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March 15, 2010

BY EMAIL & COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2009-0271
Oakville Hydro Electricity Distribution Inc. – 2010 Cost of Service Application
Second Round Interrogatories of Energy Probe

Pursuant to Procedural Order No. 5, issued by the Board on February 25, 2010, please find two hard copies of the Second Round Interrogatories of Energy Probe Research Foundation (Energy Probe) in the EB-2009-0271 proceeding. An electronic version of this communication will be forwarded in PDF format.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

cc: Cristina Birceanu, Oakville Hydro Electricity Distribution Inc. (By email)
James Sidlofsky, Borden Ladner Gervais LLP (By email)
Randy Aiken, Aiken & Associates (By email)
Intervenors of Record (By email)

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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 Oakville Hydro Electricity Distribution Inc. 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")**

March 15, 2010

**OAKVILLE HYDRO ELECTRICITY DISTRIBUTION INC.
2010 RATES REBASING CASE
EB-2009-0271**

**ENERGY PROBE RESEARCH FOUNDATION
SECOND ROUND INTERROGATORIES**

Note: Numbering follows from the initial round of interrogatories.

Interrogatory # 36

Ref: Energy Probe Interrogatory # 3

- a) **The interrogatory requested the resulting reduction in costs associated with the 2 new executive positions related to the efficiency gains that were expected from these additions. No cost reduction figures were provided. Please provide an estimate of the cost reductions as originally requested.**

- b) **When does Oakville Hydro expect the Mercer compensation study to be completed? Will Oakville Hydro file this report with the Board and intervenors when it is completed? If not, why not?**

Interrogatory # 37

Ref: Energy Probe Interrogatory # 4

- a) **Oakville Hydro did not fully answer the question posed in part (a). How does Oakville Hydro deal with the replacement of a vehicle where the vehicle being replaced is sold? Please provide what account(s) are impacted by the sale of the fully depreciated asset.**

- b) **Oakville Hydro indicates that it does not close projects on the system and transfer the assets to the fixed asset ledger for depreciation until the end of the year. Please explain how Oakville Hydro calculates depreciation for the year for these assets that are not transferred to the fixed asset ledger until the end of the year? For example, does Oakville Hydro take one day's depreciation expense on these assets, or does it assume 6 months depreciation or a full year of depreciation?**

- c) **Now that 2009 is complete, please provide the actual level of capital expenditures closed to rate base in 2009.**

Interrogatory # 38

Ref: Energy Probe Interrogatory # 5

- a) **Why does Oakville Hydro not take into consideration the split between RPP and non-RPP volumes when calculating the cost of power?**
- b) **What proportion of the 2010 kWh forecast is associated with non-RPP customers? If this figure consistent with the information provided at Table 5 of Exhibit 9, Tab 2, Schedule 1? If not, why not?**
- c) **Does the forecast provided in Table 5 of Exhibit 9, Tab 2, Schedule 1 of non-RPP kWh's take into account the additional customers that moved to non-RPP status as of November 1, 2009? If not, does Oakville Hydro have an estimate of the incremental annual non-RPP kWh's associated with these customers? If so, what is the estimate?**
- d) **Please calculate the cost of power and the related impact on the working capital allowance to reflect the RPP and non RPP volumes (as provided in the response to parts (b) & (c) above using the RPP price of \$0.06215 per kWh and a price of \$0.05820 per kWh for the non RPP volumes (being the sum of the forecasted average HOEP price of \$0.03326 per kWh and the forecasted global adjustment of \$0.02494 per kWh for the RPP year).**

