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August 24, 2010

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition
EB-2009-0262 and EB-2010-0121
Clinton Power Corporation and West Perth Power Inc. – 2010 Electricity Distribution Rate Applications

Please find enclosed the interrogatories of the Vulnerable Energy Consumers Coalition in the above-noted proceeding.
Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.
cc: Clinton Power Corporation
Attention: Mr. Wally Curry, President & CEO

West Perth Power Inc.
Attention: Mr. Wally Curry, President & CEO

CLINTON POWER CORPORATION
2010 RATE APPLICATION

(EB-2009-0262)

VECC'S INTERROGATORIES (ROUND #1)

GENERAL

Question #1

Reference: Exhibit 1, Tab 1, Schedule 2

a) Please confirm the date that the completed Application was filed with the OEB. What was the reason for not filing the Application in accordance with the timetable initially established by the OEB for 2010 rates?

b) Given the date the Application was filed with the OEB, please explain why an effective date of May 1, 2010 is appropriate.

Question #2

Reference: Exhibit 1, Tab 1, Schedule 12
OEB Staff #2

a) If Clinton is served by a host distributor, please describe the supply arrangements.

Question #3

Reference: Exhibit 1, Tab 1, Schedules 13 and 14

a) Please clearly define what the entity "ERTH" is.

b) The OEB web site does not list any pending applications by Clinton apart from the 2010 Rate Application. Please provide the OEB file number for the referenced MADD Application and briefly outline the changes requested by the Application. Also, if not posted on the Board's web-site, please provide a copy of the MADD application itself and any related Board Decision.

c) The OEB's 2009 Filing Guidelines (Chapter 2, page 5) requires Distributors to outline, in this section of their application, the services provided to/by affiliates. Clinton's Financial Statements make reference to various service being provided to it by its parent municipality. Please indicate if this continues to be the case for 2009 and/or 2010 and, if yes, provide details regarding the services supplied to Clinton; the charges for each service for 2009 and 2010 and how the charges are determined.

<u>Question #4</u>

Reference: Exhibit 1, Tab 2, Schedule 2

a) Please provide the 2010 budget directives/guidelines issued by Clinton's Board and/or Management that underlie the preparation of the Application.

<u>RATE BASE</u>

<u>Question #5</u>

Reference: Exhibit 2, Tab 1, Schedule 3

a) The variance explanation for 2009 over 2008 makes reference to the addition of a bucket truck in 2009. However, the continuity schedule shows no additions to Transportation Equipment in that year. Please reconcile.

<u>Question #6</u>

Reference: Exhibit 2, Tab.2. Schedule 3, pages 1-6

a) Please update the Materiality Threshold Analysis based on the 2009 Filing Guidelines.

b) Please provide a copy of the current Five Year Capital Plan as referenced on pages 4 and 6.

c) Please confirm that the Asset Management Plan addressed investment in sustaining and replacing existing facilities under Distribution Plant – Improvements (page 5).

Question #7

Reference: Exhibit 2, Tab.2. Schedule 3, pages 7-8

a) Please provide a schedule that breaks down the spending on each project by USOA account and shows the 2009 total additions for each project and for each account.

b) How many new connections/services are associated with Projects #1 and #5?

c) Were there any capital contributions associated with Project #4? If not, why not? If yes, why is no contribution reported in Exhibit 2, Tab 2, Schedule 1?

d) What is the timing of the expected new commercial development associated with Project #3? Also, how many new customers are anticipated and what will be their total load?

e) Were there any other capital spending/capital additions in 2009 apart from these five projects? If yes, please describe.

f) Why was there no “danger pole replacement” planned for 2009 as there is in 2010?

Question #`8

Reference: Exhibit 2, Tab 2, Schedule 3, pages 9-10

a) The description of Project #1 states that the new Fire Hall will make a $45,000 capital contribution. However, the Continuity Schedules show no capital contributions for 2010. Please reconcile.

b) Please outline the current timing of Clinton’s plan to convert to 27.6 kV and the additional investments required.

c) How many vehicles does Clinton have in its “fleet” and what is the anticipated replacement date for each? What is the planned delivery date for each of the two 2010 vehicle purchases?

d) The discussion of 2009 Project #3 suggested that the project was required to support continued development over the next couple of years. Why are there no new services planned for 2010?

