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March 15, 2010

VIA E-MAIL/RESS

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor; 2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Walli

Re: EB-2009-0271

Please find enclosed interrogatories from VECC.

Yours truly,

Original signed

Michael Buonaguro
Counsel for VECC
Encl.

Oakville 2010 Rate Application

Board File Number EB-2009-0271

Second Round IRs of the Vulnerable Energy Consumers' Coalition ("VECC")

Question #34

Reference: Exhibit 3/Tab 2/Schedule 1, page 12
VECC #13 f)

a) Please provide a schedule that sets out the Actual Purchases, the Predicted Purchases and the Predicted Purchases (based on Weather Normal) for the years 2002-2008.

Question #35

Reference: VECC #14 f)

a) Please confirm that the column titled "Total Forecast Sales" represents the weather normalized total billed energy for each year – per the original question. If not, please explain what the column represents and re-do the response per the original request.

b) Why is the 2010 value (1,497 GWh) in the column "Total Forecast Sales" different from that in the next column (1,495 GWh)? Presumably both values are based on Oakville's proposed forecast model and "normal weather".

Question #36

Reference: VECC #15 e)

a) The response states the economic recession will continue in 2010. However, the referenced Appendix in Board Staff #10 indicates the economy will grow in 2010. Please reconcile and revise the response to VECC #15 e) as required.

Question #37

Reference: VECC #15 i) and j)

a) With respect to VECC #15 i), please update the Table 11 to reflect Oakville's new load forecast for 2010 per VECC #13 f).

b) Please confirm whether the normalized average use values provided in response to VECC #15 j) are billed or wholesale purchased values.

Question #38

Reference: VECC #16 b)

a) Please explain why the actual value for 2008 (1,597 GWh) is less than the value reported in the original Application (1,634 GWh per Exhibit 3/Tab 2/Schedule 1, page 20).

b) Please provide a schedule that sets out the revised purchased kWh values for 2008 and 2009 (up to May 2009) as used in preparing the response to 26 b).

c) The question requested that the 2008 values be adjusted (increased) to reflect the historical use of customers B, C and D and, as result, the "actual reported value" as used in the estimation of the regression equation should be higher. Please reconcile.

d) Based on the response to part (c), please re-do VECC #16 b) if required.

Question #39

Reference: VECC #16 c)

a) Please confirm that the geometric mean calculation effectively only considers the average use values for 2002 and 2008. If not, explain how the calculation works. If yes, please reconcile this fact with response to VECC #16 c) which states that the value will not capture 2008 load losses.

Question #40

Reference: Exhibit 3/Tab 2/Schedule 1, Tables 2-4

a) Please provide the actual wholesale purchases for 2009.

b) Please provide the actual billed energy and customer count by customer class for 2009 and provide the actual average use per customer in 2009.

c) Based on Oakville Hydro's proposed load forecast equation and actual weather (HDD and CDD) for 2009 will the weather normalized load for 2009 be higher or lower than actual?

Question #41

Reference: Board Staff #11 and #12
Exhibit 3/Tab 2/Schedule 1, page 42

a) Please provide updates regarding the status of potential replacement customers for Customers B and C and outlook for Customer E.

Question #42

Reference: VECC #18 b) and VECC #21 b)
Exhibit 7/Tab 1/Schedule 2, Table 5

a) The original VECC #18 b) question requested a schedule showing the amount of received by each customer class. The original intent was to obtain the estimated amount of transformer discount that each eligible customer class would receive. Please confirm that for the 2007 EDR the transformer discounts were as follows:
   - GS >50 – 999 kW: $125,780.25
   - GS 1,000-4,999 kW $294,012.60

   If not, please provide the correct values.

b) Please revise Table 3 to reflect the revenue to cost ratios that result when the revenues by customer class are adjusted using the revenue adjustments from part (a) as opposed to those used in the initial response.

Question #43

Reference: VECC#19 a) and #20

a) Please provide an updated response to VECC #19 a) based on the February 2010 Application.

b) Please provide an updated response to VECC #20 based on the February 2010 Application.

Question #44

Reference: Exhibit 8/Tab 1/Schedule 2, pages 8 & 9 (February 2010 Update)

a) Please explain why the proposed 2010 monthly service charges are different as between those shown on page 8 and those shown on page 9. Please indicate which values Oakville is proposing for 2010.

Question #45

Reference: Exhibit 8/Tab 1/Schedule 5, Table 16

a) Please update Table #16 to provide actual values for all of 2009.

Question #46

Reference: VECC #23, OEB #35 and Exhibit 8/Tab 2/Schedule 1

a) Please confirm whether the rates used to determine the “lost revenue” include the LV adder.

b) Please confirm whether customers A, B, C or D were eligible for the transformer ownership allowance discount. If yes, please confirm whether the rates used to determine the lost revenue were reduced by the transformer discount.

c) Based on the responses to (a) and (b), please recalculate the lost revenue for each customer by year and summarize in a format similar to that in OEB #35, Table #3..

