Clinton Power Corporation – EB-2009-0262

Board staff Interrogatories

Exhibit 1 – Administrative Documents

1. Ref: Letters of Comment

Following publication of the Notice of Application, did Clinton Power receive any letters of comment? If so, please confirm whether a reply was sent from the applicant to the author of the letter. If confirmed, please file that reply with the Board. If not confirmed, please explain why a response was not sent and confirm if Clinton Power intends to respond.

2. Ref: E1/T1/S12 – Host and Embedded Distributors

a) Please confirm whether Clinton Power is embedded (i.e. is provided power by another distributor) at low voltage (below 50 kV).
b) Please confirm if Hydro One Networks Inc. is Clinton Power's host distributor. If not, please identify the host distributor providing low voltage services to Clinton Power.

3. Ref: E1/T1/S13 and E1/T1/S14– Organizational Chart

a) Please confirm whether West Perth is affiliated to Clinton Power by reason that each is jointly owned by Erie-Thames
b) Please update these exhibits showing any affiliated or subsidiary firms as defined under the *Ontario Business Corporations Act*.

4. Ref: E1/T2/S1/pg. 1

Please explain Clinton Power's statement: "Clinton is also presenting the historical actual information for fiscal 2006, 2007, 2008, and 2009 information for the **current approved test year (2006)**." [Emphasis added]

5. Ref: E1/T2/S1/pg. 2

In this exhibit, Clinton Power states:

> The proposed changes to Residential rates are summarized below.

	2009 Board Approved	2010 Proposed	% change
Service Charge	$10.23	$14.61	42.79%
Distribution Volumetric Rate	$0.0114	$0.0192	71.06%

> In order to adjust the fixed cost recovery through the monthly fixed charge, Clinton is proposing to increase the monthly customer charge by $3.22 in the 2010 test year.

The table shows an increase of $4.38 ($14.61 - $10.23) between the current Board-approved fixed monthly charge of $10.23 and the proposed fixed monthly charge of $14.61. Please reconcile this with the subsequent statement that Clinton Power is proposing to increase the monthly customer charge by $3.22.

6. Ref: E1/T3/S2 – Audited Financial Statements

In its application, Clinton Power includes copies of its 2007 and 2008 Audited Financial Statements. Please provide a copy of Clinton Power's 2009 Audited Financial Statements.

7. Ref: E1/T3/S2 – Revenue Requirement Work Form

Please provide a copy of the Revenue Requirement Work Form in working Microsoft Excel format.

Service Quality and Reliability

8. Ref: Service Quality and Reliability Indicators

Please provide annual service quality and reliability performance for each of the years 2006 to 2009 as per the Board's Filing Requirements for Transmission and Distribution Applications (section 2.3.7).

Exhibit 2 – Rate Base and Capital Expenditures

9. Ref: E2/T1/S2 – Rate Base Summary Table

Please update the referenced table to reflect 2009 actuals.

10. Ref: E2/T2/S3 – Capital Assets Continuity Schedule

a) In E2/T2/S3, for 2006, please explain the ($4,044) entry for additions to Account 1835 – Overhead Conductors and Devices.
b) Please explain the entry of $36,086 for additions to Account 1995 – Contributions and Grants, for 2006.
c) Please explain the entries for Account 1925 – Computer Software, where $3,035 is added in 2007, no depreciation expense is recorded, but an addition of ($3,035) is recorded in 2008.
d) On page 9 of this exhibit, under Project ID # 1 – Beech Street Expansion, Clinton Power states that "[t]he new Fire Hall will be making a financial capital

contribution of $45,000 towards the project." However, no additions are shown under Account 1995 – Contributions and Grants for the 2010 test year. Please explain and reconcile the evidence and continuity schedule shown under Account 1995 – Contributions and Grants for the 2010 test year.

11. Ref: E2/T1/S2, E2/T4/S1 – Rate Base and Bucket Truck

Clinton Power states:

> Clinton Power's forecasted test year net fixed assets is actually $1,530,546 however given to one time addition of a Bucket Truck with a value of $285,000 Clinton Power has adjusted this amount as the capital spend in the 2010 test year is not a sustainable amount and artificially inflates the rate base requested by $275,000 over the four years that the rates will be in place. Details of this change to the rate base can be found in Clinton Power's rate base calculation table.

In E2/T3/S1, under project ID #7, Clinton Power states that the bucket truck will be ordered in 2010 for delivery in 2011.

a) Please confirm that the purchase price for the bucket truck is $240,000, as documented in E2/T3/S1, and not $285,000 as documented above.
b) Please confirm that the bucket truck is being ordered in the 2010 year, but is not expected to be in service until 2011, as documented in E2/T3/S1.
c) If that is the case, please explain why Clinton Power includes the bucket truck in its rate base and capital asset continuity schedules, and does not treat it as CWIP.
d) If the bucket truck was being purchased and put into service in 2010, at a price of $240,000, then the addition to average net fixed assets in 2010 is $120,000 by application of the standard half-year rule. Please explain, and provide detailed calculations, supporting Clinton Power's statement that inclusion of the bucket truck results in an inflation of the rate base by $275,000 over four years.
e) Given the proximity of Clinton Power to West Perth's service territory of Mitchell and Dublin, and common ownership by ERTH Corporation, please provide further explanation on the need for each of West Perth and Clinton Power to incur major capital investments in bucket trucks in the same year. Would there not be opportunities for efficiencies through sharing arrangements between the same utilities and/or with Erie-Thames Powerlines? Please explain your response in detail.

12. Ref: E2/T2/S3 and E2/T3/S1 – Project ID # 8 – 4X4 Pickup Truck

Clinton Power states that it is planning on purchasing a new ¾ ton 4X4 pickup truck to replace an existing 10 year old vehicle, with the purchase price of $45,000.

a) Please confirm that this truck will be purchased and put in service in the 2010 test year.
b) How is the 2001 ½ ton pickup being disposed of with the acquisition of the new pickup truck? Please indicate how Clinton Power is treating, or proposing to treat, any net salvage proceeds if the older vehicle is being sold.

Working Capital Allowance

13. Ref: E2/T4/S1 – Working Capital Allowance

Board staff has prepared the following table based on E2/T4/S1

	2006 Actual	2007 Actual	Change		2008 Actual	Change		2009 Bridge	Change		2010 Test	Change	
			Year/Year	Ann. % Change		Year/Year	Ann. % Change		Year/Year	Ann. % Change		Year/Year	Ann. % Change
Operations	$ 41,275	$ 71,580	$ 30,304	73.42%	$ 91,870	$ 20,291	28.35%	$ 87,466	-$ 4,405	-4.79%	$ 84,842	-$ 2,624	-3.00%
Maintenance	$ 118,507	$ 67,237	-$ 51,270	-43.26%	$ 56,474	-$ 10,763	-16.01%	$ 153,176	$ 96,702	171.23%	$ 148,581	-$ 4,595	-3.00%
Billing and Collections	$ 118,776	$ 110,809	-$ 7,967	-6.71%	$ 160,972	$ 50,163	45.27%		-$ 160,972	-100.00%		$ -	#DIV/0!
Community Relations	$ 3,646	$ 4,133	$ 487	13.35%	$ 738	-$ 3,396	-82.15%		-$ 738	-100.00%		$ -	#DIV/0!
Aministration and General Expenses	$ 196,047	$ 292,722	$ 96,675	49.31%	$ 158,123	-$ 134,599	-45.98%		-$ 158,123	-100.00%		$ -	#DIV/0!
Cost of Power	$ 2,227,754	$ 2,251,527	$ 23,773	1.07%	$ 2,184,360	-$ 67,168	-2.98%	$ 2,113,691	-$ 70,669	-3.24%	$ 2,140,577	$ 26,886	1.27%
Total	$ 2,706,006	$ 2,798,008	$ 92,002	3.40%	$ 2,652,537	-$ 145,471	-5.20%	$ 2,354,333	-$ 298,205	-11.24%	$ 2,373,999	$ 19,667	0.84%
Working Capital	$ 405,901	$ 419,701	$ 13,800	3.40%	$ 397,881	-$ 21,821	-5.20%	$ 353,150	-$ 44,731	-11.24%	$ 356,100	$ 2,950	0.84%

a) Please confirm or correct the numbers shown.
b) Please explain why Clinton Power has not shown expenses for Billing and Collections, Community Relations, or Amortization and General Expenses for the derivation of the Working Capital Allowances for the 2009 Bridge and 2010 Test Years.
c) In E2/T4/S1, Clinton Power documents a Working Capital Allowance for the 2009 Bridge Year of $412,013.79. This contrasts with an amount of $353,150 shown in the above table. Similarly, Clinton Power documents a Working Capital Allowance of $436,918.97 for the 2010 Test Year, in contrast with $356,100. Please explain and reconcile.
d) Please document in detail the derivation of the Cost of Power calculated for the 2009 Bridge and 2010 Test Years, showing the commodity price, Wholesale Market Service Charge and transmission prices used.
e) As necessary, please update E2/T4/S1 based on the response to this interrogatory.

