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Ontario

BY E-MAIL

October 15, 2010

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Mr. Walli:

Re: Clinton Power Corporation
2010 Distribution Rate Application
Board Staff Interrogatories
Board File No. EB-2009-0262

In accordance with Procedural Order No. 2, please find attached Board Staff supplemental interrogatories in the above proceeding. Please forward the following to Clinton Power Corporation and to all other registered parties to this proceeding.

Yours truly,

Original Signed By

Marc Abramovitz
Advisor – Applications & Regulatory Audit

Encl.

Clinton Power Corporation – EB-2009-0262

Board Staff Supplemental Interrogatories

1. Ref: Response to SEC interrogatory 13

In its response to SEC interrogatory 13, Clinton Power states that one advantage of the joint management was to prioritize management of staff to serve West Perth and Clinton Power, and that intercompany costs are tracked and billed on a cost basis.

Please provide a summary, by year and including 2010 Year-to-Date, showing the number of employees, work-hours and costs where:

a) Clinton Power provides manpower and services to West Perth;
b) West Perth provides manpower and services to Clinton Power;
c) Clinton Power provides manpower and services to ETPL.
d) ETPL provides manpower and services to Clinton Power;
e) Clinton Power provides manpower and services to unregulated affiliates of the ETPL family of companies. Please identify each such served affiliate separately;
f) Clinton Power is provided manpower and services by an unregulated affiliate of the ETPL family of companies. Please identify each such service affiliate separately;
g) West Perth provides manpower and services to unregulated affiliates of the ETPL family of companies. Please identify each such served affiliate separately; and
h) West Perth is provided manpower and services by an unregulated affiliate of the ETPL family of companies. Please identify each such service affiliate separately.

2. Ref: Response to Board Staff interrogatory 6

a) Please provide copies of Clinton Power's Audited Financial Statements, as signed off by its external auditor, for the year ending December 31, 2009.
b) Please provide an explanation as to why the preparation of Clinton Power's 2009 Audited Financial Statements has been delayed or taken so long to prepare.

3. Ref: Response to Board Staff interrogatory 11

a) What is the probability that the bucket truck will be in service by December 31, 2010?
b) With respect to the response to Board Staff interrogatory 11 d), please provide the detailed calculations of how Clinton Power translated the $240,000 for the bucket truck into a rate base impact of $275,000.

c) If the bucket truck is necessary and prudent, and given that a capital expenditure is a significant expenditure for Clinton Power, if Clinton Power removes the asset from rate base, how does Clinton Power propose that the capital-related and operating costs for the bucket truck will be recovered over the life of the asset?

4. Ref: Response to Board Staff Interrogatory 13

For 2009 and 2010, please provide the calculations that were used to derive the cost of power.

5. Ref: Response to Board Staff Interrogatory 23

In response to Board Staff interrogatory 23 c), Clinton Power stated that it continues to work on the data and explanations required for the request and will provide it upon completion.

a) Please provide a complete response to Board Staff interrogatory 23 c).
b) If a response is unavailable, please identify when the response will be submitted.

In response to Board Staff interrogatory 23 e) Clinton Power stated that it will endeavour to obtain the detail required to explain the changes over time and provide detailed responses to this question with the second round of interrogatories.

a) Please provide a completed response to Board Staff interrogatory 23 e).
b) If a response is unavailable, please identify when the response will be submitted.

6. Ref: Response to Board Staff Interrogatory 24

For each of the 2008, 2009 and 2010 years, please provide a listing and explanation for the costs that are accounted for in the "other" category.

7. Ref: Response to Board Staff interrogatory 26 d)

a) Please provide the breakdown of regulatory costs in the table format requested in Board Staff interrogatory 26 d).
b) Please provide a breakdown of the $140,000 that Clinton Power has estimated for the preparation and processing of the 2010 Cost of Service application between:
   i. Direct costs of Clinton Power staff;
   ii. Legal costs;
   iii. External consulting costs
   iv. Intervenor costs; and
   v. Board costs.

c) Please provide an explanation of the services being provided by external legal counsel and consultants as opposed to be done by Clinton Power's internal staff.

