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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?
   - **The application was filed on June 18th, 2010. The application was not filed in accordance with the timetable established by the OEB due to the lack of data required to complete the cost allocation process.**

b) Given the date the Application was filed with the OEB, please explain why an effective date of May 1, 2010 is appropriate.
   - **Clinton Power recognizes the significant delay in its filing of the application and while an effective date of May 1st, 2010 has been requested it is expected that the implementation date of the rates will be set by The Board.**

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.
   - **Clinton is supplied by Hydro One.**

Question #3
Reference: Exhibit 1, Tab 1, Schedules 13 and 14

a) Please clearly define what the entity "ERTH" is.
   - ***ERTH is the holding company that owns Clinton Power.***

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.

- **EB-2009-0156 and EB-2009-0157**

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.

- ***This is no longer the case. The parent municipality does not provide any services to the utility.***

Question #4

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.

- ***Management's directive was to ensure that the budget was sufficient to ensure that the continued safe operation of the system while providing adequate funding to complete the capital projects. The potential increase even though higher than liked was to take into account the current state of the assets.***

RATE BASE

Question #5

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.

- ***The mention of the addition of a bucket truck in an error for Clinton. West Perth Power added a bucket truck in 2009 and the variance analysis referenced that acquisition in error. The variance is simply the normal capital spend for the year.***

Question #6

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

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

- ***Materiality should be $50,000.***

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

- ***To date a Five Year Plans has been done at a cursory level. Prior to ERTH Corporation acquiring CPC assets an assessment of the distribution system noted a potential risk with the distribution system. Quoted from the report was the condition of the MS#2 substation "MS#2 is a 3MVA substation, the transformers are 1929 vintage purchased from Goderich Hydro and installed in 1960. Oil testing has not been conducted in almost 10 years. Budgetary numbers for a new substation would be around $400,000-$500,000". Given the location, age and the vintage of the transformers at the station it would be necessary to relocate and build a new station on lands adjacent to the existing station. The report was done back in 2007 and land acquisition costs were not factored into the initial budgetary costs. Factoring in land costs and the significant increase in metal costs over the last three years, a new station has been estimated to cost around $850,000 - $950,000.***

- ***Also noted in the initial assessment and subsequent reassessments was the lack of investment in the distribution assets over the last nine years prior to the ERTH acquisition. The area to which MS#2 supplies has been identified as an area requiring investment on the overhead distribution system given the age and condition of the assets. As a result it was determined that the best approach for the town of Clinton would be to do a staged approach in upgrading the overhead distribution system (poles, wires, transformers and associated equipment) at the same time converting to 27.6kv distribution voltage. With this approach we would applying the costs for a new substation towards the necessary upgrades to the distribution system, thereby eliminating the need for a new station. The five year plan would see investments that will improve the condition of the assets, bringing them up to date with today's standards. The plan will lower safety risks for both the public and employees, take the MS#2 substation out of service which has exceeded its maximum***

useful life and eliminate the need to have the rate payers absorb the onetime extraordinary cost to replace MS#2.

- ***Attached is a comprehensive report done at the MS#2 substation which has been reviewed and supports the fact that the station has reached its end of life. CPC's plan will include annual maintenance inspections and repairs for the MS#2 station to ensure the liability is maintained until such time it can be taken out of service.***

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

- ***Yes, the Asset Management Plan addresses investment in sustaining and replacing existing facilities under Distribution Plan.***

<u>Question #7</u>

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?
   - ***Project #1 had 13 new lots Project #5 had 5 new services in various locations, however not all of these new services have or will be connected.***

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?
   - ***This project was a rebuild of an existing system which included danger poles and therefore no capital contributions are associated with it.***

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?
   - ***This is a long term development which will have a potential for both residential and commercial, this area will take 5-10 years of development, currently there is a new arena to be build in the area which will be fed from this project.***

e) Were there any other capital spending/capital additions in 2009 apart from these five projects? If yes, please describe.
   - ***No there weren't any other capital additions in 2009.***

f) Why was there no "danger pole replacement" planned for 2009 as there is in 2010?
   - ***There were danger pole replacements in 2009 see c) above.***

<u>Question #`8</u>

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.
   - ***The Continuity schedule provided for the Fire Hall on a net basis and therefore no change to capital contributions was shown.***

b) Please outline the current timing of Clinton's plan to convert to 27.6 kV and the additional investments required.
   - ***This will be a long term plan taking 20+ years. The total investment is not know at this time, but the amount will be substantial***

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?
   - ***CPC has three vehicles in the fleet two are expected to be replaced in Q4 of 2010. The other vehicle is due to be replaced now but fiscal prudency will move that out to 2014.***

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?
   - ***Clinton is a small Ontario rural town with limited amount of growth. The projects in 09 and the development of the Beech Street expansion should be all that is required 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.

