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;
   - ***No services provided***

b) West Perth provides manpower and services to Clinton Power;
   - ***As per the following schedule. Services were only provided beginning in 2010.***

WEST PERTH POWER TIME YTD **2010 MONTHLY LABOUR & TRUCK SUMMARY FOR CLINTON POWER**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Year to date T(
Labour in hours	20	0	17	77	67	191.5	94	152	156.5	**775**
Labour in $'s	$1,300.00	$0.00	$1,105.00	$5,005.00	$4,355.00	$12,447.50	$6,110.00	$8,450.00	$10,172.50	**$48,945.00**
Truck Hours	9.00	0.00	0.00	14.00	20.25	83.50	22.50	46.50	49.00	**244.75**
Truck Costs $'s	$450.00	$0.00	$0.00	$550.00	$706.25	$3,975.00	$1,075.00	$2,250.00	$2,400.00	**$11,406.25**

c) Clinton Power provides manpower and services to ETPL.
   - ***No services are provided.***

d) ETPL provides manpower and services to Clinton Power;
   - ***ETPL provides Rates, Regulatory and Engineering services on a fee for service cost basis.***

e) Clinton Power provides manpower and services to unregulated affiliates of the ETPL family of companies. Please identify each such served affiliate separately;
   - ***No services are provided to ETPL's to unregulated affiliates.***

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;
   - ***Clinton Power is provided Billing and Collecting services by Ecaliber as discussed elsewhere in the application and interrogatories. No other services are provided by unregulated affiliates.***

g) West Perth provides manpower and services to unregulated affiliates of the ETPL family of companies. Please identify each such served affiliate separately; and
   - ***No such services are provided.***

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.
   - ***West Perth Power is provided Billing and Collecting services by Ecaliber as discussed elsewhere in the application and interrogatories. No other services are provided by unregulated affiliates.***

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.
   - ***Audited Statements are provided in this response.***

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.
   - ***Auditing Firm performed field work for audit during April and May 2010. Still waiting for auditor to complete their clean up back in their office. Auditor has been notified of the urgency to complete and sign-off on audited financial statements.***

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?
   - ***It is not likely 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.
   - ***The $275,500 rate base impact represents both of the bucket truck and pickup truck at $240,000 and $45,000 respectively less the amortization impact of $9,500.***

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?

- ***Clinton Power removed the truck in order to provide a more representative, sustainable annual capital budget. West Perth, while concerned about the need to invest to provide safe and reliable service, had to balance that with the impact on rates.***

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.

Rates 2009	Consumption	Network Service	Conncection Service	Wholesale Market	Rural Rate Protection	Commodity	LV
RESIDENTIAL							
Regular	11,682,740	$0.0048	$0.0044	$0.0052	$0.0013	$0.0560	0.0012
GENERAL SERVICE						$0.0560	
Less than 50 kW	5,329,361	$0.0043	$0.0039	$0.0052	$0.0013	$0.0560	0.0008
Greater than 50 to 499 kW	11,633,401	$1.7537	$1.5761	$0.0052	$0.0013	$0.0560	0.2940
Unmetered Scattered Load	60,756	$1.3226	$0.7920	$0.0052	$0.0013	$0.0560	0.3236
Sentinel Lighting	31,489	$1.3294	$1.2439	$0.0052	$0.0013	$0.0560	0.3389
Street Lighting	356,960	$1.3226	$1.2184	$0.0052	$0.0013	$0.0560	0.3257

Revenues 2009

	Network Service	Conncection Service	Wholesale Market	Rural Rate Protection	Commodity	L/V	Total
RESIDENTIAL							
Regular	$55,598.21	$51,828.88	$60,750.25	$15,187.56	$654,233.42	$14,019.29	$851,617.60
GENERAL SERVICE							
Less than 50 kW	$22,664.32	$20,983.15	$27,712.68	$6,928.17	$298,444.24	$4,263.49	$380,996.04
Greater than 50 to 499 kW	$59,214.35	$53,215.40	$60,493.68	$15,123.42	$651,470.44	$9,926.77	$849,444.07
Unmetered Scattered Load	$219.62	$131.51	$315.93	$78.98	$3,402.34	$0.00	$4,148.40
Sentinel Lighting	$144.73	$135.42	$163.74	$40.94	$1,763.40	$36.90	$2,285.12
Street Lighting	$1,333.18	$1,228.14	$1,856.19	$464.05	$19,989.78	$328.28	$25,199.62
	$139,174.41	**$127,522.51**	**$151,292.48**	**$37,823.12**	**$1,629,303.62**	**$28,574.72**	**$2,113,690.85**