Exhibit 3 – Operating Revenues

14. E3/T3/S4 – Distribution Revenue

a) In the tables shown for each year, the right-most column is labelled as "Unit Revenues $/kWh". Distribution revenues are recovered based on a fixed monthly service charge and a volumetric rate per kWh or per kW of consumption/demand. The numbers shown in the right-most column do not appear to correspond to Clinton Power's Board-approved volumetric rates (or proposed rates for 2010) for each year. Please explain the unit revenues per kWh shown and the purpose of this.

b) On page 2, the label for 2008 is "2008 Actual – Normalized", while 2006 and 2007 actuals are provided on page 1. Please explain what is meant by "2008 Actual – Normalized" and what is the purpose of presenting this data.

c) Please update the tables showing 2008 Actual and 2009 Actual.

15. Ref: E3/T2/S2 – Load Forecast

a) In Table 2, are the monthly residential kWh actuals? Please explain. If 2009 data are not actuals, please document the derivation of monthly amounts, showing all calculations.

b) Please document, showing all calculations, the derivation of the monthly kWh for all months in the 2010 test year.

16. Ref: E3/T2/S2 – Load Forecast

For each customer class:

a) Please provide a detailed explanation outlining how the "% daily kWh/HDD" and "% daily kWh/CDD" are calculated.

b) Please identify the significance of this percentage.

17. Ref: E3/T2/S2 – Load Forecast

Please identify the source from which Clinton Power obtained the five year average HDD and CDD.

18. Ref: E3/T2/S2 – Load Forecast

Clinton Power has stated that the projected growth in 2010 for the General Service > 50 kW class is 2%.

Please explain the derivation of the 2%.

19. Ref: E3/T2/S2 – Load Forecast

Clinton Power identifies the IESO 18 month outlook as of May 2010 as 1.3%.

Please explain how this was used in determining Clinton Power's load forecast.

20. Ref: E3/T2/S2 – Load Forecast

Clinton Power's total kilowatt-hour load for 2006 and 2010 are 33,331,959 and 29,529,966 respectively.

Please provide the major drivers of the 11.4% decrease in load from 2006 to 2010.

21. Ref: E3/T2/S2/P3 – Load Forecast for GS > 50 kW class

The following table highlights the fluctuations in load for the general service > 50 kW class.

	2005	2006	2007	2008	2009	2010
GS > 50	32,371	26,354	38,426	27,547	33,765	34,478
		-6,017	12,072	-10,879	6,218	713
		-19%	46%	-28%	23%	2%
# of customers	17	17	17	17	17	17

Please explain the significant decline in load from 2005 to 2006 and from 2007 to 2008.

Exhibit 4 – *Operating Expenses*

OM&A

22. Ref: http://www.oeb.gov.on.ca/OEB/_Documents/EB-2006-0268/Comparison_of_Distributors_with_2007_data.xls

The figures in Table 1 below are taken directly from the public information filing in the Reporting and Record-keeping Requirements ("RRR") initiative of the OEB. The figures are available on the OEB's public website.

Table 1

	2003	2004	2005
Operation	$ 74,603	$ 59,487	$ 89,170
Maintenance	$ 75,576	$ 35,777	$ 34,832
Billing and Collection	$ 90,723	$ 71,604	$ 62,702
Community Relations	$ 3,029	$ 4,660	$ 1,917
Administrative and General Expenses	$ 147,747	$ 162,030	$ 176,901
Total OM&A Expenses	$ 391,677	$ 333,558	$ 365,521

Please confirm that Clinton Power is in agreement with the numbers for Total OM&A Expenses that are summarized in Table 1. If Clinton Power does not agree with any figures in the table, please explain why not and provide amended tables with a full explanation of all changes.

23. Ref: E4/T1/S2/P1 – Operating Costs

Board staff took the figures from the evidence provided in Exhibit 4 of the application and prepared Table 2 as a summary of Clinton Power's OM&A expenses. Note rounding differences may occur, but are not material to the questions that follow.

Table 2

	2006 Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Bridge Year	2010 Test
Operation	$ 93,042	$ 41,275	$ 71,580	$ 91,870	$ 87,466	$ 84,842
Maintenance	$ 35,111	$ 118,507	$ 67,237	$ 56,474	$ 153,176	$ 148,581
Billing and Collection	$ 86,198	$ 118,776	$ 110,809	$ 160,975	$ 178,653	$ 215,651
Community Relations	$ 7,379	$ 3,646	$ 4,133	$ 738	$ 13,398	$ 7,500
Administrative and General Expenses	$ 229,176	$ 201,172	$ 311,157	$ 169,779	$ 220,359	$ 340,643
Total OM&A Expenses	$ 450,906	$ 483,376	$ 564,916	$ 479,836	$ 653,052	$ 797,217

Table 3

	2006 Board Approved	Variance 2006/2006	2006 Actual	Variance 2007/2006	2007 Actual	Variance 2008/2007	2008 Actual	Variance 2009/2008	2009 Bridge	Variance 2010/2008	2010 Test	Variance 2010/2006
Operation	93,042	-51,767	41,275	30,305	71,580	20,290	91,870	-4,404	87,466	-2,624	84,842	43,567
		-55.6%		*73.4%*		*28.3%*		*-4.8%*		*-3.0%*		***105.6%***
Maintenance	35,111	83,396	118,507	-51,270	67,237	-10,763	56,474	96,702	153,176	-4,595	148,581	30,074
		237.5%		*-43.3%*		*-16.0%*		*171.2%*		*-3.0%*		***25.4%***
Billing & Collections	86,198	32,578	118,776	-7,967	110,809	50,166	160,975	17,678	178,653	36,998	215,651	96,875
		37.8%		*-6.7%*		*45.3%*		*11.0%*		*20.7%*		***81.6%***
Community Relations	7,379	-3,733	3,646	487	4,133	-3,395	738	12,660	13,398	-5,898	7,500	3,854
		-50.6%		*13.4%*		*-82.1%*		*1715.4%*		*-44.0%*		***105.7%***
Administrative and General Expenses	229,176	-28,004	201,172	109,985	311,157	-141,378	169,779	50,580	220,359	120,284	340,643	139,471
		-12.2%		*54.7%*		*-45.4%*		*29.8%*		*54.6%*		***69.3%***
Total OM&A Expenses	**450,906**	**32,470**	**483,376**	**81,540**	**564,916**	**-85,080**	**479,836**	**173,216**	**653,052**	**144,165**	**797,217**	313,841
		7.20%		16.87%		-15.06%		36.10%		22.08%		***64.9%***

a) Please confirm that Clinton Power agrees with the figures presented in Table 2 and Table 3. If Clinton Power does not agree with any figures in the table please explain why not and provide amended tables with a full explanation of all changes.

b) Please update the table to reflect 2009 Actuals.

c) In E4/T2/S2/P8 Clinton Power has provided a cost driver table. However, the categories chosen are extremely high-level. Please complete Table 4 by identifying and listing the key cost drivers that are contributing to the overall increase of 64.9% in total 2010 OM&A expenses over 2006 historical actuals. Please add additional rows to Table 4 if there are more than four cost drivers. Some examples of specific cost drivers include items such as X% increase in staff compensation, hiring x staff, X% increase in cost of contractors, X% increase in inflation, etc.

