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April 8, 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**  
**Clarification Questions of Energy Probe**

To assist parties to the Settlement Conference ordered in Procedural Order No. 5, issued by the Board on February 25, 2010, Randy Aiken circulated three Clarification Questions for Oakville Hydro on April 1, 2010 on behalf of Energy Probe and another three on April 2, 2010. Please find two hard copies of the April 2<sup>nd</sup> Clarification Questions document, which includes the three earlier questions. It has now been agreed to place this document on the record. 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: Lesley Gallinger, 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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## **Clarification Questions for Oakville Hydro (EB-2009-0271)**

As the result of reviewing the second round interrogatory responses provided by Oakville Hydro, I have a number of clarification questions. I have provided these questions in advance of the beginning of the Settlement Conference scheduled for Tuesday, April 6 in the hope that answers provided before the beginning of the Conference or at the beginning of the Conference will assist in the settlement negotiations without taking up a lot of time during the Conference.

### **1. References: Exhibit 2, Tab 3, Schedule 3, Table 15; Energy Probe IR #5; Energy Probe IR #38; Board Staff IR #51**

In the calculation of the commodity component of the cost of power used in the working capital calculation for 2010 both Exhibit 2, Tab 3, Schedule 3, Table 15 and the response to Energy Probe IR #5 a total kWh figure (including losses) of 1,492,743,044 is used. However, in the response to Energy Probe IR #38, this figure has been increased to 1,505,845,112.

a) Please explain the increase in the kWh figure used in the response to Energy Probe IR #38. Please explain the difference in the figures noted above. If required, please provide revised tables in response to Energy Probe IR #38 parts (b) and (d).

b) In the response to Board Staff IR #51, Oakville Hydro has provided a reduced billed kWh forecast based on the changes to the GDP forecast. Please use the reduced forecast to re-calculate the commodity cost of power and provide updated tables as shown in the response to Energy Probe IR #38 parts (b) and (d).

### **2. Reference: Board Staff IR #51**

The response provided in Appendix 51 does not appear to have the correct tables at pages 52 and 53 of the revised Exhibit 3, Tab 2, Schedule 1. These two pages still show a total kWh figure of 1,448,534,465 instead of the revised figure referenced in the response of 1,437,058,773.

Please provide the correct tables at pages 52 and 53 of Exhibit 3, Tab 2, Schedule 1 in the Appendix to the reply to Board Staff IR #51.

### **3. References: Exhibit 2, Tab 1, Schedule 3, Table 8; Exhibit 2, Tab 4, Schedule 3, Table 16; Energy Probe IR #37c; Energy Probe IR #39c; SEC IR #24; SEC IR #39**

The evidence and IR responses are not clear as it is difficult to track the various figures provided across references.

a) Please explain the increase in the "Transfer from CWIP" shown in the response to SEC IR #24, in relation to that found in Table 16 of Exhibit 2, Tab 4, Schedule 3 and that in Table 8 of Exhibit 2, Tab 1, Schedule 3.

- b) Please explain why the contributed capital shown in the response to SEC IR #24 is different from the figures shown in the response to SEC IR #39.
- c) There may be a transposition error in the contributions and grants figures shown in the responses to Energy Probe IR #37c (\$3,979,439) and the sum of the figures shown in the response to SEC IR #39, which totals \$3,797,439. Please indicate which figure is the correct figure or provide a reconciliation between the two figures.
- d) Please provide a final Table 8 of Exhibit 2, Tab 1, Schedule 3 that reflects actual results for 2009 and shows the calculation of the closing balance for actual 2009 for gross assets, accumulated depreciation and the corresponding net book value.
- e) Please provide a final Table 16 that reflects all actual data for 2009 and provide a reconciliation between these figures and the figures provided in response to part (d) above if the figures do not match.

