



April 28, 2010

**BY COURIER AND RESS**

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

Dear Ms. Walli,

**RE: Whitby Hydro Electric Corporation  
Application for Approval of 2010 Electricity Distribution Rates  
EB- 2009-0274**

Whitby Hydro Electric Corporation has completed all remaining interrogatories submitted by the Energy Probe Research Foundation (Energy Probe) on March 29, 2010.

A complete copy of all Energy Probe responses has been included in the attached document. For clarification purposes, with the exception of the interrogatory response to #9 (b) which has been updated, there have been no modifications made to any of the responses that were originally submitted on April 16<sup>th</sup>, 2010.

Should you require any further information or clarification, please contact me directly.

Respectfully submitted,

*Original Signed by*

Ramona Abi-Rashed  
Treasurer

Cc: Neil Mather (email)  
All Intervenors (email)

**WHITBY HYDRO ELECTRIC CORPORATION  
2010 RATES REBASING CASE  
EB-2009-0274**

**ENERGY PROBE RESEARCH FOUNDATION  
INTERROGATORIES**

**Interrogatory # 1**

**Ref: Exhibit 2 & Exhibit 4**

**The provincial government has harmonized the provincial retail sales tax (RST) with the goods and services tax (GST) effective July 1, 2010 to create the harmonized sales tax (HST). Based on the elimination of the RST effective July 1, 2010:**

- a) Please confirm that Whitby Hydro has made adjustments to the OM&A forecasts shown in Exhibit 4 to reflect the elimination of the 8% provincial sales tax.**

**Response:** Confirmed.

- b) If Whitby Hydro has not made any adjustments, please provide the estimated costs of the provincial sales tax included in the OM&A forecast for 2010.**

**Response:** Please see response a) above.

- c) If Whitby Hydro has not made any adjustments, please provide the amount of provincial sales tax paid by Whitby Hydro in each of 2006, 2007, 2008 and 2009 on OM&A expenses.**

**Response:** Please see response a) above.

- d) Please confirm that Whitby Hydro has made adjustments to the capital expenditure forecasts shown in Exhibit 2 to reflect the elimination of the 8% provincial sales tax.**

**Response:** Confirmed.

- e) If Whitby Hydro has not made any adjustments, please provide the estimated costs of the provincial sales tax included in the capital expenditures included in rate base forecast for 2010.

**Response:** Please see response d) above

- f) If Whitby hydro has not made any adjustments, please provide the amount of provincial sales tax paid by Whitby Hydro on capital expenditures included in rate base in each of 2006, 2007, 2008 and 2009.

**Response:** Please see response d) above

- g) If Whitby Hydro is unable to quantify the impact of the removal of the provincial sales tax, and has not made any adjustments for 2010, is Whitby Hydro agreeable to the creation of a deferral account into which the resulting savings would be placed and rebated to customers in the future? If not, why not?

**Response:** Please see response d) above

## Interrogatory # 2

Ref: Exhibit 1, page 10

Whitby Hydro has requested that the OEB make its Rate Order effective May 1, 2010 in accordance with the filing requirements.

- a) Please indicate the specific portion of the filing requirements that Whitby Hydro is referring to.

**Response:**

The Board's filing requirements do not include a specific reference to the rates effective date, but the overall objective of the Board in setting these requirements was to assist utilities in filing a complete and correct application which would facilitate the approval of rates effective May 1, 2010. The statement was intended to indicate that Whitby Hydro had followed the Board's filing requirements and was submitting a complete, concise and thorough application so that the Board could process the application in a timely manner.

- b) In the Board's March 5, 2009 letter re Multi-year Electricity Distribution Rate Setting Plan Final Selection of Electricity Distributors for Rebasing in 2010 and 2011, the Board stated that:

***“Applicants are encouraged to file applications for 2010 as soon as possible, and no later than August 28, 2009 for rates to become effective May 1, 2010.”***

**In light of the above date and the actual filing date of January 15, 2010 why does Whitby Hydro believe that rates should be effective May 1, 2010?**

**Response:**

Despite filing in January, Whitby Hydro believes that the extra time and effort that went into preparing its application will allow the other parties and the Board to complete their review and rate approval in less than the normal expected time so that rates can be implemented close to May 1, 2010. Whitby Hydro hopes that other parties are willing to work cooperatively to minimize the costs and time required to review and test the evidence. In addition, Whitby Hydro is fully prepared and committed to assisting Board staff, the intervenors and the Board to complete the review process expeditiously.

**Interrogatory # 3**

**Ref: Exhibit 1, pages 28-29**

**Please confirm that there are no costs associated with the Board of Directors of Whitby Hydro Energy Corporation and/or Whitby Hydro Energy Services Corporation included in the costs included in the filing by Whitby Hydro for recovery through the revenue requirement. If this cannot be confirmed, please identify and quantify these costs.**

**Response:** Confirmed

**Interrogatory # 4**

**Ref: Exhibit 1, page 36**

- a) With respect to the budget process, please indicate when Whitby Hydro received Board of Directors approval for the budgets contained in the current regulatory filing.**

**Response:**

Whitby Hydro received Board of Director approval for the budgets contained in the current regulatory filing on December 17, 2009.

- b) Have there been any changes to the operating and capital budgets since the Board of Directors approval for the information used in the rate filing? If yes, please provide a detailed explanation of the changes.**

**Response:**

There have been no changes to the operating and capital budgets since the Board of Directors approval for the information used in the rate filing.

**c) Please provide a copy of the most recent Board of Directors approved three year capital and operating budgets.**

**Response:**

**Whitby Hydro Approved Operation, Maintenance & Administration Budget**

	2010		2011	2012
	Rate Application 2010	Additions to Whitby Hydro Board Approved Budget	Whitby Hydro Approved Budget	Whitby Hydro Approved Budget
Operations	1,970		1,970	2,106
Maintenance	1,890	135	2,025	2,184
Billing and Collections	2,166		2,166	2,120
<u>Administration &amp; General</u>				
Rate Application costs	63	125	188	
IFRS costs		80	80	
Administration & General	2,830		2,830	
Total Administration & General	2,893	205	3,098	3,053
HST		30	30	
CDM		69	69	69
Smart Meter Expense		293	293	491
	8,919	732	9,651	10,023

Additions to Whitby Hydro Board Approved Budget:

1. Maintenance: Rate application costs have been normalized to address the shift from capital work to maintenance. (see page 217, line 10); however, Whitby Hydro Board budget includes full costs projected to be incurred in 2010.
2. Rate Application costs: These costs have been amortized over 4 years for the Rate Application but the Whitby Hydro Board budget includes full costs projected to be incurred in 2010.
3. IFRS costs: There are no IFRS costs in the Rate Application but Whitby Hydro Board budget includes full costs projected to be incurred in 2010.
4. HST: The HST savings in the Rate application have been averaged over 4 years, while Whitby Hydro Board budget reflects half year of savings.

**Whitby Hydro Approved Capital Budgets  
FOR THE YEARS 2010-2012**

<b><u>Investment Category</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>
<b><u>Rate Application Costs (1)</u></b>			
Customer Demand	1,124,000	1,181,000	956,000
Reliability	3,409,000	2,877,000	2,675,000
Regulatory	2,305,000	1,457,000	2,635,000
Subdivision Development	892,000	255,000	270,000
SCADA	80,000	82,000	84,000
Meters	132,000	95,000	122,000
Computer Hardware	86,000	65,000	65,000
Computer Software	204,000	106,000	107,000
Buildings	157,000	52,000	52,000
Office Equipment & Tools	20,000	20,000	10,000
Land			
Total Rate Application Costs	<b>8,409,000</b>	<b>6,190,000</b>	<b>6,976,000</b>
<b>Less Secondary Services (2)</b>	<b>678,000</b>		
Smart Meters	6,688,000	335,000	357,000
<b>Whitby Hydro Approved Budget</b>	<b>14,419,000</b>	<b>6,525,000</b>	<b>7,333,000</b>

Notes:

1. Detail for Rate Application Costs is found on pages 133-145.
2. Detail for Secondary Services is found page 147. These costs are an addition to rate base only.

**Interrogatory # 5**

**Ref: Exhibit 1, pages 38-46**

**Please update the Revenue Requirement Work Form to reflect a return on equity of 9.85%, a deemed long-term debt rate of 5.87% and a short-term debt rate of 2.07%.**

**Response:**

The Revenue Requirement Work Form has been updated as requested. Note that the column labeled "Per Board Decision" is reflective of the changes requested in this interrogatory only.



## REVENUE REQUIREMENT WORK FORM

Name of LDC: Whitby Hydro Electric Corporation

File Number: EB-2009-0274

Rate Year: 2010

Data Input						(1)
	Application		Adjustments		Per Board Decision	
<b>1 Rate Base</b>						
Gross Fixed Assets (average)	\$130,674,768	(4)			\$130,674,768	
Accumulated Depreciation (average)	(\$66,557,712)	(5)			(\$66,557,712)	
Allowance for Working Capital:						
Controllable Expenses	\$8,919,421	(6)			\$8,919,421	
Cost of Power	\$68,963,116				\$68,963,116	
Working Capital Rate (%)	15.00%				15.00%	
<b>2 Utility Income</b>						
Operating Revenues:						
Distribution Revenue at Current Rates	\$17,847,514				\$17,847,514	
Distribution Revenue at Proposed Rates	\$19,856,446				\$19,944,576	
Other Revenue:						
Specific Service Charges	\$157,835				\$157,835	
Late Payment Charges	\$321,000				\$321,000	
Other Distribution Revenue	\$333,909				\$333,909	
Other Income and Deductions	\$78,000				\$78,000	
Operating Expenses:						
OM+A Expenses	\$8,919,421				\$8,919,421	
Depreciation/Amortization	\$4,929,391				\$4,929,391	
Property taxes						
Capital taxes	\$45,600				\$45,600	
Other expenses						
<b>3 Taxes/PILs</b>						
Taxable Income:						
Adjustments required to arrive at taxable income	\$129,559	(3)			\$129,553	
Utility Income Taxes and Rates:						
Income taxes (not grossed up)	\$793,034				\$965,978	
Income taxes (grossed up)	\$1,149,325				\$1,399,968	
Capital Taxes	\$45,600				\$45,600	
Federal tax (%)	13.00%				13.00%	
Provincial tax (%)	18.00%				18.00%	
Income Tax Credits						
<b>4 Capitalization/Cost of Capital</b>						
Capital Structure:						
Long-term debt Capitalization Ratio (%)	56.0%				56.0%	
Short-term debt Capitalization Ratio (%)	4.0%	(2)			4.0%	(2)
Common Equity Capitalization Ratio (%)	40.0%				40.0%	
Preferred Shares Capitalization Ratio (%)						
Cost of Capital						
Long-term debt Cost Rate (%)	7.62%				5.87%	
Short-term debt Cost Rate (%)	1.33%				2.07%	
Common Equity Cost Rate (%)	8.01%				9.85%	
Preferred Shares Cost Rate (%)						

### Notes:

This input sheet provides all inputs needed to complete sheets 1 through 6 (Rate Base through Revenue Requirement), except for Notes that the utility may wish to use to support the components. Notes should be put on the applicable pages to understand the context of each such note.

- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) 4.0% unless an Applicant has proposed or been approved for another amount.
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (6) The "Per Board Staff" Column reflects only the specific change/s outlined in Energy Probe Interrogatory #5



## REVENUE REQUIREMENT WORK FORM

Name of LDC: Whitby Hydro Electric Corporation

File Number: EB-2009-0274

Rate Year: 2010

Rate Base				
Line No.	Particulars	Application	Adjustments	Per Board Decision
1	Gross Fixed Assets (average) (3)	\$130,674,768	\$ -	\$130,674,768
2	Accumulated Depreciation (average) (3)	(\$66,557,712)	\$ -	(\$66,557,712)
3	Net Fixed Assets (average) (3)	\$64,117,057	\$ -	\$64,117,057
4	Allowance for Working Capital (1)	\$11,682,381	\$ -	\$11,682,381
5	<b>Total Rate Base</b>	<b>\$75,799,437</b>	<b>\$ -</b>	<b>\$75,799,437</b>
<b>(1) Allowance for Working Capital - Derivation</b>				
6	Controllable Expenses	\$8,919,421	\$ -	\$8,919,421
7	Cost of Power	\$68,963,116	\$ -	\$68,963,116
8	Working Capital Base	\$77,882,537	\$ -	\$77,882,537
9	Working Capital Rate % (2)	15.00%		15.00%
10	Working Capital Allowance	\$11,682,381	\$ -	\$11,682,381

### Notes

(2) Generally 15%. Some distributors may have a unique rate due as a result of a lead-lag study.

(3) Average of opening and closing balances for the year.

The "Per Board Staff" Column reflects only the specific change/s outlined in Energy Probe Interrogatory #5





## REVENUE REQUIREMENT WORK FORM

Name of LDC: Whitby Hydro Electric Corporation

File Number: EB-2009-0274

Rate Year: 2010

### Utility income

Line No.	Particulars	Application	Adjustments	Per Board Decision
<b>Operating Revenues:</b>				
1	Distribution Revenue (at Proposed Rates)	\$19,856,446	\$88,130	\$19,944,576
2	Other Revenue (1)	\$890,743	\$ -	\$890,743
3	Total Operating Revenues	\$20,747,189	\$88,130	\$20,835,319
<b>Operating Expenses:</b>				
4	OM+A Expenses	\$8,919,421	\$ -	\$8,919,421
5	Depreciation/Amortization	\$4,929,391	\$ -	\$4,929,391
6	Property taxes	\$ -	\$ -	\$ -
7	Capital taxes	\$45,600	\$ -	\$45,600
8	Other expense	\$ -	\$ -	\$ -
9	Subtotal	\$13,894,412	\$ -	\$13,894,412
10	Deemed Interest Expense	\$3,274,839	(\$720,398)	\$2,554,441
11	Total Expenses (lines 4 to 10)	\$17,169,251	(\$720,398)	\$16,448,853
12	<b>Utility income before income taxes</b>	<b>\$3,577,938</b>	<b>\$808,528</b>	<b>\$4,386,466</b>
13	Income taxes (grossed-up)	\$1,149,325	\$250,643	\$1,399,968
14	<b>Utility net income</b>	<b>\$2,428,614</b>	<b>\$557,884</b>	<b>\$2,986,498</b>

### Notes

(1)	<b>Other Revenues / Revenue Offsets</b>		
	Specific Service Charges	\$157,835	\$157,835
	Late Payment Charges	\$321,000	\$321,000
	Other Distribution Revenue	\$333,909	\$333,909
	Other Income and Deductions	\$78,000	\$78,000
	<b>Total Revenue Offsets</b>	<b>\$890,743</b>	<b>\$890,743</b>

The "Per Board Staff" Column reflects only the specific change/s outlined in Energy Probe Interrogatory #5