LOAD FORECAST

Question #9

Reference: Exhibit 3, Tab 1, Schedules 1 & 2

a) Please provide a schedule that sets out the 2009 and 2010 revenue by class excluding the LV rate adder revenues.

Question #10

Reference: Exhibit 3, Tab 2, Schedule 1

a) Please indicate Lawrence Wu's past experience in preparing load forecasts.

b) With respect to page 8, please describe what loads are included in the Net System Load Shape.

c) If the Net System Load Shape includes more than just Residential and GS<50 won't the analysis understate the weather sensitivity of these two classes by virtue of the fact the data used included the loads from other customer classes that are considered to be non-weather sensitive?

d) The normalized kWh for Residential and GS<50 reported in Tables 1 and 4 do not match those in Exhibit 3, Tab 2, Schedule 2, page 3 or Exhibit 3, Tab 3, Schedule 4, page 2. Please reconcile.

e) With respect to pages 2 and 8, please provide the formulae/calculations supporting the 55,809 kWh HDD adjustment for Residential in 2008.

f) Why was a five year average used as the definition of "weather normal"?

g) With respect to page 8, please explain how the 1.43% weather adjustment factor for non-summer months was derived.

h) With respect to Figure 8 please provide the t-statistic for the HDD coefficient.

i) With respect to Figure 9 please provide the t-statistic for the CDD coefficient.

j) Please provide a version of Table 8 with data for 2007 and 2008 as well.

k) Please provide the linear regression model used to forecast the customer count for Residential (page 3).

l) For Residential and GS<50 how was the 2010 forecast developed? For example, was the normalized use per customer for 2009 multiplied by the forecast number of customers in 2010?

m) The forecast calls for no increase in GS<50 or GS>50 customers in 2010 and an increase of only one in 2009 over 2008. Please reconcile this with the discussion in Exhibit 2, Tab 2, Schedule 3, pages 7-8 regarding a new Fire Hall, new commercial development, and new infill lot development.

n) Please provide a schedule that sets out the actual number of customers by class as of the most recent 2010 month available.

o) Please provide a schedule that sets out the billing kW for 2010 (up to the most recent month available) for the GS>50 class and contrast with the monthly 2009 billing kW for the same period.

<u>Question #11</u>

Reference: Exhibit 3, Tab 2, Schedule 2

a) The discussion under the table on page 1 makes reference to West Perth. Please confirm whether or not the explanations provided are those for Clinton.

<u>Question #12</u>

Reference: Exhibit 3, Tab 3, Schedule 1

a) Where is the SSS Admin Fee revenue recorded in this Table?

b) What is the actual SSS Admin Fee revenue for 2009 and the forecast for 2010?

<u>OPERATING COSTS</u>

<u>Question #13</u>

Reference: Exhibit 4, Tab 2 Schedule 2

a) Please also provide details as to the make-up of the total $140,000 cost for preparing the current Application (i.e., $35,000 x 4).

b) Please specifically explain the more than $60,000 increase in Outside Services for 2007 and the more than $90,000 in reduced costs for Outside Service between 2007 and 2009 (page 8)

c) Please provide a schedule that sets out the following for each year from 2007 to 2010:
   - Total number of employees
   - Total labour costs (i.e, Total Compensation including wages, benefits, overtime, etc.)
   - The total labour costs capitalized in each year
   - The total labour costs charged to third parties (e.g., the Municipality)
   - The total labour cost booked to deferral accounts for activities such as Smart Meters
   - The total labour costs charged to the Distributor's OM&A

   If the preceding four categories do not sum to the total labour costs for each year please explain why.

d) Please explain what is included in Office Supplies that would explain the significant year to year variations over 2006-2009.

e) Please provide background as to how Excaliber Inc. was selected as the service provider for Clinton's Customer Service, Billing, and Collections activities. Please provide some background on Excaliber Inc. including its experience in these areas.

<u>Question #14</u>

Reference: Exhibit 4, Tab 2, Schedule 5

a) The asset values shown here for 2010 do not match those reported in Exhibit 2, Tab 2, Schedules 1 & 2. Please reconcile.

b) Has West Perth used the ½ year rule for determining depreciation and rate base for capital additions made in the same year? If yes, please confirm when this practice started.

c) Using Poles and Wires, please illustrate how the depreciation charge for 2010 is calculated.