	2010 Test Year		
	Fixed Revenue	Variable Revenue	Distribution Revenue
Residential	$ 230,854.51	$ 229,127.45	$ 459,981.96
GS < 50 kW	$ 56,620.20	$ 131,832.35	$ 188,452.55
GS>50 to 4999 kW	$ 41,787.77	$ 228,062.04	$ 269,849.81
Sentinel Lighting	$ -	$ 3,703.55	$ 3,703.55
Street Lights	$ 4,424.16	$ 53,821.23	$ 58,245.39
Unmetered	$ 35.64	$ 1,120.69	$ 1,156.33
Total	$ 333,722.28	$ 647,667.31	$ 981,389.59

	2009 Bridge Year		
	Fixed Revenue	**Variable Revenue**	**Distribution Revenue**
Residential	$ 156,282.36	$ 116,827.40	$ 273,109.76
GS<50	$ 48,080.76	$ 52,227.74	$ 100,308.50
GS>50 to 4999 kW	$ 6,495.36	$ 117,375.67	$ 123,871.03
Unmetered Scattered Load	$ 1,197.24	$ 431.37	$ 1,628.61
Sentinel Lighting	$ 17.64	$ 44.15	$ 61.79
Street Lighting	$ 1,020.96	$ 181.74	$ 1,202.70
TOTAL	$ 213,094.32	$ 287,088.06	$ 500,182.38

Question #10

Reference: Exhibit 3, Tab 2, Schedule 1

a) Please indicate Lawrence Wu's past experience in preparing load forecasts.
    - ***Mr. Wu has many years of experience in load analysis and forecasting. Please see attached C.V. for details.***

b) With respect to page 8, please describe what loads are included in the Net System Load Shape.
    - ***Residential and GS<50 loads are included in the NSLS.***

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?
    - ***Not applicable.***

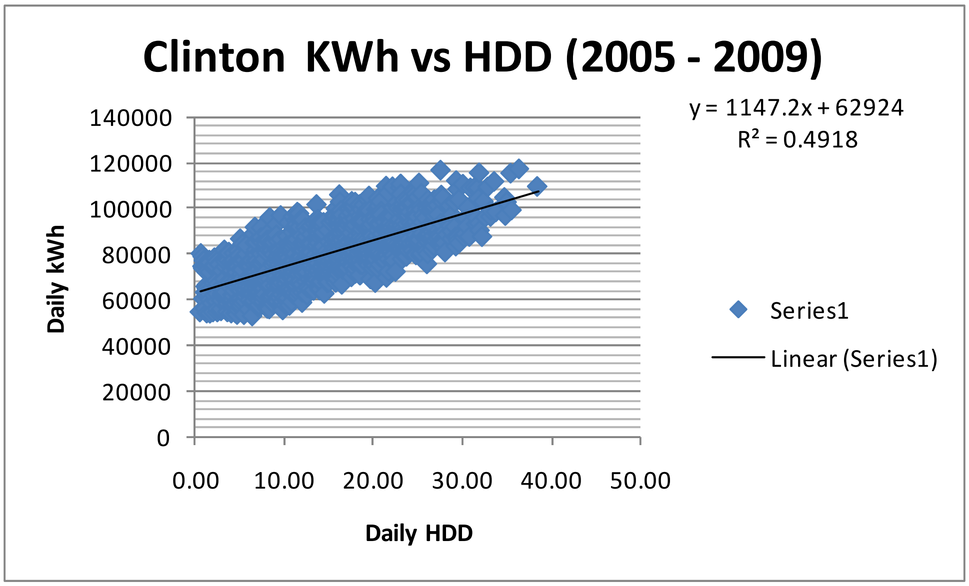
d) The normalized kWh for Residential and GS<50 reported in Tables 1 and 4 do not match those in Exhibit 3, Tab 2, Schedule 2, page 3 or Exhibit 3, Tab 3, Schedule 4, page 2. Please reconcile.
    - ***The data provided in Exhibit 3, Tab 2, Schedule 2 page 3 and Exhibit 3, Tab 3, schedule 4, page 2 are incorrect and should match to electronic model Mr. Wu provided to support this application, but referenced an earlier version.***
    - ***The data in Exhibit 3 Tab 2 Schedule 1 appears to be from an earlier version of Mr. Wu's analysis.***
    - ***An electronic copy of the Load Forecasting models have been provided in this response as Revised Clinton Load Forecasting June 8 2010.xls.***

e) With respect to pages 2 and 8, please provide the formulae/calculations supporting the 55,809 kWh HDD adjustment for Residential in 2008.
    - ***The HDD adjustment in a year = Average daily kWh in 2008 excluding June to September X % daily kWh/HDD x (The difference between the five year average HDD and the 2008 HDD) Average daily kWh in 2008 (excluding summer months) = 33,085.95 kWh% daily kWh/HDD = 1.43%   The difference between the five year average HDD and the 2008 HDD= - 117.956***

f) Why was a five year average used as the definition of "weather normal"?
    - ***The weather correction methodology used five years of daily load and weather data to establish a statistical relationship between weather and load. The reason of using the last five year average instead of using a larger number of historical years is mainly to capture the impact of the Ontario Government's Conservation and Demand Management (CDM) programs.***

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

- ***The daily HDD from 2005 to 2009 for the months from January to May and from October to December were calculated. An Excel Scatter Plot was performed plotting the daily kWh vs daily HDD. A trend line was added in the graph and the slope of the line showed 1147.2 kWh/HDD. The 5 year kWh daily average was 80,373.86. The relationship between the kWh consumption and the HDD expressing as a percentage of the 5 year daily average was 1.43% per HDD.***