## REVENUE REQUIREMENT WORK FORM

Name of LDC: Whitby Hydro Electric Corporation

File Number: EB-2009-0274

Rate Year: 2010

### Taxes/PILs

Line No.	Particulars	Application	Per Board Decision
<b><u>Determination of Taxable Income</u></b>			
1	Utility net income	\$2,428,614	\$2,986,498
2	Adjustments required to arrive at taxable utility income	\$129,559	\$129,553
3	Taxable income	<u>\$2,558,173</u>	<u>\$3,116,051</u>
<b><u>Calculation of Utility income Taxes</u></b>			
4	Income taxes	\$793,034	\$965,978
5	Capital taxes	\$45,600	\$45,600
6	Total taxes	<u>\$838,634</u>	<u>\$1,011,578</u>
7	Gross-up of Income Taxes	\$356,291	\$433,990
8	Grossed-up Income Taxes	<u>\$1,149,325</u>	<u>\$1,399,968</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$1,194,925</u>	<u>\$1,445,568</u>
10	Other tax Credits	\$ -	\$ -
<b><u>Tax Rates</u></b>			
11	Federal tax (%)	13.00%	13.00%
12	Provincial tax (%)	18.00%	18.00%
13	Total tax rate (%)	<u>31.00%</u>	<u>31.00%</u>

### Notes

The "Per Board Staff" Column reflects only the specific change/s outlined in Energy Probe



## REVENUE REQUIREMENT WORK FORM

Name of LDC: Whitby Hydro Electric Corporation

File Number: EB-2009-0274

Rate Year: 2010

### Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
<b>Application</b>					
<b>Debt</b>					
1	Long-term Debt	56.00%	\$42,447,685	7.62%	\$3,234,514
2	Short-term Debt	4.00%	\$3,031,977	1.33%	\$40,325
3	<b>Total Debt</b>	<b>60.00%</b>	<b>\$45,479,662</b>	<b>7.20%</b>	<b>\$3,274,839</b>
<b>Equity</b>					
4	Common Equity	40.00%	\$30,319,775	8.01%	\$2,428,614
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<b>Total Equity</b>	<b>40.00%</b>	<b>\$30,319,775</b>	<b>8.01%</b>	<b>\$2,428,614</b>
7	<b>Total</b>	<b>100%</b>	<b>\$75,799,437</b>	<b>7.52%</b>	<b>\$5,703,453</b>
<b>Per Board Decision</b>					
<b>Debt</b>					
8	Long-term Debt	56.00%	\$42,447,685	5.87%	\$2,491,679
9	Short-term Debt	4.00%	\$3,031,977	2.07%	\$62,762
10	<b>Total Debt</b>	<b>60.00%</b>	<b>\$45,479,662</b>	<b>5.62%</b>	<b>\$2,554,441</b>
<b>Equity</b>					
11	Common Equity	40.0%	\$30,319,775	9.85%	\$2,986,498
12	Preferred Shares	0.0%	\$ -	0.00%	\$ -
13	<b>Total Equity</b>	<b>40.0%</b>	<b>\$30,319,775</b>	<b>9.85%</b>	<b>\$2,986,498</b>
14	<b>Total</b>	<b>100%</b>	<b>\$75,799,437</b>	<b>7.31%</b>	<b>\$5,540,939</b>

#### Notes

- (1) 4.0% unless an Applicant has proposed or been approved for another amount.  
The "Per Board Staff" Column reflects only the specific change/s outlined in Energy Probe Interro



## REVENUE REQUIREMENT WORK FORM

Name of LDC: Whitby Hydro Electric Corporation

File Number: EB-2009-0274

Rate Year: 2010

### Revenue Sufficiency/Deficiency

Line No.	Particulars	Per Application		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$2,008,932		\$2,097,059
2	Distribution Revenue	\$17,847,514	\$17,847,514	\$17,847,514	\$17,847,517
3	Other Operating Revenue Offsets - net	\$890,743	\$890,743	\$890,743	\$890,743
4	<b>Total Revenue</b>	<b>\$18,738,257</b>	<b>\$20,747,189</b>	<b>\$18,738,257</b>	<b>\$20,835,319</b>
5	Operating Expenses	\$13,894,412	\$13,894,412	\$13,894,412	\$13,894,412
6	Deemed Interest Expense	\$3,274,839	\$3,274,839	\$2,554,441	\$2,554,441
	<b>Total Cost and Expenses</b>	<b>\$17,169,251</b>	<b>\$17,169,251</b>	<b>\$16,448,853</b>	<b>\$16,448,853</b>
7	<b>Utility Income Before Income Taxes</b>	<b>\$1,569,006</b>	<b>\$3,577,938</b>	<b>\$2,289,404</b>	<b>\$4,386,466</b>
	Tax Adjustments to Accounting				
8	Income per 2009 PILs	\$129,559	\$129,559	\$129,553	\$129,553
9	<b>Taxable Income</b>	<b>\$1,698,565</b>	<b>\$3,707,497</b>	<b>\$2,418,957</b>	<b>\$4,516,019</b>
10	Income Tax Rate	31.00%	31.00%	31.00%	31.00%
11	<b>Income Tax on Taxable Income</b>	<b>\$526,555</b>	<b>\$1,149,324</b>	<b>\$749,877</b>	<b>\$1,399,966</b>
12	<b>Income Tax Credits</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
13	<b>Utility Net Income</b>	<b>\$1,042,451</b>	<b>\$2,428,614</b>	<b>\$1,539,527</b>	<b>\$2,986,498</b>
14	<b>Utility Rate Base</b>	<b>\$75,799,437</b>	<b>\$75,799,437</b>	<b>\$75,799,437</b>	<b>\$75,799,437</b>
	Deemed Equity Portion of Rate Base	\$30,319,775	\$30,319,775	\$30,319,775	\$30,319,775
15	Income/Equity Rate Base (%)	3.44%	8.01%	5.08%	9.85%
16	Target Return - Equity on Rate Base	8.01%	8.01%	9.85%	9.85%
	Sufficiency/Deficiency in Return on Equity	-4.57%	0.00%	-4.77%	0.00%
17	Indicated Rate of Return	5.70%	7.52%	5.40%	7.31%
18	Requested Rate of Return on Rate Base	7.52%	7.52%	7.31%	7.31%
19	Sufficiency/Deficiency in Rate of Return	-1.83%	0.00%	-1.91%	0.00%
20	Target Return on Equity	\$2,428,614	\$2,428,614	\$2,986,498	\$2,986,498
21	Revenue Sufficiency/Deficiency	\$1,386,163	(\$0)	\$1,446,970	\$0
22	<b>Gross Revenue Sufficiency/Deficiency</b>	<b>\$2,008,932 (1)</b>		<b>\$2,097,059 (1)</b>	

#### Notes:

(1) Revenue Sufficiency/Deficiency divided by (1 - Tax Rate)

The "Per Board Staff" Column reflects only the specific change/s outlined in Energy Probe Interrogatory #5



## REVENUE REQUIREMENT WORK FORM

Name of LDC: Whitby Hydro Electric Corporation  
 File Number: EB-2009-0274  
 Rate Year: 2010

Revenue Requirement			
Line No.	Particulars	Application	Per Board Decision
1	OM&A Expenses	\$8,919,421	\$8,919,421
2	Amortization/Depreciation	\$4,929,391	\$4,929,391
3	Property Taxes	\$ -	\$ -
4	Capital Taxes	\$45,600	\$45,600
5	Income Taxes (Grossed up)	\$1,149,325	\$1,399,968
6	Other Expenses	\$ -	\$ -
7	Return		
	Deemed Interest Expense	\$3,274,839	\$2,554,441
	Return on Deemed Equity	\$2,428,614	\$2,986,498
8	Distribution Revenue Requirement before Revenues	\$20,747,189	\$20,835,319
9	Distribution revenue	\$19,856,446	\$19,944,576
10	Other revenue	\$890,743	\$890,743
11	<b>Total revenue</b>	\$20,747,189	\$20,835,319
12	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<b>(\$0) (1)</b>	<b>\$0 (1)</b>

### Notes

(1) Line 11 - Line 8  
 The "Per Board Staff" Column reflects only the specific change/s outlined in Energy Probe Interrog

## Interrogatory # 6

Ref: Exhibit 2, page 105

Based on the reliability statistics shown for 2008, please confirm that Whitby Hydro did not experience any supply failures in 2008. If this cannot be confirmed, please explain why, rounded to 2 decimals, the statistics shown including and excluding supply failures are the same.

**Response:**

Confirmed, Whitby Hydro did not experience any supply failures in 2008.

## Interrogatory # 7

Ref: Exhibit 2, page 110, Table 2-3

Please update Table 2-3 to reflect actual net capital additions for 2009.

**Response:**

**Table 2-3: Net Capital Additions by Category for 2004-2012 (Updated for 2009 Actual Costs)**

NET CAPITAL ADDITIONS BY CATEGORY FOR THE YEARS 2004-2012									
Investment Category	2004	2005	2006	2007	2008	2009	2010	2011	2012
Customer Demand	3,095,000	1,892,000	3,408,000	3,162,000	3,919,000	54,000	1,124,000	1,031,000	956,000
Reliability	1,603,000	1,066,000	1,857,000	2,668,000	1,576,000	4,380,000	3,409,000	2,877,000	2,675,000
Regulatory	41,000	301,000	39,000	151,000	758,000	414,000	2,305,000	1,457,000	2,635,000
Subdivision Development	736,000	669,000	544,000	344,000	501,000	208,000	892,000	255,000	270,000
SCADA	268,000	214,000	170,000	95,000	39,000	35,000	80,000	82,000	84,000
Meters	706,000	305,000	181,000	154,000	298,000	89,000	132,000	95,000	122,000
Computer Hardware	80,000	25,000	41,000	101,000	154,000	65,000	86,000	65,000	65,000
Computer Software	53,000	44,000	182,000	88,000	228,000	257,000	204,000	106,000	107,000
Buildings						14,000	157,000	52,000	52,000
Office Equipment & Tools	25,000	65,000	37,000	38,000	31,000	9,000	20,000	20,000	10,000
Land	35,000	7,000	11,000					150,000	
	<b>6,642,000</b>	<b>4,588,000</b>	<b>6,470,000</b>	<b>6,801,000</b>	<b>7,504,000</b>	<b>5,525,000</b>	<b>8,409,000</b>	<b>6,190,000</b>	<b>6,976,000</b>

## Interrogatory # 8

Ref: Exhibit 2

- a) Please provide a table that shows the subdivision development costs, the associated number of residential lots and the average cost per lot for 2004 through 2012.

**Response:**

SUBDIVISION DEVELOPMENT COSTS									
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Gross Costs	2,785,000	2,913,000	2,513,000	1,750,000	2,944,000	1,166,000	1,227,000	1,279,000	1,294,000
Contributions	2,049,000	2,244,000	1,969,000	1,406,000	2,443,000	960,000	1,013,000	1,024,000	1,024,000
Net Costs	736,000	669,000	544,000	344,000	501,000	206,000	214,000	255,000	270,000
Lots Energized	1,522	1,348	1,082	669	887	369	385	425	450
Average net cost/lot	484	496	503	514	565	558	556	600	600

**b) Please update the 2009 forecast to reflect actual figures for 2009.**

**Response:**

Please see part (a) above.

**Interrogatory # 9**

**Ref: Exhibit 2, pages 129-132**

**a) Please update Table 2-9 to reflect actual gross additions and actual contributions for 2009.**

**Response:**

Below is Table 2-9 revised to reflect actual gross additions and actual contributions for 2009.

2009 CAPITAL ADDITIONS			Net
Investment Category	Gross Additions	Contributions	Additions
Customer Demand	107,000	53,000	54,000
Reliability	4,380,000		4,380,000
Regulatory	458,000	44,000	414,000
Subdivision Development	1,168,000	960,000	208,000
Commercial Servicing	465,000	465,000	0
SCADA	35,000		35,000
Meters	89,000		89,000
Computer Hardware	65,000		65,000
Computer Software	257,000		257,000
Buildings	14,000		14,000
Office Equipment	9,000		9,000
<b>Total</b>	<b>7,047,000</b>	<b>1,522,000</b>	<b>5,525,000</b>

- b) For each 2009 project listed, please confirm whether or not the project was in service before the end of 2009. For any project not in service at the end of 2009, please confirm that the project is expected to be in service by the end of 2010. If this cannot be confirmed for a project, please indicate when the project is expected to be completed.

**Response:**

Below is a listing of the 2009 projects and the year they were placed in service. All projects that were commenced in 2009 were in service in 2009.

Project	In service Year
Distribution Station MS 12	2009
MS 12 Feeder Egress	2009
Replacement of concrete poles on Brock Street from Dunlop to Burns	2009
Torian Avenue and Montgomery Ave	2009
Michael Blvd (Ph 2)	2009
Miscellaneous System Improvements	2009
Various Reliability Projects	2009
Various Regulatory Projects	2009/2010/2011*
Thickson Road widening Rossland to Taunton Road	2010**

Note:

\* Two regulatory projects whose costs were below the materiality threshold were deferred to 2010 and 2011 due to revisions in project timing by the road authority.

\*\* Thickson Road widening between Rossland Road and Taunton Road commenced in 2010 and as of March 2010 is completed and in service.

## Interrogatory # 10

Ref: Exhibit 2, pages 135-136

- a) For each of the three Regulatory Projects shown, please provide the total cost of the project and the amount to be recovered from the Region of Durham and/or MTO.

**Response:**

The following table indicates the total cost, contributed capital and net additions for the regulatory projects forecast to be undertaken in 2010.



2010 Regulatory Projects			
	Total Cost	Contributed Capital	Net Additions
Region of Durham	624,600	175,000	449,600
Ministry of Transportation	2,873,000	1,175,000	1,698,000
Various Regulatory Projects	187,400	30,000	157,400
<b>Total</b>	<b>3,685,000</b>	<b>1,380,000</b>	<b>2,305,000</b>

- b) Please explain how the amount to be recovered from the Region of Durham and the MTO has been calculated. Do the same rules apply to the Region of Durham as do to the MTO? If not, what are the differences?**

**Response:**

Whenever work is required on public rights-of-ways, the road authority shares in the cost of the utility relocation cost in accordance with two Provincial Acts, these being the Public Transportation Highway Improvements Act, R.S.O. 1990, and the Public Service Works on Highways Act. Under these acts, generally the utility is reimbursed for 50% of labour and labour saving devices cost. The same rules apply to all road authorities.

- c) Are any amounts for any projects forecast to be recovered from the Town of Whitby? If not, why not?**

**Response:**

The Town of Whitby has forecast two small projects for 2010. The cost of these projects are estimated to be under the materiality threshold and therefore grouped with the Various Regulatory Projects category.

The Town of Whitby follows the same Acts as the Region of Durham and the Ministry of Transport and therefore contributes to utility relocation work in the same manner.

- d) Please provide a table for 2004 through 2008 that shows the gross additions related to regulatory projects, the contributions related to regulatory projects and the percentage of the gross additions represented by the contributions.**

**Response:**

The following table shows the details of regulatory costs for the years 2004 through 2008 as requested.