For each year, a <u>detailed</u> explanation is required for <u>each</u> cost driver and associated amount.

Table 4

OM&A	2006 Actual	2007 Actual	2008 Actual	2009 Bridge	2010 Test Year
Opening Balance	450,905	483,376	564,916	479,836	653,051
Cost Driver #1					
Cost Driver #2					
Cost Driver #3					
Cost Driver #4					
Etc….					
Closing Balance	483,376	564,916	479,836	653,051	797,216

d) Please provide a summary of OM&A expenses in the format of Table 5 below.

Table 5

	Last Rebasing Year (Board Approved)	Last Rebasing Year (Actuals)	Variance BA - ACT	Year 1 Actuals	Y1 – LRY ACT	Year 2 Actuals	Variance Y2 – Y1	Year 3 Actuals	Variance Y3 – Y2	Bridge Year (BY)	Variance BY – Y3	Test Year (TY)	Variance TY - BY
Operation													
Maintenance													
Billing and Collecting													
Community Relations													
Administrative and General													
Total OM&A Expenses													
Variance from previous year													
Percent change (year over year)	**%**	**%**		**%**						**%**		**%**	
Percent Change Test year vs. Most Current Actuals				**%**									
Percent Change Test year vs. Last Board Approved Rebasing Year				**%**									
Average for Y1, Y2, Y3	**%**												
Compound Annual Growth Rate (for Y1, Y2, Y3)	**%**												

e) The increases from 2006 to 2010 appear to be largely concentrated in increases in Administrative and General Expenses. Clinton Power provides a general discussion of cost drivers for OM&A in E4/T2/S2, although the information is provided by different categories than the account categories shown in table 6 above.

   i. Please provide a detailed description of the increases in Administrative and General Expenses for the 2008, 2009 bridge and 2010 test years.

   ii. Please provide a detailed description of the increases in Maintenance expenses for the 2009 bridge and 2010 test years.

   iii. Please provide a detailed description of the increases in billing and collections expenses for the 2008, 2009 bridge and 2010 test years.

Table 6

Account	Account Description	2006 Actual	2010Test	Variance	Explanation
5005	Operation Supervision and Engineering	$ 8,208	$ 14,208	$ 6,001	
5017	Distribution Station Equipment - Operation Supplies and Expenses	$ 10,477	$ 21,177	$ 10,701	
5085	Miscellaneous Distribution Expense	$ 9,996	$ 44,077	$ 34,080	
5114	Maintenance of Distribution Station Equipment	$ 20,742	$ -	-$ 20,742	
5120	Maintenance of Poles, Towers and Fixtures	$ 10,008	$ 50,516	$ 40,508	
5150	Maintenance of Underground Conductors and Devices	$ 8,962	$ 17,255	$ 8,293	
5155	Maintenance of Underground Services	$ 11,775	$ 17,672	$ 5,897	
5160	Maintenance of Line Transformers	$ 9,299	$ 22,473	$ 13,174	
5310	Meter Reading Expense	$ 17,897	$ 71,049	$ 53,152	
5315	Customer Billing	$ 39,458	$ 58,122	$ 18,664	
5320	Collecting	$ 38,013	$ 50,980	$ 12,967	
5330	Collection Charges	$ -	-$ 9,500	-$ 9,500	
5335	Bad Debt Expense	$ 24,696	$ 45,000	$ 20,304	
5410	Community Relations - Sundry	$ 529	$ 5,000	$ 4,471	
5605	Executive Salaries and Expenses	$ 13,453	$ 85,900	$ 72,447	
5615	General Administrative Salaries and Expenses	$ 8,603	$ 27,331	$ 18,728	
5645	Employee Pensions and Benefits	$ 5,982	$ 22,281	$ 16,299	
5670	Rent	$ -	$ 8,000	$ 8,000	
6035	Interest Expense	$ 5,125	$ 25,000	$ 19,875	

24. Ref: E4/T2/S2/P8 – Cost Drivers

Clinton Power has provided the following table identifying key cost drivers from 2006 to the 2010 test year.

	2006	2007	2008	2009	2010
Opening Balances	$ 450,905.62	$ 483,376.70	$ 564,916.11	$ 479,836.70	$ 653,051.36
Labour	$ 18,977.97	$ 13,977.97	$ 13,431.54	$ 104,358.02	$ 72,000.00
Materials	$ 12,651.98	$ 10,151.98	$ 8,954.36	$ 69,572.02	$ 13,411.10
Outside Services	$ 5,283.49	$ 61,170.45	$ (35,616.57)	$ (58,098.04)	$ 35,000.00
Office supplies	$ 759.71	$ (8,385.10)	$ 19,363.04	$ (7,970.06)	$ 628.45
Other	$ (5,202.07)	$ 4,624.11	$ (91,211.78)	$ 65,352.72	$ 23,125.53
Total	**$ 483,376.70**	**$ 564,916.11**	**$ 479,836.70**	**$ 653,051.36**	**$ 797,216.44**

For each of the years in the table above, please provide a listing and explanation for the costs that are accounted for in the "other" category.

25. Ref: E4/T2/S2 – One Time Costs

Please identify all one-time costs included in the 2010 test year OM&A forecast.

26. Ref: E4/T2/S2 – Account 5655 – Regulatory Expenses

Clinton Power states, at page 6:

> Clinton Power has increased this account by $35,000 for 2010 rate year and the following three years to cover the cost of the 2010 Cost of Service rate application and additional increased regulatory cost and workload related amendments to the Distribution System Code, Conditions of Service and other new compliance requirements.

a) The total for 2010 and three years of IRM adjustments totals $140,000 ($35,000 x 4). Please provide a breakout of the estimated regulatory expenses between: i) the 2010 Cost of Service Application; ii) Distribution System Code amendments; iii) Conditions of Service; and iv) other new compliance requirements.
b) Please identify what aspects of reviewing and/or revising its Conditions of Service is driving forecasted increases in regulatory expenses.
c) Please identify what "other new compliance requirements" Clinton Power is referring to driving, in part, increased regulatory expenses.
d) Please complete Table 7 below.

Table 7: Regulatory Cost Schedule

Regulatory Cost Category	USoA Account	USoA Account Balance	Ongoing or One-time Cost?	2006 Actual	2007 Actual	2008 Bridge Year	% Change in bridge year vs. last year of actuals	2009 Test Year	% Change in Test Year vs. Bridge Year
1. OEB Annual Assessment									
2. OEB Hearing Assessments (applicant initiated)									
3. OEB Section 30 Costs (OEB initiated)									
4. Expert Witness cost for regulatory matters									
5. Legal costs for regulatory matters									
6. Consultants costs for regulatory matters									
Regulatory Cost Category	USoA Account	USoA Account Balance	Ongoing or One-time Cost?	2006 Actual	2007 Actual	2008 Bridge Year	% Change in bridge year vs. last year of actuals	2009 Test Year	% Change in Test Year vs. Bridge Year

7. Operating expenses associated with staff resources allocated to regulatory matters									
8. Operating expenses associated with other resources allocated to regulatory matters (please identify the resources)									
9. Other regulatory agency fees or assessments									
10. Any other costs for regulatory matters (please define)									
11. Intervenor Costs									

27. Ref: E4/T2/S2 – OM&A Cost per Customer and FTEE

To better understand the overall costs of operations and related trends, Board staff would like expenses standardized to cost per customers, and cost per full time employee and equivalent ("FTEE"). Please complete the following table.

Table 8

	2006 Actual	2007 Actual	2008 Actual	2009 Bridge Year	2010 Test Year
Number of Customers					
Total OMA					
OMA cost per Customer					
Number of FTEEs					
FTEEs/Customer					
OMA cost per FTEE					

28. Corporate Cost Allocation

Corporate Cost Allocation is defined as an allocation of costs for corporate and miscellaneous shared services from the parent company to the utility (and vice versa). This is not to be confused with the allocation of the revenue requirement to rate classes for the purposes of rate design.

