

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 Woodstock
Hydro Services Inc. for an order approving just and reasonable
rates and other charges for electricity distribution to be effective
May 1, 2011.

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

December 17, 2010

**WOODSTOCK HYDRO SERVICES INC.
2011 RATES REBASING CASE
EB-2010-0145**

**ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES**

Interrogatory # 1

Ref: Exhibit 1, Tab 1, Schedule 11

Is Hydro One still a GS > 50 kW customer on the WHSI system? If yes, when is this situation expected to change?

Interrogatory # 2

Ref: Exhibit 1, Tab 1, Schedule 13

Are any costs associated with the Board of Directors of Woodstock Hydro Holdings Inc. included in the revenue requirement for WHSI in the test year? If yes, please provide the amount.

Interrogatory # 3

Ref: Exhibit 2, Tab 1, Schedule 2

When did/will the Commerce Way Transmission Station owned by Hydro One go into service?

Interrogatory # 4

Ref: Exhibit 2, Tab 2, Schedule 1

- a) On page 1 WHSI indicates that it has used the half year rule for the 2010 bridge and 2011 test years in accordance with the Filing Requirements. Please indicate where in the Filing Requirements the bridge year use of the half year rule is mandated.**
- b) WHSI is using a life of 25 years for the depreciation of the contribution to Hydro One for the transmission station. Is this consistent with the expected life of this asset as used by Hydro One for their depreciation of this asset? If not, what is the life used by Hydro One?**

- c) Please provide a revised Table 2-9 and Table 2-11 to show the application of the same depreciation methodology used in 2005 through 2009 for assets added in 2010 (i.e. full year of depreciation) and the half year methodology applied to the assets added in the 2011 test year. Please also calculate the impact on the 2011 rate base of this change.
- d) Table 2-10 indicates that smart meter assets have been included in the 2010 fixed asset continuity schedule so the model calculates a full year depreciation in 2011. Please confirm that for accounting purposes, WHSI will include the smart meter assets in its fixed assets rather than in regulatory assets. If this cannot be confirmed, please explain.
- e) Please explain why the hardware additions shown in Table 2-11 are included in CCA Class 10 rather than Class 50 and/or 52.

Interrogatory # 5

**Ref: Exhibit 2, Tab 2, Schedule 1, Table 2-11 &
Exhibit 4, Tab 3, Schedule 1, Table 4-27**

- a) Please show how the depreciation expense of \$396,693 is calculated for account 1830 based on an opening balance of \$8,098,922, a net amount for depreciation of \$4,850,293, additions of \$602,927 and a 25 year life.
- b) Please provide a copy of Appendix 2-N of the Filing Requirements in the format prescribed for 2011.

Interrogatory # 6

Ref: Exhibit 2, Tab 2, Schedule 3, page 41

- a) Please confirm that \$2.5 million (plus taxes) has been paid to Hydro One. If this cannot be confirmed, please confirm that this amount will be paid to Hydro One by the end of 2010.
- b) Please provide the expected timing of the payments that total \$1.6 million.
- c) Is there any impact on the amounts to be paid as a capital contribution to Hydro One as the result of the elimination of the provincial sales tax on July 1, 2010? If yes, please quantify.
- d) What is the planned date when work will actually start on the construction of the TS?

Interrogatory # 7

Ref: Exhibit 2, Tab 2, Schedule 3, Table 2-19

Please update Table 19 to reflect the actual capital expenditures for 2010 for all projects/expenses that were in service at the end of 2010. If this information is not available when the interrogatory responses are due to be filed, please provide the most recent year-to-date capital expenditures available for 2010, along with any additional amount that is expected to be put into service before the end of 2010.

Interrogatory # 8

Ref: Exhibit 2, Tab 2, Schedule 3, pages 51-53

Are the County Road 4 Extension, Commerce Way TS Wholesale Metering and Commerce Way Universal to County Rd 4 projects dependent on the TS being built by Hydro One? Can any of these projects be placed in service prior to the completion of the TS being put into service? Please explain.