Rates 2010	Consumption	Network Service	Conncection Service	Wholesale Market	Rural Rate Protection	Commodity	LV
RESIDENTIAL							
Regular	11,819,820	$0.0047	$0.0080	$0.0052	$0.0013	$0.0560	0.0000
GENERAL SERVICE							
Less than 50 kW	5,388,897	$0.0042	$0.0071	$0.0052	$0.0013	$0.0560	0.0000
Greater than 50 to 499 kW	11,866,069	$1.7820	$2.8421	$0.0052	$0.0013	$0.0560	0.0000
Unmetered Scattered Load	60,756	$1.3062	$1.4282	$0.0052	$0.0013	$0.0560	0.0000
Sentinel Lighting	37,464	$1.3129	$2.2431	$0.0052	$0.0013	$0.0560	0.0000
Street Lighting	356,960	$1.3062	$2.1971	$0.0052	$0.0013	$0.0560	0.0000

Revenues 2010

	Network Service	Conncection Service	Wholesale Market	Rural Rate Protection	Commodity	L/V	Total
RESIDENTIAL							
Regular	$55,553.15	$94,558.56	$61,463.06	$15,365.77	$661,909.91	$0.00	$888,850.45
GENERAL SERVICE							
Less than 50 kW	$22,633.37	$38,261.17	$28,022.27	$7,005.57	$301,778.26	$0.00	$397,700.63
Greater than 50 to 499 kW	$61,440.18	$97,990.53	$179.29	$44.82	$664,499.85	$0.00	$824,154.67
Unmetered Scattered Load	$216.90	$237.16	$0.86	$0.22	$3,402.34	$0.00	$3,857.48
Sentinel Lighting	$142.93	$244.20	$0.57	$0.14	$2,097.96	$0.00	$2,485.80
Street Lighting	$1,316.65	$2,214.68	$5.24	$1.31	$19,989.78	$0.00	$23,527.66
							$0.00
	$141,303.18	**$233,506.30**	**$89,671.29**	**$22,417.82**	**$1,653,678.10**	**$0.00**	**$2,140,576.69**

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.
    - ***Response will be submitted prior to the Settlement Conference.***

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).
- ***Current management has no ability to provide explanations as to the changes in table 6 from 2006 to 2010 actuals.***

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.
- ***Response is not available at this time given data issues referenced above.***

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; ***$0.00***
    ii. Legal costs; ***$40,000***
    iii. External consulting costs ***$82,000***
    iv. Intervenor costs; and ***$18,000***
    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.
- ***Consultants are providing all of the work with respect to the preparation of all aspects of the application. The consultants in most cases are employees of ERTH and its subsidiaries.***
- ***External Legal counsel provides advice on the application as requested, review of specific items requested, review of the entire application and representation and any conferences and hearings.***

8. Ref: Response to Board Staff interrogatory 29

Please provide the information requested in Board Staff interrogatory 29.
- ***Response will be available prior to the settlement conference.***

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.
- ***This entry was inputted into the wrong cell and has been corrected There is now a reduction in capital on 90k in the bridge year and 101k in the test year, conversely it has increased the OM&A by 90k and 101k respectively***

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.
- ***Updated table is provided.***

10. Ref: Response to Board Staff interrogatory 33

a) When does the term of the current contract with Ecaliber expire?
- ***The term of the current contract expires on December 31st, 2010.***

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.
   - ***There is no excalation factor built in, however it is per customer base so could excalate as customers are added.***

   ii. Are there performance criteria built into the multi-year pricing contract? Please provide a detailed explanation.

- ***There is no performance criteria built into the contract.***

iii. Are productivity or efficiency criteria factored into the multi-year pricing? Please provide a detailed explanation.

- ***While there are no productivity or efficiency criteria built into the contract the fact that no increase is allowed for over a 5 year contract could in itself be deemed to provide benefit to West Perth for Productivity and Efficiency.***

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%.

LOSS ADJUSTMENT FACTOR CALCULATION

		2005 - omitted	2006 - omitted	2007	2008	2009	3 year average 2007, 2008, & 2009
A1	"Wholesale" kWh delivered to distributor (higher value)	33,460,021	32,467,421	32,831,102	32,289,346	32,367,126	**97,487,574**
A2	"Wholesale" kWh delivered to distributor (lower value)	32,359,788	31,399,827	31,751,549	31,227,607	31,302,830	**94,281,986**
B	Wholesale kWh for Large Use customer(s) (IESO)	-		-	-		**-**
C	Net "Wholesale" kWh (A)-(B)	32,359,788	31,399,827	31,751,549	31,227,607	31,302,830	**94,281,986**
D	Retail kWh (Distributor)	27,406,226	25,906,039	30,288,314	29,367,253	29,677,090	**89,332,657**
E	Retail kWh for Large Use Customer(s) (1% loss)	-		-	-		**-**
F	Net "Retail" kWh (D)-(E)	27,406,226	25,906,039	30,288,314	29,367,253	29,677,090	**89,332,657**
G	Loss Factor [(C)/(F)]	1.1807	1.2121	1.0483	1.0633	1.0548	**1.0554**
H	Distribution Loss Adjustment Factor						103.4%
I	Total Loss Factor						1.0913