Question #15

Reference: Exhibit 4, Tab 2 Schedule 6

a) What assurance does West Perth have that the issues leading to the irregular sales values for 2006 haven't also affected the data for 2005, 2007, 2008 or 2009?

COST OF CAPITAL

Question #16

Reference: Exhibit 5, Tab 1, Schedule 3

a) This Exhibit suggests that Clinton has one promissory note which is payable to the municipal corporation. However, the 2008 Financial Statements (Notes #5 and #7) indicate there are three notes, one of which is payable to Erie Thames Services and two of which are payable to the municipality. Please reconcile and provide copies of any promissory outstanding after December 31, 2000.

b) Please confirm whether that the promissory note(s) with the Municipality are demand notes. Please also confirm what the effective interest rate is for 2010.

c) Please confirm that Clinton is not planning any new borrowing for 2010.

SUFFICIENCY/DEFICIENCY

Question #17

Reference: Exhibit 6, Tab 1, Schedule 2

a) Please provide a schedule that sets out the derivation of the $541,830 value for 2010 revenues at current (2009) rates. In doing so, please show the calculation by customer class setting out the volumes and rates used. Please confirm that the rates used exclude LV charges and the smart meter rate adder. If not, please redo the calculation excluding these elements.

b) Please verify the $984,277 value reported on page 1. Based on the values shown the required revenue is $981,390.

c) Based on the response to part (b), please indicate if changes are required to either the Cost Allocation and/or the Rate Design related exhibits (e.g. Exhibit 8, Tab 1, Schedule 7)

COST ALLOCATION

Question #18

Reference: Exhibit 7, Tab 1, Schedule 1

a) Please provide an electronic copy of the cost allocation model.

b) What analysis did Clinton under take to determine if the customer usage patterns (e.g. average annual use, average use over different months of year) for the Atikokan's customer classes were similar to that in Clinton? Please provide the results of any analysis demonstrating the similarity of the usage patterns by customer class.

c) The Board's Filing Guidelines direct distributors to file the results of three cost allocation models: i) Initial (2007) Allocation; ii) Initial (2007) Allocation revised with the adjusted transformer ownership allowance treatment; and iii) An updated cost allocation based on the proposed test year – with the adjustment for the transformer ownership allowance. Please confirm which of three "approaches" was used in the cost allocation filed by Clinton.

d) In the Cost Allocation Model filed the cost data appears to be for 2010 but the total does not match the proposed 2010 revenue requirement. Please reconcile.

e) In the Cost Allocation Model filed the customer count data used (Sheet I6) does not match the 2010 forecast customer count. Also, the load forecast for Residential and GS<50 does not match the forecast in Exhibit 3, Tab 2, Schedule 1. Please clarify what load and customer data was used in the model.

f) In the Cost Allocation Model (Sheet O6), the Miscellaneous Revenue by customer class does not sum to the total Miscellaneous Revenue value reported. Please reconcile.

Question #19

Reference: Exhibit 7, Tab 1, Schedule 1, pages 5-6

a) Please provide a schedule that shows the revenue to cost ratios for each customer class assuming the distribution revenues at current rates (excluding LV adders and reduced for transformer ownership discounts) for each class are increased proportionally such that the total revenues (including revenue offsets) equals total costs.

b) Please provide a schedule that sets out the revenue to cost ratios for each customer class based on Clinton's proposal.

c) Please comment on the extent to which, under Clinton's proposal, the ratios for each customer class are within the range set by the Board's Guidelines. To the extent all classes are not within the range, please explain why this is appropriate.