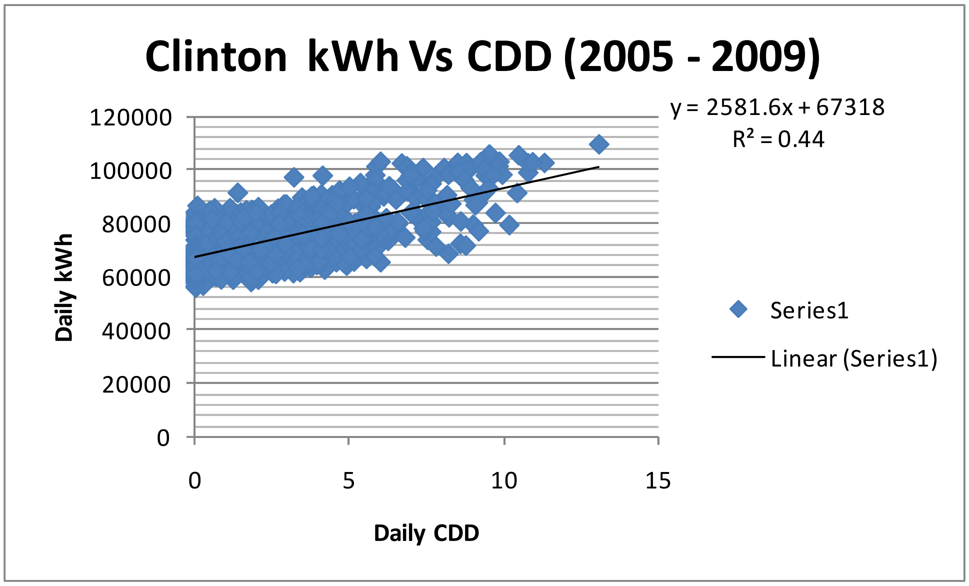
5 year kWh average		80373.86
kWh/HDD		1147.2
%/HDD		1.43%

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

- ***The R^2 is 0.4918. The t-statistic was not calculated.***

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

- ***The R^2 is 0.44. The t-statistic was not calculated.***



5 year kWh Average	74,737
kWh/CDD	2581.6
% kWh/CDD	3.5%

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

- ***No data was available at the time of preparing the load forecasting.***

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

- ***Please see Step 18 in Ans. to l) below.***

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?

- ***The steps of the 2010 residential kWh forecast are shown below.***

1. ***Collect hourly temperature data from Environment Canada from 2005 to 2009. (Please see attached Excel File " Temperature Dist")***

2. ***Calculate the average temperature for each day from 2005 to 2009.***
   Please see column "AB" of the Weather Data sheets of the attached Excel File "Temperature Dist".

3. ***Calculate HDD and CDD for each day from 2005 to 2009 using the following formula:***

HDD =18 ℃ minus average temperature of the day. If the value calculated is less than or equal to zero, that day has zero HDD. But if the value is positive, that number represents the number of HDD on that day.

CDD= Average temperature of the day minus 18 ℃. If the value calculated is less than or equal to zero, that day has zero CDD. But if the value is positive, that number represents the number of CDD on that day.

Please see Columns AC and BH of the of the Weather Data sheets of the attached Excel File "Temperature Dist".

4. ***Calculate the annual HDD from 2005 to 2009. The HDD for the year is calculated by summing the daily HDD from January to May and from October to December.***

Please see Column H of the sheet "HDD CDD data" of the attached Excel File "Temperature Dist".

5. ***Calculate the annual CDD from 2005 to 2009. The HDD for the year is calculated by summing the daily HDD from January to May and from October to December.***

Please see Column Q of the sheet "HDD CDD data" of the attached Excel File "Temperature Dist".

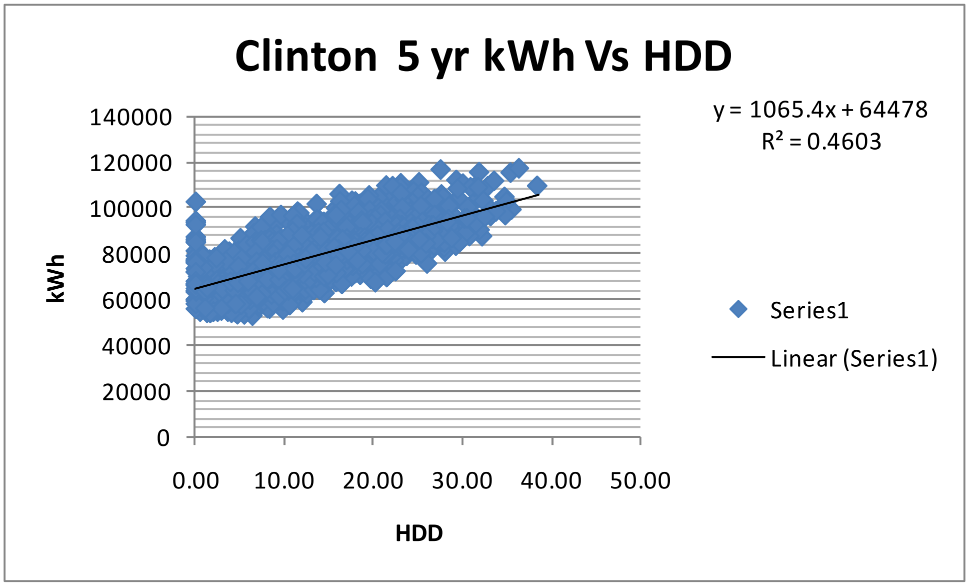
For easy reference the Annual HDD and CDD from 2005 to 2009 is shown below.