Interrogatory # 39

Ref: Energy Probe Interrogatory # 6

- a) **The response provided in part (a) of the interrogatory does not replicate Table 16 in its entirety. Please confirm that the figures shown in the response to part (a) of the interrogatory response for the 2009 forecast is equivalent to the first column of numbers provided in Table 16 of Exhibit 2, Tab 4, Schedule 3 and that this is the amount that would be closed to rate base. If this cannot be confirmed, please provide a complete Table 16 based on the figures provided in response to the interrogatory for the 2009 forecast of capital expenditures of \$17,429,469.**
- b) **The 2009 forecast of capital expenditures is about \$1.5 million lower than that included in the pre-filed evidence. How much of this reduction is due to deferrals to 2010 and how much will not be spent in either 2009 or 2010?**
- c) **Please update Table 16 in Exhibit 2, Tab 4, Schedule 3 (in its entirety) to reflect actual results for 2009, including actual 2009 expenditures, actual 2009 transfers from CWIP and actual 2009 contributed capital.**

Interrogatory # 40

Ref: Energy Probe Interrogatory # 9

Oakville Hydro indicates that it is not able to provide responses to this interrogatory because it does not have historical consumption data over the period January 1998 to December 2001 for customers B, C, D and E. In light of this please provide the following:

- a) Please provide the regression statistics and GWh forecasts that result from the selected version 5 of the regression equation using historical data starting in January 2002 and extending it to the latest actual data available for 2009.**
- b) Rerun the regression equation in (a) above as requested in Energy Probe Interrogatory # 9 and provide the information requested in all parts of the interrogatory.**

Interrogatory # 41

Ref: Board Staff Interrogatory # 10 a

In the response to Board Staff Interrogatory #10, part (a), Oakville Hydro is requesting that the its load forecast be updated with Ontario's Real GDP of -3.5% for 2009 and 2.0% for 2010 when final rates are determined.

- a) Please provide the impact on the revenue requirement of this request.**
- b) Please provide the impact, by rate class, of this request.**
- c) Please explain why the coefficients on population and the large user have changed. Have the other coefficients also changed?**
- d) Please provide the regression statistics for the new version 5 used in the forecast provided in the response to Board Staff in the same level of detail as shown on page 11 of Exhibit 3, Tab 2, Schedule 1.**
- e) If the t-statistics for the population variable, or any other variable is less than 1.5, please re-estimate the new version 5 excluding these variables, and provide the regression statistics and coefficients and the forecast GWh's associated with the new GDP forecast.**

- f) Please rerun the equation estimated in (e) above and change the period to use data beginning in January 2002 to the latest actual data available for 2009 and remove the volumes associated with customers A, B, C, D and E and provide the information requested in Energy Probe Interrogatory # 9.

Interrogatory # 42

Ref: Energy Probe Interrogatory # 10

- a) Please update the response provided in part (c) to reflect actual data for 2009 and include a total in the table. Please explain any significant variances from the 2009 forecast of total other distribution revenue of \$1,889,155.
- b) Please provide a table similar to that provided in part (c) of the response that excludes revenues and costs incurred in 2009 associated with Blink Communications.
- c) In part (d) of the response, Oakville Hydro indicates that it does not forecast gains or losses on vehicles being replaced. In the response to Energy Probe Interrogatory # 4, part (a) Oakville Hydro indicated that it records vehicles based on the pooling methodology.
- (i) Please explain the impact on net book value if Oakville Hydro replaces a vehicle and disposes of it before it is fully depreciated.
 - (ii) How many vehicles is Oakville Hydro forecasting to replace in 2010?
 - (iii) For each of the last four historical years, including actual 2009, how many vehicles has Oakville Hydro replaced and what were the total net proceeds associated with the scrap value/sale of these vehicles?
- d) Please update the \$101,700 in September year to date revenues described in part (e) of the response to reflect a full year figure for 2009. Is any of this amount related to car accidents or other one time events? If yes please quantify and describe why these are one-time events. In particular, please provide the actual revenues from invoices for car accidents that damaged Oakville Hydro equipment in each of 2006 through 2009. If the billing system error referred to in the response does not permit this, please provide the total of such invoices over the 2006 through 2009 period.