RATE DESIGN

Question #20

Reference: Exhibit 8, Tab 1, Schedule 1

a) Please confirm that while the Staff Discussion Paper preceding the Board's EB-2007-0667 Report recommended a ceiling for the monthly service charge based on 120% of the "Methodology" results, the Board's direction (page 12, last paragraph) was that changes should not be made such that the MSC exceeds the ceiling as defined by the results of the Methodology.

b) Please provide a schedule that sets out the MSC ceiling for each customer class based on the Cost Allocation model results and the Methodology for MSC.

c) Please confirm that no application has been made to the Board for harmonization of Clinton's and West Perth's rates.

d) Please confirm that no determination has been made by the Board as to the basis on which the rates for Clinton and West Perth should be harmonized.

e) Please confirm that since the 2006 EDR, Clinton's rates have been adjusted in accordance with the Board's IRM methodology such that the fixed and variable rates have been increased by the same proportion. If this is not the case, please explain.

f) If part (e) is answered in the affirmative, please explain how the fixed/variable split has deteriorated since the 2006 EDR.

g) Please provide a schedule that sets out the fixed/variable split by customer class:
   - At the time of the 2006 EDR (excluding LV adders)
   - For 2010, assuming monthly service charges and variable rates (excluding smart meter and LV adders) are increase proportionally
   - For 2010, based on Clinton's proposal (Note Please show the results excluding the smart meter and LV adders)

h) For each customer class please show the calculation of the variable rate prior to the LV rate adder adjustment.

Question #21

Reference: Exhibit 8, Tab 1, Schedule 9

a) Please provide a schedule that set out the number of Clinton's residential customers whose average monthly use falls into each of the following ranges:
   - Less than or equal to 500 kWh / month
   - More than 500 but less or equal to 1,500 kWh per month
   - More than 1,500 kWh per month.

b) Exhibit 1, Tab 1, Schedule 2 suggests that there are no impacts on any customer class or sub-group that warrant impact mitigation. Given that some residential customers may experience total bill impacts in excess of 20%, why does Clinton consider that rate impact mitigation is not warranted.

Question #22

Reference: Exhibit 8, Tab 1, Schedule 10

a) Please confirm the basis for the current Retail Transmission rates (i.e., What Uniform Transmission rates or HON Retail Transmission rates are they aligned with?).

b) Please indicate the basis for the wholesale rates referenced on page 1 and update the adjustment factor analysis to include 2010 rates.

c) Please provide a schedule that sets out the forecast revenues by customer class (and in total) for the 2010 Retail Network Transmission charges and the Retail Connection Transmission charges. Please show the resulting proportion of total revenues attributable to each class.

d) Please provide a schedule that sets out the actual 2009 billing quantities for charges to Clinton for Transmission Network and Connection service. Please calculate the charges for each service based on 2010 rate and 2009 billing determinants.

Question #23

Reference: Exhibit 8, Tab 1, Schedule 11

a) Please provide a schedule that sets out the forecast revenues by customer class (and in total) for the 2010 LV charges. Please show the resulting proportion of total revenues by customer class.

b) Please provide a schedule that sets out the charges for LV based on 2009 billing parameters (as reported) and the Hydro One Networks' approved 2010 rates.

DEFERRAL AND VARIANCE ACCOUNTS

Question #24

Reference: Exhibit 9, Tab 1, Schedule 1
(Note: The pages are labelled as Exhibit 9, Tab 1, Schedule 2)

a) The discussion under Account 1525 states that the Application includes $40,000 per year for the cost of 2010 Application. However, in Exhibit 4 the amount included for the cost of the 2010 Application was stated to be $35,000. Please reconcile.

b) Does the $35,000 (or $40,000) include the recovery of the $1,145 previously recorded in Account 1525 or is the $1,145 an additional charge to Account 5655

c) Please confirm that Clinton is proposing that any difference in revenues for 2010 due to the difference between the effective date and the implementation date for the 2010 rates be recorded in a variance account (#1574) for future recovery.

d) The referenced Board Decision (should be EB-2008-0663 and not EB-2007-0663 as stated) also includes the following statement by the Board (page 5):

"The Board is of the view that rate increases in this case should not be effective for any period prior to the time when ratepayers were actually informed of the potential rate increase or the effective date on which the rates were declared interim, whichever comes later.

Is there any reason why this principle should not also apply in case of Clinton's current Application?

Question #25

Reference: Exhibit 9, Tab 1, Schedule 2

a) Are the audited results for 2009 available? If so, please provide the updated balances as of December 31, 2009 for those accounts Clinton is seeking disposition.

b) On page 1, Clinton recommends clearing the RSVA balances over 4 years. However, the rate rider determination on page 5 is based on two years. Please clarify.

c) Please explain why the principal amounts (for disposition) set out on page 4 don't match those in the Continuity Schedule (Exhibit 9, Tab 1, Schedule 3) for the same point in time.

