

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

AND IN THE MATTER OF an Application by West Perth Power Inc. for an Order or Orders approving just and reasonable rates and other service charges for the distribution of electricity, effective on July 1, 2010.

INTERROGATORIES
OF THE
SCHOOL ENERGY COALITION

1. Please advise how many schools in the Applicant's franchise area are in each of the GS<50 and GS>50 classes.
 - **There is one school and one board office in the franchise area and both accounts are GS<50.**
2. [Ex. 1/1/13] Please advise whether Municipality of West Perth continues to be the sole shareholder. Please provide details of planned changes in ownership.
 - **The Municipality of West Perth is no longer the sole shareholder of West Perth Power. ERTH Corporation is the sole shareholder and the Municipality of West Perth owns share in ERTH. A copy of the MADD application and its approval is included in these interrogatory responses.**
3. [Ex. 1/2/1] Please confirm that the test year is 2010, not 2009.
 - **Confirmed 2010 is the test year.**
4. [Ex. 1/3/2] With respect to the Financial Statements:
 - Please file a copy of the audited statements for the period ended December 31, 2009.
 - ***The audit is in the final stages of completion with West Perth's external auditors and will be provided as it is available.***
 - Please file a copy of the audited statements (not draft) for the period ended December 31, 2008.
 - ***Provided via the RESS system prior to interrogatories being received by West Perth.***

- 2008, p. 15. Please advise who is providing the billing and management services, and provide the agreement with that entity applicable to the Test Year.
 - ***Ecaliber is providing Billing services and E360 is providing management services.***
 - 2008, p. 17. Please provide the term sheet referred to in Note 15.
 - ***Provided electronically as West Perth Share Purchase Agreement.pdf.***
5. [Ex. 2/1/1] Please provide the actual rate base for 2009, together with all calculations and breakdowns, and the rate base for 2010 based on actual spending and closeouts to June 30, 2010 and forecast for the balance of the year.

RATE BASE SUMMARY

	2009 Actual	2010 Test to June 2010	Variance from 2009 Actual
		(\$'s)	(\$'s)
<u>Gross Asset</u>			
Asset Values at Cost	\$4,676,423	\$5,189,332	\$512,909
<u>Accumulated Depreciation</u>			
Depreciation	-\$3,020,301	-\$3,122,796	-\$102,495
Net Fixed Asset	\$1,656,121	\$2,066,535	\$410,414
<u>Allowance for Working Capital</u>			
	\$754,187	\$414,707	-\$339,480
Utility Rate Base	\$2,410,308	\$2,481,242	\$70,934

6. [Ex. 2/2/3] Please provide the most recent Five Year Plan, together with all supporting schedules and any presentation to the Board of Directors or the shareholder supporting any request for approval.
- ***To date a Five Year Plans has been done at a cursory level for WPP, however no formal reports have been presented to the board other than general discussions. Prior to ERTH Corporation acquiring WPP assets an assessment of the distribution system noted that the utility had been actively pursuing a 4kv to 27.6kv voltage conversion plan. Over the last 20 years WPP has initiated a plan that has eliminated all but one 4kv distribution station still in operation. With seventy percent of the distribution system already converted to the 27.6kv supply and with no redundancy on the 4kv distribution system the plan is to continue voltage conversion on the remaining 4kv system. The five year plan should see full conversion of the distribution system in the town of Mitchell which will remove MS#2 from service.***

- **MS#2 substation is at a point to which it is reaching its end of useful life, coupled with aging distribution assets in the area support the five year investment conversion plan.**
7. [Ex. 4/1/1] Please confirm that the Applicant is seeking an increase in OM&A of 40.2% over four years (8.9% per year, compounded).
- **Confirmed.**
8. [Ex. 4/2/2, p. 4] Please explain the increases from 2006 to 2010 in Accounts 5605 and 5615.
- **In both of these situations no internal employee costs were associated with these accounts. Staff have been added directly to West Perth Power and their costs are posted to these accounts on a go forward.**
 - **Historically costs for management and admin had either been consulting fees or allocations from the shareholder.**
9. [Ex. 4/2/2, p. 4] Please provide details of Account 5630 year over year.
- **The costs in this account for 2008 are the management fees charged by consultants to assist in running the LDC.**
 - **In 2009 the costs include consulting fees of approximately \$50,000 for the preparation of a cost of service application that was filed with the OEB and recinded due to lack of Cost Allocation data. Costs for the year end audit were also posted to this account for the first time.**
 - **In 2010 the year end audit costs were included as well as the costs to complete West Perth's 2010 Cost of Service application including intervener fees.**

[NB. There appear to be two Exhibits numbered 4/2/2, the first a chart of accounts with variances, and the second a narrative.]