Note: The applicant must identify any Board of Director related costs for affiliates that are included in its costs.

a) For each year, from 2006 to 2010, please complete Table 9 below. (Additional rows may be added if required)

b) Please provide a variance explanation for each of the following:

  i Test Year vs. Last Board Approved Rebasing Application; and

  ii Test Year vs. Most Current Actuals.

Table 9 **YEAR_____**

Name of Company		Service Offered	Pricing Methodology	Price for the Service ($)	Cost for the Service ($)	% Allocation
From	To					

29. E4/T2/S5 – Purchase of Products and Services from Non-Affiliates

a) Section 2.5.6 of Chapter 2 of the Filing Requirements for Transmission and Distribution Applications, issued June 28, 2010, states:

> **2.5.6 Purchase of Non-Affiliate Services**
>
> Distribution expenses incurred through the purchase of services must be documented and justified.
>
> The following items must be provided for Historical (actuals), Bridge and Test Years:
>
> - Identification of each company transacting with the applicant subject to the applicable materiality threshold;
> - Summary of the nature of the product or service that is the subject of the transaction;
> - Annual dollar amount related to each company (by transaction); and

- A description of the specific methodology used in determining the vendor (including a summary of the tendering process/cost approach, etc.).

Please provide a table showing purchases of services from non-affiliates covering each of the years: 2006 Board-Approved, 2006 actual, 2007 actual, 2008 actual, 2009 Bridge, 2009 actual and 2010 Test, in compliance with Section 2.5.6 of the Filing Requirements.

30. Ref: E4/T2/S3/P1 – Employee Compensation

Please complete Table 10 below and provide explanations and justifications for year over year variances (include month hired for newly hired employees, inflation rates, collective agreement rates, etc);

Note: Where there are three or fewer employees in any category, the applicant may aggregate this category with the category to which it is most closely related. This higher level of aggregation may be continued, if required, to ensure that no category contains three or fewer employees.

Table 10

	Last Rebasing Year	Historical Year (Bridge Year -1)	Bridge Year	Test Year
Number of Employees (FTEs including Part-Time)				
Executive				
Management				
Non-Union				
Union				
Total				
Number of Part-Time Employees				
Executive				
Management				
Non-Union				
Union				
Total				
Total Salary and Wages				
Executive				
Management				
Non-Union				
Union				
Total				
Total Benefits				
Executive				
Management				
Non-Union				
Union				
Total				
Total Compensation (Salary, Wages, & Benefits)				
Executive				
Management				
Non-Union				
Union				
Total				
Compensation - Average Yearly Base Wages				
Executive				
Management				
Non-Union				
Union				
Total				
Compensation - Average Yearly Overtime				
Executive				
Management				
Non-Union				
Union				
Total				
Compensation - Average Yearly Incentive Pay				
Executive				
Management				
Non-Union				
Union				
Total				
Compensation - Average Yearly Benefits				
Executive				
Management				
Non-Union				
Union				
Total				
Total Compensation				
Total Compensation Charged to OM&A				
Total Compensation Capitalized				

31. Ref: E1/T2/S1/P5 – Capitalization Policy

Clinton Power states that it continues to expand and reinforce its distribution system.

a) Please confirm that Clinton Power has not made changes to the company's accounting policies in respect of capitalization of operation expenses and/or has not made any changes to accounting estimates used in the allocation of costs between operations and capital expenses post fiscal year end 2004. If any accounting policy changes or any significant changes in accounting estimates have been made post 2004 fiscal year end, please explain the changes including the rationale. Provide all supporting documentation and a discussion highlighting the impact of the changes.

b) Please explain Clinton Power's capitalization policy.

32. Ref: E4/T1/S1/P1 – Economic Assumptions for Increases to OM&A

Please identify the inflation rate used for the 2010 OM&A forecast and the source document for the inflation assumptions.

33. Ref: E4/T2/S2 and E4/T2/S4 – Customer Care, Billing and Collections Services

In E4/T2/S2, Clinton Power notes that customer handling, billing and collections services are contracted to a service provider named Ecaliber.

a) Is Ecaliber affiliated or unaffiliated with Clinton Power?
b) If Ecaliber is unaffiliated, please document the services provided and the service contract amounts. When did Clinton Power first engage Ecaliber, and why? Prior to that, did Clinton Power provide these services in-house? If so, why did Clinton Power decide to out source these operations?
c) If Ecaliber is affiliated, please identify how the pricing of services is determined. Please confirm that the pricing of services complies with the Affiliate Relationships Code, and explain how compliance with ARC is achieved.

Depreciation Expense

34. Ref: E4/T2/S5 – Depreciation Expense

Please update E4/T2/S5 to show 2009 actual depreciation expense and to remove the bucket truck from 2010 if the bucket truck will not be in-service in the 2010 test year.

Loss Factors

35. Ref: E4/T2/S6 and E4/T2/S7 – Loss Factors

a) Appendix 2-Q of the Board's filing requirements for Distribution and Transmission Applications requests information pertaining to the determination of loss factors.

Please provide the values for A1 and A2 as defined in the Filing Requirements.

b) In order to enable selection of the correct SFLF, please clarify whether Clinton Power is:

- Directly connected to the IESO controlled grid, or
- Fully embedded in the Hydro One Networks Inc. (HONI) distribution system, or
- Partially embedded in the HONI distribution system.

c) Using the answer provided in the previous question and in light of the information provided below, please explain the reason for proposing a SFLF of 1.006 (i.e. losses of 0.6%, 1st reference) that is different from the industry standard.

- Directly connected, typically losses are 0.45% comprising losses in the transformer at the grid interface
- Fully embedded, typically losses are 3.4% comprising losses of 0.6% in the transformer at the grid interface and losses of 2.78% within the HONI distribution system
- Partially embedded, typically losses are a weighted average of the above.

d) Please provide an explanation or rationale for proposing an average DLF of 1.0554 (years 2007, 2008, and 2009) rather than a lower factor such as the actual DLF for 2009 of 1.0548.

e) Please describe any steps that are contemplated to decrease the loss factor during the test year (2010) and/or during a longer planning period.

Taxes/PILs

36. Ref: E4/T3/S3 – CCA

a) For 2010, under Class 10.1 – Certain Automobiles, Clinton Power shows additions of $285,000. Please confirm if these additions correspond to the pick-up truck of $45,000 and $240,000 for the bucket truck as documented under E2/T2/S3 and E2/T3/S1.

b) If the bucket truck will not be delivered until 2011, as documented in E2/T3/S1, please explain how Clinton Power can claim CCA for the 2010 fiscal year.

c) As appropriate, please update E4/T3/S3 to omit the $240,000 for the bucket truck.

37. Ref: E4/T3/S3 – Tax Schedules

a) Please provide copies of Clinton Power's 2009 Tax Return including all schedules (both Ontario and Federal Returns)
b) Please provide Schedule 4 (Corporation Loss Continuity and Application) of Clinton Power's tax return for years 2001 to 2007.
c) Please provide the Notice of Assessment, and Notice of Re-assessment (if applicable) for years 2001 to 2009.

Exhibit 5 – Cost of Capital

38. Ref: E5/T1/S1 – Capital Structure

Clinton Power states:

> Clinton Power has a deemed current capital structure of 50% debt, 50% equity, as approved by the Ontario Energy Board and a return on equity of 9.00%. Clinton Power is requesting Board approval of a deemed capital structure of 60% debt, 40% equity including an equity return of 9.85%.

a) Please confirm that Clinton Power had distribution rates approved under the 2nd Generation Incentive Regulation Mechanism rate adjustment for 2008, under Board File No. EB-2007-0904 and for 2009, under Board File No. EB-2008-0167.
b) Please confirm that the adjusted rates for 2008 and 2009 included adjustments for the K-factor to transition Clinton Power from the 50:50 deemed capital structure towards the common deemed capital structure.
c) If the responses to a) and b) are in the affirmative, please explain why Clinton Power states that its current deemed capital structure is 50:50 and not 56.7% debt and 43.3% equity.

39. Ref: E5/T1/S1 – Cost of Capital Parameters

Clinton Power states that it is requesting a return on equity ("ROE"), deemed short-term debt rate and deemed long-term term debt rate of 9.85%, 2.07%, and 5.87% for its 2010 rates.