- e) Part (l) of the response indicates that Oakville Hydro intends to only have one further apprentice in the control room. Please indicate how many apprentices Oakville Hydro will have in 2010 that are eligible for the apprenticeship training tax credit based on the new guidelines that extend the tax credit to the first 48 months of the apprenticeship program.

Interrogatory # 43

Ref: Energy Probe Interrogatory # 12

In the response to part (a) Oakville Hydro indicates that there is 1.5 to 2 year cycle in the metal recycling process and that actual proceeds for 2008 were \$84,760 and that a drop is expected for 2009.

- a) What were the actual proceeds on the sale of materials for 2009?
- b) Given the 2 year cycle identified by Oakville Hydro please explain the further drop forecast for 2010 for proceeds from the sale of materials.

Interrogatory # 44

Ref: Energy Probe Interrogatory # 16

- a) The response in part (c) indicates that the annual cost of the accounts receivable insurance is approximately \$40,000. What is the annual premium forecast included in the 2010 revenue requirement associated with this insurance?
- b) The response provided in part (d) does not provide any explanation of the increase in the bad debt forecast for 2010 as compared to 2009 and the 2008 actual figure, excluding the \$250,000 associated with one large customer. Please provide the actual bad debt expense for 2009.

Interrogatory # 45

Ref: Energy Probe Interrogatory # 17

- a) The response to part (c) indicates that third party comprehensive compensation surveys are done on a periodic basis. Please indicate how often Oakville Hydro undertakes such a survey (e.g. every year, every second year).

- b) Please explain the higher management training costs in 2010 as compared to the historical figures provided in the response to part (d).
- c) The response in part (e) shows a variance of \$30,025 in 2010, but the difference between the 2009 and 2010 figures is only \$20,025. Please reconcile.

Interrogatory # 46

Ref: Energy Probe Interrogatory # 19

- a) Assuming no oral component to the cost of service proceeding, what additional consultant and legal costs does Oakville Hydro expect to incur related to costs not included in the figures provided related to such things as interrogatory responses, argument-in-chief, reply argument and draft rate orders?
- b) Why is there no reduction in the \$40,000 OEB cost for the review of the cost of service application if there is no oral component?
- c) The response provided in part (j) does not provide any basis for the \$40,000 estimate. Does Oakville Hydro have any information on the actual cost related to the cost of service applications by any other distributors that filed such cost of service applications for 2008 and 2009? If so, please provide the details.

Interrogatory # 47

Ref: Energy Probe Interrogatory # 20

- a) The response to part (a) of the interrogatory indicates that the Board has stated that “In the distributor’s next cost of service rate application immediately after the IFRS transition period, the balance in this sub-account should be included for review and disposition.” Please confirm that the IFRS transition period will not be completed until 2011 at the earliest.
- b) Has Oakville Hydro compared its forecasted cost related to transition to IFRS of \$1,000,000 to that of any other electricity distributor? If not, why not? If yes, please provide a comparison of the estimated costs for the transition to IFRS.

Interrogatory # 48

**Ref: Energy Probe Interrogatory # 16 & # 24 &
SEC Interrogatory # 23 b**

Please recalculate the operating cost recovery from affiliates if the Executive & Finance allocation is based on distribution revenues and not total revenues for Oakville Hydro.