Question #26

Reference: Exhibit 9, Tab 1, Schedule 3

a) The Continuity Schedule shows no transactions for accounts 1518 and 1548. Please confirm that none of Clinton's customers have contracts with retailers. If some do, please explain the zero entries in the Continuity Schedule.

b) Please explain why Account 1550 does not have any "Reductions". How are the revenues from the LV rate adder recorded?

WEST PERTH POWER INC.
2010 RATE APPLICATION

(EB-2010-0121)

VECC'S INTERROGATORIES (ROUND #1)

GENERAL

Question #1

Reference: Exhibit 1, Tab 1, Schedule 2

c) Please confirm the date that the completed Application was filed with the OEB. What was the reason for not filing the Application in accordance with the timetable established by the OEB for 2010 rates?

d) Given the date the Application was filed with the OEB, please explain why an effective date of May 1, 2010 is appropriate.

Question #2

Reference: Exhibit 1, Tab 1, Schedule 12

b) If West Perth is serviced by a host distributor is, what are the supply arrangements?

Question #3

Reference: Exhibit 1, Tab 1, Schedules 13 and 14

d) Please provide the OEB file number for the referenced MADD Application and briefly outline the changes requested by the Application. Also, if not posted on the Board's web-site, please provide a copy of the MADD application itself.

e) Please confirm that apart from West Perth Power selling electricity to the Municipality of West Perth, there are no other arrangements in place whereby the distributor purchases or sell services from/to the municipality. If this is not the case, please provide details regarding the services supplied/received by West Perth, the charges for each service for 2009 and 2010 and how the charges are determined.

f) Does West Perth have any (other) affiliates for 2009 and/or 2010? If yes, please provide a schedule that sets out any 2009 or 2010 transactions with these affiliates including details regarding i) the nature of the service supplied/purchased, ii) the value for each year, and iii) how the price for the service was determined.

Question #4

Reference: Exhibit 1, Tab 2, Schedule 2

b) Please provide the 2010 budget directives/guidelines issued by West Perth's Board and/or Management that underlie the preparation of the Application.

Question #5

Reference: Exhibit 1, Tab 3, Schedule 4

a) The 2008 statements make reference to a proposed merger between the Municipality of West Perth and ERTH Corporation. Please provide an update on the status of this application and the implications, if any, for West Perth Power.

RATE BASE

Question #6

Reference: Exhibit 2, Tab.2. Schedule 1

d) Please explain the negative values for "Additions" reported in 2009 under Accounts #1840 and #1860.

Question #7

Reference: Exhibit 2, Tab.2. Schedule 3, pages 1-6

a) Please update the Materiality Threshold Analysis based on the 2009 Filing Guidelines.

b) Please provide a copy of the current Five Year Capital Plan as referenced on page 4.

Question #8

Reference: Exhibit 2, Tab.2. Schedule 3, pages 7-8 (2009 Capital Spend)

g) Please provide a schedule that breaks down the spending on each project by USOA account and shows the 2009 total additions for each project and for each account.

h) Please outline West Perth's overall voltage conversion program (i.e., when did it start, when will it be completed, when can the substation(s) be fully eliminated?)

i) Please provide an explanation for the $257,082 in 2009 Additions to Transportation Equipment shown in Exhibit 2, Tab 2, Schedule 1.

j) Please outline West Perth's Load Transfer Program (i.e,, what customers are involved, what changes are being made, what is the anticipated timeframe and what investments are involved?).

k) Were there any other capital spending/capital additions in 2009 apart from these five projects? If yes, please describe.

l) Why was there no "danger pole replacement" planned for 2009 as there is in 2010?

Question #9

Reference: Exhibit 2, Tab 2, Schedule 3, pages 8-9 (2010 Capital Spend)

e) How many vehicles does West Perth have in its "fleet"? What is the anticipated replacement date for each?

f) What is the planned delivery date for the 2010 vehicle purchase?

Question #10

Reference: Exhibit 2, Tab 4, Schedule 1, page 6

a) Please explain why there are no LV costs included in the calculation of working capital.

b) The 2010 OM&A costs reported here do not match those set out in Summary of Operating Costs (Exhibit 4, Tab 1, Schedule 2, page 1). Please reconcile.