8. Ref: Response to Board Staff interrogatory 29

Please provide the information requested in Board Staff interrogatory 29.

9. Ref: Response to Board Staff Interrogatory 30

a) Please confirm that Clinton Power is capitalizing the total amount related to employee compensation. If so, please explain the significant increase in the general and administration category found in Board Staff interrogatory 32b.

b) In Appendix 2-K, please indicate the current, accrued and total benefits for the Union category for the years 2006, 2008, 2009, and 2010.

10. Ref: Response to Board Staff interrogatory 33

a) When does the term of the current contract with Ecaliber expire?
b) Since the current contract has been in place since 2007, as documented in the response to Board Staff interrogatory 33 c), it is a multi-year contract.
   i. Is there a price escalation factor built into the formula? If yes, please provide a detailed explanation of it.
   ii. Are there performance criteria built into the multi-year pricing contract? Please provide a detailed explanation.
   iii. Are productivity or efficiency criteria factored into the multi-year pricing? Please provide a detailed explanation.

11. Ref: Response to Board Staff Interrogatory 35

a) Please complete Board Staff interrogatory 35 a).
b) Please revise and submit a final Appendix 2-P of the Board's filing requirements for Distribution and Transmission Applications. Please ensure that the loss factor calculation includes the fully embedded SFLF of 3.4%.

12. Ref: Response to Board Staff interrogatory 37

Please provide the documents requested in Board Staff interrogatory 37.

13. Stranded Meter Costs

a) Please describe the accounting treatment followed by the applicant on stranded meter costs for ratemaking and financial reporting purposes.
b) Please provide the amount of the pooled residual net book value of removed meters, less any sale proceeds as of December 31, 2009.
c) Please provide the estimated amount of the pooled residual net book value of removed meters, less any sale proceeds at the time when smart meters will have been fully deployed. Please provide the actual amount if smart meters have been fully deployed.
d) Please describe how the applicant intends to recover in rates stranded meter costs including the proposed accounting treatment, the proposed disposition period, and the associated bill impacts

14. Account 1592, PILs and Tax Variances for 2006 and Subsequent Years

Please identify whether the applicant has posted any amounts to account 1592 since April 2006. If yes, please respond to the following questions. If not, please explain why the applicant has not posted any amounts to account for the changes in tax legislation that have occurred since 2006 as required by the Board's methodology and prior decisions.

a) Please revise the deferral and variance account continuity schedule to include account 1592 as a group 2 account and enter all the required information for transaction, adjustments, interest carrying charges, etc. for all the relevant years.
b) Please describe each type of tax item that has been accounted for in account 1592.
c) Please provide the calculations that show how each item was determined and provide any pertinent supporting evidence.
d) Please confirm whether or not the Applicant followed the guidance provided in the July 2007 FAQ. If not, please explain why not.
e) Please identify the account balance as of December 31, 2009 as per the 2009 audited financial statements. Please identify the account balance as of December 31, 2009 as per the April 2010 2.1.7 RRR filing to the Board. Please provide a reconciliation if the balances provided in the above are not identical to each other and to the total amount shown on the continuity schedule.
f) Should the Board wish to dispose of this account at this time, please identify the following:
    i. The allocator that in the applicant's view would be most appropriate to use in allocating the balance to the rate classes.
    ii. The disposition period that the applicant would prefer if different from the period proposed for the remaining deferral and variance accounts and explain why.

iii. The billing determinant that in the applicant's view would be most appropriate to use.

g) Please complete the following table based on the previous answers. Add rows as required to complete the analysis in an informative manner. If the applicant uses Excel to prepare the table, please submit the live Excel workbook.

