



PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC

ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7

Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. <http://www.piac.ca>

Michael Buonaguro
Counsel for VECC
(416) 767-1666

November 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 (VECC)
Notice of Intervention: EB-2010-0136
Kingston Hydro Corporation – 2011 Electricity Distribution Rate Application

Please find enclosed the interrogatories of the VECC in the above-noted proceeding.
We have also directed a copy of the same to the Applicant.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

cc: Kingston Hydro Corporation
Attention: Mr. Randy Murphy

KINGSTON HYDRO CORPORATION (KINGSTON)
2011 RATE APPLICATION (EB-2010-0136)
VECC'S INTERROGATORIES – ROUND #2

(Numbering Continues from Round #1)

LOAD FORECAST/REVENUE OFFSETS

QUESTION #40

Reference: VECC #1 a)

- a) The referenced exhibit (/Exhibit 3/Tab 1/Schedule 1, Attachment1) does not report Revenue Offsets. Please confirm if the exhibit referred to is Exhibit 3/Tab 3/Schedule 4, Attachment 1. If not, please provide the correct reference.

QUESTION #41

Reference: VECC #6 a)

- a) In both 2008 and 2009 the changes to Accounts 4210, 4225, 4325, 4390, 4375 and 4405 do not sum to the change in account 4235 due to restatements. Please respond to the original question and identify those “restatements” for 2008 and 2009 that impact on the total reported level of Other Revenue.

COST ALLOCATION

QUESTION #42

Reference: VECC #10

Exhibit 2/Tab 3/Schedule 3, Attachment 1

- a) Please provide the rationale for the 2006 Cost Allocation assigning 100% of contributed capital to the GS>50 class.
- b) Over the past 10 years, has Kingston received contributed capital related other customer classes?
- c) Please confirm that the contributed capital directly allocated to GS>50 in the 2006 CA was \$52,297 versus the \$596,125 directly allocated in the 2011 CA.
- d) Please provide a schedule that sets out the sources of the capital contributions reported in Exhibit 2 for the years 2005-2011 (i.e., for each year provide a breakdown of contributed capital by customer class).

DEFERRAL ACCOUNTS

QUESTION #43

Reference: VECC #16

- a) Please provide a schedule that sets out the current rates supporting the revenues for Accounts #1518 and #1548. In the same schedule please set out the rates that would required (assuming a uniform increase in all rate elements) so as to close the “gap” between costs and revenues based on:
 - 2009 costs and revenues

- Average costs and revenues for 2007-2009.

CAPITAL SPENDING

QUESTION #44

Reference: Energy Probe #6, VECC #23, and VECC #24 a)

- a) Please provide the forecasted grants and contributions for 2010 and 2011.
- b) The response to VECC #24 states that *“The Board of Directors approved a \$4.5 million capital budget for both 2010 and 2011, and the President & CEO provided a verbal overview of that planned spending, of which the Applicant has supplied capital project details at Exhibit 2 Tab 4 Schedule 7.”* Please provide the date(s) on which the Board of Directors approved the capital budgets for 2010 and 2011. If both were approved at the same time, please indicate whether the Board of Directors had previously ever approved more than one year of capital spending at the same time.
- c) Please provide the dates on which the Board of Directors approved the capital budgets for each year 2005-2009 inclusive.
- d) Please provide a copy of all hard and electronic materials, e.g., presentation slides, summaries, etc., provided to the Board of Directors in conjunction with the 2010 and 2011 capital budget proposals presented for approval.
- e) Please indicate whether the presentation made to the Board of Directors for approval of the 2010 and 2011 capital budgets differed either in form or content detail from the presentations than had been made to the Board of Directors for approval of earlier capital budgets. If there was a change in form or content of the 2010 and 2011 capital budgets presented to the Board of Directors for approval, from the form and content of the capital budgets presented to the Board of Directors in previous years, please provide details

of the changes for the 2010 and 2011 capital budget presentations and explain why.

- f) The response to VECC #24 indicates that for the vast majority of projects proposed for 2010 and 2011, no contingency amounts are included in the capital budget.
 - (i) Has it been Kingston's experience that in most projects contingencies don't arise OR is there some "headroom" built into the capital budgets for projects that isn't identified as contingency, i.e., is the forecast expenditure greater than the expected project cost? Please explain.
 - (ii) Are there any contingency amounts included in any OM&A expenditures associated with these projects? If so, please provide details.

QUESTION #45

Reference: VECC #24 b)

- a) According to the referenced response, as of September 30, 2010, Kingston has spent just over half of its 2010 capital spending forecasted for the entire year. Does Kingston still expect to spend \$4.446M in 2010 on capital? If so, please explain fully. If not, please provide an updated forecast for 2010 capital expenditures.
- b) Please provide the actual capital spending in 2009 as of September 30, 2009.