	2005	2006	2007	2008	2009	5 yr Average
HDD	3,719	3,257	3,597	3,705	3,657	3,587
CDD	525	356	395	280	196	351

6. ***Collect Daily KWh of the NSLS from Clinton Power Corp. from 2005 to 2009.***

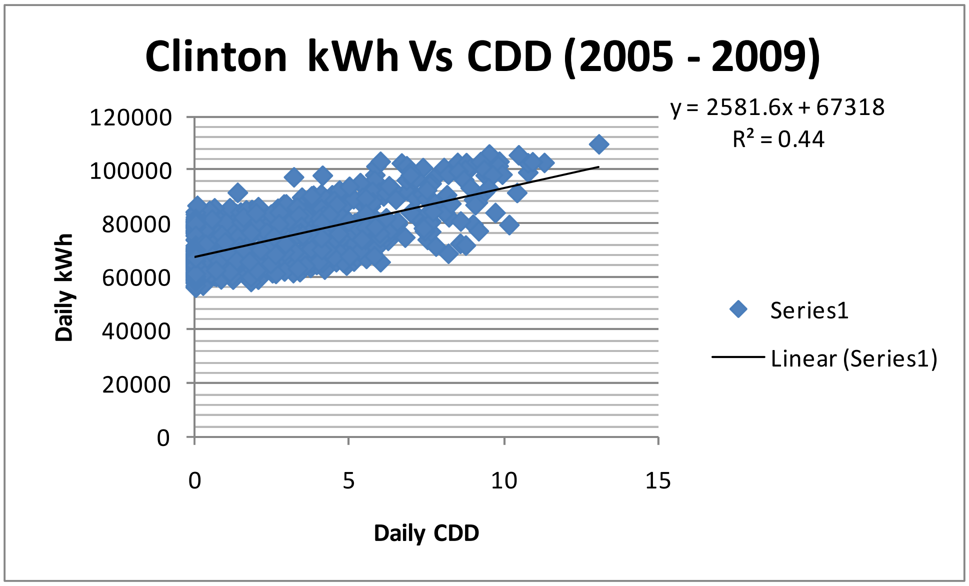
7. ***Using the Scatter plot features of Excel 2007, plot the daily kWh of the NSLS against the daily HDD for the months from January to May and from October to December for the years from 2005 to 2009. Insert a trend line. The plot is shown below. The slope is 1065.4 kWh/HDD. The 5 year average daily kWh is 80,191 kWh.***

The relationship between the daily kWh and HDD is 1.33% daily kWh demand per HDD.



5 year average	80191	kWh
kWh/HDD	1065.4	
% kWh/HDD	1.33%	

8. ***Using the Scatter plot features of Excel 2007, plot the daily kWh of the NSLS against the daily CDD for the summer months from June to September for the years from 2005 to 2009. Insert a trend line. The plot is shown below. The slope is 2,581.6 kWh/CDD. The 5 year average summer daily kWh is 74,737 kWh. The relationship between the daily kWh and CDD is 3.5% daily kWh demand per CDD.***



5 year Average	74,737
kWh/CDD	2581.6
% kWh/CDD	3.5%

9. ***Collect actual monthly kWh for the residential class from 2007 to 2009.***

Residential Customers kWh	2007	2008	2009
Jan	1,674,427	1,240,388	1,294,542
Feb	1,568,872	1,200,951	1,103,302
Mar	1,137,623	1,016,903	1,320,351
Apr	961,160	962,253	1,107,341
May	755,915	937,688	817,638
Jun	857,512	780,716	752,452
Jul	970,422	880,544	995,830
Aug	1,043,671	922,021	754,141
Sep	831,286	853,878	960,543
Oct	843,266	877,290	721,221
Nov	938,395	863,618	842,247
Dec	940,466	940,794	1,013,131
Annual	12,523,015	11,477,044	11,682,740

10. ***Calculate the HDD variation from the 5 year average.***

	2007	2008	2009
Heating Degree Days	3,597	3,705	3,657
Five Year Average HDD	3,587	3,587	3,587
Average minus Actual HDD	(10)	(118)	(70)

11. ***Calculate the daily average kWh of the residential class excluding summer months (June to September) from 2007 to 2009 for the residential class by adding the actual monthly kWh averages of the non summer months and divide the total by the total number of days of the non-summer months.***

Residential Customers kWh	2007	2008	2009
Average Daily kWh (excluding Summer months)	36,297	33,086	33,826

12. ***Calculate the kWh adjustment for the residential class due to HDD by multiplying the average daily kWh (excluding the summer months) with the "Average minus Actual HDD" with the "% kWh/HDD" calculated in step 7.***

	2007	2008	2009
Heating Degree Days	3,597	3,705	3,657
Five Year Average HDD	3,587	3,587	3,587
Average minus Actual HDD	(10)	(118)	(70)
Average Daily kWh (excluding Summer months)	36,297	33,086	33,826
% daily kWh/HDD	1.43%	1.43%	1.43%
kWh HDD adjustment	(5,063)	(55,809)	(33,883)

13. ***Calculate the CDD variation from the 5 year average.***

	2007	2008	2009
Summer Cooling Degree Days	395	280	196
Five Year Average CDD	351	351	351
Average minus Actual CDD	(44)	70	154

14. ***Calculate the summer (June to September) daily kWh of the residential class from 2007 to 2009 by adding the actual monthly kWh averages of the summer months and divide the sum by the total number of days of the summer months.***

Residential Customers kWh	2007	2008	2009
Average Summer Daily kWh	30,352	28,173	28,385

15. ***Calculate the kWh adjustment for the residential class due to CDD by multiplying the average daily kWh of the summer months with the "Average minus Actual CDD" with the "% kWh/CDD" calculated in step 8.***