Tax Item	**$ Principal As of** [December 31, 2009]
Large Corporation Tax grossed-up proxy from 2006 EDR application PILs model for the period from May 1, 2006 to April 30, 2007	
Large Corporation Tax from 2005 EDR application PILs model for the period from January 1, 2006 to April 30, 2006 (4 /12ths of approved grossed-up proxy) if not recorded in PILs account 1562	
Ontario Capital Tax rate decrease and increase in capital deduction for 2007	
Ontario Capital Tax rate decrease and increase in capital deduction for 2008	
Ontario Capital Tax rate decrease and increase in capital deduction for 2009	
Ontario Capital Tax rate decrease and increase in capital deduction for 2010	
Capital Cost Allowance class changes from 2006 EDR application for 2006	
Capital Cost Allowance class changes from 2006 EDR application for 2007	
Capital Cost Allowance class changes from 2006 EDR application for 2008	
Capital Cost Allowance class changes from 2006 EDR application for 2009	
Capital Cost Allowance class changes from 2006 EDR application for 2010	
Capital Cost Allowance class changes from any prior application not recorded above.	
Insert description of next item(s)	
Insert description of next item(s) and new rows if needed.	
Total	

15. Ref: Response to Board Staff interrogatory 41 c)

The response to Board Staff interrogatory 41 c) does not answer the question posed.

a) Please confirm whether Clinton Power is incurring or expects to incur any new debt in the 2010 test year.
b) If the answer to a) is "yes", then please provide details of the new debt, including the principal, the debt rate, the date of issuance, the term (length) of the new debt. Please identify what capital project(s) the new debt is being incurred for. If available, please provide copies of the documents for any new debt.

16. Ref: Response to Board Staff interrogatory 41

In response to Board Staff interrogatory 41 a), Clinton Power states that its debt holder is its shareholder, the Town of Clinton Power.

Article 4.1 of the Share Purchase Agreement filed in response to SEC interrogatory 5 states that the promissory note would be redeemed by the Vendor (the Corporation of the Municipality of Central Huron).

Clinton Power has filed a copy of its Promissory Note, dated January 16, 2010 and for an amount of $900,000 due to the Corporation of the Municipality of West Perth, at an annual interest rate of 7%.

a) Is Clinton Power affiliated with the Corporation of the Municipality of West Perth?
b) Please reconcile the response to Board Staff interrogatory 41 a) with the terms of the Promissory Note where the debt holder is the Corporation of the Municipality of West Perth.
c) Does the January 16, 2010 Promissory Note replace a predecessor note? Please explain your response.
d) What was the basis for establishing a rate of 7% for the Promissory Note given market conditions as of January 16, 2010?
e) Please explain why Clinton Power believes that the Promissory Note should attract the Board's deemed long-term debt rate, with reference to how the terms of the January 16, 2010 Promissory Note comply with section 4.4.1 of the Report of the Board on the Cost of Capital for Ontario's Regulated Utilities, issued December 11, 2009.

17. Ref: Sheet I3 – Cost Allocation Model Using ETPL Data

a) Clinton Power has entered an amount of $9,655 related to the proposed Transformer Ownership Allowance. For purposes of the cost allocation, please remove the amount.

b) The revenue requirement calculated from Sheet I3 (cell G18) does not match the proposed revenue requirement (cell F18). As well, both amounts do not match the revenue requirement provided in Clinton Power's RRWF. Please provide a reconciliation.
c) The rate base calculated from Sheet I3 (cell G20) does not match the rate base to be used in this model (cell F20). As well, both amounts do not match the rate base provided in Clinton Power's RRWF. Please provide a reconciliation.

18. Ref: Sheet I6 – Cost Allocation Model Using ETPL Data

The total kWhs (cell B10) and total approved distribution revenue (cell B15) should be equal to Clinton Power's 2010 kWh load forecast and base revenue requirement respectively.

Please update cells B10, B15, row 21 and row 29 when re-submitting the model.

19. Ref: Sheet I6 – Cost Allocation Model Using ETPL Data

Please update the loss factor in row 57 to reflect the proposed 2010 loss factor.

20. Ref: Sheet I8 – Cost Allocation Model Using ETPL Data

Please explain how the Erie Thames load profile was applied to Clinton Power's cost allocation model. Please provide a breakdown of the methodology and all calculations used.

