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May 21, 2010

BY EMAIL & COURIER

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

Dear Ms. Walli:

Board File No. EB-2009-0274

Whitby Hydro Electric Corporation – 2010 Cost of Service Application Supplemental Interrogatories of Energy Probe

Pursuant to Procedural Order No. 3, issued by the Board on May 20, 2010, please find attached the Supplemental Interrogatories of Energy Probe Research Foundation (Energy Probe) in the EB-2009-0274 proceeding. An electronic version of this communication will be forwarded in PDF format.

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

Yours truly,

David S. MacIntosh
Case Manager

cc: Ramona Abi-Rashed, Whitby Hydro Electric Corporation (By email)
Andrew Taylor, Ogilvy Renault LLP (By email)
Randy Aiken, Aiken & Associates (By email)
Intervenors of Record (By email)

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Ontario Energy Board

IN THE MATTER OF the *Ontario Energy Board Act*,
1998, S.O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF an Application by Whitby
Hydro Electric Corporation for an order approving just
and reasonable rates and other charges for electricity
distribution to be effective May 1, 2010.

**SECOND ROUND INTERROGATORIES OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

May 21, 2010

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

**ENERGY PROBE RESEARCH FOUNDATION
SECOND ROUND INTERROGATORIES**

Interrogatory # 47

Ref: Energy Probe Interrogatory # 1

The responses provided indicate that Whitby Hydro has adjusted the OM&A and capital expenditures to reflect the elimination of the 8% provincial sales tax.

- a) Please provide the actual provincial sales tax paid on OM&A expenses paid in 2008 and 2009.
- b) How much has Whitby Hydro reduced the OM&A forecast for 2010 for the elimination of the provincial sales tax on July 1?
- c) Please provide the actual provincial sales tax paid on capital expenditures paid in 2008 and 2009.

Interrogatory # 48

Ref: Energy Probe Interrogatory # 12

- a) The response provided in part (a) used the April 2010 RPP Price Report. Please provide the response using the October 2009 RPP Price Report, as originally requested.
- b) Please confirm which figure in Table 2-18 on page 155 would be replaced with the figure of \$61,776,087. If this is a power purchased figure (\$54,537,119 in Table 2-18), please provide an update to the other cost of power components shown in the table (eg. LV, NW, CN, WMS, etc.).
- c) Please provide the response to part (d) of the question using the October 2009 RPP Price Report values.

Interrogatory # 49

Ref: Energy Probe Interrogatory # 15

- a) Did Whitby Hydro use the half-year rule for depreciation for 2006, 2007, 2008 and/or 2009?
- b) Please explain the reference to January 1, 2005 provided in the sentence between the two tables provided in the response.
- c) Please calculate the impact of the half-year rule on the 2010 rate base (average of opening and closing balances) assuming a full year of depreciation is taken in 2005 through 2009 and the half-year rules applies only for 2010.
- d) Has the 2010 depreciation expense shown in the response been adjusted to reflect actual 2009 capital expenditures on an account by account basis? If not, please provide a revised table showing the 2010 depreciation expense using the half-year rule and the actual 2009 depreciation expense based on actual 2009 capital expenditures.

Interrogatory # 50

Ref: Energy Probe Interrogatory # 20

Rent from Electric Property (account 4210) shown in Appendix 2-D (c) in the response shows an amount of \$167,860 for 2009 preliminary actuals. Please explain the variance between the 2009 preliminary actual figure and each of the following:

- a) \$146,093 for bridge year 2009 forecast;
- b) \$124,391 for actual 2008; and
- c) \$133,120 for test year 2010.

Interrogatory # 51

Ref: Energy Probe Interrogatory # 21

Please reconcile the bank interest of \$53,000 shown for 2010 with the average bank balance of \$5.5 million and average interest rate of 1.2%. What is the difference between the \$53,000 shown in the table and the \$66,000 that results from 1.2% of \$5.5 million? Does the average bank balance include customer deposits?

Interrogatory # 52

Ref: Energy Probe Interrogatory # 25 (g)

- a) Please explain why Whitby Hydro did not update the normalized kW figure for 2009.**
- b) Please provide the normalized kW figure for 2009 based on the actual kW/kWh ratio shown.**
- c) Please update the 2010 kW forecast of 966,330 kW shown by using the latest kW/kWh ratio for 2009.**

Interrogatory # 53

Ref: Energy Probe Interrogatory # 25

Please confirm that the response to part (e) reflects use of the 2009 ratios as calculated in the updated table 6 in part (d) of the response.

Interrogatory # 54

Ref: Energy Probe Interrogatory # 32

- a) Please indicate whether the \$50,000 referred to in the response to part (j) is a one-time cost or an ongoing cost to implement proposed OEB code changes. Please identify these proposed OEB code changes.**
- b) Please explain the reduction of approximately \$64,000 in the actual 2009 cost as compared to the forecast in account 5630 - outside services employed.**

Interrogatory # 55

Ref: Energy Probe Interrogatory # 33

Please explain what the \$40,000 amount shown as a regulatory cost from the OEB is associated with. Is this amount the annual assessment from the Board or is it specific to this cost of service proceeding? If the latter, please explain how this amount has been estimated.

Interrogatory # 56

Ref: Energy Probe Interrogatory # 40

The response to part (c) is not complete. In particular the answer did not indicate whether or not the half-year rule was applied to the capitalized portion of the vehicle replacement costs.