	2007	2008	2009
Summer Cooling Degree Days	395	280	196
Five Year Average CDD	351	351	351
Average minus Actual CDD	(44)	70	154
Average Summer Daily kWh	30,352	28,173	28,385
% daily kWh/CDD	3.50%	3.50%	3.50%
kWh CDD adjustment	(46,821)	69,236	153,413

16. ***Calculate the annual weather adjusted kWh of the residential class by adding the kWh HDD adjustment (step 12) and the kWh CDD adjustment (step 15) to the actual annual kWh.***

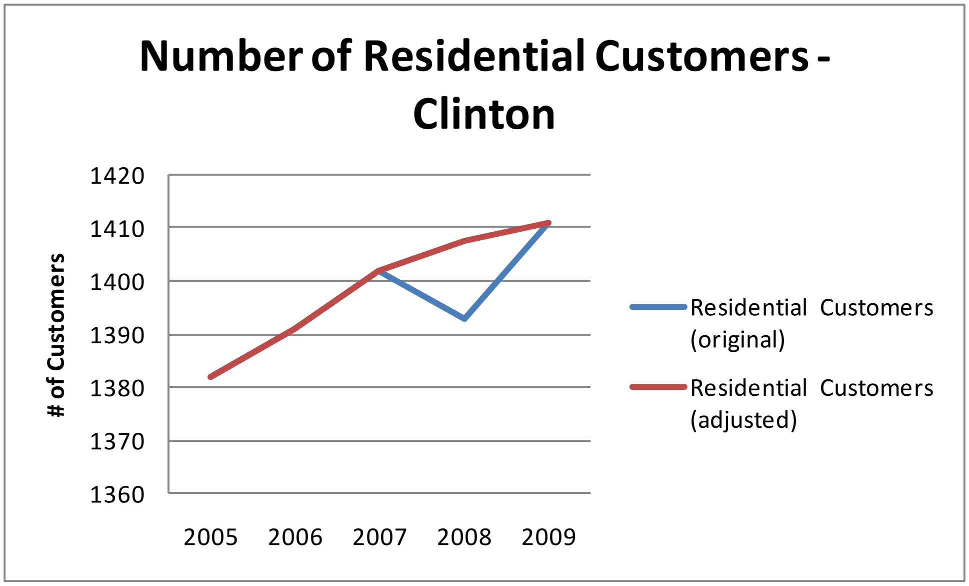
Residential Customers kWh	2007	2008	2009
Annual (Actual)	12,523,015	11,477,044	11,682,740
kWh HDD adjustment	(5,063)	(55,809)	(33,883)
kWh CDD adjustment	(46,821)	69,236	153,413
Annual (Weather adjusted)	12,471,131	11,490,471	11,802,269

17. ***Calculate the average kWh/customer/month for both actual and weather adjusted from 2007 to 2009.***

Residential Customers kWh	2007	2008	2009
Annual (Actual)	12,523,015	11,477,044	11,682,740
Annual (Weather adjusted)	12,471,131	11,490,471	11,802,269
Number of customers	1,402	1,408	1,411
kWh/customer/month (actual)	744	679	690
kWh/customer/month (weather adjusted)	741	680	697

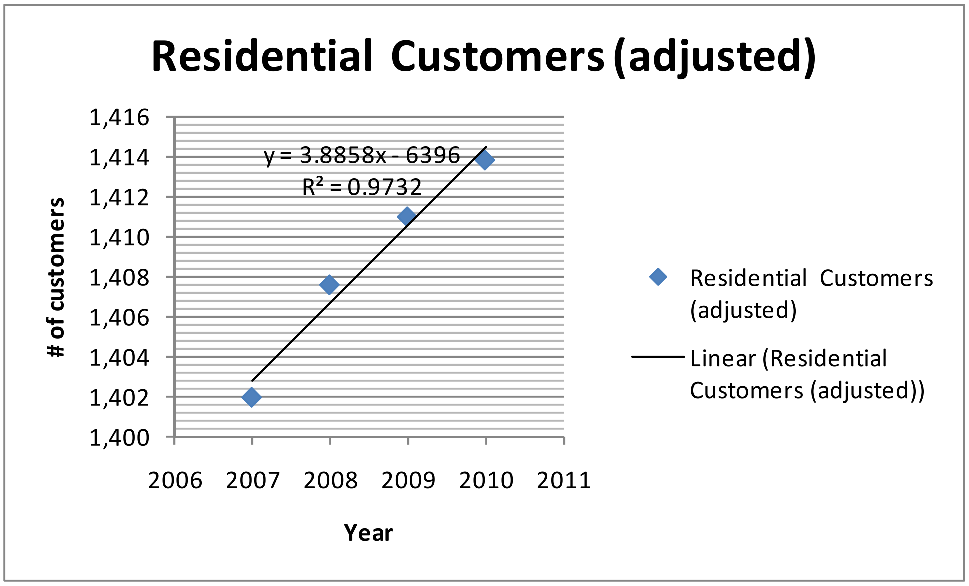
18. ***Collect the number of residential customer data from 2005 to 2009. The number of customers in 2008 was adjusted because of suspected data error. Calculate the annual growth rate. The annual growth rate shows a downward trend from 2006 to 2009.***

	2005	2006	2007	2008	2009
Residential Customers (original)	1382	1391	1402	1393	1411
Residential Customers (adjusted)	1382	1391	1402	1408	1411
Annual Growth Rate		0.7%	0.8%	0.4%	0.2%



The number of customers in 2010 was estimated by multiplying the actual number of customers in 2009 by the average growth rate of 2009 (0.2%). The projected number of customers in 2010 was 1414. This number also matches a linear model of the number of customers from 2007 to 2010.