LOAD FORECAST

Question #11

Reference: Exhibit 3, Tab 1, Schedules 1 & 2

b) Please provide a schedule that sets out the 2009 and 2010 revenue by class excluding the LV rate adder revenues.

Question #12

Reference: Exhibit 3, Tab 2, Schedule 1
(Note: In the Application, the reference is labelled as Exhibt 3, Tab 2, Schedule 2)

p) Please indicate Lawrence Wu's past experience in preparing load forecasts.

q) With respect to page 8, please describe what loads are included in the Net System Load Shape.

r) If the Net System Load Shape includes more than just Residential and GS<50 won't the analysis understate the weather sensitivity of these two classes by virtue of the fact the data used included the loads from other customer classes that are considered to be non-weather sensitive?

s) With respect to pages 2 and 8, please provide the formulae/calculations supporting the (78,830) kWh HDD adjustment for Residential in 2008.

t) Why was a five year average used as the definition of "weather normal"?

u) With respect to page 8, please explain how the 1.50% weather adjustment factor for non-summer months was derived.

v) With respect to Figure 8 please provide the t-statistic for the HDD coefficient.

w) With respect to Figure 9 please provide the t-statistic for the CDD coefficient.

x) For Residential and GS<50 how was the 2010 forecast developed? For example, was the normalized use per customer for 2009 multiplied by the forecast number of customers in 2010?

y) Please provide a schedule that sets out the actual number of customers by class as of the most recent 2010 month available.

z) Please provide a schedule that sets out the billing kW for 2010 (up to the most recent month available) for the GS>50 class and contrast with the monthly 2009 billing kW for the same period.

Question #13

Reference: Exhibit 3, Tab 3, Schedule 1

c) Where is the SSS Admin Fee revenue recorded in this Table?

d) What is the actual SSS Admin Fee revenue for 2009 and the forecast for 2010?

OPERATING COSTS

Question #14

Reference: Exhibit 4, Tab 2 Schedule 2

f) Please also provide details as to the make-up of the total $172,000 cost for preparing the current Application (i.e., $43,000 x 4).

g) Page 8 states that the incremental costs for the current Rate Application ($43,000) were recorded in Account #5655. However, in Exhibit 4, Tab 2, Schedule 2 the amount recorded in this account for 2010 is only $4,500. Please reconcile.

h) Please specifically explain the increase of almost $68,000 in Outside Services for 2010 (page 8).

i) Please provide a schedule that sets out the following for each year from 2007 to 2010:
- Total number of employees
- Total labour costs (i.e, Total Compensation including wages, benefits, overtime, etc.)
- The total labour costs capitalized in each year
- The total labour costs charged to the Municipality
- The total labour costs charged to other third parties
- The total labour cost booked to deferral accounts for activities such as Smart Meters
- The total labour costs charged to the Distributor’s OM&A

If the preceding five categories do not sum to the total labour costs for each year please explain why.

j) Please explain the $51,702 increase in labour costs in 2010 over 2009.

Question #15

Reference: Exhibit 4, Tab 2, Schedule 3

a) This exhibit states that West Perth has 5 non-unionized staff and makes no reference to a unionized staff count. It also states that staff have a formal contract – suggesting unionized staff. Please reconcile.

b) Please complete Appendix 2-L from Chapter 2 of the Board's 2009 Filing Guidelines. (Note: Given the staff levels it may be necessary to report staff under just one or two categories, e.g. unionized and non-unionized).

Question #16

Reference: Exhibit 4, Tab 2, Schedule 5

d) The asset values shown here for 2010 do not match those reported in Exhibit 2, Tab 2, Schedules 1 & 2. Please reconcile.

e) Has West Perth used the ½ year rule for determining depreciation and rate base for capital additions made in the same year? If yes, please confirm when this practice started.

f) Using Poles and Wires, please illustrate how the depreciation charge for 2010 is calculated.

Question #17

Reference: Exhibit 4, Tab 2 Schedule 6

b) What assurance does West Perth have that the issues leading to the irregular sales values for 2006 haven't also affected the data for 2005, 2007, 2008 or 2009?

COST OF CAPITAL

Question #18

Reference: Exhibit 5, Tab 1, Schedule 3

d) Please confirm that West Perth is not planning any new borrowing for 2010.