Interrogatory # 49

**Ref: Energy Probe Interrogatory #24 &
SEC Interrogatory # 23 e &
Exhibit 4, Tab 2, Schedule 8, Table 5**

- a) **Please reconcile the 2010 Test Year costs shown in Table 5 of Exhibit 4, Tab 2, Schedule 8, as amended to reflect the response to Energy Probe Interrogatory # 24a and the percentages shown in Table 6 of Exhibit 4, Tab 2, Schedule 8 with the dollar figures provided in Table 6 in Response to SEC Interrogatory # 23 e. For example, using billing and administration costs for 2010 of \$2,428,384 and the 54.99% shown in Table 6 provides an Oakville Hydro allocation of \$1,335,368 as compared to the figure of \$1,386,384 shown in response to SEC.**
- b) **Please add a column to the response to SEC for Table 6 that shows the total for the 5 affiliates for each of the line items. If these totals are different that the corresponding line item figures for 2010 shown in Table 5 of Exhibit 4, Tab 2, Schedule 8, please provide an explanation for the difference.**
- c) **Please add a row to the response to SEC for Table 6 that shows the total for each of the affiliates. Please reconcile the difference between the total amount shown allocated to Oakville Hydro and the total amount of OM&A costs included in the revenue requirement of \$12,571,361 shown in Exhibit 6, Tab 1, Schedule 2.**
- d) **Please update the responses provided above to reflect the updated evidence in Exhibit 4, Tab 2, Schedule 8.**

Interrogatory # 50

Ref: Energy Probe Interrogatory # 26

- a) **Please explain why Oakville Hydro is not eligible for the small business tax rate on the first \$500,000 of taxable income.**
- b) **Please provide the response to part (d) of the interrogatory, assuming that Oakville Hydro is eligible for the small business tax rate as follows. Tax on the first \$500,000 is at 5.0% and the claw back on the taxable income between \$500,000 and \$1.5 million is 2.125%. Please assume that the alternative is 13% on the first \$500,000. Please confirm that the difference between these two calculations is a tax reduction of \$18,750. If this cannot be confirmed, please provide all calculations and assumptions used that result in a different figure.**
- c) **In the response to part (g) of the interrogatory, please explain why Oakville Hydro used \$5,000 as the tax credit received for one apprentice when the maximum amount has been increased to \$10,000?**
- d) **Please confirm that based on the \$10,000 tax credit and a tax rate of 31%, the net reduction in taxes is \$6,900 per apprentice. If this cannot be confirmed, please provide Oakville's estimate, including calculations.**
- e) **Does the calculation of the \$3,400 figure shown in the response to part (g) of the interrogatory include the impact of the gross up to estimate the impact on the gross revenue requirement? If not, what would be the impact on the \$3,400 for the gross up? Please show the calculation.**
- f) **Please confirm that Oakville Hydro will have four apprentices that are eligible for the apprenticeship training tax credit in 2010 (see response to Energy Probe Interrogatory # 29). If this cannot be confirmed, please indicate how many apprentice positions will be eligible.**
- g) **Has Oakville Hydro included the \$2,000 federal training tax credit available for the first 24 months of such positions in its tax calculations? If not, why not? Please provide the number of positions eligible for this credit in 2010.**
- h) **With respect to the response provided to part (h), please provide the number of positions that were eligible for the co-operative education tax credit in 2008. How many such positions were eligible for this tax credit in 2009?**

Interrogatory # 51

Ref: Energy Probe Interrogatory # 27 & # 28

In the response to part (a) of both interrogatories, Oakville Hydro indicates that a portion of the computer software expenditures should be put into CCA Class 12.

- a) Please indicate which CCA class the \$149,500 that has been reallocated to Class 12 has been removed from. Based on this reallocation, what is the impact on the CCA claim for 2010? Please show the calculations for 2009 and 2010 to arrive at this amount.**
- b) Please indicate which CCA class the \$125,000 that has been reallocated to Class 12 has been removed from. Based on this reallocation, what is the impact on the CCA claim for 2010? Please show the calculations to arrive at this amount.**
- c) Please provide revised Tables 17 and 18 of Exhibit 4, tab 3, Schedule 2 reflecting the changes made.**

Interrogatory # 52

**Ref: Energy Probe Interrogatory # 31 &
Board Staff Interrogatory # 11**

- a) It is not clear from the answers provided that Oakville Hydro agrees that any revenues in excess of that forecast would be included in account 1572. In particular, the Oakville Hydro response to Board Staff states:**

“If the replacement load is obtained at the location of the customer in question, Oakville Hydro will record in account 1572 the revenue received for additional volumes sold at these locations that is above the volumes assumed in the approved load forecast and seek approval to dispose of this revenue at an appropriate future date.”