The percentages are taken from the Board's letter of February 24, 2010, applying data for January 2010 per the methodology in the Board's 2009 Cost of Capital Report, for rates effective May 1, 2010. The methodology in the 2009 Cost of Capital Report states that the allowed cost of capital parameters will be based on information three months prior to the effective date for the rates.

If the Board were to approve an effective date different than July 1, 2010 as applied for, please confirm whether Clinton Power believes that the ROE, deemed short-term debt rate and deemed long-term term debt rate should be updated using economic data from the Bank of Canada, *Consensus Forecasts*, and Bloomberg LLP three months prior to the effective data, per the methodology documented in Appendix B, C, and D of the 2009 Cost of Capital Report.

40. Ref: E5/T1/S1 and E5/T1/S2 – Capitalization

Under "Cost of Debt" of E5/T1/S1, Clinton Power states:

> Clinton Power's debt is held by related 3rd parties and is therefore subject to the deemed return rates as summarized below.

	Debt Structure	Return %
Long Term Debt	56%	5.87%
Short Term Debt	4%	2.07%
Weighted Average	60%	5.62%

> Clinton Power is aware that the deemed debt structure it is proposing in this application is slightly different than its actual debt equity structure of 64/36 and is working to ensure that its actual and deemed structure are aligned in the future.

Under E5/T1/S2, Clinton Power documents a capitalization structure of 61.22% debt and 38.78% for the 2009 Bridge Year and a capitalization structure of 77.82% and 44.04% for the 2010 Test Year.

a) The 2010 Test Year capitalization in E5/T1/S2 adds up to more than 100%. Please reconcile.
b) Please reconcile the capitalization structures shown in E5/T1/S2 versus Clinton Power's statement in E5/T1/S1 that its actual capital structure is 64/36.
c) Please explain what is the "Cost Rate" shown in E5/T1/S2.
d) Please redo E5/T1/S2 showing Clinton Power's capital structure and weighted average cost of capital for each of:
   i. 2006 Board-approved;
   ii. 2006 Actual;
   iii. 2007 Actual;
   iv. 2008 Actual;
   v. 2009 Bridge Year;
   vi. 2009 Actual; and
   vii. 2010 Test Year.

   Please display the above information in the following format, Schedule 2-N of Chapter 2 of Filing Requirements for Transmission and Distribution Applications, issued June 29, 2010. Please file the tables in working Microsoft Excel format using the Excel template available on the Board's website at http://www.oeb.gov.on.ca/OEB/_Documents/Regulatory/filing_req_dist_trans_chapter2_Appendices_XLS.xls .

e) Please explain year-over-year changes in the debt and equity capital amounts, both in dollars and percentage.

41. Ref: E5/T1/S1 and E5/T1/S2 – Long-Term Debt

Under "Cost of Debt" of E5/T1/S1, Clinton Power states:

> Clinton Power's debt is held by related 3rd parties and is therefore subject to the deemed return rates as summarized below.

	Debt Structure	Return %
Long Term Debt	56%	5.87%
Short Term Debt	4%	2.07%
Weighted Average	60%	5.62%

a) Please explain what is meant by "related 3rd parties".
b) Please file copies of Clinton Power's executed debt instruments.
c) Please identify if Clinton Power expects to incur new debt in the 2010 Test Year.
d) Please provide a table documenting Clinton Power's long-term debt for each of:
   i. 2006 Board-approved;
   ii. 2006 Actual;
   iii. 2007 Actual;
   iv. 2008 Actual;
   v. 2009 Bridge Year;
   vi. 2009 Actual; and
   vii. 2010 Test Year.
   For each instrument, show the principal, start date and maturity date, debt rate, interest expense in the year, and any transaction charges incurred.
e) Please explain in detail what debt rate should apply to each of Clinton Power's existing and forecasted debt instruments, in accordance with the guidelines documented in section 4.4.1 of the 2009 Cost of Capital Report. If Clinton Power is proposing treatment deviating from the guidelines, please explain and support Clinton Power's proposed treatment.

Exhibit 6 – Revenue Sufficiency/Deficiency

42. Ref: E6/T1/S1 – Revenue Sufficiency/Deficiency

In E6/T1/S1, Clinton Power states that it has a distribution revenue requirement of $974,621.77, while, in E6/T1/S2, Clinton Power shows a revenue requirement recoverable from distribution rates of $971,735 ($429,905 + $541,830). Please reconcile the difference.

43. Ref: E7/T1/S1 - Cost Allocation Methodology

Given its inability to receive its load profile from Hydro One, Clinton Power decided to use Atikokan Hydro's load profile as it was the best fit with Clinton Power in terms of customer mix.

a) Please confirm that customer mix was the only factor taken into consideration when choosing a load profile.
b) Please comment on whether factors such as weather profile and appliance saturation were considered when selecting Atikokan's load profile in place of Clinton Power's own profile.

44. Ref: E7/T1/S1 - Cost Allocation Methodology

In order to test the validity of Clinton Power's cost allocation methodology,

a) Please provide in live Excel format (i.e. not rolled-up format) an alternative run of the cost allocation model using the load profiles of either Erie Thames Power.
b) Please provide worksheets I8 and E2 from the cost allocation study submitted with the application and the alternative version submitted in response to part a), in a tabular format to enable a comparison of the two studies.

45. Ref: Sheet I3 – Cost Allocation Model

The revenue requirement used in the cost allocation model does not match the revenue requirement identified in the application.

	Sheet I3 of Cost Allocation Model	**2010 Cost of Service Application**	**Source**
Proposed Revenue Requirement	$ 995,087	$ 984,277	RRWF

a) Please identify the correct revenue requirement.
b) It appears that Clinton Power has included the cost of the transformer ownership allowance in its revenue requirement. The cost allocation filing guidelines instruct applicants not to include this cost. Please provide a rational as to why this cost was included.
c) Please update the model as necessary and submit it in live Excel format, ensuring that the revenue requirement does not include the transformer ownership allowance and that the revenue from each of the affected classes is calculated net of the transformer ownership allowance.

46. Ref: Sheet I3 – Cost Allocation Model

Please confirm that for purposes of the Cost Allocation Informational Filing:

i. The Revenues are based on distribution rates (excluding the discounts for transformer ownership allowance)
ii. The Costs include the cost of the Transformer Ownership Allowance
iii. The cost of the Transformer Ownership Allowance is allocated to all customer classes.

47. Ref: Sheet O1 – Cost Allocation Model

On Sheet O1, Total Revenues and Expenses equal $569,236 and $928,418 respectively. However, on page 4 of the revenue requirement work form total revenues and expense are stated at $1,010,432 and $886,739 respectively.

a) Please identify the correct amounts for total revenues and total expenses.
b) Please confirm whether the “Distribution Revenue” is calculated based on the proposed distribution rates and the forecast of billing quantities in the test year.
c) If the answer to (b) is negative, please recalculate the revenue to cost ratios based on the steps mentioned in (b) and file the model in live Excel format.

48. Ref: Sheet I7.1 – Cost Allocation Model

a) Please confirm that the number of meters for each class does not include smart meters.
b) Is the cost of the predecessors of smart meters included in the cost allocation study?

Exhibit 8 – Rate Design

49. 28. Ref: E8/T1/S1 – Rate Design

Clinton Power states:

> Clinton Power is proposing increases to all of its classes fixed charges in order to move its fixed charges in line with that of West Perth Power with which its rates will be harmonized within the next 5 years. This adjustment also brings the fixed variable splits back towards the level they were at in its 2006 EDR application. During the interim years its distribution rates have slowly become heavily weighted on the variable portion of the bill.

a) Currently Clinton Power and West Perth are affiliated but separately licensed and rate-regulated distributors. Does the intention to harmonize mean that West

Perth and Clinton Power will amalgamate within the next five years, with such amalgamation being subject to Board approval under section 86 of the Ontario Energy Board Act?

b) If West Perth and Clinton Power are not expected to amalgamate, then what is the basis for harmonization of rates between West Perth and Clinton Power?

c) Harmonization of rates between two differently rated areas would normally result in rates that are somewhere between (i.e. weighted average) the current rates of the two areas. Please provide a further description of how Clinton Power and West Perth expect to propose the harmonization of rates, and the rationale for the chosen approach.

d) Given that the price cap adjustment of the 2nd Generation or 3rd Generation IRM plans are applied consistently to both fixed monthly service charges (net of the Smart Meter Funding Adder) and the volumetric component, please explain Clinton Power's statement that: "During the interim years its distribution rates have slowly become heavily weighted on the variable portion of the bill."