Interrogatory # 9

Ref: Exhibit 2, Tab 2, Schedule 3, pages 51 & 56

- a) What is the projected sale/scrap value of the vehicle being disposed of in 2011?**
- b) What is the projected sale/scrap value of the forklift being disposed of in 2011?**
- c) Are the vehicles and/or forklifts being replaced in 2001 fully depreciated? If not, what is the projected net book value of these assets when they are replaced?**
- d) How has WHSI accounted for any revenue generated from the sale of vehicles/forklifts being disposed of?**

Interrogatory # 10

Ref: Exhibit 2, Tab 3, Schedule 1

- a) When were the 2011 capital and operating budgets contained in the revenue requirement filing prepared by WHSI management?**

- b) When were the 2010 capital and operating budgets included in the bridge year filing prepared by WHSI management?**
- c) Has WHSI management updated or revised either the capital or operating budgets for 2010 or 2011 since they were prepared and included in the filing? If so, please provide the details of any changes.**
- d) When did WHSI get Board of Directors approval for the 2010 and 2011 capital and operating budgets included in the rates filing?**
- e) Has the WHSI Board of Directors approved any capital and operating budgets for 2010 or 2011 subsequent to the approval noted in part (d) above? If yes, please provide details of any changes.**

Interrogatory # 11

Ref: Exhibit 2, Tab 3, Schedule 3, page 2

The evidence indicates that the 2011 test year capital expenditures have been adjusted to reflect an 8% reduction on material purchases to reflect HST savings.

Have the capital expenditures forecast for the 2010 bridge year also been adjusted to reflect the 8% reduction on material purchases to reflect HST savings beginning July 1, 2010? If not, please indicate why not and provide an estimate of the savings for 2010.

Interrogatory # 12

Ref: Exhibit 2, Tab 4, Schedule 1, Appendix F

- a) Please update the power purchased for 2011 to reflect the methodology used by WHSI, but utilizing the pricing from the October 18, 2010 Regulated Price Plan Price Report.**
- b) Please update the power purchased for 2011 to reflect the RPP price from the October 18, 2010 RPP Price Report and a non-RPP price of \$62.50/MWh, calculated as the average market price forecast for Q3 through Q2 in Table 1 of the RPP Price Report (\$36.12/MWh), plus the Global Adjustment of \$26.38/MWh.**

- c) Given that the prices shown in Table 1 of the RPP Price Report show a decline in the market price forecast for the Q3 through Q2 period as compared to the Q1 through Q4 period, and the Q3 through Q2 period reflects the May, 2011 through April, 2012 period for which rates are being set, does WHSI believe that the non-RPP and RPP prices should be based on the forecasts for the appropriate periods? If not, why not?

Interrogatory # 13

Ref: Exhibit 3, Tab 2, Schedule 1, pages 9-10

- a) Is there any reason that WHSI is aware of that would explain the relatively large difference between the actual and predicted values shown for 2008 in Table 3-5 as compared to the other years shown?
- b) Please provide the statistical results similar to those shown in Table 3-4 for an equation where the dependent variable is the purchased power per customer, rather than the purchased power and the explanatory variables are those used by WHSI, with the addition of a dummy variable that has a value of 1 for each month in 2008 and 0 for all other months.
- c) If the coefficients estimated in the above equation are all statistically significant, please provide the kWh forecast for both 2010 and 2011.
- d) Please provide the actual total system purchases for 2010, along with the actual heating and cooling degree days for 2010.

Interrogatory # 14

Ref: Exhibit 3, Tab 2, Schedule 1, pages 11-16

- a) What is the actual average loss factor over the 2003 through 2009 period?
- b) Are the customer figures shown in Table 3-6 the average for the year or the year-end figures?
- c) Is the 13,429 noted on line 7 of page 12 the 2009 year-end figure? If not, please explain what it is.
- d) Please update Table 3-6 to show the 2010 figures.
- e) Please provide the actual number of customers/connections at the end of December 2010.

- f) Please explain how the growth rates in Table 3-10 and the 2009 average usage figures shown in Table 3-9 have resulted in the forecast average usage figures shown in Table 3-11. As an example, please explain how the residential average use of 7,768 in 2009 combined with the 1.3% geometric mean decline in use results in a 2010 forecast average use of 8,098 kWh and in a 8,518 kWh forecast.**
- g) Please update Tables 3-15 and 3-16 for 2010 actual data.**

Interrogatory # 15

Ref: Exhibit 3, Tab 3, Schedule 2, Table 3-30

- a) Please update Table 3-30 to reflect actual figures for 2010. If actual figures for 2010 are not available, please provide a table in the same level of detail as shown in Table 3-30 that shows the most recent year-to-date actual figures for 2010, along with the year-to-date figures for the corresponding period in 2009.**
- b) Please explain the justification for allocation only 50% of the gain on disposition of utility assets to ratepayers.**
- c) What is the gain of \$1,000 in 2011 related to?**