Total Utility Loss Adjustment Factor	**LAF**
Supply Facility Loss Factor	1.0340
Distribution Loss Factors	
Secondary Metered Customer	
Total Loss Factor - Secondary Metered Customer < 5,000kW	1.0554
Total Loss Factor - Secondary Metered Customer > 5,000kW	1.0100
Primary Metered Customer	
Total Loss Factor - Primary Metered Customer < 5,000kW	1.0448
Total Loss Factor - Primary Metered Customer > 5,000kW	1.0000
Total Loss Factor	
Secondary Metered Customer	
Total Loss Factor - Secondary Metered Customer < 5,000kW	1.0913
Total Loss Factor - Secondary Metered Customer > 5,000kW	1.0443
Primary Metered Customer	
Total Loss Factor - Primary Metered Customer < 5,000kW	1.0804
Total Loss Factor - Primary Metered Customer > 5,000kW	1.0340

12. Ref: Response to Board Staff interrogatory 37

Please provide the documents requested in Board Staff interrogatory 37.

- ***Audited Statements are complete now and 2009 Tax Return will be available shortly.***
- ***All other information requested is currently unavailable and is being attempted to be recovered from CRA.***

13. Stranded Meter Costs

a) Please describe the accounting treatment followed by the applicant on stranded meter costs for ratemaking and financial reporting purposes.
- ***Currently all stranded meter costs for both ratemaking and financial reporting purposes have remained in the general ledger as assets.***

b) Please provide the amount of the pooled residual net book value of removed meters, less any sale proceeds as of December 31, 2009.
- ***Since Clinton Power had not substantially undertaken its smart meter deployment in 2009 there are no residual values of removed meters to report 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.
- ***The estimated amount of the pooled residual net book value of removed meters once smart meters have been fully deployed is $46,000.***

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
  - ***Clinton does not plan to address this issue in this application given that its smart meter deployment is still in the early stages and the continuation of the smart meter funding adder will continue to help offset these costs.***

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.

- ***Clinton Power has not posted any amounts to account 1592.***
- ***Clinton Power had no PILS amount approved in its 2006 EDR and therefore no adjustments were necessary to be booked to 1592.***

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.

- ***Clinton Power has incurred new debt in 2010.***

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.

- ***The new debt is with the Municipality of West Perth who assumed the original Note from The Municipality of Central Huron with a principal of $770,958 and an additional $129,042 in debt for a total new principal of $900,000.***
- ***The date of issuance was January 16th, 2010.***
- ***The term of the debt has no specific maturity date listing in the agreement.***
- ***The new debt is being incurred for project number 1 the Beech St. Extension for the New Fire Hall.***

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?

- ***The Corporation of the Municipality of West Perth is a creditor of Clinton Power and has an ownership interest in Clinton Power through ERTH. Using the definition of "Affiliate" from the Affiliate Relationships Code would mean that Clinton Power is not an Affiliate of the Corporation of the Municipality of West Perth. However, for the purposes of this Application, Clinton Power has been treated as an Affiliate of the Corporation of the Municipality of West Perth.***
- ***ARC Definition:***

  "affiliate", with respect to a corporation, has the same meaning as in the *Business Corporations Act* (Ontario);

- **OBCA Definition:**

  1(1)"affiliate" means an affiliated body corporate within the meaning of subsection (4);

  1(4) For the purposes of this Act, one body corporate shall be deemed to be affiliated with another body

corporate if, but only if, one of them is the subsidiary of the other or both are subsidiaries of the same body corporate or each of them is controlled by the same person.

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.

- ***The answer provided in 41 a) relates to the debt held by The Town of Clinton, however it also should have referenced the new debt agreement in which the Municipality of West Perth took over the debt on January 16th, 2010. The note held by the Town of Clinton was then redeemed and no longer in force as of that day.***

c) Does the January 16, 2010 Promissory Note replace a predecessor note? Please explain your response.

- ***Yes the January 16th, Promissory Note replaces a predecessor note payable to the Town of Clinton.***

d) What was the basis for establishing a rate of 7% for the Promissory Note given market conditions as of January 16, 2010?