SUFFICIENCY/DEFICIENCY

Question #19

Reference: Exhibit 6, Tab 1, Schedule 2
Revenue Requirement Work Form

d) Please provide a schedule that sets out the derivation of the $815,954 value for 2010 revenues at current (2009) rates. In doing so, please show the calculation by customer class setting out the volumes and rates used. Please confirm that the rates used exclude LV charges and the smart meter rate adder. If not, please redo the calculation excluding these elements.

e) Total OM&A costs reported here are $801,210 while those reported in the Revenue Requirement Work Form are $801,204. Please reconcile.

f) Page 8 of the Revenue Requirement Work Form shows a Sufficiency of $37,458 based on the proposed rates. Please reconcile.

COST ALLOCATION

Question #20

Reference: Exhibit 7, Tab 1, Schedule 1

g) Please provide an electronic copy of the cost allocation model.

h) What analysis did West Perth under take to determine if the customer usage patterns (e.g. average annual use, average use over different months of year) for the Atikokan's customer classes were similar to that in West Perth? Please provide the results of any analysis demonstrating the similarity of the usage patterns by customer class.

i) The Board's Filing Guidelines direct distributors to file the results of three cost allocation models: i) Initial (2007) Allocation; ii) Initial (2007) Allocation revised with the adjusted transformer ownership allowance treatment; and iii) An updated cost allocation based on the proposed test year – with the adjustment for the transformer ownership allowance. Please confirm which of three "approaches" was used in the cost allocation filed by West Perth.

j) In the Cost Allocation Model filed the cost data appears to be for 2010 but the total does not match the proposed 2010 revenue requirement. Please reconcile.

k) In the Cost Allocation Model filed the customer count data used (Sheet I6) does not match the 2010 forecast customer count. Please clarify what customer data was used in the model and whether its consistent with the cost data.

l) In the Cost Allocation Model (Sheet O6), the total Miscellaneous Revenues do match those forecast for 2010. Please reconcile.

m) The Cost Allocation Model filed with Exhibit 10 includes two different versions of Sheet O1 – each with a different value for total costs. Please explain the difference and indicate which version West Perth is relying on for purposes of its Application.

<u>Question #21</u>

Reference: Exhibit 7, Tab 1, Schedule 1, pages 4-5

d) The Miscellaneous Revenues by customer class utilized in the Table on page 5 do not match those from the Cost Allocation Model. Please reconcile and explain how they were determined.

e) The values reported in the Table for Total Revenue by Class at 100% RC do not match the costs allocated to each customer class as reported in the Cost Allocation Model. Please reconcile.

f) Please provide a schedule that shows the revenue to cost ratios for each customer class assuming the distribution revenues at current rates (excluding LV adders and reduced for the transformer ownership allowance) for each class are increased proportionally such that the total revenues (including revenue offsets) equals total costs.

g) Please provide a schedule that sets out the revenue to cost ratios for each customer class based on West Perth's proposal. As part of the schedule please specifically show the revenues and costs by class and the actual calculation of the revenue to cost ratio.

h) Please comment on the extent to which, under West Perth's proposal, the ratios for each customer class are within the range set by the Board's Guidelines. To the extent all classes are not within the range, please explain why this is appropriate.

RATE DESIGN

Question #22

Reference: Exhibit 8, Tab 1, Schedule 1

i) Please confirm that while the Staff Discussion Paper preceding the Board's EB-2007-0667 Report recommended a ceiling for the monthly service charge based on 120% of the "Methodology" results, the Board's direction (page 12, last paragraph) was that changes should not be made such that the MSC exceeds the ceiling as defined by the results of the Methodology.

j) Please provide a schedule that sets out the MSC ceiling for each customer class based on the Cost Allocation model results and the Methodology for MSC.

k) Please confirm that since the 2006 EDR, West Perth's rates have been adjusted in accordance with the Board's IRM methodology such that the fixed and variable rates have been increased by the same proportion. If this is not the case, please explain.

l) If part (c) is answered in the affirmative, please explain how the fixed/variable split has deteriorated since the 2006 EDR.

m) Please provide a schedule that sets out the fixed/variable split by customer class:
- At the time of the 2006 EDR (excluding LV adders)
- For 2010, assuming monthly service charges and variable rates (excluding smart meter and LV adders) are increase proportionally
- For 2010, based on West Perth's proposal (Note Please show the results excluding the smart meter and LV adders)

n) Please reconcile the current (2009) service charges noted on page 1 with those set out in the Existing Rate Schedule (Exhibit 8, Tab 1, Schedule 3).

o) For each customer class please show the calculation of the variable rate prior to the LV rate adder adjustment.