10. [Ex. 4.2.2] Please provide a comprehensive table showing all charges from Erie Thames Power Line or affiliates in the Test Year, together with the basis for such charges, the costs underlying such charges, and the service level agreement supporting such charges.
- **Erie Thames Power Lines provided services on a "when and if required basis". West Perth Power is charged on a cost base fee for service. ETPL provides services in the Smart Metering and system design areas. Most system design work is on charged to clients on a project base thus reducing costs to West Perth. The smart metering costs are shared with a group of LDC's who currently use ETPL's expertise in this area.**
11. [Ex. 4.2.2] Please provide a comprehensive table showing all charges from Excaliber Inc. or affiliates in the Test Year, together with the basis for such charges, the costs underlying such charges if Excaliber Inc. is an affiliate of the Applicant or any of its officers or directors, and the agreement supporting such charges. Please provide a description of Excaliber Inc. (which does

not appear to have a website or other public presence), including but not /limited to its officers, directors, and principals (i.e. owners, shareholders, or other controlling minds).

- ***Ecaliber provided billing, collections and call center for West Perth Power. This contract was negotiated with the Municipality of Central Huron two years ago, and the contract has been extended for an additional year. All pricing and service levels are as per the original contact. "Ecaliber" has its own web site www.ecaliberinc.com. Ecaliber is an affiliated company and became so on January 1st, 2010.***

12. [Ex. 4/2/2, p. 5] Please confirm that all titles listed under "Financial/Regulatory Services" do not represent separate employees of the Applicant. With reference to Ex. 4/2/3, please identify which titles represent employees of the Applicant, and which represent functions supplied by third parties, and in the latter case the costs associated with those functions.

- ***There is no one in the Financial/Regulatory Services who are West Perth Power employees.***

13. [Ex. 4/2/3] Please provide a detailed explanation of how the retainer of E360 Inc. for executive management provided a "lower cost" to the Applicant. Please provide a copy of the agreement for those services. Please provide any RFP, comparative analysis, or other documentation dealing with the Applicant's options and their respective costs.

- ***West Perth Power had an existing contact with E360 Inc which was in place prior to the merger. This contact was for part time Management and accounting services. The addition of CPC to this contact enabled both LDC's to have a Full time President who is shared between both Utilities. The cost breakdown is on a 60 40 split with WPPI taking the larger costs. This split was based on size of operations. The advantage of having one full time person is that it facilitates the day to day operations. Due to the limited resources, manpower and equipment, one person could make the decision on job prioritization and effective utilization of plant and equipment. As stated in our response to Ex.1/2/4 staff may be required in either location. All intercompany costs are tracked and billed on a cost basis.***

14. [Ex. 8.1.1] Please provide details of the harmonization plan between West Perth and Clinton. Please provide all documents relating to this plan. Please indicate what aspects of the harmonization plan have received Board approval. Please advise what rate classes are being harmonized, and on what basis. Please advise what other EARTH utilities, if any, are included in the harmonization plan.

- ***Currently there are no specific details to provide with respect to the harmonization plan between West Perth and Clinton Power and as such no Board approval has been received. ETPL is the only***

other ERTH utility and deliberations are ongoing with respect to its inclusion in the harmonization plan.

15. [Ex. 9/1/3, p. 5] Please provide a copy of the decision in EB-2008-0663 referred to, and indicate where in the decision the particular use of Account 1574 was authorized.

- ***Given the timing of West Perth's application and the fact that an effective date will be approved by The Board West Perth does not feel that the use of account 1574 would be required in this case and withdraws the request for this account.***

Respectfully submitted on behalf of the School Energy Coalition this 24th day of August, 2010

Jay Shepherd
Counsel for the School Energy Coalition