- ***The Municipality of West Perth was already holding promissory notes in the amount of $1,200,000 that paid 7.25% and as part of the merger of the corporations; The Municipality of West Perth negotiated the same rate for the January 16th, 2010 promissory notes.***

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.

- ***Page 53 of the Cost of Capital Report states that the deemed long term debt rate at the time of issuance will be used as the ceiling rate allowed on that debt.***
- ***As noted in (a) above, the Municipality of West Perth is not technically an affiliate, but has been treated as an affiliate for the purpose of the Application and the Promissory Note does have a fixed rate and therefore Clinton Power opted to use the Board's deemed rate which is less than the actual debt rate provided in the Promissory Note.***

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.
   - ***Amount has been removed.***

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.
   - ***Model is updated and reconciled.***

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.
   - ***Model is updated and reconciled.***

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.

- ***All updates completed.***

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.

- ***Loss factors updated.***

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.

- ***The breakdown and calculations are provided in excel format file named Erie Thames Data for Clinton Cost Allocation.xls.***
- ***First Erie Thames Load Profile was compared to CPC's load and an adjustment factor was calculated as per the following table, and in rows 8823 to 8826 of the Hourly Load Shapes by Class tab of the excel model.***

	Residential	GS>50kW	Street Lighting	GS<50	USL	> 50kW (1000-3000	nediate Use (3000-50(	Large User	Sentinel lighting	Embedded Distributor	
Erie Thames	119,453,498	69,144,592	3,024,750	39,401,386	606,271	69,529,869	17,528,668	84,605,665	218,818	20,741,502	424,255,019
Clinton Power	11,819,820	11,866,069	356,960	5,388,897	60,756	0	0	0	37,464	0	29,529,966
	0.09894913	0.17161239	0.118013185	0.13676924	0.10021285	0	0	0	0.171208716	0	

- ***The adjustment factor was then applied to Erie Thames Hourly data in cells P3 to P8786 to row Q inclusive in the Hourly Load Shapes by Class tab of the excel model provided.***
- ***The new data is now reflective of CPC load and is then evaluated to determine all of the required CP and NCP results and then these results were input into the cost allocation model.***

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.
   - ***After all previous adjustments the numbers reconcile between the Cost Allocation Model and the RRWF.***

b) Please explain why the revenue requirement in cell C35 does not match the total revenue in cell C20.
   - ***After all previous adjustments the numbers in cells C35 and C20 now match.***

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
   - ***Filed as Clinton 2010 Cost Allocation Model with Atikokan Data.xls.***

b) Using Erie Thames load profile.
   - ***Filed as Clinton 2010 Cost Allocation Model with ETPL Data.xls.***

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.
   - ***With the significant increase in fixed charge there was also a decrease in the variable charge and given the consumption profile of this customer their bill for distribution services would actually decrease given this change in methodology.***
   - ***Therefore we are of the opinion that no mitigation would be required for this change in fixed variable split.***

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.
   - ***Clinton Power has identified no methodological reasons for which a phased in approach 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?

- ***Clinton Power's streetlighting and sentinel lighting rates are historically out of line with the allocated costs similar to many other utilities in the province.***

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?

- ***Clinton Power has not proposed a phased in approach of the increases for these classes since for the sentinel lighting class the dollar value increase is immaterial and for the street lighting class the customer is a shareholder of Clinton Power and the dollar amount of the change is only around $60,000.***

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

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

- ***There was a change in the manner that Clinton received its supply from Hydro One that resulted in this change in expenses. Rates should be adjusted accordingly.***

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.

- ***Response will be provided prior to Settlement Conference.***

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.

- ***Responses will be provided prior to Settlement Conference.***

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.

- ***Clinton Power is currently tracking the difference between the liability general ledger accounts. PST was previously being added to the cost of the material and being charged to the inventory, maintenance or capital general ledger account.***
- ***Now that there is not PST the dollar amount being charged to the inventory, maintenance and capital general ledger accounts do not include PST or HST.***

b) Where is Clinton Power recording the difference between HST and PST on its material purchases?

- ***This amount is not being recorded separately it is all included in the HST ITC general ledger account.***

c) Please provide the total estimates of PST savings from July 1, 2010 to October 31, 2010.

- ***An estimate of the PST savings from July 1st, 2010 to October 31st, 2010 is $9,488.***

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?

- ***Clinton Power does not agree that prorating this amount for 12 months would be an appropriate proxy to adjust the Test Year Revenue requirements since the months provided for in the response to part c) are based on warmer months with higher material expenditures and in turn a large PST savings value.***

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

- ***Updated RRWF will be provided prior to the Settlement Conference.***

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

- ***Updated Tariff of Rates and Charges will be provided prior to the Settlement Conference.***