It is not clear to Energy Probe whether the revenue associated with additional volumes is only for 2010 or whether any revenues associated with additional volumes in 2010, 2011, 2012 and 2013, or whatever period may exist before Oakville Hydro rebases with another cost of service application would be included in account 1572. Please clarify.

- b) The response to part (f) indicates that Oakville Hydro was under second generation IRM for 2008 and 2009. Was Oakville Hydro also under second generation IRM for the period over which the 2010 losses have been calculated? If not, please explain.

Interrogatory # 53

Ref: Energy Probe Interrogatory # 35

Does Oakville Hydro have any suggestions as to the most accurate way to estimate the savings in capital expenditure costs after July 1, 2010 that result from the PST/GST harmonization? If yes, please provide details. If no, how does Oakville Hydro suggest that the Board deal with this reduction to capital expenditures for rate making purposes?

Interrogatory # 54

Ref: SEC Interrogatory # 6

Please explain why there are different figures provided in the response to SEC Interrogatory # 6 as compared to the pre-filed evidence for each of the following:

- a) 2007, 2008 and 2009 distribution and other operating revenue (net) does not match the information provided in Table 1 of Exhibit 3, Tab 1, Schedule 2.
- b) 2009 OM&A does not match the information provided in Appendix 2-G of Exhibit 4, Tab 2, Schedule 5.
- c) 2007 depreciation does not match the information provided in Appendix 2-N of Exhibit 4, Tab 2, Schedule 10.
- d) 2009 property & capital taxes do not match the information provided in Table 19 of Exhibit 4, Tab 3, Schedule 3.
- e) 2008 and 2009 rate base does not match the information provided in Table 1 of Exhibit 2, Tab 1, Schedule 1.

Interrogatory # 55

**Ref: SEC Interrogatory # 3 &
SEC Interrogatory # 8**

- a) Please reconcile the statement in SEC interrogatory # 3 that Oakville Hydro has been consistent in its practice of full year amortization in the year of acquisition with the statement in SEC interrogatory # 8 that Oakville Hydro did not record amortization in 2008 on the assets totaling \$6,151,455 shifted from CWIP to rate base at the end of 2008.**
- b) Please confirm that the annual amortization on these assets is \$247,189.**
- c) Did Oakville Hydro transfer any assets from CWIP to rate base at the end of 2009? If so, what is the value of these assets that were transferred? Did Oakville Hydro record amortization in 2009 for these assets? If yes, please quantify. If not, please explain why not and quantify the amount of depreciation had it be calculated.**
- d) Is Oakville Hydro forecasting the transfer of any assets from CWIP to rate base at the end of 2010? If so, what is the value of these assets being transferred? Is Oakville Hydro recording amortization in 2010 for these assets? If yes, please quantify. If not, please explain why not.**

Interrogatory # 56

Ref: SEC Interrogatory # 3

Oakville Hydro indicates that it calculates a full year of amortization in the year of acquisition. Please recalculate the depreciation for the 2010 test year based on the half year rule and:

- a) Provide a schedule that shows the use of the half year rule for 2010 and provide the impact on the 2010 depreciation expense.**
- b) What is the impact on the 2010 rate base of using the half year rule? Please provide a schedule showing the calculation of the rate base assuming the half year rule for depreciation.**
- c) Please provide a schedule similar to that shown in Exhibit 6, Table 1, that shows the impact on the 2010 revenue requirement.**

Interrogatory # 57

Ref: Exhibit 1, Tab 2, Schedule 1, Updated February 18, 2010 & Exhibit 1, Tab 2, Schedule 4, Updated February 18, 2010 & Exhibit 1, Tab 2, Schedule 6, Updated February 18, 2010 & Exhibit 5, Tab 1, Schedule 2

