \$862,183. Please explain the difference.
- a. Please resubmit the rate adder calculation with all the corrections.