	2005	2006	2007	2008	2009	2010
Residential Customers (original)	1382	1391	1402	1393	1411	1,414
Residential Customers (adjusted)	1382	1391	1402	1408	1411	1,414
Annual Growth Rate		0.7%	0.8%	0.4%	0.2%	0.2%



19. ***Calculate the 2010 annual kWh by multiplying the forecast number of residential customers with the weather adjusted kWh/customer per month and multiply by 12. The forecast annual 2010 residential kWh is 11,826,696 (1414 customers x 697 kWh/customer/month x12).***

20. ***Calculate the monthly kWh in 2010 by multiplying the 2010 annual kWh with the ratio of 2009 monthly kWh to 2009 annual kWh. For example the 2010 December kWh is 1,015,228 (11,826,696 x 1,013,131/11,682,740).***

Residential Customers kWh	2007	2008	2009	Forecast 2010
Jan	1,674,427	1,240,388	1,294,542	1,297,221
Feb	1,568,872	1,200,951	1,103,302	1,105,585
Mar	1,137,623	1,016,903	1,320,351	1,323,084
Apr	961,160	962,253	1,107,341	1,109,633
May	755,915	937,688	817,638	819,330
Jun	857,512	780,716	752,452	754,009
Jul	970,422	880,544	995,830	997,891
Aug	1,043,671	922,021	754,141	755,701
Sep	831,286	853,878	960,543	962,531
Oct	843,266	877,290	721,221	722,714
Nov	938,395	863,618	842,247	843,991
Dec	940,466	940,794	1,013,131	1,015,228
Annual (Actual)	12,523,015	11,477,044	11,682,740	11,826,696

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.

- ***The old Fire Hall is closing as are some other GS<50 and GS>50 customers and on a net basis there was one additional customer in 2009 over 2008 and year to date 2010 there are no additional GS customers.***

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

	Current
Residential	1,413
GS < 50 kW	216
GS>50 to 499 kW	13
Sentinel Lighting	38
Street Lights	709
Unmetered	11

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.

	2010	**2009**
Residential	8,004,306	8,145,597
GS < 50 kW	5,331,485	5,607,475
GS>50 to 499 kW	6,161,307	5,587,007
Sentinel Lighting	NA	NA
Street Lights	234,386	202,086
Unmetered	12,535	41,600

Question #11

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.

- ***The explanations provided are those for Clinton.***

Question #12

Reference: Exhibit 3, Tab 3, Schedule 1

a) Where is the SSS Admin Fee revenue recorded in this Table?
   - ***SSS admin charge was not included in this table in error as it is embedded in the distribution revenue in the general ledger.***

b) What is the actual SSS Admin Fee revenue for 2009 and the forecast for 2010?
   - ***SSS admin fee revenue for 2009 was $6,213.23 and would be forecast to be around the same amount 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).
   - ***The costs are made up of legal fees, consulting fees, estimated intervener costs and internal management costs.***

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)
   - ***Current management only became involved in the operation of the utility in 2009 and as a result it is difficult to determine what is driving these changes.***
   -

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.
   - ***This data has not been tracked in this manner and is currently unavailable.***

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

- ***Historical data is currently unavailable and therefore an explanation is difficult to provide.***

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.
   - ***Provided in response to Board Staff interrogatories.***

Question #14

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.
   - ***Reconciliation provided in Board Staff Responses.***

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.
   - ***Confirmed both Clinton and West Perth use the ½ year rule for determining depreciation, and has done so since market opening.***

c) Using Poles and Wires, please illustrate how the depreciation charge for 2010 is calculated.
   - ***The calculation is provided below and differs from the continuity statements and will need to be updated to correct.***

		Cost	Acc Depr Dec 09	Deprec	Acc Depr Dec 10	Undeprec Cost
Dist'n lines - O/H		25.00				
1830	**Poles, Towers, Fixtures**					
	2000	221,571.79	82,188.71	8,863.00	91,051.71	130,520.08
	Sep 2001	9,039.45	3,257.45	362.00	3,619.45	5,420.00
	Dec 2001	2,458.44	809.44	98.00	907.44	1,551.00
	Dec 2002	346.37	112.37	14.00	126.37	220.00
	Dec 2003	68,472.00	13,472.00	2,739.00	16,211.00	52,261.00
	Dec 2004	298.12	72.12	12.00	84.12	214.00
	Dec 2005	2,440.79	489.79	98.00	587.79	1,853.00
	Dec 2006	17,473.44	2,379.59	699.00	3,078.59	14,394.85
	Dec 2007	15,713.12	1,788.00	629.00	2,417.00	13,296.12
	Dec 2008	55,053.00	2,249.00	2,202.00	4,451.00	50,602.00
	Dec 2009	62,083.01	1,241.50	2,483.00	3,724.50	58,358.51
	Dec 2010	90,000.00		1,800.00	1,800.00	88,200.00
		544,949.53	108,059.97	19,999.00	128,058.97	416,890.56

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?
   - ***At the time of conversion of the billing data into Ecaliber's system the only data availability issues experienced were for 2006 and all other years were in-tact and uncorrupt.***

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.
   - ***Copies of town promissory note is provided in this response.***
   - ***The note with Erie Thames Services is the recording of a long term payment of conversion fees and should not be considered as cost of capital but in effect a deferred payment.***