Regulatory Projects				
Year	Gross Additions	Contributed Capital	Net Additions	Contributed Capital/Gross Additions
2004	75,000	34,000	41,000	45.33%
2005	422,000	121,000	301,000	28.67%
2006	200,000	161,000	39,000	80.50%
2007	250,000	99,000	151,000	39.60%
2008	1,051,000	293,000	758,000	27.88%

In 2006 there was an anomaly to the normal cost sharing arrangement related to a Region of Durham road widening project. This is indicated in the above chart by 80.05% gross additions represented by contributed capital. This can be explained as the project required a number of poles required to be relocated on a temporary basis to allow the roads contractor to perform civil works. Once the civil works was completed, Whitby Hydro relocated the temporary poles to their permanent location for which Whitby Hydro was reimbursed 100%, increasing the level of contributed capital related to the gross additions.

### Interrogatory # 11

Ref: Exhibit 2, page 133

The evidence states that the harmonization of the commodity taxes has been incorporated in the costs for the 2010 capital expenditures.

- a) Please quantify the amount of the reduction in the provincial retail sales tax that has been removed from the 2010 capital expenditures.

**Response:**

Whitby Hydro forecasted a \$240,000 PST cost for the entire 2010 Test Year (January – December). Because the PST will no longer apply after July 1, 2010, Whitby Hydro has removed one half of the forecasted cost from capital expenditures, being \$120,000. As such, \$120,000 remains in the capital expenditure forecast, representing Whitby Hydro's forecasted PST cost from January 1, 2010 – June 30, 2010.

- b) Please quantify the amount of the provincial retail sales tax that is still included in the 2010 capital expenditure forecast.

**Response:**

See response to part (a) above.

## Interrogatory # 12

Ref: Exhibit 2, page 155

- a) Please update the cost of power component of the working capital allowance to reflect the October 15, 2009 OEB RPP Report that has a cost of power of \$.06215 per kWh.

**Response:**

As an updated Regulated Price Plan (RPP) Price Report has just recently been issued on April 15, 2010, Whitby Hydro suggests that updates to the commodity price should be based on the April 2010 report. Using the updated price of \$.06938, the revised cost of power would be \$61,776,087.

- b) Has Whitby Hydro reflected the different rates applicable to RPP and non-RPP customers in the cost of power calculation? If not, why not?

**Response:**

Whitby Hydro has not reflected the different rates applicable to RPP and non-RPP customers in the cost of power calculation. Whitby Hydro followed the OEB's Update to Chapter 2 of the Filing Requirements for Transmission and Distribution Applications (dated May 27, 2009). On page 4 (Section 2.1.2) of this document, it states

"The most recent Board approved RPP (at the time of filing) is to be used for the electricity commodity price."

- c) Please provide the non RPP kWh as a percentage of the total kWh in 2008. Based on this figure and the additional volumes that have migrated to non RPP status as of November 1, 2009, please estimate the percentage of volumes for 2010 that would be non RPP volumes.

**Response:**

An estimate of the non-RPP kWh as a percentage of total kWh in 2008 is: 49.06%. If these were adjusted for an estimated value related to MUSH customers that migrated to non-RPP status on November 1, 2009, the percentage would be approximately 49.62%.

- 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 part (c) above using the RPP price of \$.06215 per kWh and a price of \$.05820 per kWh for the non RPP volumes (being the sum of the forecasted average HOEP price of \$.03326 per kWh and the forecasted global adjustment of \$.02494 per kWh for the RPP year).

**Response:**

The revised cost of power assuming a weighted average approach, based on 2008 proportions and a non-RPP percentage of kWh's of 49.62% (as per part c) would be \$60,761,029. The revised working capital allowance would be \$12,615,967. This assumes the most recent April 15, 2010 RPP Price Report data (RPP- \$.06938 per kWh and \$.06704 per kWh for non-RPP which is comprised of HOEP of \$.03932 per kWh plus \$.02772 per kWh for RPP for the year).

- e) **Are the kWh's associated with any market participants served by the distributor included in the kWh's used to calculate the cost of power? If yes, please recalculate the cost of power component of the working capital allowance removing any such volumes.**

**Response:**

There are no market participants serviced by Whitby Hydro that have been included in the kWh used to calculate the cost of power.

- f) **Please update the transmission related cost of power and the LV related cost of power to reflect current approved rates.**

**Response:**

Please refer to Board Staff interrogatories #2 and #3.

**Interrogatory # 13**

**Ref: Exhibit 2, page 160, Schedule 4-1**

- a) **Please explain why the 2006 continuity schedule begins with the 2006 EDR Approved numbers by account rather than the ending figures for 2005.**

**Response:**

As with operating expenses, a continuity schedule from the 2006 EDR was provided.

- b) **Please provide Schedule 4-1 using the 2005 ending figures as the opening balance for 2006 and adjust the additions and disposals to costs and accumulated depreciation accordingly.**

**Response:**

Schedule 4-1 has been updated as requested.

Schedule 4-1: For the Year Ending December 31, 2006-Opening Balance December 31, 2005

**Fixed Asset Continuity Schedule  
as at December 31, 2006**

OEB	Description	Cost				Accumulated Depreciation				
		2006 Opening Balance	Additions	Disposals	Closing Balance	2006 Opening Balance	Amortization Expense	Disposals	Closing Balance	Net Book Value
1805	Land	245,786			245,786				0	245,786
1806	Land Rights	36,675	10,971	(9,169)	38,477		(9,169)	9,169	0	38,477
1808	Buildings and Fixtures	1,117,302			1,117,302	(999,331)	(48,637)		(1,047,968)	69,334
1820	Distribution Station Equipment - Normally Primary below 50 kV	9,782,942	2,007,455		11,790,397	(3,418,062)	(370,839)		(3,788,901)	8,001,496
1830	Poles, Towers and Fixtures	14,446,921	1,240,487		15,687,408	(5,883,942)	(578,621)		(6,462,563)	9,224,845
1835	Overhead Conductors and Devices	10,769,067	578,501		11,347,568	(4,504,552)	(418,535)		(4,923,087)	6,424,481
1840	Underground Conduit	12,317,090	1,603,140		13,920,230	(3,651,008)	(543,651)		(4,194,659)	9,725,571
1845	Underground Conductors and Devices	11,686,993	785,117		12,472,110	(5,708,661)	(470,435)		(6,179,096)	6,293,014
1850	Line Transformers	22,600,151	1,496,058	(16,018)	24,080,191	(9,138,910)	(883,464)	13,061	(10,009,313)	14,070,878
1855	Services	16,034,482	431,596		16,466,078	(8,397,433)	(602,650)		(9,000,083)	7,465,995
1860	Meters	4,881,191	180,585		5,061,776	(2,241,590)	(198,947)		(2,440,537)	2,621,239
1905	Land	182,215			182,215				0	182,215
1906	Land Rights				0				0	0
1908	Buildings and Fixtures	5,468,349			5,468,349	(1,617,313)	(109,722)		(1,727,035)	3,741,314
1915	Office Furniture and Equipment	788,781	36,859		825,640	(673,201)	(26,528)		(699,729)	125,911
1920	Computer Equipment - Hardware	913,402	41,445		954,847	(806,626)	(56,956)		(863,582)	91,265
1925	Computer Software	808,437	182,294		990,731	(714,438)	(77,075)		(791,513)	199,218
1930	Transportation Equipment				0				0	0
1935	Stores Equipment	56,187			56,187	(56,187)			(56,187)	0
1940	Tools, Shop and Garage Equipment	4,284			4,284	(428)	(428)		(856)	3,428
1945	Measurement and Testing Equipment	20,903			20,903	(2,090)	(2,090)		(4,180)	16,723
1950	Power Operated Equipment				0				0	0
1955	Communication Equipment	78,103			78,103	(70,202)	(2,988)		(73,190)	4,913
1960	Miscellaneous Equipment				0				0	0
1980	System Supervisory Equipment	1,801,794	170,071		1,971,865	(871,778)	(131,453)		(1,003,231)	968,634
1985	Sentinel Lighting Rental Units	24,495			24,495	(24,223)	(81)		(24,304)	191
1995	Contributions and Grants - Credit	(13,588,962)	(2,295,607)		(15,884,569)	1,571,066	635,381		2,206,447	(13,678,122)
	<b>TOTAL</b>	<b>100,476,588</b>	<b>6,468,972</b>	<b>(25,187)</b>	<b>106,920,371</b>	<b>(47,208,909)</b>	<b>(3,896,888)</b>	<b>22,230</b>	<b>(51,083,567)</b>	<b>55,836,806</b>

c) Please explain the positive disposal shown for account 1820 in 2006 of \$197,001 that increases the gross cost for this account.

**Response:**

The \$197k represents substation work which was not in service at the end of 2004. Whitby Hydro in its 2006 application removed this amount from its rate base to comply with the Board's use of an historic test year. This amount appears in the Fixed Asset continuity which began with the 2006 EDR balance and reflects the actual rate base in 2006.

**Interrogatory # 14**

**Ref: Exhibit 2, page 163, Schedule 4-4 Corrected**

**Please provide an updated Schedule 4-4 to reflect actual results for 2009.**

**Response:**

Schedule 4-4 has been updated below with 2009 actual (preliminary)

**Schedule 4-4: For the Year Ending December 31, 2009 -Updated for Actuals**

**Fixed Asset Continuity Schedule  
as at December 31, 2009**

OEB	Description	Cost				Accumulated Depreciation				
		2009 Opening Balance	Additions	Disposals	Closing Balance	2009 Opening Balance	Amortization Expense	Disposals	Closing Balance	Net Book Value
1805	Land	245,786	0	0	245,786	0		0	0	245,786
1806	Land Rights	20,138	0	(9,169)	10,969	0	(9,169)	9,169	0	10,969
1808	Buildings and Fixtures	1,117,302	0	0	1,117,302	(1,100,720)	(3,870)	0	(1,104,590)	12,712
1820	Distribution Station Equipment - Normally Primary below 50 kV	14,699,014	1,683,692	0	16,382,706	(4,648,829)	(523,916)	0	(5,172,745)	11,209,961
1830	Poles, Towers and Fixtures	20,378,253	917,982	0	21,296,235	(7,890,214)	(786,971)	0	(8,677,185)	12,619,050
1835	Overhead Conductors and Devices	13,556,111	529,876	0	14,085,987	(5,865,062)	(515,525)	0	(6,380,587)	7,705,400
1840	Underground Conduit	16,185,633	473,787	0	16,659,420	(5,423,991)	(663,186)	0	(6,087,177)	10,572,243
1845	Underground Conductors and Devices	14,389,510	1,253,177	0	15,642,687	(7,273,536)	(597,252)	0	(7,870,788)	7,771,899
1850	Line Transformers	27,129,940	1,450,946	(43,577)	28,537,309	(11,899,208)	(1,060,629)	39,982	(12,919,855)	15,617,454
1855	Services	17,440,407	269,102	0	17,709,509	(10,251,133)	(641,449)	0	(10,892,582)	6,816,927
1860	Meters	5,536,165	88,741	(2,325)	5,622,581	(2,805,170)	(192,756)	255	(2,997,671)	2,624,910
1905	Land	182,215	0	0	182,215	0		0	0	182,215
1906	Land Rights	0	0	0	0	0		0	0	0
1908	Buildings and Fixtures	5,468,349	14,256	0	5,482,605	(1,946,479)	(110,435)	0	(2,056,914)	3,425,691
1915	Office Furniture and Equipment	894,538	9,259	0	903,797	(756,408)	(28,561)	0	(784,969)	118,828
1920	Computer Equipment - Hardware	1,209,595	64,788	0	1,274,383	(1,005,268)	(77,286)	0	(1,082,554)	191,829
1925	Computer Software	1,307,413	256,889	0	1,564,302	(990,032)	(159,935)	0	(1,149,967)	414,335
1930	Transportation Equipment	0	0	0	0	0		0	0	0
1935	Stores Equipment	56,187	0	0	56,187	(56,187)		0	(56,187)	0
1940	Tools, Shop and Garage Equipment	4,284	0	0	4,284	(1,712)	(428)	0	(2,140)	2,144
1945	Measurement and Testing Equipment	20,903	0	0	20,903	(8,360)	(2,090)	0	(10,450)	10,453
1950	Power Operated Equipment	0	0	0	0	0		0	0	0
1955	Communication Equipment	78,103	0	0	78,103	(77,457)	(646)	0	(78,103)	0
1980	System Supervisory Equipment	2,105,976	35,139	0	2,141,115	(1,279,270)	(123,710)	0	(1,402,980)	738,135
1985	Sentinel Lighting Rental Units	24,495		(24,495)	0	(24,440)		24,440	0	0
1995	Contributions and Grants - Credit	(20,894,884)	(1,522,662)	0	(22,417,546)	3,748,480	900,701	0	4,649,181	(17,768,365)
	<b>TOTAL</b>	<b>121,155,432</b>	<b>5,524,972</b>	<b>(79,566)</b>	<b>126,600,838</b>	<b>(59,554,996)</b>	<b>(4,597,113)</b>	<b>73,846</b>	<b>(64,078,263)</b>	<b>62,522,575</b>

### **Interrogatory # 15**

**Ref: Exhibit 2, page 164, Schedule 4-5 Corrected**

**Has the amortization expense shown in Schedule 4-5 for 2010 been calculated using the half-year rule? If not, please provide a revised schedule that includes the amortization expense based on the half-year rule for 2010.**

**Response:**

Amortization expense has not been calculated using the half-year rule. Please find below a revised schedule using the half-year rule for 2010.



### Calculations of 2010 Depreciation Expense Half-year rule

OEB	Description	2009 Depreciation Expense (A)	2010 Capital Additions (B)	Amortization Period C	2010 Additions to Depreciation Expense (B/C)=D	Half-Year Rule Adjustment (E)	Deletions (F)	2010 Amortization Expense (A+D+E+F)
1805	Land							
1806	Land Rights							
1808	Buildings and Fixtures	(4,115)						(4,115)
1820	Distribution Station Equipment - Normally Primary below 50 kV	(531,860)	1,381,000	30	(46,033)	23,017		(554,877)
1830	Poles, Towers and Fixtures	(792,208)	3,996,000	25	(159,840)	79,920		(872,128)
1835	Overhead Conductors and Devices	(496,912)	1,044,000	25	(41,760)	20,880		(517,792)
1840	Underground Conduit	(672,528)	748,000	25	(29,920)	14,960		(687,488)
1845	Underground Conductors and Devices	(569,676)	616,000	25	(24,640)	12,320	38,118	(543,878)
1850	Line Transformers	(1,056,633)	1,518,000	25	(60,720)	30,360		(1,086,993)
1855	Services	(645,919)	352,000	25	(41,200)	20,600	(75,006)	(741,525)
1860	Meters	(197,167)	132,000	25	(5,280)	2,640		(199,807)
1905	Land					0		0
1906	Land Rights					0		0
1908	Buildings and Fixtures	(109,777)	157,000	25	(6,280)	3,140	4,203	(108,714)
1915	Office Furniture and Equipment	(28,635)	10,000	10	(1,000)	500	2,954	(26,181)
1920	Computer Equipment - Hardware	(83,323)	86,000	5	(17,200)	8,600	5,090	(86,833)
1925	Computer Software	(145,557)	204,000	5	(40,800)	20,400	8,762	(157,195)
1930	Transportation Equipment					0		0
1935	Stores Equipment	0	0			0		0
1940	Tools, Shop and Garage Equipment	(428)	0			0		(428)
1945	Measurement and Testing Equipment	(2,090)	0			0		(2,090)
1955	Communication Equipment	(646)	0			0	646	0
1960	Miscellaneous Equipment					0		0
1980	System Supervisory Equipment	(124,100)	80,000	15	(5,333)	2,667	17,468	(109,299)
1985	Sentinel Lighting Rental Units	(55)	0			0	55	0
1990	Other Tangible Property		0			0		0
1995	Contributions and Grants - Credit	879,114	(2,593,000)	25	103,720	(51,860)		930,974
	<b>TOTAL</b>	<b>(4,582,515)</b>	<b>7,731,000</b>		<b>(376,287)</b>	<b>188,143</b>	<b>2,290</b>	<b>(4,768,367)</b>

**Note:**

1. 2010 Capital Additions exclude \$678,000 and excluding from the half year calculation
- 2 Depreciation for \$678,000 adjustment - Exhibit 2, page 149 75,006

The following chart calculates the impact on net fixed assets when implementing the half year rule commencing January 1, 2005.