**The following questions have been added to those provided on April 1, 2010:**

**4. References: Energy Probe IR #42d; Energy Probe IR #42a**

- a) Please reconcile the 2009 actual revenue in account 4390 of \$387,730.74 shown in the response to part (a) of the Energy Probe interrogatory response with the figure of \$214,000 shown in part (d).
- b) Please provide a breakout of the actual 2009 revenue in account 4390 in the same level of detail as shown in Exhibit 3, Tab 4, Schedule 2, Appendix 2-D, page 4 of 5.
- c) The response to part (a) does not provide any quantification of the variance for the explanations provided. Please provide a further variance explanation between the 2009 forecast and actual for each of the following:
- i) Account 4210 - how much of the variance is related to catch up billings;
  - ii) Account 4220 - how much of the variance is related to the increased charges for Blink for data centre space;
  - iii) Account 4375, net of Account 4380 - how much of the variance is related to the large one-time OPA-ERIP incentive;
  - iii) Account 4390 - how much of the variance is related to each of SR&ED credit, proceeds on sale of vehicles, chargeable work, and other factors.

**5. References: Energy Probe IR #40b; Energy Probe IR # 41f; Exhibit 3, Tab 2, Schedule 1, page 22**

The historical loss factors provided in Table 5 for 2002 through 2008 have changed in the interrogatory responses from that shown in the original evidence.

a) Please confirm that these changes reflect the removal of the billed and estimated purchased amounts associated with customers A,B,C,D & E. If this cannot be confirmed, please explain the changes.

b) Please explain how the average of 3.92% shown in both interrogatory responses was calculated. Should this average actually be 3.84%?

**6. References: Exhibit 3, Tab 2, Schedule 1; Board Staff IR #51 (including appendix); Energy Probe IR #40b; Energy Probe IR #41f**

a) In the original evidence at Exhibit 3, Tab 2, Schedule 1, the total adj. sales (kWh and kW) in the table labelled '2010 Weather Normal Purchases and Retail Sales Adjusted for Loss of Customers' at the top of page 48 of 52 matched the figures provided on pages 52 & 53 in total. As noted above in Question 2, this is not the case based on the updated response provided in Board Staff IR #51. Please confirm that these figures should be the same and are so, based on the response provided to Question 2 above.

b) Please explain how the purchase figures shown in the table labelled '2010 Weather Normal Purchases and Retail Sales Adjusted for Loss of Customers' at the top of page 48 of 52 (1,503,562,802 in the original evidence and 1,491,651,160 in the Board Staff interrogatory response) are calculated based on the predicted kWh purchases shown in Table 18 in the same exhibits.

c) There appear to be some inconsistencies in the presentation of the figures in the response to Energy Probe IR #40b. In particular, please comment on and update if necessary, for the following:

i) The table labelled 'Adjusted Forecast' on page 19 of 90 of the second round interrogatory responses has different kW and kWh figures for 2010 for the two rate classes shown on page 18 of 90 of the IR response in the 'Adjusted Forecast' section at the end of the table. None of the figures are consistent with those provided in Table 17 of the interrogatory response. If any of these tables needs to be corrected, please provide.

ii) The 'Adjusted Forecast' table shows the addition of 5,783 kW and 2,621,460 kWh for 2010 in the section 'A,B,C,D,E Estimated consumption (EP adjustments)' for the GS 1000 to 4999 kW class. Based on the table shown on page 46 of Exhibit 3, Tab 2, Schedule 1, these figures appear to be for customers B and C. Please confirm.

iii) There is also an adjustment shown for the GS 50 to 999 kW class in the interrogatory response that does not appear in the table on page 46. Please confirm that this adjustment is related to customer A. If this cannot be confirmed, please explain what this adjustment is for and where the adjustment for customer A is.

iv) Also, it does not appear that any adjustment to the forecast has been made in 2010 for customer E, which in the table on page 46 of the evidence shows a 2010 forecast of 33,395 kW and 16,814,144 kWh. Is this consistent with the methodology used by Oakville Hydro in the reductions made for customers B,C,D and E? Please provide a table that shows for each customer the amount ultimately included in the 2010 forecast (kW and kWh) based on the amount subtracted by Oakville Hydro in the original evidence and the amount added back in for these customers in the response to the Energy Probe interrogatory.

