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December 23, 2010

BY EMAIL & COURIER

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

Dear Ms. Walli:

Board File No. EB-2010-0139
Norfolk Power Distribution Inc. – 2011 Cost of Service Application
Energy Probe – Interrogatories Preliminary Issue

Pursuant to the Decision and Procedural Order No. 1, issued December 16, 2010, attached please find the Interrogatories of Energy Probe Research Foundation (Energy Probe) in respect of the Preliminary Issue in the EB-2010-0139 proceeding.

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

Yours truly,

David S. MacIntosh
Case Manager

cc: Jody McEachran, Norfolk Power (By email)
James Sidlofsky, Borden Ladner Gervais LLP (By email)
Randy Aiken, Aiken & Associates (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 Norfolk
Power Distribution 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")
ON THE PRELIMINARY ISSUE**

December 23, 2010

**NORFOLK POWER DISTRIBUTION INC.
2011 RATES REBASING CASE
EB-2010-0139**

**ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES ON THE PRELIMINARY ISSUE**

Interrogatory # 1

Ref: Exhibit 1, Tab 2, Schedule 1, pages 2-4

Do the forecasted results shown in the evidence for the 2010 bridge year include any actual data? If yes, please explain how many months of actual data are reflected in capital expenditures, OM&A costs and distribution and other revenues.

Interrogatory # 2

**Ref: Exhibit 1, Tab 2, Schedule 1, page 2 &
Exhibit 6, Tab 1, Schedule 1, Table 1.1 &
2009 Yearbook of Electricity Distributors**

- a) Please expand Table 1.1 in Exhibit 6, Tab 1, Schedule 1, to show the deemed equity for 2011 and the projected return on equity based on existing rates as separate line items under the existing rates column.**
- b) Please add columns for 2009 and 2010 based on actual 2009 and the 2010 bridge year forecast included in the evidence to the table requested in part (a) above, showing the same level of detail, including the actual 2009 return on deemed equity and the forecasted 2010 return on deemed equity.**
- c) Please explain any significant difference between the 2009 actual return on deemed equity calculated in (b) above and the "Financial Statement Return on Equity" of 7.88% shown in the 2009 Yearbook of Electricity Distributors.**

Interrogatory # 3

Ref: Exhibit 1, Tab 2, Schedule 1, pages 3-4

- a) Would Norfolk Power qualify for the use of the incremental capital module for its 2011 IRM application? Please provide all the relevant calculations and assumptions used to determine the response to the question.**
- b) Would Norfolk Power have qualified to use the incremental capital module for its 2010 IRM application? Please provide all the relevant calculations and assumptions used to determine the response to this question.**
- c) If Norfolk Power qualified for the use of the incremental capital module for its 2010 IRM application, please confirm that Norfolk Power did not include the capital module in its 2010 IRM application. Please explain why it did not include the capital module in its application.**

Interrogatory # 4

Ref: Exhibit 1, Tab 2, Schedule 1, page 4

Norfolk Power contends that any IRM application would have had to include a retain transmission rate application, an LRAM/SSM application and an application for cost recovery in relation to smart meters and would be overly complex.

For each of these three applications please provide the following:

- a) Is the application a mandatory component of an IRM application?**
- b) Could the application be deferred for one year until the cost of service application scheduled for 2012? If not, please explain why not?**
- c) Did Norfolk Power have a similar application as part of its EB-2009-0238 2010 IRM application?**
- d) Please provide details on the added complexity related to each application.**
- e) Please explain whether any of the three applications noted above would be required or applied for as part of the "more mechanistic" IRM application for 2012 if the Board approves a cost of service application for 2011.**

Interrogatory # 5

Ref: OEB April 20, 2010 Letter re Early Rebasing Applications

- a) Please confirm that Norfolk Power was one of the four distributors that indicated they intended to file cost of service applications for 2011 rates rather than as scheduled for 2012 noted in the Board's letter.**
- b) If this cannot be confirmed, please confirm that Norfolk Hydro notified the OEB of its intention to submit a cost of service application for 2011 rates prior to the issuance of the April 20, 2010 letter.**

Interrogatory # 6

Ref: Exhibit 5, Tab 1, Schedule 2

- a) Please confirm that Norfolk Power has been able to obtain long term debt financing in 2009 and/or 2010 from third parties.**
- b) Did Norfolk Power have to pay any premium over market rates on this debt as a result of concerns of the financial well being of the utility being expressed by the lenders? If so, please provide details.**

Interrogatory # 7

Ref: Exhibit 1, Tab 2, Schedule 1, page 4

With respect to the EB-2009-0238 2010 IRM application and Decision:

- a) Please indicate when in the EB-2009-0238 proceeding that Norfolk Power indicated to the Board and intervenors in that proceeding of its intention to submit a cost of service application for rates effective May 1, 2011. In particular, was this intention communicated in the evidence filed in the proceeding, or was the intention included in the final submissions of the company?**
- b) Please provide the specific wording from the Decision dated April 6, 2010 that supports Norfolk Powers' belief that the Board approved an early rebasing application for 2011 rates.**