#### IMPACT OF HALF-YEAR RULE ON NET BOOK VALUE

OEB	Description	2010 Book Value	Accumulated Depreciation	Net Book Value	Accumulated Depreciation Half-Year	Net Book Value Half-Year
1805	Land	245,786	0	245,786	0	245,786
1806	Land Rights	10,971	0	10,971	0	10,971
1808	Buildings and Fixtures	1,117,302	(1,108,950)	8,352	(1,108,950)	8,352
1820	Distribution Station Equipment - Normally Primary below 50 kV	18,002,014	(5,758,582)	12,243,432	(5,608,188)	12,393,826
1830	Poles, Towers and Fixtures	25,454,253	(9,634,470)	15,819,783	(9,392,206)	16,062,047
1835	Overhead Conductors and Devices	15,032,111	(6,900,646)	8,131,465	(6,813,913)	8,218,198
1840	Underground Conduit	17,513,633	(6,798,967)	10,714,666	(6,659,415)	10,854,218
1845	Underground Conductors and Devices	15,416,510	(8,399,410)	7,017,100	(8,313,653)	7,102,857
1850	Line Transformers	29,889,940	(14,053,194)	15,836,746	(13,869,244)	16,020,696
1855	Services	18,757,407	(11,632,057)	7,125,350	(11,581,909)	7,175,498
1860	Meters	5,788,165	(3,204,784)	2,583,381	(3,180,541)	2,607,624
1905	Land	182,215	0	182,215	0	182,215
1906	Land Rights	0	0	0	0	0
1908	Buildings and Fixtures	5,640,349	(2,168,110)	3,472,239	(2,166,321)	3,474,028
1915	Office Furniture and Equipment	914,537	(811,724)	102,813	(804,113)	110,424
1920	Computer Equipment - Hardware	1,390,595	(1,184,024)	206,571	(1,136,316)	254,279
1925	Computer Software	1,696,413	(1,313,184)	383,229	(1,224,388)	472,025
1930	Transportation Equipment	0	0	0	0	0
1935	Stores Equipment	56,187	(56,187)	0	(56,187)	0
1940	Tools, Shop and Garage Equipment	4,284	(2,568)	1,716	(2,355)	1,929
1945	Measurement and Testing Equipment	20,903	(12,540)	8,363	(11,496)	9,407
1950	Power Operated Equipment	0	0	0	0	0
1955	Communication Equipment	78,103	(78,103)	0	(78,104)	(1)
1960	Miscellaneous Equipment	0	0	0	0	0
1980	System Supervisory Equipment	2,226,976	(1,515,335)	711,641	(1,494,033)	732,943
1995	Contributions and Grants - Credit	(24,570,884)	5,610,428	(18,960,456)	5,330,654	(19,240,230)
	<b>TOTAL</b>	<b>134,867,768</b>	<b>(69,022,407)</b>	<b>65,845,361</b>	<b>(68,170,678)</b>	<b>66,697,090</b>

<b>NET IMPACT</b>	
HALF-YEAR RULE NET BOOK VALUE	66,697,090
FULL-YEAR DEPRECIATION NET BOOK VALUE	65,845,361
INCREASE IN NET BOOK VALUE	851,729
Weighted cost of capital	7.76%
MBRR	66,094
PILS	30,333
	96,427

## Interrogatory # 16

Ref: Exhibit 2, pages 160-164

a) Please explain why there is no work-in-progress shown for any of the years in the schedules.

### Response:

Whitby Hydro does not record work-in-progress and does not capitalize interest on work-in-progress (AFUDC) although it does incur the costs of funding its capital investments until they go into service.

- b) How does Whitby Hydro account for any capital project where expenditures have been made but the project is not complete and not in service at the end of the fiscal year?

**Response:**

Capital works undertaken in the calendar year are placed in service and in use in that year. The same approach will be implemented in the 2010 Test Year with all capital work being forecast to be complete in the year and in service before December 31, 2010.

**Interrogatory # 17**

Ref: Exhibit 3, page 180

Please update the historical consumption for the 7 key account/auto related customers to provide a comparison for the full year for 2009 as compared to each of 2006, 2007 and 2008.

**Response:**

The following table has been updated for full year 2009 actuals:

**Historical Consumption for Key Account/Auto Related Customers**

	2009	2008	2007	2006
kwh	49,690,253	67,154,329	75,034,134	79,415,795
% yearly change	-26.0%	-10.5%	-5.5%	
% over 4 years	-37.4%			
kw	109,490	130,432	143,909	147,758
% yearly change	-16.1%	-9.4%	-2.6%	
% over 4 years	-25.9%			
Number of Customers	7	7	7	7

**Interrogatory # 18**

Ref: Exhibit 3, page 182, Table 3-2

Please update Table 3-2 to reflect actual figures for 2009 for customer count/connections, consumption (kWh), consumption (kW) and weather normalized consumption (kWh) and consumption (kW).

**Response:**

An update of Table 3-2 has been completed for 2009 data.

Table 3-2: Customer Count/Connections and Volumetric Comparisons (corrected 03/10/10) - Updated for 2009 Actuals

	2006 Board Approved	2006 Actual	2006 Actual vs. 2006 Board Approved	2007 Actual	2007 Actual vs. 2006 Actual	2008 Actual	2008 Actual vs. 2007 Actual	2009 Actual	2009 Actual vs. 2008 Actual	2010 Test	2010 Test vs. 2009 Actual
<b>Customer Count/Connections:</b>											
Residential	32,611	34,506	1,895	35,300	794	36,030	730	36,620	590	36,927	307
GS<50	1,769	1,816	47	1,869	53	1,896	27	1,911	15	1,909	(2)
GS>50	380	405	25	412	7	423	11	433	10	435	2
USL	385	390	5	382	(8)	387	5	389	2	391	2
Sentinel Lights	79	50	(29)	47	(3)	46	(1)	39	(7)	37	(2)
Streetlights	10,228	10,740	512	11,012	272	11,123	111	11,290	167	11,478	188
<b>Consumption (kWh):</b>											
Residential		340,108,142		353,245,947	13,137,805	342,735,162	(10,510,785)	344,663,138	1,927,976		
GS<50		72,200,337		74,193,328	1,992,991	76,238,506	2,045,178	73,950,736	(2,287,770)		
GS>50		433,954,842		433,427,583	(527,259)	428,355,126	(5,072,457)	410,224,130	(18,130,996)		
USL		2,513,103		2,478,838	(34,265)	2,470,423	(8,415)	2,426,000	(44,423)		
Sentinel Lights		59,876		54,867	(5,009)	53,420	(1,447)	45,178	(8,242)		
Streetlights		8,538,442		8,671,157	132,715	8,809,935	138,778	8,913,830	103,895		
<b>Consumption (kW):</b>											
GS>50		996,785		997,932	1,147	998,516	584	976,061	(22,455)		
Sentinel Lights		166		151	(15)	148	(3)	117	(31)		
Streetlights		22,847		23,374	527	23,609	235	23,982	373		
<b>WEATHER NORMALIZED</b>											
<b>Consumption (kWh):</b>											
Residential	324,528,044	338,404,218	13,876,174	347,662,474	9,258,256	347,860,226	197,752	338,754,330	(9,105,896)	350,407,180	11,652,850
GS<50	75,025,059	71,838,617	(3,186,442)	73,020,614	1,181,997	77,378,533	4,357,919	72,682,945	(4,695,588)	75,150,446	2,467,501
GS>50	402,582,266	431,780,752	29,198,486	426,576,744	(5,204,008)	434,760,501	8,183,757	403,191,363	(31,569,138)	414,547,692	11,356,329
USL	2,403,352	2,513,103	109,751	2,478,838	(34,265)	2,470,423	(8,415)	2,426,000	(44,423)	2,493,809	67,809
Sentinel Lights	83,573	59,876	(23,697)	54,867	(5,009)	53,420	(1,447)	45,178	(8,242)	43,361	(1,817)
Streetlights	7,892,016	8,538,442	646,426	8,671,157	132,715	8,809,935	138,778	8,913,830	103,895	9,090,771	176,941
<b>Consumption (kW):</b>											
GS>50	918,335	991,791	73,456	982,158	(9,633)	1,013,447	31,289	959,328	(54,119)	966,330	7,002
Sentinel Lights	95	166	71	151	(15)	148	(3)	117	(31)	120	3
Streetlights	21,601	22,847	1,246	23,374	527	23,609	235	23,982	373	24,361	379

Note 1: Customer Count/Connection data is on an average basis.

Note 2: Historical Data has been re-aligned to match customer classifications as of Feb/09

Note 3: 2006 Board Approved adjusted to restate classification of Rogers kWh from GS<50 kW to USL class for comparability.

## Interrogatory # 19

Ref: Exhibit 3, Pages 180 & 184

- a) Do any of the 7 customers shown in the table on page 180 receive a transformer ownership allowance? If yes, please provide a table showing the aggregate kW for these customers that received a transformer allowance for each of 2006, 2007, 2008 & 2009.

**Response:**

Of the seven customers shown in the table on page 180, six receive a transformer allowance. The aggregated demand (kW) information is provided below:

Aggregated Demand kW (Jan - Dec)			
<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
101,814	122,160	135,121	139,181

- b) Please update Table 3-4 on page 184 to incorporate actual 2009 data.

**Response:**

An update of Table 3-4 has been provided below:

Table 3-4: 3 Year Average of kW volumes for Transformer Allowance - GS>50 kW Class (Updated for 2009 Actuals)			
<u>Year</u>	<u>kW TRNALL</u>	<u>kW Billed</u>	<u>% of Billed</u>
2006	551,903	996,785	55.4%
2007	487,326	997,932	48.8%
2008	476,341	998,516	47.7%
2009	449,518	976,061	46.1%
3 Yr Average (07-09)	1,413,185	2,972,509	47.5%
4 Yr Average	1,965,088	3,969,294	49.5%

- c) Please update Table 3-5 on page 184 to reflect each of the following approaches:
- i) Using a 4-year average, as calculated in part (c) above.
  - ii) Using a 3 year-average, using 2007 through 2009 data.
  - iii) Using only the 2009 % of billed figure.

**Response:**

Updates of Table 3-5 for the three scenarios has been provided below:

<b>Table 3-5: Forecast 2009 and 2010 for Transformer Allowances GS&gt; 50 kW Customer Class (updated)</b>			
	<u>Normalized kW</u>	<u>kW TRNALL</u>	<u>Amount</u>
<u>Scenario (i) based on a 4-year average</u>			
2010F	966,330	478,403	\$287,042
<u>Scenario (ii) based on a 3-year average (07-09)</u>			
2010F	966,330	459,411	\$275,647
<u>Scenario (iii) based on 2009 % of billed figure</u>			
2010F	966,330	445,037	\$267,022

**Interrogatory # 20**

**Ref: Exhibit 3, Appendix 2-D**

**Please provide updated Tables 3-6, 3-7, 3-8, 3-9 and 3-10 that reflect 2009 actual data.**

**Response:**

The requested tables have been updated with preliminary 2009 actual data.

**APPENDIX 2-D**  
**Other Operating Revenue**

Uniform System of Account #	Description	2006 Board Approved	2006	2007	2008	Bridge Year 2009	2009 Prelim Actuals	Test Year 2010
4235	Specific Service Charges	196,518	136,946	154,281	249,082	154,835	163,276	157,835
4225	Late Payment Charges	275,846	297,895	343,757	321,056	375,000	403,494	321,000
4082	Retail Services Revenues	36,142	26,484	49,662	47,569	57,121	55,162	57,021
4084	Service Transaction Requests	52	576	555	581	719	640	719
4090	Electric Services	121,672	129,635	132,026	139,883	141,158	137,744	143,048
4210	Rent from Electric Property	105,714	105,855	118,473	124,391	146,093	167,860	133,120
4390	Miscellaneous Non-Operating Income	24,933	18,831	46,568	22,827	45,000	39,324	25,000
4405	Interest and Dividend Income	620,858	468,611	292,736	7,450	(11,279)	(39,398)	9,407
4375	Revenues from Non-Utility Operations	0	0	273,741	266,394	986,717	1,024,021	986,717
4380	Expense of Non-Utility Operations	0	0	(273,744)	(207,759)	(944,640)	(955,338)	(944,640)
Specific Service Charges 2-D(a)		196,518	136,946	154,281	249,082	154,835	163,276	157,835
Late Payment Charges 2-D (b)		275,846	297,895	343,757	321,056	375,000	403,494	321,000
Other Distribution Revenues 2-D (c )		263,580	262,550	300,716	312,425	345,091	361,407	333,908
Other Income and Expenses 2-D (d)		645,791	487,442	339,301	88,912	75,798	68,609	76,484
<b>Total</b>		<b>1,381,735</b>	<b>1,184,832</b>	<b>1,138,056</b>	<b>971,475</b>	<b>950,724</b>	<b>996,785</b>	<b>889,227</b>
<b>Adjustments to Revenue Offset:</b>								
4405 Interest from Regulatory Assets		(434,717)	(207,798)	32,754	269,647	61,279	84,695	56,593
4405 Interest and Dividend Income - Customer/Retailer Deposit and PILs Interest		(52,297)	(59,477)	(67,863)	(48,081)	(7,000)	(7,039)	(13,000)
4375 Non-Utility Revenue (OPA)		0	0	(273,741)	(266,394)	(986,717)	(1,024,021)	(986,717)
4380 Non-Utility Expense (OPA)		0	0	273,744	207,759	944,640	955,338	944,640
<b>Total Revenue Offset</b>		<b>894,721</b>	<b>917,557</b>	<b>1,102,950</b>	<b>1,134,406</b>	<b>962,926</b>	<b>1,005,759</b>	<b>890,743</b>