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.
   - ***The notes with the Municipality of Clinton have expired and been purchased by the Town of Mitchell.***
   - ***A copy of that note is included in this response as CPC Promissory Note.***

c) Please confirm that Clinton is not planning any new borrowing for 2010.
   - ***Clinton Power is reviewing its debt equity and does not currently plan new borrowing in 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.
    - ***See Board Staff responses to revenue sufficiency.***

b) Please verify the $984,277 value reported on page 1. Based on the values shown the required revenue is $981,390.
- ***See Board Staff responses to revenue sufficiency.***

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)
    - ***See Board Staff Responses.***

COST ALLOCATION

Question #18

Reference: Exhibit 7, Tab 1, Schedule 1

a) Please provide an electronic copy of the cost allocation model.
    - ***Provided in Board Staff Responses.***

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.
    - ***See Board Staff Interrogatory responses regarding the use of Atikokan data, and substitution of ETPL as well.***

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.

- ***An updated cost allocation based on the proposed test year was utilized.***

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.

- ***See response to Board Staff Interrogatories.***

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.

- ***Model has been updated to correct the customer counts.***

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.

- ***Model has been updated.***

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.
   - ***See SEC responses***

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

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.
   - ***All are within the range.***

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.
   - ***Confirmed.***

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.

	Current	**120%**
Residential	$10.2300	12.276
GS < 50 kW	$19.1300	22.956
GS>50 to 499 kW	$32.8400	39.408
Sentinel Lighting	$0.2100	0.252
Street Lights	$0.1200	0.144
Unmetered	$9.0700	10.884

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

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.
    - ***Confirmed***

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.
    - ***Confirmed.***

f) If part (e) is answered in the affirmative, please explain how the fixed/variable split has deteriorated since the 2006 EDR.
    - ***It has not.***

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.

<u>Question #21</u>

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.
   - ***Not ready at the time of response.***

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.
    - ***Please see Board Staff responses regarding mitigation.***

<u>Question #22</u>

Reference: Exhibit 8, Tab 1, Schedule 10

- ***See detail regarding RTSR's in Board Staff responses.***

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.

<u>Question #23</u>

Reference: Exhibit 8, Tab 1, Schedule 11

- ***Please see Clinton's responses with respect to LV in the Board Staff Interrogatory Responses.***

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.

- ***The continuity statements are in the process of being updated and will be refiled.***

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

- ***The continuity statements are in the process of being updated and will be refiled.***
-

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.

- ***Given the late filing and uncertainty of effective date Clinton does not see the need to this variance account any longer.***

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?

- ***No there is no reason why this principle should not apply.***

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.
   - ***Will update once the statements are available.***

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.
   - ***2 years is the proposal.***

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.
   - ***Continuity statements and disposition amounts to be revised.***

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.
   - ***Continuity statements to be revised.***

b) Please explain why Account 1550 does not have any "Reductions". How are the revenues from the LV rate adder recorded?
   - ***Amounts shown on a net basis.***

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?
   - **The application was filed on June 15th, 2010. The application was not filed in accordance with the timetable established by the OEB due to the lack of data required to complete the cost allocation process.**

d) Given the date the Application was filed with the OEB, please explain why an effective date of May 1, 2010 is appropriate.
   - **West Perth Power recognizes the significant delay in its filing of the application and while an effective date of May 1st, 2010 has been requested it is expected that the implementation date of the rates will be set by The Board.**

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?
   - ***West Perth is supplied by Hydro One.***

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.

- ***Applications provided.***

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.
   - ***Confirmed.***

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.
   - ***In 2010 West Perth is affiliated with ERTH. ERTH Corporations corporate entities chart is included in this response.***

<u>Question #4</u>

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.
   - ***Management's directive was to ensure that the budget was sufficient to ensure that the continued safe operation of the system while providing adequate funding to complete the capital projects. The potential increase even though higher than liked was to take into account the current state of the assets.***

<u>Question #5</u>

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.
   - ***Copies of the agreements are available in the responses to SEC.***
   - ***There is no impact or implication for West Perth Power see Board Staff Responses.***

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.
   - ***Explained in Board Staff Responses.***

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.
   - ***$50,000 should be the materiality, based on the filing guidelines.***

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

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?)
   - ***The conversion program began about twenty years ago and should be completed in the next eight years.***

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

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?).
   - ***All of West Perth's load transfers have been completed in 2009. West Perth is still waiting for Hydro One to complete their transfer, but there will be no additional cost to West Perth.***

k) Were there any other capital spending/capital additions in 2009 apart from these five projects? If yes, please describe.
   - ***West Perth had no other projects in 2009.***

l) Why was there no "danger pole replacement" planned for 2009 as there is in 2010?
   - ***Project #4 the replacement of capital assets which were in poor or dangerous conditions, this project was to replace 4 poles which were in poor or dangerous condition.***

<u>Question #9</u>

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?
   - ***WPPI has four vehicles in the fleet. The RBD is in this year's plan. The next vehicle with be in 2014, 2016 for the 2 pickup trucks and the Bucket Truck 2029.***

f) What is the planned delivery date for the 2010 vehicle purchase?
   - ***Fourth quarter 2010. See Board Staff responses with respect to this issue.***

<u>Question #10</u>

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.
   - ***Omitted in error.***

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.
   - ***Reconciled in Board Staff responses.***

LOAD FORECAST

- ***All Load Forecast responses for West Perth are identical for those in Clinton as seen above.***

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.

