

**Ontario Energy  
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**BY E-MAIL**

December 22, 2010

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

Dear Ms. Walli:

**Re: Norfolk Power Distribution Inc.  
Board Staff Interrogatories  
2011 Electricity Distribution Rates  
Preliminary Issue – Early Rebasing  
EB-2010-0139**

In accordance with the Decision and Procedural Order No. 1, please find attached Board Staff Interrogatories in the above proceeding. Please forward the following to Norfolk Power Distribution Inc. and to all other registered parties to this proceeding.

In addition please advise Norfolk Power that responses to interrogatories are due by January 11, 2011.

Yours truly,

*Original Signed By*

Martin Davies

Encl.

**Board Staff Interrogatories**  
**2011 Electricity Distribution Rates**  
**Preliminary Issue – Early Rebasing**  
**Norfolk Power Distribution Inc.**  
**EB-2010-0139**

**1) Ref: E1/T2/S1/pp.2-4**

It is stated with respect to NPDI's 2011 forecast:

“Based on current rates, the 2011 projected net income of \$1,310,935 equates to a 5.61% return on 2011 deemed equity. This is 296 basis points below NPDI's Board approved 2008 deemed return on equity of 8.57% and 424 basis points below the 9.85% deemed return on equity approved by the Board for 2010 rebasing applications.”

- a) Please provide a detailed derivation of the 2011 return on deemed equity of 5.61%.
- b) Please confirm that the forecast 5.61% return on equity for 2011 is inclusive of the proposal to include smart meters in rate base. If confirmed, please provide the calculations in sufficient detail so that all impacts of the smart meter proposal on this calculation are evident. Please also provide the 2011 deemed return on equity exclusive of the smart meter proposal. If not confirmed, please provide a detailed derivation of the 2011 return on deemed equity inclusive of this proposal.
- c) Please provide detailed derivations of the return on equity calculations for 2008 actual, 2009 actual and the 2010 Bridge year with any adjustments specified. Please ensure that these calculations are directly comparable to the 2011 calculation referenced above, or if not, please explain why.
- d) Please provide the achieved return on equity for 2010 to date based on the most recent months of available actuals.
- e) Please provide the most current forecast of the 2010 return on equity if different from that contained in the application.

**2) Ref: E1/T2/S1/pp.2-4 & the Board's Decision on Hydro Ottawa Limited's 2011 Cost of Service Application (Board File No. EB-2010-0133)**

On October 27, 2010, the Board issued its Decision on the Preliminary Issue of early rebasing with respect to Hydro Ottawa Limited's 2011 Cost of Service application, considered under File No. EB-2010-0133. In that Decision, the Board discussed the evidence and its findings on specific issues and criteria that would justify a distributor filing for early rebasing in reference to the Board's letter of April 20, 2010.

In E1/T2/S1 of NPDI's current cost of service application, and specifically on pages 2 through 4, NPDI lists in some detail four criteria in support of its proposed early rebasing.

With reference to the Board's Findings documented on pages 9-11 of the Hydro Ottawa Decision, please identify how the criteria documented in E1/T2/S1 (and in any other areas of NPDI's application) justify an early rebasing.