As part of the updated evidence, Oakville Hydro has updated the return on equity to 9.75%. Please update the following information to reflect the cost of capital parameters as provided in the OEB's letter of February 24, 2010. In particular, please update the return on equity to 9.85%, the deemed short-term debt rate to 2.07% and the deemed long-term debt rate to 5.87% and provide the following:

- a) A revised Table 1 of Exhibit 1, Tab 2, Schedule 1 showing the rate impact;**
- b) A revised Table 2 of Exhibit 1, Tab 2, Schedule 4 showing the calculation of the revenue deficiency;**
- c) A revised Revenue Requirement Work Form in Exhibit 1, Tab 2, Schedule 6;**
- d) A revised Table 1 of Exhibit 5, Tab 1, Schedule 2 (for 2010 only).**

Interrogatory # 58

Ref: Exhibit 2, Tab 4, Schedule 4, Updated February 18, 2010 & SEC Interrogatory #22 (k)

- a) Please reconcile the figure of \$340,000 shown for vehicles in Table 17 with \$130,000 shown on lines 7 & 8 of page 7.**
- b) Please reconcile the figure of \$130,000 shown for tools in Table 17 with the \$110,000 shown on lines 12 & 13 of page 7.**
- c) Please confirm that that the \$704,573 for the acquisition of a fibre optic network to connect Oakville Hydro's municipal substation and its head office is a capital lease.**
- d) Please provide all calculations used to determine the \$704,573 included in rate base for the capital lease. Please also confirm that this lease is for a period of 20 years.**

- e) **Did Oakville Hydro consider any other options related to the fibre optic network other than the capital lease? If not, why not?**
- f) **The response to SEC Interrogatory #22(k) indicated that the annual charge from Blink for the fibre connections to its substations was \$4,500. Was this charge for the same services for which the \$704,573 capital lease is proposed to provide? If not, please explain the difference.**
- g) **Will Oakville Hydro be able to earn any revenue from the fibre optic network it has leased? If not, why not? If yes, where has this revenue been reflected in the evidence?**

Interrogatory # 59

Ref: Exhibit 3, Tab 1, Schedule 2, Updated February 18, 2010

Please confirm that Oakville Hydro has not made any changes to the volume and customer forecast underlying the distribution revenue forecast shown in Table 1. If this cannot be confirmed, please describe the changes made.

Interrogatory # 60

Ref: Exhibit 3, Tab 4, Schedule 2, Appendix 2-D, Updated February 18, 2010 & Exhibit 1, Tab 1, Schedule 15, Updated February 18, 2008

The evidence indicates that the affiliate, Blink Communications, was sold on January 29, 2010. Do the 2010 revenues shown in Appendix 2-D of Exhibit 3, Tab 4, Schedule 2 include revenues from Blink Communications up to and including the date it was sold in 2010? If not, please provide the revenues incurred in 2010 from Blink.

Interrogatory # 60

Ref: Exhibit 3, Tab 3, Schedule 2, Updated February 18, 2010 & February 18, 2010 Cover Letter

The detail to support the \$150,720 increase in account 4390 does not appear to be in the evidence, but is contained in the cover letter that accompanied the updated evidence. Does Oakville Hydro agree that this cover letter should be considered part of the evidence in this proceeding? If not, please revise the evidence to include the information related to the increase in revenues of \$150,720.

Interrogatory # 61

Ref: Exhibit 4, Tab 2, Schedule 1, Appendix 2-F, Original and Updated February 18, 2010 & Exhibit 4, Tab 2, Schedule 2, Original & Updated February 18, 2010

The original 2010 forecast for Administrative and General was \$4,059,977 and the updated figure is \$4,877,877, an increase of \$817,900. The recovery of operating costs from affiliates has changed from an increase in the recovery of \$143,934 to a decrease in the recovery of \$460,966, for a total cost increase of \$604,900. Please explain what the remaining difference of \$213,000 is related to.