**APPENDIX 2-D (a)**  
**Other Operating Revenue - Specific Service Charge Detail**

USoA	Description	2006	2007	2008	Bridge Year 2009	2009 Prelim Actuals	Test Year 2010
4235	Arrears Certificate	0	0	0	0	0	0
4235	Statement of Account	0	0	0	0	0	0
4235	Pulling post-dated cheques	0	0	15	0	0	0
4235	Easement Letter	2,292	2,710	1,317	0	1,189	0
4235	Account history	1,521	1,712	1,501	1,500	1,326	1,500
4235	Credit reference/credit check (plus credit agency costs)	6,083	6,849	6,004	6,210	6,248	6,210
4235	Account set up charge / change of occupancy charge	85,696	122,675	129,690	112,020	124,470	115,020
4235	Returned Cheque charge (plus bank charges)	17,120	13,786	14,050	15,000	14,193	15,000
4235	Special Meter reads	0	0	0	0	0	0
4235	Meter dispute charge plus Measurement Canada fees (if meter found correct)	0	0	0	0	0	0
4235	Collection of account charge – no disconnection	591	0	0	0	0	0
4235	Collection of account charge – no disconnection – after regular hours	0	0	0	0	0	0
4235	Disconnect/Reconnect at meter – during regular hours	10,530	14,625	13,390	15,990	14,300	15,990
4235	Disconnect/Reconnect at meter – after regular hours	370	925	1,630	740	740	740
4235	Disconnect/Reconnect at pole – during regular hours	555	1,295	740	1,110	1,110	1,110
4235	Disconnect/Reconnect at pole – after regular hours	0	0	415	0	0	0
4235	Install / remove load control device – during regular hours	0	0	65	65	65	65
4235	Install / remove load control device – after regular hours	0	0	0	0	0	0
4235	Service call – customer-owned equipment	0	0	0	0	0	0
4235	Service call – after regular hours	0	0	0	0	0	0
4235	Temporary service install and remove – overhead – no transformer	3,000	4,500	4,000	1,500	1,500	1,500
4235	Temporary service install and remove – underground – no transformer	9,490	6,000	6,600	1,800	2,115	1,800
4235	Temporary service install and remove – overhead – with transformer	650	0	1,000	0	0	0
4235	Legal letter charge	0	0	0	1,200	0	1,200
4235	Miscellaneous Revenue	10,416	(10,296)	80,266	1,000	(680)	1,000
4235	Temporary Services Expense	(11,368)	(10,500)	(11,600)	(3,300)	(3,300)	(3,300)
<b>Total</b>		<b>136,946</b>	<b>154,281</b>	<b>249,083</b>	<b>154,835</b>	<b>163,276</b>	<b>157,835</b>

**APPENDIX 2-D (b)**  
**Other Operating Revenue - Late Payment Charge Detail**

USoA	Description	2006	2007	2008	Bridge Year 2009	2009 Prelim Actuals	Test Year 2010
4225	Late Payment - per month	297,895	343,757	321,056	375,000	403,494	321,000
<b>Total</b>		<b>297,895</b>	<b>343,757</b>	<b>321,056</b>	<b>375,000</b>	<b>403,494</b>	<b>321,000</b>



**APPENDIX 2-D (c )**  
**Other Operating Revenue - Other Distribution Revenue Detail**

USoA	Description	2006	2007	2008	Bridge Year 2009	2009 Prelim Actuals	Test Year 2010
4082	Retailer Service Agreement -- One time charge to establish the service agreement	200	400	0	100	200	0
4082	Retailer Service Agreement -- monthly fixed charge (per retailer)	2,300	2,840	3,360	3,820	3,800	3,820
4082	Retailer Service Agreement -- monthly variable charge (per customer, per retailer)	9,640	29,155	28,346	33,335	32,058	33,335
4082	Distributor-Consolidated Billing -- monthly charge (per customer, per retailer)	14,352	17,319	15,935	19,866	19,105	19,866
4082	Retailer-Consolidated Billing -- monthly credit (per customer, per retailer)	(8)	(52)	(71)	(0)	(0)	(0)
<b>Total</b>	<b>4082 Retail Service Revenues</b>	<b>26,484</b>	<b>49,662</b>	<b>47,569</b>	<b>57,121</b>	<b>55,162</b>	<b>57,021</b>
4084	Service Transaction Request -- request fee (per request, applied to the requesting party)	829	1,135	649	526	455	526
4084	Service Transaction Request -- processing fee (per request, applied to the requesting party)	108	369	182	193	185	193
4084	Service Transaction Request - request for customer information if not delivered through the EBT system, applied to the requesting party (more than twice per year, per request plus incremental delivery costs)	0	0	0	0	0	0
	4084 Entry to clear balance to RCVA Variance Account	(360)	(949)	(250)	0	0	0
<b>Total</b>	<b>4084 Service Transaction Requests</b>	<b>576</b>	<b>555</b>	<b>581</b>	<b>719</b>	<b>640</b>	<b>719</b>
<b>4090</b>	<b>Standard Supply Service -- Administrative Charge</b>	<b>129,635</b>	<b>132,026</b>	<b>139,883</b>	<b>141,158</b>	<b>137,744</b>	<b>143,048</b>
<b>4210</b>	<b>Rent from Electric Property</b>	<b>105,855</b>	<b>118,473</b>	<b>124,391</b>	<b>146,093</b>	<b>167,860</b>	<b>133,120</b>
<b>Total</b>		<b>262,550</b>	<b>300,716</b>	<b>312,425</b>	<b>345,090</b>	<b>361,407</b>	<b>333,907</b>

**APPENDIX 2-D (d)**  
**Other Operating Revenue - Other Income and Expense Detail**

USoA	Description	2006	2007	2008	Bridge Year 2009	2009 Prelim Actuals	Test Year 2010
4375	Revenues from Non-Utility Operations	0	273,741	266,394	986,717	1,024,021	986,717
4380	Expense of Non-Utility Operations	0	(273,744)	(207,759)	(944,640)	(955,338)	(944,640)
4390	Miscellaneous Non-Operating Income	18,831	46,568	22,827	45,000	39,324	25,000
4405	Interest and Dividend Income - Bank Interest	201,336	257,627	229,016	43,000	38,258	53,000
4405	Interest and Dividend Income - Customer/Retailer Deposits and PILs Interest	59,477	67,863	48,081	7,000	7,039	13,000
4405	Interest and Dividend Income - Regulatory Assets	207,798	(32,754)	(269,647)	(61,279)	(84,695)	(56,593)
<b>Total 4405</b>	<b>Interest and Dividend Income</b>	<b>468,611</b>	<b>292,736</b>	<b>7,450</b>	<b>(11,279)</b>	<b>(39,398)</b>	<b>9,407</b>
<b>Total</b>		<b>487,442</b>	<b>339,301</b>	<b>88,912</b>	<b>75,798</b>	<b>68,609</b>	<b>76,484</b>
Portion to exclude from Revenue Offset:							
4405	Interest and Dividend Income - Regulatory Assets	(207,798)	32,754	269,647	61,279	84,695	56,593
4405	Interest and Dividend Income - Customer/Retailer Deposit and PILs Interest	(59,477)	(67,863)	(48,081)	(7,000)	(7,039)	(13,000)
4375	Revenues from Non-Utility Operations	0	(273,741)	(266,394)	(986,717)	(1,024,021)	(986,717)
4380	Expense of Non-Utility Operations	0	273,744	207,759	944,640	955,338	944,640
Revenue Offset - Other Income and Expense							
		220,167	304,195	251,843	88,000	77,582	78,000

## Interrogatory # 21

Ref: Exhibit 3, page 190

- a) Please indicate where in the filing requirements it is stated that interest from customer/retailer deposits and PILS interest are not to be included in the revenue offset.

**Response:**

In the 2006 Electricity Distribution Rate Handbook Report of the Board (RP-2004-0188) issued on May 11, 2005 (pg 63-64), it states that,

“The Board finds that revenue from investments and bank accounts must be considered as a revenue offset to calculate the Base Revenue Requirement. However, these amounts will not include interest earned on security deposits, in recognition that interest on these deposits is paid directly to ratepayers.”

As a practice, Whitby Hydro does not overpay PILs installments and thus any interest amounts are minimal. Whitby Hydro did not have any PILs interest in 2009, nor has it forecasted any for 2010.

- b) What assumptions has Whitby Hydro used in terms of interest rates and bank balances in the calculation of bank interest? How do these assumptions compare to those used in 2009?**

**Response:**

For 2010, the average bank balance used was \$5.5M at an average interest rate of 1.2%. In 2009, interest income was based on a \$6.6M balance at an average interest rate of 0.68%.

- c) Has Whitby Hydro included any costs associated with interest paid on customer deposits in the calculation of the revenue requirement? If yes, please indicate where in the evidence this is shown. Please indicate the account number that includes this expense and please provide the cost of this interest on customer deposits.**

**Response:**

Whitby Hydro has not included any interest expense from customer deposits in the revenue requirement calculation as required by the 2006 Rate Handbook. See response to part (a) above.

## **Interrogatory # 22**

**Ref: Exhibit 3, page 192**

- a) Please explain the decrease in revenues forecast for 2009 and 2010 in account set up charge / change of occupancy charge to levels below that recorded in 2007 and 2008.**

**Response:**

Whitby Hydro did not experience the same levels of new residential or commercial customer growth in 2009 as it had in previous years (see Exhibit 3, page 176-178) and projected it's 2009 revenue on the basis of trending activity up to August 2009. Whitby Hydro forecasted limited growth in 2010 and as a result, it is not expected that the revenues for account set up/change in occupancy will return to levels previously experienced. Whitby Hydro also has no strong support to suggest that volumes related to changes in occupancy will increase to offset the declining growth in new customers.

- b) Please explain the significant reduction in 2009 and 2010 in revenue associated with temporary service install and remove - overhead and underground from the levels recorded in 2008 and previous years.**

**Response:**

As stated in Exhibit 3, page 187, the temporary service revenue has been declining in tandem with the reduced levels of development and growth in Whitby Hydro's service

area. Given that the temporary revenue and expenses are expected to offset each other, this specific service charge is not anticipated to affect the net revenue.

- c) **Please explain why there is a forecast in 2009 of \$1,200 for the legal letter charge if Whitby Hydro is requesting approval for this charge beginning in 2010.**

**Response:**

The 2009 forecast of \$1,200 for legal letters should have been classified as revenue related to Easement Letters.

**Interrogatory # 23**

Ref: Exhibit 3, pages 189 & 193

**Rent from electric property in 2009 includes a one-time catch-up billing adjustment of about \$12,500. This leaves the remaining forecast as \$133,593 for 2009.**

- a) **Please provide a breakdown of the \$12,500 catch up into amounts associated with each of 2008, 2007 and 2006.**

**Response:**

The approximate \$12,500 catch up amount included in the 2009 forecast is split evenly between 2007 and 2008.

- b) **Please explain why there is no growth in revenues in 2010 from the 2009 level of \$133,539.**

**Response:**

Whitby Hydro forecasted flat revenue from 2009 to 2010 on the basis that it is not aware of any new activity or requirements for joint use pole rentals at this time.

- c) **Please provide the actual and forecasted number of poles rented in each of 2006 through 2010. Please also provide the actual number of pole rentals for 2009.**

**Response:**

The data requested has been provided below:

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Fcst</u> <u>2009</u>	<u>Act</u> <u>2009</u>	<u>Fcst</u> <u>2010</u>
# of Pole Rentals	4,821	5,209	5,499	5,500	5,478	5,500

## Interrogatory # 24

Ref: Exhibit 3, page 194

Please confirm that all the revenues and costs shown in accounts 4375 and 4380 are CDM related. If this cannot be confirmed, please separate the CDM components in these accounts from the non-CDM components and describe what these non-CDM components are.

**Response:**

Whitby Hydro confirms that all revenues and costs in account 4375 and 4380 are CDM related.

## Interrogatory # 25

Ref: Exhibit 3, pages 197, 201-202

- a) Has Whitby Hydro used the full-time employment levels for the Oshawa Census Metropolitan Area and then applied the growth rates for the Ontario employment forecast shown in Table 4?

**Response:**

Yes.

- b) Please update Table 4 for 2009 and 2010 to reflect the most recent forecasts from the four banks shown as currently available.

**Response:**

The updated table is displayed below.

<b>Employment Forecast – Ontario</b>					
<i>(figures in annual percentage change)</i>					
	BMO	RBC	Scotia	TD	Avg
	<i>(Mar 19, 2010)</i>	<i>(March 2010)</i>	<i>(Dec 23, 2009)</i>	<i>(Nov 3, 2009)</i>	
2009	-2.4	-2.4	-2.5	-2.4	-2.4
2010	1.1	1.3	0.7	0.8	1.0

- c) Please provide the weather normal forecast for 2009 and 2010, as shown in Table 5, based on the updated employment forecasts from part (b) above.

**Response:**

The weather normal forecast for 2009 and 2010 based on the employment outlook reported in 25 (b) above as requested is displayed below.

			10-yr (1999-2008)	
Year	Actual wholesale kWh	%chg	Weather Normal	%chg
2008	897,673,634	-1.5%	911,096,927	1.6%
2009			883,889,204	-3.0%
2010			894,518,650	1.2%

- d) Please update Table 6 to reflect January through December actual figures for 2009.

**Response:**

Table 6 has been updated to reflect January through December 2009 actual figures, as requested.

**Table 6: Annual Historic Weather-Actual Class kWh Throughput, Whitby Hydro**

	Wholesale Purchases	Residential	share	GS<50	share	GS>50	share
2004	825,196,089	311,621,606	0.3776	69,602,804	0.0843	404,448,037	0.4901
2005	911,868,734	347,694,940	0.3813	73,582,378	0.0807	435,533,612	0.4776
2006	897,193,025	340,108,142	0.3791	72,200,337	0.0805	433,954,842	0.4837
2007	911,211,760	353,245,947	0.3877	74,193,328	0.0814	433,427,583	0.4757
2008	897,673,634	342,735,162	0.3818	76,238,506	0.0849	428,355,126	0.4772
2009	876,959,953	344,663,138	0.3930	73,950,736	0.0843	410,224,130	0.4677
	Streetlights	share	Sentinel Lights	share	USL	share	
2004	8,171,312	0.0099	63,396	0.0001	2,569,913	0.0031	
2005	8,309,471	0.0091	62,860	0.0001	2,736,453	0.0030	
2006	8,538,442	0.0095	59,876	0.0001	2,513,103	0.0028	
2007	8,671,157	0.0095	54,867	0.0001	2,478,838	0.0027	
2008	8,809,935	0.0098	53,420	0.0001	2,470,423	0.0028	
2009	8,913,830	0.0101	45,178	0.0001	2,426,000	0.0028	

- e) Please update Table 7 to reflect the revised figures from Table 5 (part (c) above) and from Table 6 (part (d) above).

**Response:**

An updated Table 7 as requested is displayed below.

**Updated Table 7 for EP: 10-yr (1999-2008) Weather Normal kWh Throughput, Whitby Hydro**

	Wholesale kWh	Residential	% chg	GS < 50	% chg	GS>50	% chg
2008	911,096,927	347,860,226	0.1%	77,378,533	6.0%	434,760,501	1.9%
2009F	883,889,204	347,386,475	-0.1%	74,535,054	-3.7%	413,465,494	-4.9%
2010F	894,518,650	351,564,064	1.2%	75,431,395	1.2%	418,437,734	1.2%

	Street Light	% chg	Sentinel Light	% chg	USL	% chg
2008	8,809,935	1.6%	53,420	-2.6%	2,470,423	-0.3%
2009F	8,913,830	1.2%	45,178	-15.4%	2,426,000	-1.8%
2010F	9,104,235	2.1%	43,361	-4.0%	2,493,809	2.8%

f) What is the impact on the revenue requirement of using the forecast from the updated Table 7 provided in the response to part (e) above?