50. Ref: E8/T1/S1 – Rate Design

Please revise the table shown on page 1 of this exhibit showing the Smart Meter Funding Adder and the Low Voltage Rate Adder separate from the Monthly Service Charge.

51. Ref: E8/T1/S1 – Rate Design

Board staff has compiled the following table to compare Clinton Power's current approved rates versus the proposed rates. For the existing rates, the Smart Meter Funding Adder of $1.00 per month, for metered customer classes has been removed, although the LV recovery is still embedded in current rates but shown separately for proposed 2010 rates.

	Unit		Exisiting 2009		Proposed 2010		Change $	Change %
Residential								
Service Charge	monthly	$	9.23	$	13.61	$	4.3800	47.45%
Distribution Volumetric Rate	per kWh	$	0.0114	$	0.0195	$	0.0081	71.05%
Smart Meter Funding Adder	monthly	$	1.0000	$	1.0000	$	-	0.00%
Low Voltage Rate	per kWh			$	0.0017	$	0.0017	
Regulatory Asset Recovery Rate Rider	per kWh			$	0.0024	$	0.0024	
Retail Transmission Rate – Network Service Rate	per kWh	$	0.0052	$	0.0045	-$	0.0007	-13.46%
Retail Transmission Rate – Line and Transformation Connection Service Rate	per kWh	$	0.0050	$	0.0031	-$	0.0019	-38.00%
Wholesale Market Service Rate	per kWh	$	0.0052	$	0.0052	$	-	0.00%
Rural Rate Protection Charge	per kWh	$	0.0013	$	0.0013	$	-	0.00%
Regulated Price Plan – Administration Charge	monthly	$	0.25	$	0.25	$	-	0.00%
General Service Less Than 50 kW								
Service Charge	monthly	$	18.13	$	21.35	$	3.2200	17.76%
Distribution Volumetric Rate	per kWh	$	0.0110	$	0.0246	$	0.0136	123.64%
Smart Meter Funding Adder	monthly	$	1.0000	$	1.0000	$	-	0.00%
Low Voltage Rate	per kWh			$	0.0014	$	0.0014	
Regulatory Asset Recovery Rate Rider	per kWh			$	0.0020	$	0.0020	
Retail Transmission Rate – Network Service Rate	per kWh	$	0.0047	$	0.0040	-$	0.0007	-14.89%
Retail Transmission Rate – Line and Transformation Connection Service Rate	per kWh	$	0.0045	$	0.0028	-$	0.0017	-37.78%
Wholesale Market Service Rate	per kWh	$	0.0052	$	0.0052	$	-	0.00%
Rural Rate Protection Charge	per kWh	$	0.0013	$	0.0013	$	-	0.00%
Regulated Price Plan – Administration Charge	monthly	$	0.25	$	0.25	$	-	0.00%
General Service 50 to 4,999 kW								
Service Charge	monthly	$	31.84	$	204.84	$	173.0000	543.34%
Distribution Volumetric Rate	per kW	$	4.0198	$	6.6371	$	2.6173	65.11%
Smart Meter Funding Adder	monthly	$	1.0000	$	1.0000	$	-	0.00%
Low Voltage Rate	per kW			$	0.6425	$	0.6425	
Regulatory Asset Recovery Rate Rider	per kW			$	0.3974	$	0.3974	
Retail Transmission Rate – Network Service Rate	per kW	$	1.9269	$	1.6543	-$	0.2726	-14.15%
Retail Transmission Rate – Line and Transformation Connection Service Rate	per kW	$	1.7883	$	1.0988	-$	0.6895	-38.56%
Wholesale Market Service Rate	per kWh	$	0.0052	$	0.0052	$	-	0.00%
Rural Rate Protection Charge	per kWh	$	0.0013	$	0.0013	$	-	0.00%
Regulated Price Plan – Administration Charge	monthly	$	0.25	$	0.25	$	-	0.00%
Unmetered Scattered Load								
Service Charge (per connection)	monthly	$	9.07	$	0.27	-$	8.8000	-97.02%
Distribution Volumetric Rate	per kWh	$	0.0110	$	0.0185	$	0.0075	68.18%
Low Voltage Rate	per kWh			$	0.0046	$	0.0046	
Regulatory Asset Recovery Rate Rider	per kWh			$	0.0031	$	0.0031	
Retail Transmission Rate – Network Service Rate	per kWh	$	0.0047	$	1.2476	$	1.2429	26444.68%
Retail Transmission Rate – Line and Transformation Connection Service Rate	per kWh	$	0.0045	$	0.8494	$	0.8449	18775.56%
Wholesale Market Service Rate	per kWh	$	0.0052	$	0.0052	$	-	0.00%
Rural Rate Protection Charge	per kWh	$	0.0013	$	0.0013	$	-	0.00%
Regulated Price Plan – Administration Charge (if applicable)	monthly	$	0.25	$	0.25	$	-	0.00%
Sentinel Lighting								
Service Charge	monthly	$	0.21	$	-	-$	0.2100	-100.00%
Distribution Volumetric Rate	per kW	$	1.0939	$	34.1200	$	33.0261	3019.12%
Low Voltage Rate	per kW			$	0.8137	$	0.8137	
Regulatory Asset Recovery Rate Rider	per kW			$	2.4732	$	2.4732	
Retail Transmission Rate – Network Service Rate	per kW	$	1.4607	$	1.2540	-$	0.2067	-14.15%
Retail Transmission Rate – Line and Transformation Connection Service Rate	per kW	$	1.4113	$	0.8671	-$	0.5442	-38.56%
Wholesale Market Service Rate	per kWh	$	0.0052	$	0.0052	$	-	0.00%
Rural Rate Protection Charge	per kWh	$	0.0013	$	0.0013	$	-	0.00%
Regulated Price Plan – Administration Charge (if applicable)	monthly	$	0.25	$	0.25	$	-	0.00%
Streetlighting								
Service Charge	monthly	$	0.12	$	0.52	$	0.4000	333.33%
Distribution Volumetric Rate	per kW	$	0.5800	$	53.5658	$	52.9858	9135.48%
Low Voltage Rate	per kW			$	0.4725	$	0.4725	
Regulatory Asset Recovery Rate Rider	per kW			$	0.9357	$	0.9357	
Retail Transmission Rate – Network Service Rate	per kW	$	1.4532	$	0.4035	-$	1.0497	-72.23%
Retail Transmission Rate – Line and Transformation Connection Service Rate	per kW	$	1.3824	$	0.2765	-$	1.1059	-80.00%
Wholesale Market Service Rate	per kWh	$	0.0052	$	0.0052	$	-	0.00%
Rural Rate Protection Charge	per kWh	$	0.0013	$	0.0013	$	-	0.00%
Regulated Price Plan – Administration Charge (if applicable)	monthly	$	0.25	$	0.25	$	-	0.00%

a) Please confirm or correct this table.
b) Please explain the Retail Transmission Service Rates for the Unmetered Scattered Load class.
c) Please provide a detailed explanation and support for the increase in the monthly service charge for the GS 50-4,999 kW class from $31.84 to $204.84.
d) Please provide a detailed explanation and support for the proposed increases in the monthly service charge and volumetric rate for the streetlighting class.
e) Please provide a detailed explanation and support for the proposed increase in the sentinel lighting volumetric rate from $1.0939/kW to $34.1200/kW.
f) Has Clinton Power and/or West Perth done any benchmarking analysis to compare their distribution rates against those of similar utilities. One potential peer group would be smaller distributors in Southwestern Ontario, including West Coast Huron, Middlesex Power, etc.
   i. If yes, please provide any studies.
   ii. If no, please explain why not.