Interrogatory # 62

Ref: Exhibit 4, Tab 2, Schedule 2, page 11, Updated February 18, 2010

The evidence indicates that the weighted average increase of 2.93% for 2010 was based on a 3% increase for unionize personnel, 3.5% for non-unionized personnel and 2.0% for all other general and administrative expenses. Please provide the dollar figures associated with the unionized personnel, non-unionized personnel and all general and administrative expenses that result in the 2.93% weighted inflation factor.

Interrogatory # 63

Ref: Exhibit 4, Tab 2, Schedule 8, Original and Updated February 18, 2010

- a) A number of the figures shown in Table 5 for 2006, 2007, 2008 and 2009 have been changed from those filed in the original evidence. Please explain why these figures for the historical and bridge years have changed.**
- b) The original Table 5 had significant figure included historical and for 2009 and 2010 for Vehicle Expenses. These have been removed (2006 through 2008) or are substantially lower (2009 and 2010) in the updated evidence. Please explain.**
- c) Please explain why the percentage allocation of billing administration has gone from 54.99% in the original Table 6 to 57.09% in the updated Table 6A when Blink Communications was not allocated any of these costs.**
- d) Please explain why the allocation percentages in Tables 7A, 8A, 9A and 10A are different from those originally filed in Tables 7, 8, 9 and 10 for the bridge and historical years.**

Interrogatory # 64

Ref: Exhibit 4, Tab 2, Schedule 8

Please provide the historical costs for 2006 through 2008 and the actual costs incurred in 2009 in the same level of detail as shown in Table 12 for the services acquired.

Interrogatory # 65

Ref: Exhibit 4, Tab 3, Schedule 1, Table 16, Updated February 18, 2010

- a) Please explain why there are no changes to interest expenses on capital leases (additions to accounting income) and/or capital lease payments (deductions from accounting income) in Table 16 as a result of the capital lease of the fibre optics?**
- b) Do the reserves from financial statements shown as both an addition and deduction to accounting income include any balances related to regulatory asset accounts? If yes, please provide a breakout of the balances at year end (addition) and at beginning of the year (deduction) that is associated with these regulatory asset (deferral and variance) accounts.**

Interrogatory # 66

Ref: Exhibit 4, Tab 3, Schedule 3, Table 19

Please update Table 19 to reflect actual figures for 2009. Are any corrections needed for 2010 as it appears the capital tax amount included does not correspond to the amount forecast for 2010 elsewhere in the tax calculations?

Interrogatory # 67

Ref: Exhibit 7, Tab 1, Schedule 3, Table 5, Updated February 18, 2010

What would be the impact on the Residential revenue to cost ratio in each of 2010, 2011 and 2012 if the GS 50 to 999 kW ratio were moved to the bottom of the range (i.e. 80%) in 2010 rather than to 85% and maintained at that level, the GS > 1000kW class stayed at 145.47% in 2011 and 2012, the GS 50 kW class remained at 112.98% in 2011 and 2012, and all other changes were as proposed by Oakville Hydro?

Interrogatory # 68

Ref: Exhibit 9, Tab 2, Schedule 1 & Exhibit 9, Tab 2, Schedule 2

Oakville Hydro has allocated the RSVA sub-account global adjustments to rate classes based on kWh consumption for non-RPP customers. However, it appears that these balances are to be combined with the balances from other accounts and allocated to all customers, both RPP and non-RPP.

- a) Please confirm that this is the case.**
- b) Is Oakville Hydro able to clear the global adjustment balance to only non-RPP customers in a rate class?**

Interrogatory # 69

Ref: Exhibit 9, Tab 3, Schedule 1, Updated February 18, 2010

Please update the proposed rate rider shown in Table 12 to reflect a return on equity of 9.85%, a short-term deemed interest rate of 2.07% and a long-term deemed interest rate of 5.87% as per the Board's February 24, 2010 Cost of Capital Parameter Updates for 2010 Cost of Service Applications letter. Please provide the supporting calculations found in Appendix C used to determine the rate rider.