**Response:**

The impact on revenue requirement from using the updated Table 7 information is an increase of \$5,297.

g) Please update Table 8 to reflect actual figures for 2009.

**Response:**

Table 8 is updated for actual figures for 2009, as requested. 2009 and 2010 normalized kW forecasts have not been changed.

**Updated Table 8 for EP: GS>50 Class kW with 2009 actual**

Year	Actual kW	Class kW/kWh ratio	Normalized kW	% change
2004	905,520	0.002239	956,670	1.8%
2005	1,000,149	0.002296	964,630	0.8%
2006	996,785	0.002297	991,791	2.8%
2007	997,932	0.002302	982,158	-1.0%
2008	998,516	0.002331	1,013,447	3.2%
2009F	976,061	0.002379	961,211	-5.2%
2010F			966,330	0.5%

**Interrogatory # 26**

Ref: Exhibit 3, page 203, Table 10

Please provide the actual year end customers by class as shown in Table 10 for 2009.

**Response:**

Please see response to VECC #24 (a).

**Interrogatory # 27**

Ref: Exhibit 3, page 204, Table 11

Please update Table 11 to reflect actual figures for 2009, including normalized actuals.

**Response:**

**Table 11**

**Actual Use Per Customer**

	Residential	GS<50	GS>50	Streetlights	Sentinel Lights	USL
2004	9,781	40,128	1,072,806	804	1,196	6,595
2005	10,465	41,523	1,107,993	798	1,195	6,813
2006	9,856	39,760	1,071,053	795	1,190	6,440
2007	10,007	39,700	1,051,158	787	1,176	6,492
2008	9,513	40,214	1,013,458	792	1,172	6,378
2009	9,412	38,697	947,400	790	1,158	6,237

**Normalized Use Per Customer**

	Residential	GS<50	GS>50	Streetlights	Sentinel Lights	USL
2004	10,333	42,395	1,133,406	804	1,196	6,595
2005	10,093	40,048	1,068,644	798	1,195	6,813
2006	9,807	39,561	1,065,687	795	1,190	6,440
2007	9,849	39,073	1,034,543	787	1,176	6,492
2008	9,655	40,815	1,028,613	792	1,172	6,378
2009	9,486	39,003	954,886	790	1,158	6,237

**Interrogatory # 28**

Ref: Exhibit 3, pages 198 & 201

Please provide a live Excel spreadsheet that contains all of the data used to estimate the regression equation shown in Table 1 on page 198 and all of the forecasted information need to produce the 2009 and 2010 wholesale kWh forecasts shown in Table 5 on page 201

**Response:**

All data required is provided in an Excel compatible format.



## Interrogatory # 29

**Ref: Exhibit 4, page 211, Table 4-1**

**Please update Table 4-1 to reflect actual figures for 2009.**

### **Response:**

Table 4-1 has been updated as requested.

Appendix 2-F Summary of OM&A Expenses (\$000)													
	2006 Board Approved	2006 Actual	Variance- Board Approved to Actual	2007 Actual	Variance- 2007 Actual to 2006 Actual	2008 Actual	Variance- 2008 Actual to 2007 Actual	2009 Actual	Variance- 2009 Actual to 2008 Actual	2010 Test	Variance- 2010 Test to 2009 Actual	Variance- 2010 Test to 2006 Board Approved	Variance- 2010 Actual to 2006 Board Approved
Operation	1,513	1,786	273	1,984	198	1,832	(152)	1,843	11	1,971	128	458	6.36%
Maintenance	1,136	1,678	542	1,907	229	1,635	(272)	1,896	261	1,890	(6)	754	10.47%
Billing and Collections	1,753	2,263	510	2,300	37	2,168	(132)	2,046	(122)	2,166	120	413	5.74%
Administrative and General	2,799	2,433	(366)	2,536	103	2,513	(23)	2,650	137	2,893	243	94	1.31%
Total OM&A	7,201	8,160	959	8,727	567	8,148	(579)	8,435	287	8,920	485	1,719	23.87%
Variance from Previous Year		959		567		(579)		287		485			
% Change -Year over Year		13.32%		6.95%		-6.63%		3.52%		5.75%			
% Change Test Year to Most Current Actual (2010 vs. 2008)										9.47%			
% Change 2010 Test Year to 2006 Board Approved										23.87%			
Average for 2007, 2008 & 2009				1.28%									
Compound Annual Growth Rate for 2006 Board Approved to 2010 Test Year										3.63%			

## Interrogatory # 30

**Ref: Exhibit 4, page 212, Table 4-2**

**How have productivity improvements been reflected in Table 4-2?**

### **Response:**

Table 4-2 shows the actual costs from 2004 to 2008 including the productivity improvements for this period. The historic cost trends and the incorporated productivity gains have been reflected in the bridge and test year forecasts.

## Interrogatory # 31

Ref: Exhibit 4, page 213, Table 4-3

Please update Table 4-3 to reflect actual figures for 2009.

### Response:

Table 4-3 has been updated below with 2009 actual (preliminary)

	2006 Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Bridge	2009 Actual	2010 Test
<b>Operations</b>							
5005-Operation Supervision and Engineering	91,670	125,200	126,778	87,155	85,129	87,185	93,099
5010-Load Dispatching	333,129	323,535	387,010	282,424	322,791	321,727	350,806
5012-Station Buildings and Fixtures Expense	99,370	113,139	130,233	120,097	124,860	131,268	129,033
5017-Distribution Station Equipment	12,299	13,248	19,097	34,376	22,249	15,935	41,533
5025-Overhead Distribution Lines & Feeders	10,156	31,406	22,217	31,648	31,742	37,561	48,705
5030-Overhead Subtransmission Feeders	5,612	5,264	4,807	21,456	21,389	23,592	29,881
5035-Overhead Distribution Transformers	8,050	11,296	10,199	8,436	14,345	15,805	23,939
5045-Underground Distribution Lines & Feeders	135,651	154,872	184,088	188,976	220,948	225,946	240,400
5055-Underground Distribution Transformers	7,556	16,483	11,830	9,896	12,746	16,451	29,701
5065-Meter Expense	432,384	496,427	550,000	537,465	400,122	370,557	369,727
5075-Customer Premises	65,912	53,139	61,483	77,725	140,288	154,265	142,492
5085-Miscellaneous Distribution Expense	302,042	431,557	475,543	417,675	468,001	433,413	470,285
5090-Underground Dist. Lines and Feeders - Rental Paid	1,854	0	0	0	0	0	0
5095-Overhead Dist. Lines and Feeders - Rental Paid	7,390	10,459	543	14,902	1,120	9,539	1,120
	1,513,075	1,786,025	1,983,828	1,832,231	1,865,730	1,843,244	1,970,721
<b>Maintenance</b>							
5105-Maintenance Supervision and Engineering	88,221	171,479	179,112	134,535	133,176	130,148	155,860
5110-Maintenance of Buildings and Fixtures - Dist. Stations	5,230	2,539	2,720	8,092	5,820	3,382	5,815
5114-Maintenance of Distribution Station Equipment	275,086	397,036	508,360	306,851	303,762	302,883	316,127
5120-Maintenance of Poles, Towers and Fixtures	18,486	61,438	75,648	62,055	65,259	71,527	75,903
5125-Maintenance of Overhead Conductors/Devices	183,385	283,229	242,426	303,023	349,363	364,687	310,822
5130-Maintenance of Overhead Services	63,247	65,931	62,261	73,724	111,369	110,115	122,149
5135-Overhead Dist. Lines and Feeders - Right of Way	50,120	101,083	87,615	109,546	127,005	123,246	131,392
5150-Maintenance of Underground Conductors/Devices	167,626	201,308	295,227	175,145	260,128	264,203	213,900
5155-Maintenance of Underground Services	141,448	177,875	233,802	276,260	262,258	265,546	280,646
5160-Maintenance of Line Transformers	135,289	195,960	197,518	156,046	197,085	196,964	219,350
5175-Maintenance of Meters	7,910	20,455	22,529	30,080	54,734	63,371	58,030
	1,136,048	1,678,333	1,907,218	1,635,357	1,869,959	1,896,072	1,889,994
<b>Billing and Collections</b>							
5305-Supervision	27,283	45,726	30,503	45,078	34,003	41,347	35,063
5310-Meter Reading Expense	184,831	243,682	196,987	264,107	253,541	249,269	258,184
5315-Customer Billing	793,344	535,334	559,722	593,483	603,108	597,218	680,570
5320-Collecting	113,798	133,337	131,478	143,910	140,488	140,009	143,336
5325-Collecting- Cash Over and Short	0	0	0	0	0	0	0
5330-Collection Charges	10,163	12,613	19,680	20,034	18,135	9,550	20,359
5335-Bad Debt Expense	57,589	135,171	113,528	304,939	200,000	216,663	200,000
5340-Miscellaneous Customer Accounts Expenses	562,784	686,886	697,626	792,092	785,283	789,412	814,854
5415-Energy Conservation	0	466,290	547,418	0	0	0	0
5425-Misc. Customer Service and Informational Expenses	3,448	4,405	3,306	4,643	6,801	2,860	13,572
	1,753,240	2,263,444	2,300,248	2,168,286	2,041,359	2,046,328	2,165,938
<b>Administrative and General</b>							
5605-Executive Salaries and Expenses	71,455	95,253	128,465	120,964	79,450	75,879	60,170
5610-Management Salaries and Expenses	734,848	722,628	667,115	793,372	859,268	863,658	913,739
5615-General Administrative Salaries and Expenses	271,841	342,789	418,163	379,086	411,278	409,526	479,310
5620-Office Supplies and Expenses	130,753	125,422	135,151	99,150	106,400	100,992	109,760
5630-Outside Services Employed	74,948	165,635	127,694	197,068	214,400	150,867	238,880
5635-Property Insurance	11,491	30,360	30,360	33,188	36,000	30,865	37,000
5640-Injuries and Damages	149,839	71,905	84,217	85,655	85,000	81,104	88,000
5645-Employee Pensions and Benefits	183,391	0	0	0	0	0	0
5655-Regulatory Expenses	129,358	271,883	257,611	288,947	354,108	358,580	392,429
5660-General Advertising Expenses	0	5,842	1,712	1,554	2,240	232	2,240
5665-Miscellaneous General Expenses	727,282	398,913	420,474	330,757	296,600	320,706	300,240
5675-Maintenance of General Plant	313,686	202,706	265,306	183,457	224,000	231,084	231,000
5685-IESO Fees and penalties					40,000	26,967	40,000
	2,798,892	2,433,336	2,536,268	2,513,198	2,708,744	2,650,460	2,892,768
<b>Total Operations, Maintenance and Administration</b>	<b>7,201,255</b>	<b>8,161,138</b>	<b>8,727,562</b>	<b>8,149,072</b>	<b>8,485,792</b>	<b>8,436,104</b>	<b>8,919,421</b>

## **Interrogatory # 32**

**Ref: Exhibit 4, page 213, Table 4-3**

### **Please explain the following increases in costs:**

Whitby has responded to the specific questions below but it notes that all of these items are well below the materiality threshold of \$103K as determined by the OEB filing guidelines. At this level of detail the year-over-year fluctuations in the spending can easily be up or down depending on which year is selected for review and consequently a comprehensive review of all the cost components is required to ensure a proper assessment of the spending. Limiting the review solely to increases in any one year would not be productive and could be misleading. Please refer to VECC IRR #27.c) which provides detail on the aggregate result of the increases and decreases.

- a) Account 5010 (Load Dispatching) from \$282,424 in 2008 to \$322,791 in 2009 and to \$350,806 in 2010.**

**Response:**

Please see VECC IRR# 28.b)

- b) Account 5017 (Distribution Station Equipment) from \$22,249 in 2009 to \$41,533 in 2010.**

**Response:**

The additional costs represent an increased level of annual testing and inspection of substations.

- c) Account 5025 (Overhead Distribution Lines & Feeders) from \$31,648 in 2008 and \$31,742 in 2009 to \$48,705 in 2010.**

**Response:**

The increased in annual costs are a result of the implementation of asset condition assessment related to Whitby Hydro's commitment to develop an asset management plan.

- d) Account 5035 (Overhead Distribution Transformers) from \$14,345 in 2009 to \$23,939 in 2010.**

**Response:**

Please see response to part (c)

- e) **Account 5045 (Underground Distribution Lines & Feeders) from \$188,976 in 2008 to \$220,948 in 2009 and to \$240,400 in 2010.**

**Response:**

As indicated at Exhibit #4, page 215, lines 5-7, as Whitby Hydro's underground plant has grown significantly, so has the requirement for underground locating combined with the additional regulatory pressure for third party contractors to remain compliant.

- f) **Account 5055 (Underground Distribution Transformers) from \$12,746 in 2009 to \$29,701 in 2010.**

**Response:**

Please see response to part (c)

- g) **Account 5075 (Customer Premises) from \$77,725 in 2008 to \$140,288 in 2009 and \$142,492 in 2010.**

**Response:**

Please see response to part (c)

- h) **Account 5085 (Miscellaneous Distribution Expense) from \$417,675 in 2008 to \$468,001 in 2009 and \$470,285 in 2010.**

**Response:**

Please refer to part.(e) and Exhibit #4, page 215.

- i) **Account 5105 (Maintenance Supervision and Engineering) from \$133,176 in 2009 to \$155,860 in 2010.**

**Response:**

Increase cost of \$23k due to reassignment of labour to assist in the planning of work schedules.

- j) **Account 5315 (Customer Billing) from \$603,108 in 2009 to \$680,570 in 2010.**

**Response:**

Additional resources (\$50k) are required to implement proposed OEB code changes which will require significant modifications to existing processes. These changes will provide greater flexibility to customers but demand an ongoing higher level of customer interaction. The remainder of the increase is due to inflation and small increases in resources to meet continued customer growth.

- k) Account 5340 (Miscellaneous Customer Accounts Expense) from \$785,283 in 2009 to \$814,854 in 2010.**

**Response:**

Inflation is the main driver for the increase with small increases in resources to meet continued customer growth.

- l) Account 5425 (Miscellaneous Customer Service and Informational Expense) from \$6,801 in 2009 to \$13,572 in 2010.**

**Response:**

The increase in costs is required to expand customer communication as the market continues to be more complex, i.e. FIT program, RPP pricing scheme, HST changes.

- m) Account 5610 (Management Salaries and Expenses) from \$793,372 in 2008 to \$859,268 in 2009 and to \$913,739 in 2010.**

**Response:**

Please refer to VECC IRR # 30.

- n) Account 5615 (General Administrative Salaries and Expenses) from \$379,086 in 2008 to \$411,278 in 2009 and to \$479,310 in 2010.**

**Response:**

Please refer to VECC IRR # 30.