52. Ref: E8/T1/S7 – Reconciliation of Proposed Rates to Revenue Requirement

Please provide a detailed table, in working Microsoft Excel format and showing all calculations, to provide the reconciliation of the proposed rates to the distribution revenue requirement, including LV recovery and recovery of the transformer ownership allowance.

53. Ref: E8/T1/S9 – Rate Impacts

a) Please confirm whether the detailed rate impacts shown in this exhibit show the impact of taxes.
b) If taxes are omitted, please provide a variation of E8/T1/S9 showing the calculation of taxes. For both current approved and proposed rates, please show the impact using the Harmonized Sales Tax of 13%.

54. Ref: E8/T1/S9 – Rate Impacts and Rate Mitigation

Board staff has prepared the following table summarizing the range of total bill impacts shown in the referenced Exhibit.

	Range of Bill Impacts	
	Min	**Max**
Residential	14.40%	28.60%
GS < 50 kW	15.70%	15.90%
GS > 50 kW	9.30%	23.50%
Streetlighting		871.10%
Sentinel Lighting	387%	520.40%
Unmetered Scattered Load		-10.30%

a) Please confirm or correct the numbers shown in the above table.

b) Please confirm whether Clinton Power is proposing any form of rate mitigation to lessen the impact of the proposed increases to the revenue requirement.
   i. If Clinton Power is proposing rate mitigation, please provide the details of its proposal.
   ii. If Clinton Power is not proposing to mitigate the rate impacts on customers, please explain why.

55. Ref: E8/T1/S5 and E8/T1/S10 – Retail Transmission Rates

	E8/T1/S5		E8/T1/S10	
	Network	Connection	Network	Connection
Residential	$ 0.0045	$ 0.0031	$ 0.0045	$ 0.0031
GS < 50 kW	$ 0.0040	$ 0.0028	$ 0.0040	$ 0.0028
GS > 50 kW	$ 1.6543	$ 1.0988	$ 1.6543	$ 1.0988
Streetlighting	$ 0.4035	$ 0.2765	$ 1.2476	$ 0.8494
Sentinel Lighting	$ 1.2540	$ 0.8671	$ 1.2540	$ 0.8671
Unmetered Scattered Load	$ 1.2476	$ 0.8494	$ 0.4035	$ 0.2765

a) The proposed Retail Transmission rates for the Streetlighting and Sentinel Lighting classes appear to be transposed between the two exhibits. Please confirm which are the correct proposed Retail Transmission rates.

b) Clinton Power shows a -50.00% retail trend adjustment for the Retail Connection Services rate adjustment on page 1 of E8/T1/S10. However, on page 2, Clinton Power shows a -7.5% difference between Connection expenses and revenues from 2007 to 2009. Please provide a detailed explanation of the -50% adjustment.

c) Please confirm that the Network and Connection expenses and revenues for 2009 are audited amounts and for the full year from January 1 to December 31. If not, please update.

d) On page 2, under Connection, Clinton Power shows expenses of $36,912 in 2009 compared to $137,757 in revenues from the Retail Transmission Service – Connection rate. In 2007 and 2008, Clinton Power shows Connection expenses of around $190,000 per annum. Please explain the significant decrease in Connection expenses in 2009.

e) On page 2, under Network, Clinton Power shows the same expenses, $157,204, and revenues, $196,596, for each of 2007 and 2008. Please confirm that these are actuals for each of 2007 and 2008. If not, please update.

f) On page 1 of this exhibit, Clinton Power shows Wholesale Transmission rates of $1.88 for 2008 and $1.99 for 2009 for Network Services, and $2.01 for 2008 and $2.24 for 2009. Please confirm whether these rates are the Uniform Transmission rates or are the RTSRs of a host distributor servicing Clinton Power.

g) As necessary, please provide an update to E8/T1/S10 in accordance with section 2.9.2 of Chapter 2 of the Filing Requirements for Transmission and Distribution

Applications, issued June 29, 2010, and with Guideline G-2008-0001, Electricity Distribution Retail Transmission Service Rates, updated July 8, 2010.

56. E8/T1/S11 – Low Voltage Rates

a) On the top half of page 2 of this exhibit, Clinton Power documents the 2009 load at the two delivery points at which it is serviced by its host distributor. Clinton Power shows expenses of $95,657.24. However, in the trend analysis following, Clinton Power shows 2009 expenses of $88,396. Please reconcile and explain the difference between then numbers.

b) In the top half of page 2 of the exhibit, Clinton Power documents a variable rate of $2.66 and a fixed charge of $188.00 for Delivery Point 1, and a variable rate of $0.633 and a fixed charge of $188.00 for Delivery Point 2.
   i. Please confirm which distributor is Clinton Power's host distributor.
   ii. Please explain how Clinton Power is classified and charged for LV services by its host distributor.
   iii. Please confirm that the rates charged to Clinton Power for LV services did not change in 2009 (i.e. was there a change effective May 1).
   iv. Please identify if the rates charged to Clinton Power for LV services have changed for 2010. If so, please provide the updated rates.

c) In the trend analysis shown on page 2 of this exhibit, Clinton Power documents expenses of $164,357 for each of 2007 and 2008, and which vary from the $88,396 (or $95,657) documented for 2009.
   i. Please confirm that the $164,357 shown for each of 2007 and 2008 is a historical actual. If not, please update with the historical actual.
   ii. Please explain why the LV expenses for 2009 are significantly below the 2007 and 2008 LV expenses.

d) Clinton Power documents LV revenues of $38,415 for 2007, $48,408 for 2008 and $41,312 for 2009. Please explain and provide detailed calculations showing the derivation of LV revenues for each of these years.

e) As necessary, please provide an update to E8/T1/S11 in accordance with section 2.9.3 of Chapter 2 of the Filing Requirements for Transmission and Distribution Applications, issued June 29, 2010.

Exhibit 9 – Deferral and Variance Accounts

57. Ref: E9/T1/S2 – Deferral and Variance Account Disposition

On page 2 of this exhibit, Clinton Power states:

> Clinton Power would prefer to have the rate rider spread over the two year period, rather than the one year recommended in EDDVAR. As noted above, these balances represent 4 years of accumulated balances, so we would prefer to return to customers over a two year period at minimum. The RSVA balances in particular are very large and in the interest of

mitigating rate impact we recommend returning to the customers over a four year period.

a) Please confirm that the net deferral and variance ("D/V") account balance for which Clinton Power is seeking approval is a recovery from customers and not a refund to customers, as indicated in the above quote.

b) Please confirm that Clinton Power is proposing a two-year period for recovery of the net D/V account balance, rather than four years as indicated in the above quote.

c) The amounts shown in E9/T1/S2/page 4 under the table labelled "Accounts Requested for Disposition" do not appear to match with the amounts documented in the Deferral and Variance Account Continuity Schedule shown in the exhibit also labelled as E9/T1/S3, pages 2-4. As one example, the December 31, 2008 principal balance for Account 1550 is documented as $349,978.31 in the table labelled "Accounts Requested for Disposition" but as $247,649 in the Deferral and Variance Account Continuity Schedule. Other inconsistencies are apparent for the accounts for which Clinton Power is seeking disposition.
    i. Please reconcile the table shown in Exhibit 9 and confirm the Deferral and Variance Account balances for which Clinton Power is proposing disposition.
    ii. Please confirm that the December 31, 2008 account balances for the deferral and variance accounts have been audited.

d) Please provide, in working Microsoft Excel format, a continuity schedule of Clinton Power's D/V account balances from January 1, 2005 to December 31, 2009, in accordance with section 2.10.1 of Chapter 2 of the Filing Requirements for Transmission and Distribution Applications, issued June 29, 2010. In particular, please separately show the continuity of Account 1588 excluding the Global Adjustment sub-account, and Account 1588 Global Adjustment sub-account separately. A blank copy of the Microsoft Excel spreadsheet is available on the Board's website at http://www.oeb.gov.on.ca/OEB/_Documents/Regulatory/Continuity_Schedule_EDDVAR.XLS .

