

**BOARD STAFF SUPPLEMENTAL INTERROGATORIES
KENORA HYDRO ELECTRIC CORPORATION LTD.
2011 COS RATES
EB-2010- 0135**

March 2, 2011

Supplemental Board staff IR No. 1

Response to Board staff IR No. 1 (re: Exhibit 1/Tab1/Schedule 2 p.4)

In Procedural Order No. 2 and Order for Interim Rates issued on February 24, 2011, the Board declared Kenora Hydro's current rates interim, effective May 1, 2011. Kenora Hydro filed its 2011 COS rates application on Nov. 1, 2010, which is about 2 months after the filing date normally associated with a May 1 effective date for new rates.

- a) Is it Kenora Hydro's expectation that it should be allowed to re-coup any under-recovery in revenues for the period between May 1, 2011 and the date the new rates will be implemented?
- b) If so, please provide the reasons that the Board should consider in determining such a request.

Supplemental Board staff IR No. 2

Response to Board staff IR No. 2 (re: Ref: Exhibit 8 /Tab 1/ Schedule 4)

Kenora Hydro indicates that \$247,200 in spending on installing a substation transformer (T3) was delayed in 2010.

- a) Please indicate whether the following is accurate (sourced from the Asset Management Plan p.12 at Exhibit 2 Tab 3 Schedule 3 & Board staff IR 13). If not please correct.

Transformer T1: will be replaced in 2011 with the rebuilt T3; the replaced T1 will be rebuilt and serve as a spare.

Transformer T2: struck by lighting in 2007; replaced with a used unit from the U.S.

Transformer T3: failed in 2009 and has been replaced with the rebuilt T2

- b) What is the actual status of the replaced T1 transformer? Has it been rebuilt yet? What is the approximate time-span between the date that the decision is made to rebuild the transformer and the date the unit would be ready as a working spare?

Supplemental Board staff IR No. 3

Response to Board staff IR No. 3 (re: Ref: Exhibit 2 /Tab 2/ Schedule 2 p.20-21)

- a) Is there any remaining net book value, in excess of \$5,000, (year-ended December 2010) for the underground conductor and conduit plant that will be replaced in 2011 associated with the downtown revitalization project?
- b) If so, what is the amount and what accounting entries will be made in 2011, if any, regarding this residual value?

Supplemental Board staff IR No. 4

Response to Board staff IR No. 16 (re: Ref. Exhibit 3 /Tab 2 /Schedule 1 p. 11-12)

When did the Abitibi Consolidated mill close?

Supplemental Board staff IR No. 5

Response to Board staff IR No. 19 (re: Ref: Exhibit 3/ Tab 3/ Schedule 1 p.2 and Exhibit 1/Tab2/Schedule 4 p.3)

Does Kenora Hydro agree that the rate setting exercise set out in the 2006 Handbook focussed on actual results for 2004/05 and not proposed budgets for the test year?

Supplemental Board staff IR No. 6

Response to Board staff No. 34. (re: Ref: Exhibit 8 /Tab 1/ Schedule 4)

Please prepare tables, similar to those provided in the response, for 2005, 2006 and 2007.

Supplemental Board staff IR No.7

The Board in its EB-2010-0295 decision, dated February 22, 2011, concerning the recovery of costs and damages arising from the Late Payment Penalty class action, directed affected electricity distributors to file with the Board by March 1, 2011 the detailed calculations for rate riders that would be put in place to recover the amounts as indicated in the decision.

Please provide a copy of the material, as directed in EB-2010-0295, that Kenora Hydro filed with the Board.

Supplemental Board staff IR No. 8

Response to Board staff IR No. 15 (re: Ref. Exhibit 3 /Tab 2 /Schedule 1 p. 7 and 17)

Kenora Hydro states that a load factor of 30% results if one interprets the kWh targeted CDM reduction for 2014 of 5.220 GWhs to be an accumulated amount over the 2011-2014 period while the 0.860 MW reduction in Peak Demand Load is the level to be achieved in 2014. Kenora Hydro compares the 30% result to the IESO's 18 month outlook of about a 70% load factor. Kenora Hydro concludes that the kWh reduction in 2014 should not be interpreted as the accumulated amount over the 2011-2014 period. Rather the targeted level in 2014 should be in the 5.2 GWh range, which Kenora Hydro sees as more in keeping with a more reasonable load factor, being in the 70% range.

- a) Is the IESO outlook referenced by Kenora Hydro intended for the Kenora Hydro system or for the province-wide system?
- b) If the outlook is province-wide in scope, has Kenora Hydro, within the last 3 years, performed an analysis of its consumption and demand history to estimate its load factor? If so, please provide a copy of the analysis.

Supplemental Board staff IR No. 9

Response to Board staff IR No. 6 (re: Ref: Exhibit 1 /Tab 2 /Schedule 2)

- a) Please confirm that the 2011 Revenue Requirement should be reduced by \$13,096 related to PST that has been included in the 2011 test year OM&A budget.
- b) Kenora Hydro indicates that it will be filing the recorded incremental Input Tax Credit amounts "prior to the year-end file completion". By what date will Kenora Hydro file this information?