Interrogatory # 16

Ref: Exhibit 3, Tab 3, Schedule 3, pages 10-12

- a) Please provide a table similar to Table 3-38 showing the variance between 2010 and 2011.**
- b) Please explain any decline in the net revenue offset variance in 2011 as compared to 2010.**

Interrogatory # 17

Ref: Exhibit 3, Tab 4, Schedule 1, Table 3-42

- a) Please provide a table that shows the revenue, costs and net revenue for 2006 through 2011 for the streetlight maintenance and water locating services.**
- b) Please explain the reduction in net revenues in 2011 for the streetlight maintenance and water locate service.**

Interrogatory # 18

Ref: Exhibit 4, Tab 1, Schedule 3

Please update Table 4-1 to reflect actual figures for 2010. If actual figures for 2010 are not available, please provide a table in the same level of detail as shown in Table 4-1 that shows the most recent year-to-date actual figures for 2010, along with the year-to-date figures for the corresponding period in 2009.

Interrogatory # 19

Ref: Exhibit 4, Tab 1, Schedule 4, page 4

Has WHSI included the \$9,879, or some other amount, associated with LEAP in the 2011 revenue requirement?

Interrogatory # 20

Ref: Exhibit 4, Tab 1, Schedule 4, page 7

What is the impact on the revenue requirement if the increase in wages effective August 1, 2011 were reduced from 3% to 2% for both unionized staff and management?

Interrogatory # 21

Ref: Exhibit 4, Tab 1, Schedule 4, page 8

- a) What GDP-IPI has WHSI assumed in the forecast for 2011? What is the impact of a 1% change in this forecast on the revenue requirement in 2011?**
- b) What is the reduction in the OM&A costs included in the 2011 forecast related to the elimination of the HST in 2010?**
- c) Please provide the amount of the provincial sales tax included in the OM&A expenses in 2008, 2009 and the first of half of 2010.**

Interrogatory # 22

Ref: Exhibit 4, Tab 2, Schedule 2, page 3

Please provide the actual 2010 expenses for the Administrative and General Expenses in the same level of detail as shown on page 3. If information for 2010 is not yet available, please provide the most recent year-to-date figures for each of the accounts shown (5605 through 5680) along with the corresponding figures for the same period in 2009.

Interrogatory # 23

Ref: Exhibit 4, Tab 2, Schedule 3, Table 4-8

- a) Please indicate how many intervenors WHSI had forecast for a total cost of \$93,000.**
- b) What are the total legal costs incurred to date associated with the cost of service application?**
- c) What are the total consultant costs incurred to date associated with the cost of service application?**

Interrogatory # 24

Ref: Exhibit 4, Tab 2, Schedule 4, Table 4-12

- a) Please break out costs associated with each of the components of the health, dental, LTD and life benefit costs for 2009, 2010 and 2011.**
- b) Please show how the total increase of 20.1% for 2010 has been forecast when the increase in health premiums was 10% and dental premiums was 13% (lines 10-11).**
- c) Please show the derivation of the 13.3% increase forecast for 2011 based on 10% increases for health and dental premiums, a 1% decrease in LTD premiums and projected increases of 5% and 10% for regular life and retiree life costs.**
- d) Please provide the actual cost incurred in 2010.**

Interrogatory # 25

Ref: Exhibit 4, Tab 3, Schedule 2

- a) Please show the calculations used to arrive at the effective Ontario tax rate of 8.36% in 2011 as shown in the corporate tax rates table.**
- b) Please confirm that the Ontario small business tax rate on the first \$500,000 of taxable income is 4.5% in 2011.**
- c) Please confirm that WHSI has calculated the Ontario Apprenticeship Tax Training Tax Credit based on 3 eligible positions at \$5,000 per position. If this cannot be confirmed, please indicate how the credit of \$15,000 has been calculated.**
- d) Has WHSI included any federal tax training credits in the calculation of the 2011 taxes payable? If not, why not?**
- e) Does WHSI have any students that would qualify for the Ontario Cooperative Education Tax Credit in the 2011 test year? If yes, please provide the details.**