PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC
ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7
Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. http://www.piac.ca

Michael Buonaguro
Counsel for VECC
(416) 767-1666

August 25, 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 (VECC)
EB-2009-0165
Ottawa River Power Corporation – 2010 Electricity Distribution Rate Application

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: Ottawa River Power Corporation
Attention: Mr. Douglas Fee

OTTAWA RIVER POWER CORPORATION – 2010 RATE APPLICATION

(EB-2009-0165)

VECC'S INTERROGATORIES (ROUND #1)

AFFILIATE TRANSACTIONS

Question #1

Reference: Exhibit 1, Tab 2, Schedule 4 and
Exhibit 4, Tab 5, Schedule 1

a) Please provide a copy of the any and all agreements underpinning the loan(s) from ORPC to ORES.

b) If the current loan agreement in place replaces any previous arrangements, please provide a copy of the agreement(s) that have been superceded.

Question #2

Reference: Exhibit 1, Tab 2, Schedule 4 and
Exhibit 1, Tab 2, Schedule 4, Attachment 1

a) Please confirm that since ORES ("Energy") has no employees, all requests originating from ORES in respect of direction and work orders for accounting and administration services and for invoicing are made by employees of ORPC.

b) Given the terms of the SLA, are some employees of ORPC allocated entirely to work on behalf of ORES? Please explain.

c) Does the return on invested capital to be included in a cost based price, as mentioned in paragraph 8 b) of the second referenced exhibit, refer to an equity return or a WACC? If the former, does this not imply an over-collection of costs?

d) Please identify any assets that "Energy" holds that could, in principle, be sold to "Power."

RATE BASE

Question #3

Reference: Exhibit 2, Tab 3, Schedule 1 and
Exhibit 2, Tab 3, Schedule 3, Attachment 1

a) Please provide details with respect to the 2010 line truck purchase ($133K) including the year, make, and model of the truck to be purchased and the year, make, and model, and mileage of the truck being replaced.

b) Has the line truck been purchased? If so, please provide details.

c) Please indicate where this capital expenditure is shown in the Fixed Asset Continuity Statements.

d) Please confirm that this vehicle is not included in the $302K additions shown for 2010 on page 19 of the second referenced exhibit and explain where this acquisition is shown.

e) Please provide a list showing the year, make, model, mileage, and use of all vehicles in ORPC's 2010 rate base.

f) Please provide a list showing the year, make, model, mileage, and use of all vehicles in ORPC's 2006 rate base.

CAPITAL EXPENDITURES

Question #4

Reference: Exhibit 2, Tab 4, Schedule 3

a) Please indicate where the $133K line truck purchase is shown in this exhibit.

b) Please explain why there was no Annual Pole Replacement work done in 2009.

c) Please provide the number of poles replaced in each year from 2004-2009 inclusive.

d) Please explain why there was no spending on tool and equipment replacement in 2009.
e) With respect to capital additions for 2010, please provide a year-to-date total broken down by project.

f) With respect to capital additions for 2010, is ORPC on track to spend as forecasted? Please explain.

g) With respect to capital additions for 2010, please provide the total contingency amounts included in the project forecasts.

h) With respect to capital additions for 2010, please provide a table showing which projects are to be completed using ORPC's resources only and which projects are to be completed using some 3rd party or affiliated resources. For those projects or project components that are not to be completed using internal resources solely, please indicate how the contractor was chosen, i.e., sole source, RFP, etc.

i) With respect to capital additions for 2010, is the $24K booked to Account #1805 for the purchase of additional land, i.e., a non-depreciating asset?

j) With respect to capital additions for 2010, please confirm that the capital costs in respect of Building shown for project 1 between lines 7 and 8 on page 8 should be $6K, not $46K.

k) With respect to capital additions for 2010, please provide details of the SCADA upgrade project ($80K).

l) With respect to capital additions for 2010, specifically project 7 ("Construct Cold Storage Building"), please explain (i) where stores material and work equipment was stored in prior years and (ii) why this building is needed.

m) With respect to capital additions for 2010, specifically project 13 ("Annual O/H and U/G Services and Upgrades") were the expenditures based on the annual DSC inspection? If so, please provide the DSC inspection on which they were based.

n) With respect to capital additions for 2010, are any of the planned expenditures related to projects that have been deferred from earlier years? If so, please provide details.

o) Please provide the annual capital budgets approved by ORPC's Board of Directors for each year 2006-2010 inclusive

LOAD FORECAST & OPERATING REVENUE

Question #5

Reference: Exhibit 3, Tab 1, Schedule 1 (including Attachment 1)

a) Please provide a schedule setting out Ottawa River's customer count by class for the latest month in 2010 for which actual data is available.

Question #6

Reference: Exhibit 3, Tab 1, Schedule 2, Attachment 1 (Load Forecast Report)

a) With respect to page 7, Are there any more recent employment forecasts available from either Scotia or TD? If so please provide the individual forecasts, please update the average and please provide an updated 2010 weather corrected wholesale forecast.

b) Please provide an updated 2010 weather corrected forecasts using assuming an employment forecast of 1.2% for Ontario for 2010.

c) Please provide a schedule that for months January 2010 to July 2010 sets out:
   i) The monthly weather corrected wholesale forecast as prepared by Elenchus
   ii) The actual monthly wholesale purchases
   iii) The actual HDD and CDD values for the month
   iv) The weather normal adjustment for month based the equation coefficients from Table 3 and the difference between the actual HDD/CDD values and those used to define "weather normal" (per Table 5)
   v) The weather adjusted actual use calculated as (ii) + (iv)

d) With respect to page 9, please provide the 2009 share calculation for Ottawa River's Street Lighting, Sentinel Lighting and USL classes.

e) Please provide a schedule that for these three classes contrasts the forecast usage for 2010 as prepared by Elenchus with the results of applying the 2009 shares for each class to the forecast 2010 weather corrected wholesale kWhs.