	2010 Test Year		
	Fixed Revenue	**Variable Revenue**	**Distribution Revenue**
Residential	$ 293,421.35	$ 278,710.08	$ 572,131.43
GS < 50 kW	$ 62,256.60	$ 174,860.20	$ 237,116.80
GS>50 to 4999 kW	$ 49,162.08	$ 282,426.74	$ 331,588.82
Sentinel Lighting	$ -	$ 564.50	$ 564.50
Street Lights	$ 3,856.32	$ 39,012.28	$ 42,868.60
Unmetered	$ 16.20	$ 171.03	$ 187.23
Total	$ 408,712.55	$ 775,744.83	$ 1,184,457.38

	2009 Bridge Year		
	Fixed Revenue	**Variable Revenue**	**Distribution Revenue**
Residential	$ 265,113.84	$ 156,551.37	$ 421,665.21
GS<50	$ 31,407.12	$ 116,351.65	$ 147,758.77
GS>50 to 499 kW	$ 44,692.80	$ 206,027.23	$ 250,720.03
Unmetered Scattered Load	$ 16.20	$ 69.76	$ 85.96
Sentinel Lighting	$ -	$ 12.09	$ 12.09
Street Lighting	$ 1,928.16	$ 1,866.84	$ 3,795.00
TOTAL	$ 343,158.12	$ 480,878.94	$ 824,037.06

Question #12

See responses above as the same questions are answered.

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?
   - ***SSS Admin Fee was omitted in error in this table.***

d) What is the actual SSS Admin Fee revenue for 2009 and the forecast for 2010?
   - ***The actual SSS Admin Fee revenue for 2009 was $6,634.50 and is forecast to be $6,800.00 in 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).
   - ***The costs are made up of legal fees, consulting fees, estimated intervener costs and internal management costs.***

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.
   - ***The costs were recorded in account 5630 not 5655.***

h) Please specifically explain the increase of almost $68,000 in Outside Services for 2010 (page 8).
   - ***See answer to previous question.***

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.
   - ***Costs have not been tracked in this manner and are not available at this time.***

j) Please explain the $51,702 increase in labour costs in 2010 over 2009.
   - ***This is with respect to less labour being capitalized and therefore there is more labour in O&M.***

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.
   - ***West Perth has a contract with its staff, but they are not unionized.***

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).
   - ***See responses to Board Staff Interrogatories.***

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.
   - ***See responses to Board Staff Interrogatories.***

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.
   - ***West Perth has used the half year rule. Current management is unsure when the practice began, but it appears to have been prior to 2006.***

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?

- ***At the time of conversion of the billing data into Ecaliber's system the only data availability issues experienced were for 2006 and all other years were in tact and uncorrupt.***

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.
   - ***West Perth is reviewing its debt arrangements and does not currently plan to add new borrowing.***

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.
   - ***See updates provided in Board Staff Responses.***

e) Total OM&A costs reported here are $801,210 while those reported in the Revenue Requirement Work Form are $801,204. Please reconcile.
   - ***The amount in the revenue requirement work form is $801,210 as filed electronically.***

f) Page 8 of the Revenue Requirement Work Form shows a Sufficiency of $37,458 based on the proposed rates. Please reconcile.
   - ***The electronically filed version of the Revenue Requirement work form is $331,046.***

COST ALLOCATION

Question #20

Reference: Exhibit 7, Tab 1, Schedule 1

- ***The following questions have all been addressed through Board Staff's interrogatories with respect to cost allocation, the models,***

the use of Atikokan data and the request to update using ETPL data as a comparator.

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.

- ***Fixed in Board Staff Interrogatories.***

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.
    - ***Addressed in Board Staff Interrogatories.***

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.
    - ***See SEC Rate Design and RC% Interrogatory.pdf.***

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.
- ***See SEC Rate Design and RC% Interrogatory.pdf.***

a) 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.
    - ***They are within the range.***

<u>RATE DESIGN</u>

<u>Question #22</u>

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.
    - ***Not confirmed, West Perth's fixed charges proposed remain the same and therefore meet the recommendation and the following questions are not required.***

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.
   - ***See Board Staff interrogatories with respect to cost allocation and the refilled models.***

Question #24

Reference: Exhibit 8, Tab 1, Schedule 10

- ***Please see West Perth's responses with respect to Retail Transmission Rates in the Board Staff Interrogatory Responses.***

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

- ***Please see West Perth's responses with respect to LV in the Board Staff Interrogatory Responses.***

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.
   - ***$43,000 is the amount included in the application.***

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
   - ***The $43,000 is not included in the deferral and variance account segment of the application but is actually in outside services as an expense.***

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.
   - ***West Perth does not wish to propose this account any longer and rescinds its request.***

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?
   - ***There is no reason why the principle of this case should not apply to West Perth.***

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.
   - ***The audited 2009 balances will be utilized as soon as they become available.***

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.
   - ***Two years is the proposed timeframe for clearing the balances.***

f) Please explain why the total amounts for disposition shown on pages 4 and 5 are different.
   - ***Updates to the continuity statements are being completed and will correct this issue.***

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.
   - ***Updates to the continuity statements are being completed and will correct this issue.***

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.
   - ***Updates to the continuity statements are being completed and will correct this issue.***

d) Please explain why Account 1550 does not have any "Reductions". How are the revenues from the LV rate adder recorded?
   - ***The change in the accounts was shown on a net basis and therefore no reductions were recorded.***