Question #47

Reference: VECC #23 d) and e)

a) Please provide the Board approved billing determinants per Oakville’s 2006 rate approval.

b) Please provide the revenues by customer class based on the distribution rates (net of the smart meter rate adder, LV rate adder and transformer discount where applicable) in effect for 2008 and the approved 2006 billing determinants.

c) Please provide a schedule contrasting the results from part (b) with the actual 2008 base distribution revenues by customer class.

d) Please provide the revenues by customer class based on the distribution rates (net of the smart meter rate adder, LV rate adder and transformer discount where applicable) in effect for 2009 and the approved 2006 billing determinants.

e) Please provide a schedule contrasting the results from part (b) with the forecast 2009 base distribution revenues by customer class.

f) Please provide a schedule that sets out by customer class the forecast 2010 revenues based on forecast loads through to April 2010 and the approved 2009 base distribution rates (net of the smart meter rate adder, LV rate adder and transformer discount were applicable).

Question #48

Reference: VECC IR#31
Exhibit 10/Tab 1/Schedule 1, Page 3 of 4

Preamble: In accordance with the Report and the Guidelines for Electricity Distributor Conservation and Demand Management on March 28, 2008 (EB-2008-0037), Oakville Hydro's LRAM request includes OPA funded programs, while the SSM requests include programs funded through distribution rates. Oakville Hydro has calculated energy savings by customer class and valued those savings by the OEB-approved distribution charge appropriate to each class, as required by the Board.

a) For each year of the LRAM Claim provide the breakdown between LRAM for Third Tranche and OPA Programs in terms of

i. Gross and net kWh savings
ii. LRAM amount with /without Carrying costs
iii. SSM amount with /without Carrying costs

Question #49

Reference: Exhibit 10, Appendix C Page 14 of 34, updated February 18, 2010, and Table 5 Board Staff IR # 43a) Table 1

Preamble: For OHEDI programs, the principal changes were the updated participant rates (provided by the OPA) for the 2006 and 2007 EKC programs and the increase in the free rider rate for some programs. The increase in free rider rate required a recalculation of the energy savings for the Cold Water Wash and the Porchlight components of the Customer Education program.

a) Please confirm whether the 2006 and 2007 EKC programs were OPA –funded or third tranche/ rate funded.

b) If the programs referred to in part a) were Third Tranche funded, please explain why Oakville is different than other utilities in using third tranche funds rather than being reimbursed by OPA.

c) Please confirm whether the programs referred to in a) and b) above are or are not eligible for an SSM.

d) Please confirm whether the Customer Education measures Cold Water Wash and Porchlight were or were not Third tranche/rate funded rather than OPA-funded.

e) Please confirm whether the components referred to in part d) are or are not eligible for an SSM.

f) Please provide details of the changes alluded to in the reference, in terms of gross and net kWh by year for each measure and program from the as filed to the revised/updated values

g) In BSIR #43a Table 1 please confirm that the References to OPA are to OPA EKC assumptions at the time of program delivery, as confirmed by OPA, not the OPA Mass Market Measures and Assumptions List adopted by the OEB in January 2009.

Question #50

Reference: Exhibit 10, Appendix C, Page 18 of 34, updated: February 18, 2010, Appendix A Table 8

a) If, as presented in Table 8, the 2006 Customer Education Programs and measures were funded out of third tranche funds rather than OPA funds, then please explain why the Boards Guidelines should not apply to the Third Party Review by Indeco and the calculation of the 2006 kwh savings should not be based on the **latest** OEB-sanctioned input assumptions which are the OPA Mass Market Measures and Assumptions values, adopted by the Board in January 2009, rather than the OPA values provided in the Calculators for the 2006 EKC campaigns and OPA results for the following measures

Energy Star® CFL
SLEDs
Electric Timers
PStats
Energy Star® Ceiling Fans
Dimmers
Indoor motion sensors
PStat – baseboard

b) Does Oakville Hydro accept that, as shown on page 11 (page2 of Table 8), for the OPA 2007 EKC campaigns the input assumptions were changed by OPA to reflect higher free ridership and lower kWh savings from several mass market measures, including 13/15w CFLs? Please provide a comparison of 2006 and 2007 gross and net unit savings for the measures listed in part a)

c) Please calculate the 2006 Customer Education Program kWh savings on Page10 using the same input values as the 2007 Customer Education Program, or alternatively the OPA Mass Market Measures and Assumptions List values adopted by the OEB for

Energy Star® CFL
SLEDs
Electric Timers
PStats
Energy Star® Ceiling Fans

Dimmers
Indoor motion sensors
PStat – baseboard

Also, please provide a comparison to the original Page 10 Table 8 values

d) Please carry through the impact of the revised 2006 Customer education program kWh savings into the LRAM calculations including adjusting the carrying costs.

e) Please carry through the impact of the revised 2006 Customer education program kWh savings into the SSM calculations including adjusting the carrying costs.

f) Please confirm that the savings associated with the Interval Meter Pilot program have been removed from both the LRAM and SSM calculations.

g) Please provide a Revised Copy of Table 13 Page 22 and a comparison showing the changes resulting from the responses to parts c)-f) above.