21. Ref: Sheet O1 – Cost Allocation Model Using ETPL Data

a) Please reconcile the amount used for total distribution revenues (distribution revenue plus revenue deficiency) with that on sheet 5 of the RRWF.
b) Please explain why the revenue requirement in cell C35 does not match the total revenue in cell C20.

22. Ref: Cost Allocation Model

Please file an updated Cost Allocation Model, ensuring that all figures are consistent with the interrogatory responses, for each of the following:

a) Using Atikokan's load profile
b) Using Erie Thames load profile.

23. Ref: Response to Board Staff interrogatory 49 a) and 51

In response to Board Staff interrogatory 49 a), Clinton Power states that a merger with West Perth is planned within five years, subject to Board approval. Clinton Power is proposing to start harmonization by aligning Clinton Power's fixed charges with those of West Perth. However, absent merging into one licensed and rate-regulated utility, harmonization of rates between two service areas is not mandatory.

In response to Board Staff interrogatory 51, in parts c), Clinton Power states that harmonization with West Perth's fixed monthly charge is a major reason for the proposed increase from $31.84 to $204.84 for the GS 50-4,999 kW class.

a) Please provide Clinton Power's views as to increasing the monthly service charge for the GS 50-4,999 kW class over several years, rather than in one year, as a means of mitigating significant rate increases for customers in this class.
b) Please identify any methodological reasons (i.e. due to results of the cost allocation study) that a phased increase in rates for this class would be unsupportable.

24. Ref: Response to Board Staff interrogatory 51 d) and e)

In response to parts d) and e) of Board Staff interrogatory 51, Clinton Power states that the proposed increases in rates for Streetlighting and Sentinel Lighting are due to the class revenue-to-cost ("R/C") ratios being significantly low (below 5% in each case) and to move the class R/C ratio to the floor for the class.

The Board's policy and practice is that, where the R/C ratio is below the floor or above the ceiling, the move to the floor or ceiling is typically phased in if it can not be done in one stage without causing significant rate changes.

a) What aspects of Clinton Power's existing rates, or of its cost allocation study, explain why the streetlighting and sentinel lighting classes have rates significantly out of line with allocated costs for these classes?
b) Why has Clinton Power not proposed to phase in the move to the floor R/C ratios for these classes over two or three years?

25. Ref: Response to Board Staff interrogatory 55 d)

Please provide the response as requested in Board Staff interrogatory 55 d).

26. Ref: Response to Board Staff interrogatory 56

In response to Board Staff interrogatory 56 b) and c), Clinton Power stated the results of this analysis will be filed once completed.

c) Please provide a complete response to all parts of Board Staff interrogatory 56 b) and c).
d) If a response is unavailable, please identify when the response will be submitted.

27. Ref: Response to Board Staff interrogatory 57

In response to Board Staff interrogatory 57 c) and d), Clinton Power stated that it is in the process of updating its continuity schedules and will reconcile the differences once it is complete.

a) Please provide a complete response to Board Staff interrogatory 57 c) and d).
b) If a response is unavailable, please identify when the response will be submitted.

28. Ref: Response to Board Staff interrogatory 62

a) Please provide a detailed explanation of how Clinton Power is currently tracking the difference between HST and PST on its material purchases.
b) Where is Clinton Power recording the difference between HST and PST on its material purchases?
c) Please provide the total estimates of PST savings from July 1, 2010 to October 31, 2010.
d) Does Clinton Power agree that prorating the amount identified in part c) for 12 months is an appropriate proxy to adjust the Test Year revenue requirement to account for OM&A and Capital expenditure reductions that may be realized due to the implementation of the HST?

29. Ref: Revenue Requirement WorkForm (RRWF)

Please file an updated RRWF reflecting all changes that Clinton Power has accepted through its responses to the first and second round of interrogatories

30. Ref: Tariff of Rates and Charges

Please file an updated Tariff of Rates and Charges reflecting all changes that Clinton Power has accepted through its responses to the first and second round of interrogatories