March 11, 2011

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-2010-0145
Woodstock Hydro Services Inc. – 2011 Cost of Service Application
Energy Probe – Technical Conference Questions

Pursuant to Procedural Order No. 2, issued by the Board on February 25, 2011, please find attached the Technical Conference Questions of Energy Probe Research Foundation (Energy Probe) in the EB-2010-0145 proceeding.

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

Yours truly,

Original signed by

David S. MacIntosh
Case Manager

cc: Ross McMillan, Woodstock Hydro (By email)
Patricia Eitel, Woodstock Hydro (By email)
James Sidlofsky, Borden Ladner Gervais LLP (By email)
Randy Aiken, Aiken & Associates (By email)
Intervenors of Record (By email)

Energy Probe Research Foundation 225 BRUNSWICK AVE., TORONTO, ONTARIO M5S 2M6

Phone: (416) 964-9223 Fax: (416) 964-8239 E-mail: EnergyProbe@nextcity.com Internet: www.EnergyProbe.org

EB-2010-0145

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.

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION (“ENERGY PROBE”)

March 11, 2011

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

ENERGY PROBE RESEARCH FOUNDATION
TECHNICAL CONFERENCE QUESTIONS

Question #1

Ref: VECC Interrogatory #21 &
February 3, 2011 Evidence Update

The response to VECC Interrogatory #21 indicates that removal of the Commerce Way TS from the 2011 rate base results in a reduction in the revenue requirement of $369,968. The changes described in the February 3, 2011 evidence update reflects a number of changes that have a net impact of a reduction in the test year revenue requirement of $366,463.

a) **Please provide a table that shows the impact on each component (return on equity, short term debt, long term debt, depreciation, taxes, etc.) of the revenue requirement associated with each of the items discussed in the updated evidence, including removal of the Commerce Way TS, removal of the Commerce Way TS Wholesale Metering Project, the reduction in the return on equity from 9.85% to 9.66%, the increase in the deemed short-term interest rate from 2.07% to 2.43%, the decrease in the long-term debt rate from 5.13% to 5.02% and the calculation of depreciation expense for 2010 capital additions based on the full year basis.**

b) **Please explain why the reduction in the test year revenue requirement is less than that indicated in the VECC interrogatory response, even though the updated evidence includes a reduced return on equity and lower long term debt rate.**

c) **The first two points on page 1 of the updated evidence both talk about removal of 2010 capital contributions. Were one of these capital contributions forecast for 2011?**

d) **Please explain the increase in depreciation expense shown in the revised 2011 fixed asset continuity schedule in the updated evidence for meters ($231,498) as compared to the original figure of $$186,523 shown in the original evidence at Table 2-11.**

Question #2

Ref: Energy Probe Interrogatory #4c &
February 3, 2011 Evidence Update

There are different additions to accumulated depreciations in accounts 1860, 1861, 1920 and 1925 in the revised 2010 fixed asset continuity schedule in Appendix B attached to the February 3, 2011 update as compared to Table 2-9 provided in the response to Energy Probe Interrogatory #4c.

For each account please explain which figure is correct and why the other figure should not be used.

Question #3

Ref: Energy Probe Interrogatory #4c &
Exhibit 2, Tab 2, Schedule 1, Table 2-11 &
February 3, 2011 Evidence Update

a) **Please explain the increase in the additions to accumulated depreciation shown in the interrogatory response as compared to the original evidence for computer hardware and software.**

b) **In the February 3, 2011 evidence update, these amounts appear to revert to those shown in the original evidence. Please confirm that the figures provided in the evidence update are those that should be used.**

Question #4

Ref: Energy Probe Interrogatory #5 &
Exhibit 4, Tab 3, Schedule 1, Table 4-27 &
Exhibit 2, Tab 2, Schedule 1, Table 2-11

a) **It is not clear what WHSI means by the term "fully depreciated". In Table 4-27 and in the response to the Energy Probe interrogatory, the column labeled "Less Fully Depreciated" has a figure of $3,248,629 for account 1830. This is the same amount shown in Table 2-11 as the opening balance for accumulated depreciation. Please explain why these figures are the same.**

b) **Appendix 2-M of the Filing Requirements requires depreciation to be calculated on the gross asset values excluding those assets that are fully depreciated. The response provided in part (b) of the interrogatory appears to use the opening balance of accumulated depreciation as amounts that are "fully depreciated". It is therefore not possible to reconcile the depreciation expense claimed with the figures provided. Please provide the depreciation expense, as shown in Appendix 2-M using the actual amounts of assets by account that are fully depreciated, and thus do not attract further depreciation expense in 2011.**

c) **The response to part (a) is not clear. In particular, in the column labeled 1-Oct-00, please explain why the depreciation amounts shown for each year are different, even though the gross additions are fixed at $4,617,457. Specifically, please explain why the annual depreciation costs associated with the gross additions of $4,617,457 is not equal to $184,698 (i.e. $4,617,457 / 25 years).**

d) **Please provide tables similar to the one provided in part (a) of the response for each account shown in Table 4-27.**

Question #5

Ref: Energy Probe Interrogatory #9

Does WHSI agree that the $50,000 estimated sale value of the fully depreciated vehicle being replaced in 2011 should be included in account 4355, Gain on Disposition of Utility and Other Property as a revenue offset? If not, why not?

Question #6

Ref: Energy Probe Interrogatory #13(c)

What is the impact on the revenue deficiency if the 2011 purchased kWh forecast is increased to 373,158,922 kWh?

Question #7

Ref: Energy Probe Interrogatory #15(a)

Please update the table provided in the response to show the final 2010 actual figures.

Question #8

Ref: Energy Probe Interrogatory #18

Please provide an update to the 2010 actual data if the audited figures are now available.

Question #9

Ref: Energy Probe Interrogatory #25(d)

The response provided is not complete. Please provide a complete response.

Question #10

Ref: Exhibit 5, Tab 1, Schedule 3, Table 2 &
Board Staff Interrogatory #19

a) **Please provide an updated Table 2 showing the debt instruments that will be held for 2011 and the calculation of the weighted average cost of debt as a result of any changes related to the delay associated with the Commerce Way Transmission Station.**

b) **For each loan shown that is applicable to 2011, please indicate whether the loan has been put in place and whether there are any changes to the term, rate or amount from that shown in the original evidence.**

Question #11

Ref: Energy Probe Interrogatory #14(a) &
VECC Interrogatory #5(a)

Please explain the significant differences in the loss factors calculated in these two responses.

Question #12

Ref: All Interrogatories

a) **Please provide an updated Revenue Requirement Work Form that reflects all the changes that WHSI has accepted through the interrogatory process or other changes now proposed by WHSI. Please also reflect the updated cost of capital parameters released by the Board on March 3, 2011 in the revenue requirement work form.**

b) **Please provide a companion schedule that shows for each of the changes accepted by BCP the determination/calculation of the change in the revenue requirement.**