Please provide the calculations used to estimate the depreciation cost included in the 2010 vehicle replacement cost and the corresponding calculation if the half-year rule were applied to the 2010 additions.

Interrogatory # 57

Ref: Energy Probe Interrogatory # 41

A response was not provided to the question on the basis of the relevance of the information requested.

- a) Please indicate how the pricing to Whitby Hydro from WHES for consulting, engineering, billing and distribution services is determined relative to those for the other entities.**
- b) Can Whitby Hydro confirm that it does not pay a higher rate for these services than the other entities?**
- c) If not, why should Whitby Hydro ratepayers be expected to pay higher prices for services from an affiliate than that available to other entities?**

Interrogatory # 58

Ref: SEC Interrogatory # 14

The response indicates that Whitby Hydro will be borrowing \$4 million for its 2010 capital program.

- a) Will this money be borrowed from an affiliate or will/has Whitby Hydro seek third party financing?
- b) What is the expected term and rate for the \$4 million needed for the 2010 capital program?

Interrogatory # 59

Ref: SEC Interrogatory # 25

- a) Please provide an estimate of the annual revenue that would be collected if Whitby Hydro invoiced each of the Town of Durham and the Region of Durham for pole rental fees.
- b) Please provide a copy of the agreement that states that the Town will not charge Whitby Hydro for municipal consent fees and permits for road crossings in exchange for not paying pole rental fees.
- c) Please provide an estimate of the annual savings for Whitby Hydro of not having to pay for municipal consent fees and permits for road crossings.

Interrogatory # 60

**Ref: VECC Interrogatory # 22 &
Energy Probe Interrogatory # 25**

Responses to both interrogatories provide an actual wholesale kWh figure for 2009 of 876,959,953.

- a) Please confirm that on a weather normalized basis, the 2009 normalized wholesale purchases would be 896,855,689 kWh, based on the weather adjustment of 19,895,736 kWh shown in the VECC response.

- b) Please confirm that the normalized 2009 figure noted above is approximately 1.5% higher than the 2009 forecast shown in part (c) of the Energy Probe response and is higher than the 2010 forecast.

Interrogatory # 61

**Ref: Board Staff Interrogatory # 30 &
Energy Probe Interrogatory #9**

- a) Please confirm that Whitby Hydro has added the secondary services to the 2010 capital cost allowance calculation such that the half year rule is applicable.
- b) Please provide the increase in the CCA deduction for 2010 if the secondary services were treated as if they were added at the end of 2009 for tax purposes.
- c) Please provide updated 2009 and 2010 CCA schedules that reflect the actual capital expenditures incurred in 2009 as shown in the Energy Probe interrogatory response.

Interrogatory #62

Ref: Exhibit 3, pages 198 & 201

- a) Please provide a regression equation that adds a trend variable that starts with a value of 1 in October 1999 and increases by 1 for each subsequent month to the explanatory variables used in the equation shown.
- b) Please provide the regression statistics shown in Table 1 for the new equation.
- c) If the new equation has coefficients that have the proper sign and are statistically significant at a 95% confidence level, please provide the 2010 kWh forecast that would be in place of the figure shown in Table 5 on page 201.

Interrogatory # 63

Ref: VECC Interrogatory # 39

- a) Please indicate the term associated with the interest rate of 5.24% from Infrastructure Ontario.
- b) What is the current rate for an Infrastructure Ontario loan for the term identified in (a) above?
- c) What is the current rate for an Infrastructure Ontario loan with a term of 25 years?
- d) With respect to Promissory Note #3, please provide the term of the loan and the maturity date of the loan.

Interrogatory # 64

Ref: Exhibit 4, Table 4-14, page 231, Exhibit 4, page 232 & VECC Interrogatory # 30(d)

- a) Please explain how the charges to Whitby Hydro from its affiliate have been reduced in the 2010 test year to reflect the reduction in the corporate income tax rates effective July 1, 2010 as well as the increase in the credits available for the apprenticeship training and co-operative education tax credits. Please quantify the reduction in total costs associated with these changes.
- b) Table 4-14 in Exhibit 4 shows that for three services, the price includes a rate of return that totals \$128 of the \$2,083 shown. The \$2,083 figure is provided in the response to VECC interrogatory #30, part (d). In this response it appears that the \$2,083 is part of the \$7,932 in total service agreement costs that is adjusted up by 8.26% in the 2010 test year as part of the \$ adjustment. Is this \$ adjustment in addition to the \$128 shown in Table 4-14? If yes, is this a mark up on a mark up?
- c) Please provide a table as follows that shows the composition of the 2010 test year figure of \$8,587 for OM&A broken down into its components. Please identify any Other Costs.

OM&A	Depreciation	Rate of Return	Capital	Other Cost	Total
\$	\$	\$	\$	\$	\$8,587

- d) Please show how the dollar amount shown in (c) related to the rate of return has been calculated, showing rates used and all calculations.
- e) Please provide a table as follows that shows the composition of the 2010 test year figure of \$8,409 for total capital rate application costs broken down into its components. Please identify any Other Costs.

OM&A	Depreciation	Rate of Return	Capital	Other Cost	Total
\$	\$	\$	\$	\$	\$8,409

- f) Please show how the dollar amount shown in (e) related to the rate of return has been calculated, showing rates used and all calculations.
- g) Has the depreciation expense included in the responses to (c) and/or (e) above been calculated using the half-year rule?