- o) Account 5630 (Outside Services Employed) from \$197,068 in 2008 to \$214,400 in 2009 and to \$238,880 in 2010.**

**Response:**

Increases due to higher level of external auditing costs and ongoing implementation/maintenance of disaster recovery.

- p) Please explain why there are no IESO fees and penalties shown prior to 2009.**

**Response:**

Prior to 2009, IESO fees and penalties were grouped under interest expense and as a result have never been part of the revenue requirement.

- q) Please separate the \$40,000 forecast for IESO fees and penalties shown for 2010 between fees and penalties.**

**Response:**

The \$40,000 represents the cost of providing prudential requirements in the form of a letter of credit.

- r) Has Whitby Hydro taken into account the removal of the provincial retail sales tax effective July 1, 2010 in the 2010 forecast? If not, why not?

**Response:**

Yes

**Interrogatory # 33**

Ref: Exhibit 4, page 225, table 4-9

- a) Please provide a breakdown of the \$250,000 forecasted cost associated with the 2010 cost of service rate application into its component parts such as legal, consulting, intervenors, newspaper notices, OEB costs, etc.

**Response:**

Please refer to the chart in part (b) below.

- b) How much of the \$250,000 is related to an oral component (technical conference and/or oral hearing)?

**Response:**

The following chart provides a breakdown of regulatory expenses forecast for the 2010 cost of service application of \$250,000. The \$250,000 estimate does not include the cost of an oral hearing. In the event of an oral hearing, Whitby Hydro will update its evidence to include the associated costs.

	Regulatory Costs*
Staff	0
Intervenor	40,000
OEB	40,000
Consultant	125,000
Legal	45,000
Total	250,000
Amortized over 4 yrs	62,500

\* Not including an oral hearing

**Interrogatory # 34**

Ref: Exhibit 4

- a) Has Whitby Hydro included any LEAP related costs in the 2010 revenue requirement? If yes, please quantify and explain where they are included in the evidence.

**Response:**

Whitby Hydro has not included any LEAP related costs in the 2010 revenue requirement.

- b) Has Whitby Hydro included any IFRS related costs in the 2010 revenue requirement? ? If yes, please quantify and explain where they are included in the evidence.**

**Response:**

Whitby Hydro has not included any IFRS related costs in the 2010 revenue requirement.

**Interrogatory # 35**

**Ref: Exhibit 4, page 226**

- a) Please confirm that based on the "Third Generation Incentive Regulation Stretch Factor Updates for 2010 (EB-2009-0392)" dated February 17, 2010 Whitby Hydro ranks last in its peer group (Mid-Size GTA Medium-High undergrounding) in terms of the unit OM&A cost indexes for the average of the 2006 through 2008 period.**

**Response:**

Confirmed, however, the three year average index ranking does not highlight the fact that Whitby Hydro has improved its ranking in 2008 and its OM&A cost per customer is positioned closely along the median and is among a tight cluster of five distributors within its identified group of peers. Please see Board Staff interrogatory #8 for additional comments in this area.

In addition, as discussed in part (b), costs should not be assessed without considering the implications on service quality.

- b) Please also confirm that Whitby Hydro is more than 18% above the average for its peer group and more than 24% above the index for Oshawa PUC Networks.**

**Response:**

Whitby Hydro confirms the above statement is correct. However, based on cost per customer data (see chart below), Whitby Hydro has reduced its OM&A costs in 2008 and ranked only 7% above the average and 18% above Oshawa and less than 1.7% above the median. In addition, when assessing costs it is critical to look at service quality concurrently and in this regard Whitby Hydro is the second best performer in its cohort group providing 75% more reliable service than the average of its cohort group as shown below for the period 2005 to 2008 (source OEB Distributor Yearbooks).

<b>2008 OM&amp;A Costs Per Customer</b>	
<b>LDC</b>	<b>Cost/Customer</b>
Barrie Hydro Distribution Inc.	154
Kitchener-Wilmont Hydro Inc.	155
Oakville Hydro Electricity Distribution	169
Oshawa PUC Networks Inc.	176
Waterloo North Hydro Inc.	184
Cambridge and North Dumfries Hydro	184
Milton Hydro Distribution Inc.	204
Guelph Hydro Electric System Inc.	207
Brantford Power Inc.	208
Newmarket - Tay Power Distribution	208
Whitby Hydro Electric Corporation	208
Burlington Hydro Inc.	215
Halton Hill Hydro Inc.	251
<b>MEDIAN</b>	<b>204</b>

Whitby Hydro expresses some concern with regards to the noted comparison with Oshawa PUC Networks. Whitby Hydro is not aware of Oshawa PUC's circumstances that may have resulted in it having lower OM&A costs per customer. There are, however, a variety of factors that could have caused the disparity between Whitby Hydro and Oshawa PUC. For example, in the Board's Decision on Oshawa's 2008 Cost of Service application (EB-2007-0710), the Board highlighted concerns in the area of Oshawa's reliability.

With the concerns raised by the Board about Oshawa's reliability, Whitby Hydro does not feel that the comparison of rankings to Oshawa is a reasonable one. As seen in the chart below, Whitby Hydro has good reliability results (well above the levels reported by Oshawa) and this comes from ensuring adequate capital works and maintenance programs. While there certainly may be other influencing factors, it cannot be ignored that Oshawa's lower OM&A levels may have a bearing on their low levels of service reliability (below the peer group average and well below Whitby Hydro's indices).



**Mid - Sized GTA Medium-High Undergrounding Cohort Grouping**

**Reliability Statistics (Includes loss of supply)**

LDC	2005			2006			2007			2008		
	Saidi	Saifi	Caidi	Saidi	Saifi	Caidi	Saidi	Saifi	Caidi	Saidi	Saifi	Caidi
Barrie Hydro Distribution Inc.	2.55	3.70	0.69	3.61	3.29	1.10	2.38	3.23	0.74	2.28	3.35	0.84
Brantford Power Inc.	1.39	2.15	0.65	1.05	1.54	0.68	1.20	1.25	0.96	0.86	1.71	0.50
Burlington Hydro Inc.	1.27	1.21	1.05	1.05	0.88	1.19	1.03	0.68	1.51	1.36	1.70	0.80
Cambridge and North Dumfries Hydro	1.12	1.09	1.03	0.93	1.35	0.69	1.51	1.74	0.86	0.70	1.08	0.65
Guelph Hydro Electric System Inc.	0.48	1.04	0.46	0.36	1.18	0.31	0.59	1.02	0.58	0.57	1.42	0.40
Halton Hill Hydro Inc.	1.59	0.01	212	1.19	1.53	0.78	1.22	0.66	1.85	1.44	1.04	1.39
Kitchener-Wilmont Hydro Inc.	1.11	0.85	1.30	0.66	0.92	0.71	1.10	0.94	1.18	1.11	1.24	0.90
Milton Hydro Distribution Inc.	1.05	1.89	0.55	1.35	1.49	0.91	1.52	1.13	1.34	1.00	0.75	1.33
Newmarket - Tay Power Distribution	0.57	0.72	0.79	0.79	0.52	1.51	0.18	0.17	1.05	1.34	0.51	2.65
Oakville Hydro Electricity Distribution	2.49	1.64	1.52	1.49	1.09	1.36	1.26	1.72	0.73	1.54	1.60	0.96
Oshawa PUC Networks Inc.	1.16	1.17	0.99	2.27	1.29	1.76	1.76	1.16	1.51	1.73	1.80	0.96
Waterloo North Hydro Inc.	11.81	0.14	87.05	0.99	7.35	0.13	0.94	6.65	0.14	1.01	1.72	0.92
Whitby Hydro Electric Corporation	<b>0.88</b>	<b>1.23</b>	<b>0.72</b>	<b>0.79</b>	<b>0.58</b>	<b>1.36</b>	<b>0.83</b>	<b>1.05</b>	<b>0.79</b>	<b>0.24</b>	<b>0.43</b>	<b>0.57</b>
Average	2.11	1.30	23.75	1.27	1.77	0.96	1.19	1.65	1.02	1.17	1.41	0.99

**Interrogatory # 36**

**Ref: Exhibit 4, page 231**

- a) Please explain how the "rate of return" that is noted under the pricing methodology is determined. Please provide the calculations and assumptions used to estimate the rate of return used for 2010.

**Response:**

Please see VECC IRR #36 (a).

- b) For each of the services shown in Table 4-14 that include a rate of return as part of the pricing methodology, please show the breakdown of the price for the service starting from the cost for the service shown and adding in the rate of return. For example, for office expenses the difference between the price for the service of \$108 and the cost of service of \$98 is approximately 10.2%. How was this difference of \$10 calculated based on cost plus rate of return?

**Response:**

Please see VECC IRR #36 (b).

**Interrogatory # 37**

Ref: Exhibit 4, pages 237 & 164

- a) Please provide a table showing, by account, the calculation of the depreciation expense of \$4,929,391 for the 2010 test year.

**Response:****Calculations of 2010 Depreciation Expense**

OEB	Description	2009 Depreciation Expense (A)	2010 Capital Additions (B)	Amortization Period C	2010 Additions to Depreciation Expense (B/C)=D	Deletions (E)	2010 Amortization Expense (A+D+E)
1805	Land						
1806	Land Rights						
1808	Buildings and Fixtures	(4,115)					(4,115)
1815	Transformer Station Equipment - Normally Primary	0					0
1820	Distribution Station Equipment - Normally Primary	(531,860)	1,381,000	30	(46,033)		(577,893)
1830	Poles, Towers and Fixtures	(792,208)	3,996,000	25	(159,840)		(952,048)
1835	Overhead Conductors and Devices	(496,912)	1,044,000	25	(41,760)		(538,672)
1840	Underground Conduit	(672,528)	748,000	25	(29,920)		(702,448)
1845	Underground Conductors and Devices	(569,676)	616,000	25	(24,640)	38,118	(556,198)
1850	Line Transformers	(1,056,633)	1,518,000	25	(60,720)		(1,117,353)
1855	Services	(645,919)	1,030,000	25	(41,200)	(47,886)	(735,005)
1860	Meters	(197,167)	132,000	25	(5,280)		(202,447)
1905	Land						0
1906	Land Rights						0
1908	Buildings and Fixtures	(109,777)	157,000	25	(6,280)	4,203	(111,854)
1915	Office Furniture and Equipment	(28,635)	10,000	10	(1,000)	2,954	(26,681)
1920	Computer Equipment - Hardware	(83,323)	86,000	5	(17,200)	5,090	(95,433)
1925	Computer Software	(145,557)	204,000	5	(40,800)	8,762	(177,595)
1930	Transportation Equipment						0
1935	Stores Equipment	0	0				0
1940	Tools, Shop and Garage Equipment	(428)	0				(428)
1945	Measurement and Testing Equipment	(2,090)	0				(2,090)
1955	Communication Equipment	(646)	0			646	0
1960	Miscellaneous Equipment						0
1980	System Supervisory Equipment	(124,100)	80,000	15	(5,333)	17,468	(111,965)
1985	Sentinel Lighting Rental Units	(55)	0			55	0
1990	Other Tangible Property		0				0
1995	Contributions and Grants - Credit	879,114	(2,593,000)	25	103,720		982,834
	<b>TOTAL</b>	<b>(4,582,515)</b>	<b>8,409,000</b>		<b>(376,287)</b>	<b>29,410</b>	<b>(4,929,391)</b>

**Note:**

Deletions of -47,886 under a/c 1855 represents adjustment for depreciation related to Secondary Service of \$678k, Exhibit #2, page 149

Depreciation for \$678,000 adjustment - Exhibit 2, page 149	75,006
Removal of depreciaton on addition of \$678,000/25 = 27,120	<u>-27,120</u>
	47,886

- b) Please provide a table showing, by account, the calculation of the 2010 depreciation expense assuming the half year rule for 2010 additions.

**Response:**

Please see response to IR #15.

c) Please explain the relevance of the Total line in the first table on page 237.

**Response:**

The Total line was printed in error. Please use the numbers shown in the corrected table below.

**Amortization Expense**

USoA	Description	2006 Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Bridge	2010 Test
5705	Amortization Expense - Property, Plant, and Equipment	3,497,331	3,896,885	4,128,556	4,401,237	4,582,515	4,929,391
	Change -Year over Year		399,554	231,671	272,681	181,278	346,876
	% Change -Year over Year		11.42%	5.95%	6.60%	4.12%	7.57%
	% Change Test Year to Most Current Actual (2010 vs. 2008)						12.00%
	% Change Test Year to 2006 Board Approved						40.95%
	Average % Change						6.82%

**Interrogatory # 38**

Ref: Exhibit 4, page 239

Please provide the actual property taxes paid in each of 2006 through 2009 and provide the 2010 forecast of property taxes that has been included in distribution expenses.

**Response:**

The following property taxes have been included in the distribution expense.

Property Taxes (\$k)				
2006	2007	2008	2009	2010
125	127	130	137	141

**Interrogatory # 39**

Ref: Exhibit 4, page 240

- a) Please confirm that the 2009 provincial budget reduced the small business tax rate from 5.5% to 4.5% effective July 1, 2010 on the first \$500,000 of taxable income and eliminated the 4.25% surtax on taxable income over \$500,000, also effective July 1, 2010.

**Response:**

Confirmed.

- b) Please confirm that the 2010 provincial tax savings resulting from the above change noted in part (c) is \$18,750, the difference between the following calculations on the first \$1,500,000 of taxable income:

$$\begin{array}{lcl} * & 13\% \times \$1,500,000 & = \$195,000, \text{ and} \\ & & \\ * & 5\% \times \$500,000 & = \$25,000 \\ & 13\% \times \$1,000,000 & = \$130,000 \\ & 2.125\% \times \$1,000,000 & = \underline{\$21,250} \\ & \text{Total} & = \$176,250 \end{array}$$

If these calculations cannot be confirmed, please provide the calculations that show the reduction in the provincial income tax and provide the rationale for the rates and numbers used.

**Response:**

Confirmed.

**Interrogatory # 40**

Ref: Exhibit 4, page 232

The vehicle replacement costs for the 2010 test year are shown as \$532,000.

- a) How much of this amount is capitalized and how much is expensed?

**Response:**

\$266,000 is capitalized and \$266,000 is expensed.

- b) Does Whitby Hydro or its affiliate determine how much is capitalized versus expensed each year?

**Response:**

Whitby Hydro determines how much is capitalized versus expensed each year.

- c) Do the vehicle replacement costs include depreciation expense? If yes, does the affiliate use the same depreciation rates for vehicles and tools as those prescribed by the OEB? If not, please calculate the impact on the cost of \$532,000 if the OEB depreciation rates were to be applied in the calculation of the cost. Please also calculate the cost if the half year rule for depreciation were used for vehicle and tool additions in the test year.

**Response:**

The vehicle replacement costs include depreciation expense which is based on the same depreciation rates for vehicles and tool as those prescribed by the OEB.

- d) Please explain the following sentence shown at lines 17 and 18 of page 232:

*"OM&A, Capital Services and Vehicle Replacement Services are tracked and costs are charged by USoA with an adjustment for no more than the weighted cost of capital."*

In particular, given the three figures provided in the table for 2010, please indicate whether these are the amounts forecast to be incurred by Whitby Hydro or whether these amounts will be grossed up by the adjustment for no more than the weighted cost of capital. If these are already the grossed up amounts, please show the actual costs and the gross up calculation used to arrive at these figures.