58. E9/T1/S2 – Account 1588 Global Adjustment

Clinton Power is proposing disposal of the December 31, 2008 balance, plus carrying charges to April 30, 2010 for the Account 1588 Global Adjustment sub-account. The total amount documented is a credit of $21,721.54. Clinton Power has proposed disposition of this balance in one rate rider, with the amount allocated between customer classes based on non-RPP kWh for each class.

The Global Adjustment sub-account variance is attributable to non-RPP customers alone. In recent Board decisions for 2010 distribution rates, the Board has found it preferable that the Account 1588 Global Adjustment sub-account be collected from or returned to non-RPP customers only, due to a specific rate rider applicable only to non-RPP customers in each class. This preference is conditional upon, in part, whether the distributor's computer systems, particularly for billing and collection, can handle more than one rate rider, and a rate rider that is applicable only to identifiable (i.e. non-RPP customers) within each customer class.

a) Please confirm whether Clinton Power's current billing and CIS systems can handle more than one rate rider per customer class and that a rate rider can be applied to specific (i.e. non-RPP customers only) customers within each customer class.
b) Please indicate, with reasons, whether Clinton Power believes that it would be more appropriate to refund the Account 1588 Global Adjustment sub-account balance only to non-RPP customers.
c) If the response to b) is in the affirmative, please provide a table, similar to that shown on E9/T1/S3/page 5 under Method of Disposition showing proposed disposition rate riders, for each customer class, separately for: i) disposition of deferral/variance account balances excluding Account 1588 Global Adjustment sub-account; and ii) Account 1588 Global Adjustment sub-account.

59. Ref: Exhibit 9/Tab 1/Schedule 2: Description of Deferral and Variance Accounts, Accounts Proposed for Disposition, and Method of Disposition

Account 1508 – Sub-accounts OEB Cost Assessments and Pension Contributions. Clinton Power states that "This account will come to an end with its proposed disposition". However, when calculating the rate rider under sections Accounts Proposed for Disposition, and Method of Disposition, Clinton Power has not used the balance in this account for allocating to customer classes or calculating the rate rider.

Account 1590 – Clinton Power states that a residual balance of $42,229 remains in this account after the removal of the rate rider effective May 1, 2008.

a) Please explain why Clinton Power is not seeking to disposition of account 1590, in light of the fact that the rate rider has ended.
b) Please recalculate the rate riders including disposition of the residual balance in accounts 1508 and 1590.

60. Ref: Exhibit 9/Tab 1/Schedule 3 – Accounts Requested for Disposition, and Method of Disposition, Description of Deferral and Variance Accounts

Account 1588 – Global Adjustment (GA)

a) The balance in account 1588 – Clinton Power is showing a credit balance in its GA. This is not consistent with other distributors' balances. It also does not appear to be plausible, given that Clinton Power's evidence under the "Description of Deferral and Variance Accounts" section where the applicant states: "In the month of December 2008, the global adjustment charged on the IESO bill was $13.37 per MWH. The rate charged to non-RPP consumers was $3.90 per MWH". Such directional discrepancy resulted in large debit balances being accumulated in other distributors' GA account. Please review the transactions in Clinton Power's GA account and confirm that the transactions in this account have been recorded in accordance with the APH.

b) Please confirm that the GA principal balance proposed for disposition is based on the procedures identified by the APH. Please refer to the following web link regarding the regulatory accounting and reporting of account 1588 and its global adjustment sub-account.
http://www.oeb.gov.on.ca/OEB/Industry/Rules+and+Requirements/Regulatory+Audit+and+Accounting/Webinar+-+Account+1588

c) Please provide an allocation of the December 31, 2008 balance of the GA sub-account (plus interest to April 30, 2010) based on the 2008 kWh for non-RPP customers.

d) Please calculate a separate rate rider for the recovery of the proposed GA balance using the allocated amounts and the 2010 non-RPP consumption data (kWh or kW as applicable) as the billing determinant.

e) Please calculate a separate rate rider for the recovery of the proposed balance of subaccount Power – Global Adjustment of account 1588 using the amounts shown in 2010 and the 2010 non-RPP consumption data (kWh or kW as applicable) as the billing determinant. If Clinton Power does not have a forecast for 2010 non-RPP consumption data, please use 2008 actuals to determine this rate rider.

f) If Clinton Power were to establish a separate rate rider to dispose of the balance of the Power (Global Adjustment) sub-account of account 1588, please provide Clinton Power's views as to whether this rate rider would be applicable to MUSH ("Municipalities, Universities, Schools and Hospitals") sector customers.

g) If the answer to f) is negative, does Clinton Power have the capability in its billing system to exclude MUSH sector customers to which the separate rate rider for the disposition of 1588 subaccount would apply?

Smart Meters

61. E9/T1/S4 – Smart Meters

Clinton Power indicates that it intends to have smart meters deployed by May 1, 2011, with an estimated capital cost of $325,000.

a) Please indicate when Clinton Power started, or intends to start, deploying smart meters within its licensed service territory.

b) Please provide further information on why Clinton Power does not expect to complete smart meter deployment by December 31, 2011.

c) Please provide a completed copy of Appendix 2-R of the Filing Requirements for Transmission and Distribution Applications, issued June 29, 2010. This is the same as Appendix 2-S of the previous version of the filing requirements.

d) Please indicate if Clinton Power intends to incur smart meter costs beyond minimum functionality as defined in O.Reg. 425/06. If so, please provide further detail on the nature of "beyond minimum functionality" capabilities, and the expected costs.

e) How has or is Clinton Power accounting for the stranded costs of conventional meters replaced by smart meters?

62. Harmonized Sales Tax

The PST and GST were harmonized effective July 1, 2010. Historically, unlike the GST, the PST was included as an OM&A expense and was also included in capital expenditures. Due to the harmonization of the PST and GST, regulated utilities may benefit from a reduction in OM&A expenses and capital expenditures on an actual basis.

a) Please state whether or not Clinton Power has adjusted its Test Year revenue requirement to account for reductions to OM&A expense and capital expenditures that the applicant may realize due to the implementation of the HST effective July 1, 2010. If yes, please identify separately the amounts for OM&A and capital and provide an explanation of how each of those amounts was derived. If no, please identify the amounts in OM&A expense and capital expenditures for the Test Year that were previously subject to PST and are now subject to HST.

b) The Board's decision on most 2010 IRM applications established a deferral account and directed applicants to record the incremental input tax credits it receives on distribution revenue requirement items that were previously subject to PST and which become subject to HST. Tracking of these amounts would continue in the deferral account until the effective date of the applicant's next cost of service rate order. Please provide a detailed explanation of how Clinton Power is currently tracking these amounts.

63. International Financial Reporting Standards (IFRS)

a) Please confirm that the revenue requirement numbers for 2010 are based on CGAAP, and not IFRS accounting principles. If confirmed, please identify the fiscal year which the applicant will begin reporting its (audited) actual results on an IFRS basis. If not confirmed, please provide a detailed revenue requirement impact statement comparing CGAAP with IFRS.

b) Pleas state whether or not Clinton Power has included an amount for IFRS transition costs in its Test Year revenue requirement. If yes, please identify the amount and provide a breakdown with a detailed explanation of each cost item. If no, is the applicant recording IFRS transition costs in the deferral account established by the Board in October 2009?

64. Late Payment Penalty (LPP)

Please state whether or not Clinton Power has included an amount for recovery of late payment penalty litigation costs in its 2010 Test Year application. If yes, please identify the amount and explain how the applicant is proposing to recover this amount. If yes, please provide evidence supporting the amount allocated to the applicant (e.g. the settlement agreement).

65. Low Income Energy Assistance Program (LEAP)

Please state whether or not Clinton Power has included an amount in its 2011 Test year revenue requirement for the LEAP emergency assistance program.

a) If yes, please identify the amount.

b) If no, please provide the following calculation: 0.12% of the total distribution revenue proposed by Clinton Power for the 2010 Test Year.

c) Please state whether or not Clinton Power has included an amount in its 2010 Test year revenue requirement for any legacy program(s), such as Winter Warmth. If so, please identify the amount and provide a breakdown identifying the cost of each program along with a description of each program.