Question #7

Reference: Exhibit 3, Tab 1, Schedule 3, Attachment 1

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

Question #8

Reference: Exhibit 3, Tab 3, Schedule 1, Attachments 1 and 2

a) Given that the total number of Residential and GS customers increases in 2010 over 2009, why are the SSS Admin Charge revenues constant?

b) Please explain the basis for the 2010forecast for Revenues from Merchandise, Jobbing, Etc (Account #4325).

c) Please explain the significant changes in Interest and Other Income (Account #4405) for i) 2008 to 2009 and ii) 2009 to 2010 as shown in Attachment 1.

d) Please explain why the forecast value for Account 4405 differs as between Attachments 1 and 2.

e) Please explain the increase in Miscellaneous Non-Operating Income (Account #4390) from 2008 to 2009.

OM&A Costs

Question #9

Reference: Exhibit 4, Tab 4, Schedule 1

a) Please provide all materials underpinning ORPC's decisions to adjust the president's salary in 2008, including any surveys, committee review materials, Board minutes, and any other relevant materials.

b) Please provide all materials underpinning ORPC's decisions to adjust other salaries on April 1, 2010 and again in July 1, 2010, including any surveys, committee review materials, Board minutes, and any other relevant materials

c) Please provide details as to the other management, executive, and administrative staff adjustments made in 2010.

d) Were any of ORPC's unionized staff given salary adjustments in 2010 that were not covered by a collective agreement? If so, please explain why.

e) Please provide a copy of the current collective agreement(s) between ORPC and its unionized employees.

f) The exhibit states, *"The committee plans to make further adjustments to certain management salaries over a number of years, in order to bring these to their cohorts' levels."* Please elaborate and include specifics regarding the cohorts' levels, the cohort group, the planned changes, and the rationale thereof for making these changes.

g) Please provide a table similar to Table 1 on page 2 that shows staffing levels by department for each year 2006-2009 inclusive.

h) Please provide the annual operating budgets approved by ORPC's Board of Directors for each year 2006-2010 inclusive.

SHARED SERVICES AND CORPORATE COST ALLOCATION

Question #10

Reference: Exhibit 4, Tab 5, Schedule 1

a) Have there been any changes to the corporate cost allocations of shared services methodology since 2006? If so, please provide details.

b) Please explain the methodology used to calculate the difference between Price and Cost for a return on capital.

COST ALLOCATION

Question #11

Reference: Exhibit 7, Tab 1, Schedule 1, Attachment 1

a) With respect to page 6, the Elenchus report states that the 2010 Cost Allocation model used the forecast 2010 forecast customer count and loads. However, neither the customer count by class nor the kWhs by class as set out in Sheet I6 of the 2010 Cost Allocation Model match the forecast values from Exhibit 3. Please reconcile.

b) Please file a schedule that sets out the 2010 revenue to cost ratios for each class assuming that the 2009 rates were all increased by the same percentage sufficient to recover the requested Base Distribution Revenue Requirement. In performing the calculation please use the 2010 revenues at existing rates from Exhibit 3, Tab 2, Schedule 1, Attachment 1, page 2 (i.e., excluding the LV adder and reduced by the transformer ownership discount).

Question #12

Reference: Exhibit 7, Tab 1, Schedule 2, Attachment 1

a) Please confirm that the determination of Base Revenue Requirement by customer class (page 1) at Existing Rates is based on rate that included the LV adder and made no allowance for the transformer ownership discount.

b) Please explain why, when the Revenue to Cost Ratio for Residential already exceeds 100%, Ottawa River is proposing Residential revenues in its Rate Application that are higher than what would result from simply maintaining the revenue allocation proportions based on the Existing Rates (e.g. $2,412,448 vs. $2,233,951).

RATE DESIGN

Question #13

Reference: Exhibit 8, Tab 2, Schedule 1

a) The text (pages 1-2) states that the for the GS<50 class the maximum upper boundary was used to set the 2010 service charge. However, the proposed 2010 service charges is $22.41, which is the same as the 2009 charge and higher than the upper boundary ($22.13) as shown in Sheet O2 of the Cost Allocation Model. Please reconcile.

b) With respect to the GS>50 class, the upper boundary for the service charge is shown in Sheet O2 as $297.48 which is lower than the lower boundary value of $432.66 as also shown in Sheet O2. Please reconcile.

c) Contrary to page 1, the proposed monthly service charge for USL ($5.82) exceeds the upper boundary for the class ($5.41) as calculated by the Cost Allocation model (Sheet O2). Please reconcile and confirm Ottawa River's proposal for this class.

Question #14

Reference: Exhibit 8, Tab 3, Schedule 1, and Attachment 1

a) What are the supply arrangements that give rise to transmission charges from BEMI?

b) Does BEMI own/operate transmission facilities in Ontario and, if so, is it licensed by the OEB to do so?

c) Please show the supporting calculations for the 17.8% and 7.5% increases.