**Response:**

Please see VECC IRR #33(a)

- e) Please explain why an adjustment of no more than the weighted cost of capital is applied to expenses such as the OM&A services.

**Response:**

Please see VECC IRR #33(a)

**Interrogatory # 41**

Ref: Exhibit 4, page 227

Please provide a list of the "other entities" to which WHES provides consulting, engineering, billing and distribution services.

**Response:**

Whitby Hydro questions the relevance of the information requested. WHES is a non-regulated entity.

**Interrogatory # 42**

Ref: Exhibit 4, pages 231, 232 & 211 & Exhibit 2, page 164

- a) There is a difference of \$1,339 between the total OM&A expense for 2010 of \$8,920 shown on page 211 of Exhibit 4 and the shared services cost of \$2,083 shown on page 231 and the outsourced OM&A services of \$5,498 shown on page 232. Please provide a breakdown of this additional cost including any

**expensed portion of the Vehicle Replacement cost of \$532 shown on page 232, property taxes and any other component of the difference.**

**Response:**

Please see VECC IRR #32(d).

- b) There is a difference of \$519 between the total capital expenditures for 2010 of \$8,409 shown on page 164 of Exhibit 2 and the capital services amount of \$7,890 shown on page 22 of Exhibit 4. Please provide a breakdown of this additional expenditure including any capitalized portion of the Vehicle Replacements cost of \$532 shown on page 232 and any other component of the difference.**

**Response:**

Please see VECC IRR #32(d).

**Interrogatory # 43**

**Ref: Exhibit 7, page 360**

**Will the move to higher revenue-to-cost ratios in 2011 and 2012 for the street light and sentinel light classes be used to reduce the ratio for residential customers in those years, or will some of the increase be used to reduce the ratio for other rate classes? Please explain.**

**Response:**

Yes the higher revenue-to-cost ratios in 2011 and 2012 for the streetlight and sentinel light classes will be used to reduce the ratio for the residential customers in those years.

This is in line with Whitby Hydro's objective as outlined for the Proposed 2010 Cost Allocation (Exhibit 7, page 360, lines 1-3) which states "Adjustments required to those classes that were below the range, should be offset by those classes which were the furthest above the range first, and then shared to bring classes closer to 100% cost recovery in a consistent manner." As the Residential class would still have the highest revenue to cost ratio (above 100%), it would receive the offset to the proposed adjustment to the Streetlight and Sentinel light classes so as to move the Residential revenue to cost ratio closer to 100%.

## Interrogatory # 44

Ref: Exhibit 8, page 396

If available, please add 2009 data to Table 8-13 and provide a four year average calculation.

### **Response:**

Table 8-13 has been updated with 2009 data and shows a four year average.

Updated Table 8-13: Loss Factors (Appendix 2-Q) - as per EP#44

Loss Factors (appendix 2-Q)		2006	2007	2008	2009	4 Yr (06-09) Average
<b>Losses in Distributor's System</b>						
A1	"Wholesale" kWh delivered to distributor (higher value)	897,193,840	911,179,239	897,673,634	876,959,953	895,751,666
A2	"Wholesale" kWh delivered to distributor (lower value)	888,890,012	904,330,932	891,338,683	870,904,419	888,866,012
B	Portion of "Wholesale" kWh delivered to distributor for Large Use Customer	888,890,012	904,330,932	891,338,683	870,904,419	888,866,012
C	Net "Wholesale" kWh delivered to distributor (A2)-(B)					
D	"Retail" kWh delivered by distributor	851,919,155	867,531,513	868,996,084	840,203,822	857,162,644
E	Portion of "Retail" kWh delivered by distributor for Large Use Customers(s)					
F	Net "Retail" kWh delivered by distributor (D)-(E)	851,919,155	867,531,513	868,996,084	840,203,822	857,162,644
G	Loss Factor in distributor's system [C/F]	1.0434	1.0424	1.0257	1.0365	1.0370
<b>Losses Upstream of Distributor's System</b>						
H	Supply Facility Loss Factor	1.0093	1.0076	1.0071	1.0070	1.0077
<b>Total Losses</b>						
I	Total Loss Factor [(G) x (H)]	1.0531	1.0503	1.0330	1.0437	1.0450
	Additional supply loss factor					
	Adjusted Total Loss Factor	<b>1.0531</b>	<b>1.0503</b>	<b>1.0330</b>	<b>1.0437</b>	<b>1.0450</b>

## Interrogatory # 45

Ref: Exhibit 9, pages 420 & 421

- a) Please explain why Whitby Hydro has used historical data from 2005 to 2008 to allocate the Global Adjustment to rate classes?

**Response:**

See Board Staff IR #25 (b).

- b) Has Whitby Hydro applied the balances in each of 2005 through 2008 associated with the Global Adjustment based on the non-RPP kWh's for each individual year, or has Whitby Hydro allocated the 2008 year end balance (including interest to April 30, 2009) based on the non-RPP kWh's for the entire 2005 through 2008 period?

**Response:**

Whitby Hydro allocated the 2008 year end balance (including interest to April 30, 2010) based on the non-RPP kWh's for the entire 2005 through 2008 period.

- c) Please provide a table that shows the allocation to the various rate classes based on the current Whitby Hydro proposal, the separate allocation of amounts for each year based on the non-RPP kWh's for each particular year and if the total balance was allocated based only on the 2008 non-RPP kWh as the proxy.

**Response:**

A table with the requested information has been provided below:



**Allocation of 1588 Sub Account for Global Adjustment (2008 balance plus interest to April 30, 2010)**

2005	(437,067)
2006	590,186
2007	(36,684)
2008	343,973
Interest forecast	6,132
1588 Sub Account Global Adjustment - 2008 balance (including interest to April 30, 2010)	<u>\$ 466,540</u>

	Residential	GS<50 kW	GS>50 kW	USL	Street lights	Sentinel lights	Total
Current Proposal %	5.7%	1.9%	91.6%	0.0%	0.9%	0.0%	100.0%
Current Proposal Total	\$ 26,467	\$ 8,837	\$ 427,126	\$ 0	\$ 4,106	\$ 4	\$ 466,540
2005 Allocation %	0.0%	0.7%	99.3%	0.0%	0.0%	0.0%	100.0%
2005 Allocation \$	\$ (91)	\$ (3,155)	\$ (433,820)	\$ (0)	\$ -	\$ (1)	\$ (437,067)
2006 Allocation %	2.8%	1.6%	95.6%	0.0%	0.0%	0.0%	100.0%
2006 Allocation \$	\$ 16,529	\$ 9,706	\$ 563,948	\$ 0	\$ -	\$ 3	\$ 590,186
2007 Allocation %	8.4%	2.3%	88.3%	0.0%	1.0%	0.0%	100.0%
2007 Allocation \$	\$ (3,096)	\$ (838)	\$ (32,398)	\$ -	\$ (351)	\$ (0)	\$ (36,684)
2008 Allocation %	9.3%	2.5%	86.1%	0.0%	2.1%	0.0%	100.0%
2008+Int Allocation \$	\$ 32,583	\$ 8,887	\$ 301,287	\$ 0	\$ 7,344	\$ 4	\$ 350,105
Total Allocation \$	\$ 45,925	\$ 14,600	\$ 399,016	\$ 0	\$ 6,993	\$ 7	\$ 466,540
2008 Allocation %	9.3%	2.5%	86.1%	0.0%	2.1%	0.0%	100.0%
Total Allocation \$	\$ 43,420	\$ 11,842	\$ 401,486	\$ 0	\$ 9,786	\$ 6	\$ 466,540

**d) Please provide Whitby Hydro's best estimate of the additional costs associated with Option 2.**

**Response:**

If required to implement option 2, Whitby Hydro's preference is to take an approach similar to that approved in Enersource Hydro's Decision (EB-2009-0405). This would allow Whitby Hydro to implement the separate rate rider through an adjustment to the monthly Provincial Benefit line on the customer's bill. This approach is anticipated to be more cost effective and easier to implement. That being said, Whitby Hydro still anticipates some incremental costs from the CIS system provider which are expected to be approximately \$2,000. In addition, Whitby Hydro anticipates approximately one month of staff effort to complete the CIS system setups and perform testing. There may be additional costs depending on bill presentment.

## Interrogatory # 46

Ref: Exhibit 9, page 423

Please provide two revised versions of Table 9-6, the first of which shows the calculation of the rate rider excluding the global adjustment and the second of which shows the calculation of the rate rider associated with the global adjustment and recovered from non-RPP volumes only.

### Response:

The following revision to Table 9-6 reflects the calculation of the rate riders excluding the global adjustment.

Whitby Hydro Electric Corporation (ED-2002-0571)

2010 EDR Application (EB-2009-0274) version: v1.1

January 15, 2009

Updated Table 9-6: Rate Rider Calculation Revised for  
RAR with 1588 Sub Account for Global Adjustment Removed  
In Response to Energy Probe IR#46

### C7 Rate Riders

Allocate recoveries of deferral / variance account balances

Deferral / Variance Account	Total Recovery Amount	Allocation Basis	Residential	General Service Less Than 50 kW	General Service 50 to 4,999 kW	Unmetered Scattered Load	Sentinel Lighting	Street Lighting
1518-RCVARetail	235,308	Customer Count	220,567	11,403	2,598	561	173	6
1525-Miscellaneous Deferred Debits	1,345	Customer Count - OPC	1,248	93	3	1		
1548-RCVASTR	(1,158)	Rebate Cheques						
1550-LV Variance Account	(70,272)	Customer Count	(1,085)	(56)	(13)	(3)	(1)	(0)
1574-1588 RSVA Global Adjustment		kWh's	(28,910)	(6,200)	(34,202)	(206)	(4)	(750)
		kWh - non RPP customers						
1580-RSVAWMS	(2,122,970)	kWh's	(873,400)	(187,315)	(1,033,272)	(6,216)	(108)	(22,659)
1584-RSVANW	(1,317,649)	kWh's	(542,087)	(116,259)	(641,314)	(3,858)	(67)	(14,064)
1586-RSVACN	(1,385,117)	kWh's	(569,844)	(122,212)	(674,151)	(4,056)	(71)	(14,784)
1588-RSVAPOWER	(984,304)	kWh's	(404,947)	(86,847)	(479,071)	(2,882)	(50)	(10,506)
<b>Sub-Total for recovery</b>	<b>(5,644,816)</b>		<b>(2,198,459)</b>	<b>(507,394)</b>	<b>(2,859,422)</b>	<b>(16,657)</b>	<b>(127)</b>	<b>(62,756)</b>
1590-Recovery of Regulatory Asset Balances (residual)	(498,553)	Per 2006 Reg Asset rate rider calculation	(215,375)	(43,392)	(225,088)	(1,052)	(113)	(13,534)
<b>Total Recoveries Required (4 years)</b>	<b>(6,143,369)</b>		<b>(2,413,834)</b>	<b>(550,786)</b>	<b>(3,084,510)</b>	<b>(17,709)</b>	<b>(240)</b>	<b>(76,291)</b>
<b>Annual Recovery Amounts</b>	<b>(1,419,207)</b>		<b>(603,459)</b>	<b>(137,696)</b>	<b>(771,128)</b>	<b>(4,427)</b>	<b>(60)</b>	<b>(19,073)</b>
Annual Volume			350,407,180	75,150,446	966,330	2,493,809	120	24,361
<b>Proposed Rate Rider per</b>			<b>(\$0.0017)</b> kWh	<b>(\$0.0018)</b> kWh	<b>(\$0.7980)</b> kW	<b>(\$0.0018)</b> kWh	<b>(\$0.4990)</b> kW	<b>(\$0.7829)</b> kW

<sup>1</sup> per sheet C6

Allocators	Data Source	2010 □ Projection □ Total	Residential	General Service Less Than 50 kW	General Service 50 to 4,999 kW	Unmetered Scattered Load	Sentinel Lighting	Street Lighting
Customers / Connections	C1	51,177	36,927	1,909	435	391	37	11,478
kWh's	C1	851,733,259	350,407,180	75,150,446	414,547,692	2,493,809	43,361	9,090,771
Distribution Revenue (existing rates)	C4	18,621,472	12,205,180	1,784,250	4,258,129	127,828	2,206	243,878
Distribution Revenue (proposed rates)	F4	19,856,446	12,913,963	1,951,368	4,537,700	122,295	3,213	327,907
Transmission Connection Revenue	C2	3,992,393	1,868,210	361,386	1,717,168	11,992	168	33,467
Customer Count	C1	39,395	36,927	1,909	435	94	29	1
Per 2006 Reg Asset rate rider calculation	2006 EDR	3,477,725	1,502,379	302,684	1,570,131	7,335	785	94,411
Customer Count - OPC Rebate Cheques	CMIC/Cognos	3,526	3,270	245	8	3		
kWh - non RPP customers	Billing System	1,492,991,890	84,698,273	28,280,598	1,366,861,881		12,084	13,139,054
<b>Approved Recoveries</b>	C5							

The calculation of the rate rider associated with the global adjustment recovered from non-RPP customers has been provided below. As Whitby Hydro did not anticipate having to provide a 2010 load forecast for non-RPP customers, Whitby Hydro has used 2008 billing data results to derive an estimated value for the non-RPP load (kWh) as a percentage of the total load for the purpose of this exercise.

As suggested in its response to IR #45d) and Board Staff IR #26 b), Whitby Hydro recommends that if a separate rate rider is required for Global Adjustment that the most cost effective approach would be to treat it as an adjustment to the Provincial Benefit line on the customers' bill. As a result, Whitby Hydro has calculated the rate rider on this basis. Details of the calculations are outlined in the following chart below:

**Calculation of GA Rate Rider for Non-RPP Customers for Energy Probe IR#46**

	Residential	GS<50 kW	GS>50 kW	USL	Sentinel lights	Street lights	Total
1588 GA Amount to Recover \$	26,467	8,837	427,126	0	4	4,106	466,540
Recovery Period (years)							4
Annual Recovery Amount \$	6,617	2,209	106,782	0	1	1,027	116,635
Total Annual kWh (unadjusted)	350,407,180	75,150,446	414,547,692	2,493,809	43,361	9,090,771	
Proposed Loss Factor	1.0454	1.0454	1.0454	1.0454	1.0454	1.0454	1.0454
Total Annual kWh (loss adjusted)	366,315,666	78,562,276	433,368,157	2,607,028	45,330	9,503,492	
% of Load estimated as non-RPP	11.4%	14.0%	84.6%	0.0%	9.8%	100.0%	
Estimated Annual kWh (Non-RPP)	41,907,354	11,019,930	366,800,527	0	4,445	9,503,492	
Estimated 1588 GA rate rider for Non-RPP customers (\$/kWh)	\$ 0.0002	\$ 0.0002	\$ 0.0003	\$ -	\$ 0.0002	\$ 0.0001	

\* Assumes the GA rate rider is implemented as an adjustment to the Provincial Benefit line on a non-RPP customers' bill.