Question #23

Reference: Exhibit 8, Tab 1, Schedule 7

c) Please provide the basis for the $1,148,748.55 value reported here. Based on Revenue Requirement Work Form the Total 2010 Revenue Requirement is $1,244,643. After allowing for Miscellaneous Revenues ($97,649), this would appear to leave a Base Distribution Revenue Requirement of $1,146,994.

Question #24

Reference: Exhibit 8, Tab 1, Schedule 10

e) Please confirm the basis for West Perth's current Retail Transmission rates (i.e., What Uniform Transmission rates or HON Retail Transmission rates are they aligned with?).

f) Please indicate the basis for the wholesale rates referenced on page 1 and update the adjustment factor analysis to include 2010 rates.

g) Please provide a schedule that sets out the forecast revenues by customer class (and in total) for the 2010 Retail Network Transmission charges and the Retail Connection Transmission charges. Please show the resulting proportion of total revenues attributable to each class.

h) Please provide a schedule that sets out the actual 2009 billing quantities for charges to West Perth for Transmission Network and Connection service. Please calculate the charges for each service based on 2010 rate and 2009 billing determinants.

Question #25

Reference: Exhibit 8, Tab 1, Schedule 11

c) Please provide a schedule that sets out the forecast revenues by customer class (and in total) for the 2010 LV charges. Please show the resulting proportion of total revenues by customer class.

d) Please provide a schedule that sets out the charges for LV based on 2009 billing parameters (as reported) and the Hydro One Networks' approved 2010 rates.

DEFERRAL AND VARIANCE ACCOUNTS

Question #26

Reference: Exhibit 9, Tab 1, Schedule 1
(Note: The pages are labelled as Exhibit 9, Tab 1, Schedule 3)

e) The discussion under Account 1525 states that the Application includes $40,000 per year for the cost of 2010 Application. However, in Exhibit 4 the amount included for the cost of the 2010 Application was stated to be $43,000. Please reconcile.

f) Does the $40,000 (or $43,000) include the recovery of the $1,145 previously recorded in Account 1525 or is the $1,145 an additional charge to Account 5655

g) Please confirm that West Perth is proposing that any difference in revenues for 2010 due to the difference between the effective date and the implementation date for the 2010 rates be recorded in a variance account (#1574) for future recovery.

h) The referenced Board Decision (should be EB-2008-0663 and not EB-2007-0663 as stated) also includes the following statement by the Board (page 5):

"The Board is of the view that rate increases in this case should not be effective for any period prior to the time when ratepayers were actually informed of the potential rate increase or the effective date on which the rates were declared interim, whichever comes later.

Is there any reason why this principle should not also apply in case of West Perth's current Application?

Question #27

Reference: Exhibit 9, Tab 1, Schedule 2
(Note: The pages are labelled as Exhibit 9, Tab 1, Schedule 3)

d) Are the audited results for 2009 available? If so, please provide the updated balances as of December 31, 2009 for those accounts West Perth is seeking disposition.

e) On page 1, West Perth recommends clearing the RSVA balances over 4 years. However, the rate rider determination on page 5 is based on two years. Please clarify.

f) Please explain why the total amounts for disposition shown on pages 4 and 5 are different.

g) Please explain why the principal amounts (for disposition) by Account set out on page 4 don't match those in the Continuity Schedule (Exhibit 9, Tab 1, Schedule 3) for the same point in time (e.g., Year End 2008). The same applies for the Total Claim by Account.

Question #28

Reference: Exhibit 9, Tab 1, Schedule 3

c) The Continuity Schedule shows no transactions for accounts 1518 and 1548 for 2007 and 2008. Please confirm that none of West Perths customers have contracts with retailers. If some do, please explain the zero entries in the Continuity Schedule.

d) Please explain why Account 1550 does not have any "Reductions". How are the revenues from the LV rate adder recorded?