v) The tables provided on page 18 of 90 in the Energy Probe interrogatory do not appear to reflect the addition of the volumes (kW and kWh) for customers B,C,D and E and is therefore not

consistent with the corresponding tables provided in the original evidence at pages 52 and 53 of Exhibit 3, Tab 2, Schedule 1. Those tables reflect the final billing units, including the adjustments made for customers A through E. The tables provided in the interrogatory response have a total kWh forecast of 1,464,229,179, which is equivalent to the amount shown in Table 14 of the interrogatory response, which does not include the additional volumes associated with customers A through E. Please update the tables shown on page 18 of 90 to reflect the final billing units, so as to be comparable to the same tables provided in the original evidence and those provided (and corrected) in the response to Board Staff IR #51.

vi) Please provide a version of the table labelled '2010 Weather Normal Purchases and Retail Sales Adjusted for Loss of Customers' at the top of page 48 of 52 that is consistent with the revised tables requested above.

d) There appear to be some inconsistencies in the presentation of the figures in the response to Energy Probe IR #41f. In particular, please comment on and update if necessary, for the following:

i) The table labelled 'Adjusted Forecast' on page 30 of 90 of the second round interrogatory responses has different kW and kWh figures for 2010 for the two rate classes shown on page 29 of 90 of the IR response in the 'Adjusted Forecast' section at the end of the table. If any of these tables needs to be corrected, please provide.

ii) The 'Adjusted Forecast' table shows the addition of 5,783 kW and 2,621,460 kWh for 2010 in the section 'A,B,C,D,E Estimated consumption (EP adjustments)' for the GS 1000 to 4999 kW class. Based on the table shown on page 46 of Exhibit 3, Tab 2, Schedule 1, these figures appear to be for customers B and C. Please confirm.

iii) There is also an adjustment shown for the GS 50 to 999 kW class in the interrogatory response that does not appear in the table on page 46. Please confirm that this adjustment is related to customer A. If this cannot be confirmed, please explain what this adjustment is for and where the adjustment for customer A is.

iv) Also, it does not appear that any adjustment to the forecast has been made in 2010 for customer E, which in the table on page 46 of the evidence shows a 2010 forecast of 33,395 kW and 16,814,144 kWh. Is this consistent with the methodology used by Oakville Hydro in the reductions made for customers B,C,D and E? Please provide a table that shows for each customer the amount ultimately included in the 2010 forecast (kW and kWh) based on the amount subtracted by Oakville Hydro in the original evidence and the amount added back in for these customers in the response to the Energy Probe interrogatory.

v) Table 14 in the interrogatory response (page 27 of 90) is missing the 2010 line under the weather normalized billed energy forecast heading. Please provide a table with this line included.

vi) The tables provided on page 29 of 90 in the Energy Probe interrogatory do not appear to reflect the addition of the volumes (kW and kWh) for customers B,C,D and E and is therefore not consistent with the corresponding tables provided in the original evidence at pages 52 and 53 of Exhibit 3, Tab 2, Schedule 1. Those tables reflect the final billing units, including the adjustments made for customers A through E. The tables provided in the interrogatory response have a total kWh forecast of 1,462,216,373, which appears to be equivalent to the amount that should be shown in Table 14 of the interrogatory response, which does not include the additional volumes

associated with customers A through E. Please update the tables shown on page 29 of 90 to reflect the final billing units, so as to be comparable to the same tables provided in the original evidence and those provided (and corrected) in the response to Board Staff IR #51.

vii) Please provide a version of the table labelled '2010 Weather Normal Purchases and Retail Sales Adjusted for Loss of Customers' at the top of page 48 of 52 that is consistent with the revised tables requested above.

e) On March 25, 2010 the Ontario Minister of Finance provided the 2010 Ontario Budget. As part of that document, the current economic outlook for Ontario was provided. In particular, the 2009 GDP was updated to -3.4% and the 2010 GDP was updated to a growth rate of 2.7%. Please provide the impact on the kWh and kW forecast for 2010 using these current forecasts for GDP growth for 2009 and 2010 using the equations used in Board Staff #51, Energy Probe IR #40b and Energy Probe IR #41f.