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March 2, 2011

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)
EB-2010-0135
Kenora Hydro Electric Corporation Inc. – 2011 Electricity Distribution Rate
Application

Please find enclosed the interrogatories of VECC in the above-noted proceeding.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

cc: Kenora Hydro Electric Corporation
Attention: Mr. David Sinclair

KENORA HYDRO ELECTRIC CORPORATION LTD. (KENORA)

2011 RATE APPLICATION (EB-2010-0135)

VECC INTERROGATORIES – ROUND #2

(Note: Numbering continues from Round #1)

QUESTION #34

Reference: VECC #5 a)

- a) Please provide the referenced communication from Hydro One Networks and the Hatch Acres report.
- b) As per the original request, please provide the substation reconstruction and refurbishment plan that describes the overall project as initiated in 2006, including scope of work, timetable and anticipated cost.
- c) If the documentation requested in part (b) is not available please explain on what basis Kenora's management approved the initiation of the overall project.
- d) Please contrast Kenora's current expectation as to the scope of work and cost as compared to that established at the commencement of the project. Please explain any significant variances in cost or timing.

QUESTION #35

Reference: VECC # 5 b)

- a) Are there any OM&A costs forecasted for 2011 that are directly related to expansions to connect renewable generation facilities, and renewable enabling improvements? If so, how much and are they included in the proposed 2011 revenue requirement or will they be recorded in Account 1532?

QUESTION #36

Reference: VECC #8 a) – c)

- a) Please recalculate the 2011 cost of power (i.e. commodity) based on the following:
- Split establish the overall percentage of 2011 purchased power associated with RPP vs. non-RPP kWh based on the percentages in part c) and the forecast 2011 sales by class.
 - Use the following costs from the Board's October 2010 RPP Report (page 3) to value the RPP and non-RPP purchases:
 - RPP - \$68.38 / MWh
 - Non-RPP - \$65.61 – based on the sum of the forecasted wholesale price and the value of the Global Adjustment.

QUESTION #37

Reference: VECC #9

- a) If the year-end accruals have been established, please update the response.

QUESTION #38

Reference: VECC #12

- a) Please confirm that the last column in response table was calculated as request in the original question.
- b) Please provide the details of the calculation (i.e., the values associated with each of the bullets in the original question).

QUESTION #39

Reference: VECC # 13 c) & e)

- a) The response provided a revised version of Table 11 as opposed to Table 10, as originally requested. Please provide a revised version of Table 10.
- b) Please provide the 2010 year end number of connections for Streetlights and USL comparable to the forecast values provided in Table 10 of the original Application.

QUESTION #40

Reference: i) VECC #14
ii) OEB Staff #15

- a) Has and/or does Kenora participate in the OPA's peak saver program?
- b) If Kenora has participated in any OPA programs in 2008 and/or 2009 please provide the kW and kWh saved in each year from these programs as reported by the OPA.
- c) In response to OEB Staff #15, Kenora indicates there is more than one view as to how the CDM energy targets established by the OEB should be interpreted. Has Kenora approached either the OPA or the OEB to obtain clarification? If yes, please provide copies of any responses received. If not, why not?

QUESTION #41

Reference: VECC #15 a)

- a) Please restate the 2008-2011 values for account 4405, excluding carrying charges on deferral/variance accounts.

QUESTION #42

Reference: i) VECC #17
ii) OEB Staff #23

- a) Based on the hearing process set out by the Board in Procedural Orders #1 and #2 (i.e., no oral hearing requiring witnesses/travel and no technical conference requiring travel), please update the \$150,000 forecasted cost for the current Rate Application.
- b) Please indicate the provision included for intervenor costs.

QUESTION #43

Reference: VECC #17 c)

- a) Please clarify the impact to the response on Kenora's proposed revenue requirement. The revised 2011 charges from the City are \$224,110 (gross) and \$179,860 (net). Does this mean that the \$264,554 2011 charge from the City per the original Application has been revised to \$224,110?

QUESTION #44

Reference: VECC #29

- a) Please indicate the USOA account number associated with each of these two accounts.
- b) Were any costs recorded in either of these accounts for 2010? If so, how much?
- c) Is Kenora forecasting the incurrence of costs associated with Renewable Connections or Smart Grid in 2011 and, if so, have such costs been excluded from the proposed revenue requirement?

QUESTION #45

Reference: VECC #20 a)

- a) Please confirm that for 2011 rates Kenora is proposing to include in rate base smart meter capital deployed as of December 31, 2009.
- b) Please explain why the depreciation (\$500) associated with smart meter additions in 2011 is included in the revenue requirement and not recorded a smart meter deferral/variance account.
- c) Does the 2011 proposed revenue requirement include depreciation for smart meters capital deployed in 2010? If so how much and why?
- d) Please confirm that the rate base proposed for 2011 does not include any capital deployed for smart meters in 2010 or 2011. If it does, please indicate the impact on the 2011 proposed rate base.

QUESTION #46

Reference: VECC #21

- a) Based on this update, what is the revised weighted effective cost of debt for 2011?

QUESTION #47

Reference: General

- a) In response to the first round of interrogatories Kenora identified a number of corrections/revisions to its initial Application. Additional corrections/revisions may arise in response to the current round of interrogatories. Please provide the following:
- A schedule that identifies all of the corrections/revisions Kenora is proposing to make to initial Application and for each provide a reference to the relevant IRR and the impact on the rate base (if applicable) and revenue requirement.
 - An updated Revenue Requirement Work Form.