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November 24, 2010

BY EMAIL ONLY

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge St, Suite 2701  
Toronto ON M4P 1E4

Dear Ms. Walli:

**Board File No. EB-2010-0136**  
**Kingston Hydro Corporation – 2011 Cost of Service Application**  
**Energy Probe Interrogatories Round Two**

Pursuant to Procedural Order No. 1, issued on October 12, 2010, please find attached the Round Two Interrogatories of Energy Probe Research Foundation (Energy Probe) in the EB-2010-0136 proceeding.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh  
Case Manager

cc: Randy Murphy, Kingston Hydro (By email)  
Andrew Taylor, Energy Law (By email)  
Randy Aiken, Aiken & Associates (By email)  
Interested Parties (By email)

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**Ontario Energy Board**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*,  
S.O. 1998, c. 15, (Schedule B);

**AND IN THE MATTER OF** an application by Kingston Hydro  
Corporation for an order approving just and reasonable rates and  
other charges for electricity distribution to be effective May 1,  
2011.

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**SECOND ROUND INTERROGATORIES OF  
ENERGY PROBE RESEARCH FOUNDATION  
("ENERGY PROBE")**

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**November 24, 2010**

**KINGSTON HYDRO CORPORATION  
2011 RATES REBASING CASE  
EB-2010-0136**

**ENERGY PROBE RESEARCH FOUNDATION  
SECOND ROUND INTERROGATORIES**

**Interrogatory # 33**

**Ref: Energy Probe Interrogatory # 6c & # 6d**

- a) Is the reduction of \$100,000 annual underground cable rebuilds a deferral from 2010 to 2011? If yes, please explain why this is an annual amount.
- b) Is the Fairway Hills - Poletrans Replacement in the amount of \$110,000 an acceleration of a project that is included in the 2011 capital expenditure forecast?
- c) Will all the projects shown in the table be in service by the end of 2010? If not, please indicate which projects will not be in service before the beginning of 2011.
- d) Is the \$300,000 contribution from the city reflected in the \$752,330 cost of the Princess St. reconstruction project?
- e) Where has the \$333,188.92 supplementary capital contribution been reflected in the table in the response to part (c)?

**Interrogatory # 34**

**Ref: Energy Probe Interrogatory # 3 &  
Exhibit 1, Tab 4, Schedule 7**

- a) Please update the amounts (if necessary) and the rates for the 20 year capital loan of \$2,250,000 and \$2,600,000 noted in the evidence to reflect current information from the lender.
- b) Please provide the current interest rate forecast for the \$2,200,000 loan that will be obtained in mid-2011. Please explain how this forecast has been derived.

**Interrogatory # 35**

**Ref: Energy Probe Interrogatory # 7 & # 6c &  
Exhibit 2, Tab 4, Schedule 1, Attachment 1, Appendix 2-B**

**Please update the 2010 fixed asset continuity schedule (by account) to reflect the figures provided in the response to Energy Probe interrogatory # 6c.**

**Interrogatory # 36**

**Ref: Energy Probe Interrogatory # 8**

**Please provide the response from Hydro One on the final calculation of the capital contribution as soon as it is received.**

**Interrogatory # 37**

**Ref: Energy Probe Interrogatory # 9**

**Has the expenditure related to the Enterprise Asset Management System of \$125,000 been included in the forecast for rate base as if it was in service before the end of 2010?**

**Interrogatory # 38**

**Ref: Energy Probe Interrogatory # 11 &  
Exhibit 3, Tab 1, Schedule 1, Attachment 1**

**Please provide the January through October (or through November if that data is available) average customer count for 2010 for each rate class shown in Exhibit 3, Tab 1, Schedule 1, Attachment 1.**

**Interrogatory # 39**

**Ref: Energy Probe Interrogatory # 12i**

- a) Please explain why there is no change in the kW forecast shown for the GS 50 to 4,999 kW class despite an increase in the kWh forecast.**
- b) Please provide an updated calculation of the revenues, if required, to reflect a change in the GS 50 to 4,999 kW class.**

**Interrogatory # 40**

**Ref: Energy Probe Interrogatory # 12j**

**Please confirm that the only explanatory variables that have been changed in the calculations shown in part (j) are the change from actual heating and cooling degree days to normal (i.e. 10 year average) heating and cooling degree days. If this cannot be confirmed, please indicate what other explanatory variables have been changed in the estimation of the weather normal figures.**

**Interrogatory # 41**

**Ref: Energy Probe Interrogatory # 12k &  
Exhibit 3, Tab 1, Schedule 2, Attachment 1, Tables 1 & 4**

**The normalized GS>50 kW value is less than the actual value for 2009 (266,919,070 kWh vs. 270,117,290 kWh). This is in contrast to the residential figures, for example, which show normalized figures higher than actual figures for 2009. The interrogatory response indicates that this result is due to the different weather sensitivity to heating and cooling degree days of the classes.**