Question #51

Reference: Exhibit 2/Tab 4/Schedule 3, page 9
And VECC IR #2

a) Please explain what a P&C Splinter Van is and why it had to be replaced in 2009.

b) Please explain why the replacement of the Splinter Van and the reel trailers – which together accounted for almost 1/3 of expenditures on vehicles – were not mentioned in the original pre-filed evidence.

c) Please explain why the reel trailers had to be replaced in 2009.

d) Please provide details with respect to vehicles replaced by Oakville Hydro in each year, 2004-2008 inclusive, including the vehicle age and mileage for those vehicles that were replaced, along with the purchase price and details of vehicles purchased

e) Please provide details with respect to Oakville Hydro's current fleet of vehicles including age and mileage for each vehicle.

Question #52

Reference: Updated Exhibit 2/Tab 4/Schedule 4, page 1, Table 17, page 7, and page 10

a) Table 17 indicates that in 2010, Oakville Hydro intends to spend $340K on vehicles and $130K on tools. However, on page 7 of the referenced exhibit, the updated evidence states that $130K is to be spent on vehicles and $110K is to be spent on tools in 2010. Please reconcile these two sets of figures and provide a corrected Table 17.

b) Please provide a breakdown of 2010 capital expenditures on vehicles and on tools.

c) Please provide details including age and mileage of the vehicles to be replaced in 2010.

d) For each year 2004-2010 please provide a summary of the utility's vehicle fleet.

Question #53

Reference: VECC IR # 3c)

a) Please provide the actual amounts spent on General Office for each year 2004-2009 inclusive and provide details if available.

b) What is the estimated value of the leasehold asset to which annual improvements are made?

Question #54

Reference: VECC IR #4a)

a) Please provide the amounts associated with each payroll benefit listed along with the number of hours worked.

b) Please indicate whether the amounts listed for Canada Pension Plan and Unemployment Insurance represent the utility's required contributions only.

c) In Oakville Hydro's opinion, is a 58% labour burden in line with what is offered by comparable utilities? Please explain.

Question #55

Reference: VECC IR #6a)

a) Please elaborate fully with respect to the "pay compression" that needed to be corrected. In doing so, please provide the utility's criteria for determining when pay compression needs to be corrected.

Question #56

Reference: VECC IR #9a)

a) Please confirm that KPMG was the lowest bidder on the IFRS RFP. If unable to so confirm, please explain why the lowest bidder was not chosen.

b) Please identify the other three CA firms whom Oakville Hydro selected to receive the RFP and indicate why they were selected.

c) Did OHEDI consider publishing the RFP in newspapers to see if there was any interest beyond the four firms selected by OHEDI? If not, why not?

Question #57

Reference: VECC IR #17a)

a) Does Oakville Hydro believe that it can borrow funds from a third party at the same or at a lower rate than its affiliates can? Please explain fully.

Question #58

Reference: Original Exhibit 1/Tab 3/Schedule 2, Appendix F, page 13, and
Updated Exhibit 1/Tab 3/Schedule 2, Appendix F, page 5

a) Please explain why there is a $704,573 difference in between the Original and Updated entries for "2005 – Property Under Capital Leases" on the 2009 Balance Sheet.

b) There are other changes made in the updated Appendix F. For example, there are changes to "5705 Amortization Expense PP&E" (page 7 on original pre-filed, page 16 on updated). Please identify and provide an explanation for all other changes made to the 2009 financial statements in Appendix F in the update.

Question #59

Reference: Original Exhibit 2/Tab 1/Schedule 1, page 1, Table 1 and
Updated Exhibit 2/Tab 1/Schedule 1, page 1, Table 1

a) Given the change made to the 2009 Balance Sheet referred to in the IR #58, please explain why the 2009 rate base is unaffected on the updated document.

b) Please provide a revision to the updated Table 1 that corrects any errors and is in the same format as the originally submitted Table 1, i.e., restores the rows that appeared in the original pre-filed evidence that are omitted rows in the update.

Question #60

Reference: Updated Evidence re Sale of Interest in Blink and Capital Lease Arrangement

a) Please provide a full discussion of the net benefits to ratepayers of the sale of OHEDI's interest in Blink and the utility's subsequent capital lease arrangements. Please quantify all impacts to show how the new arrangement is better than the old (or at least no worse) for ratepayers.

b) Although the referenced corporate restructuring was not mentioned in the original pre-filed evidence, the new arrangements were concluded in January 2010. Please indicate when OHEDI's shareholder first began to consider this corporate restructuring and why there was no mention of this possibility in the original filing of August 28, 2000.