- a) Please confirm that the total normal degree days used in the response to part (j) of the interrogatory are 4,141.17 heating degree days and 245.62 cooling degree days. If this cannot be confirmed, please provide the annual figures.**
- b) Please confirm that the actual 2009 degree days were 4,192.1 heating degree days and 158.8 cooling degree days. If this cannot be confirmed, please provide the actual 2009 figures.**
- c) Please confirm the figures in the following table, or provide an updated table.**

	Normal DD	Actual DD	Difference	Coefficient	Volume Impact
Heating DD	4141.17	4192.1	(50.93)	10139.5	(516,405)
Cooling DD	245.62	158.8	86.82	33913.8	2,944,396
Total					2,427,991

- d) Please explain why the predicted kWh figures shown in Table 1 of Attachment 1 are the same for the GS> 50 kW class as those shown as weather normal figures in Table 4 of Attachment 1, whereas the corresponding figures for the other rate classes shown in the tables are different.**

- e) Please provide the correct predicted kWh for the GS > 50 kW class shown in Table 1.

**Interrogatory # 42**

**Ref: Energy Probe Interrogatory # 13d &  
Exhibit 3, Tab 1, Schedule 3, Attachment 1**

**Please explain the significant increase low voltage costs shown in Table 3 of the response as compared to the \$179,731 shown on page 3 of Attachment 1 of Exhibit 3, Tab 1, Schedule 3.**

**Interrogatory # 43**

**Ref: Energy Probe Interrogatory # 14**

**Please explain why the most recent year-to-date figures for other revenues are only up to the end of August 2010? If Kingston now has more recent information please update the table with the most recent information available, along with the corresponding period for 2009.**

**Interrogatory # 44**

**Ref: Energy Probe Interrogatory # 15h**

- a) Please confirm that the interest rate that generates interest of \$2,640 on an average bank balance of \$5,579,323 is approximately 0.047%. If this cannot be confirmed, please provide the interest rate that is forecast to be applicable to the average bank balance in 2011.
- b) Please confirm that an interest rate of 0.5% applied to an average bank balance of \$5,579,323 would generate approximately \$27,900 in interest.
- c) What is the 2011 amount owed from the city and what is the forecasted rate that is applied to this loan to the city?

**Interrogatory # 45**

**Ref: Energy Probe Interrogatory # 21i &  
Exhibit 4, Tab 2, Schedule 3, pages 2 & 10**

**The \$100,000 shown in 2009 actuals for the 2011 cost of service application is located on page 10 of Exhibit 4, Tab 2, Schedule 3 at lines 14 through 20. This figure is also shown in the OM&A cost driver table on page 2 in the 2009 column on the 2011 cost of service application line. Please provide a response to the original interrogatory.**

**Interrogatory # 46**

**Ref: Exhibit 4, Tab 2, Schedule 4, Table 1 &  
Energy Probe Interrogatory # 23 &  
Board Staff Interrogatory # 21**

**For both (a) and (b) below, please provide the updated forecasts assuming agreement is reached on most issues at the settlement conference with any remaining unsettled issues dealt with through written submissions.**

- a) The total legal costs associated with the COS application are \$100,000 with total costs invoiced to date of \$18,625. Does Kingston still expect the legal costs associated with the COS application to total \$100,000? If not, please provide an updated forecast.**
- b) The total consulting costs associated with the COS application are \$125,000 with total costs invoiced to date of \$65,246. Does Kingston still expect the consulting costs associated with the COS application to total \$125,000? If not, please provide an updated forecast.**
- c) Kingston has forecast an amount of approximately \$104,600 in operating expenses associated with other resources allocated to regulatory matters. Please explain what these regulatory matters are, what the resources that have been allocated to them are and why this cost is shown as a one-time cost amortized over 4 years.**

**Interrogatory # 47**

**Ref: Energy Probe Interrogatory # 29**

- a) What is the impact on the calculation of income taxes in 2011 if the conventional meters are placed in CCA Class 47 rather than in CCA Class 1 for 2010 and 2011?**
- b) Is Kingston Hydro aware of any other electricity distributor in Ontario placing conventional meters in Class 1 rather than Class 47?**
- c) Has Kingston Hydro and/or its tax preparer/advisor sought any clarification from the tax authorities on this issue?**

**Interrogatory # 48**

**Ref: Energy Probe Interrogatory #15h &  
SEC Interrogatory # 2b**

**The response to the SEC interrogatory indicates that the interest on the on the funds held in the bank account total \$17,050 in 2011. Please indicate what the interest of \$2,640 shown as interest related to investment and bank interest in the Energy Probe interrogatory is related to.**

**Interrogatory # 49**

**Ref: SEC Interrogatory # 6e**

- a) Please provide the number of customers for each of the four entities (electric, gas, sewer, water) upon which the allocation of the billing and collecting costs are based.**
- b) Please explain why all community relations costs are allocated to the electricity business while no customer service costs appear to be allocated to the electricity business.**