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 or orders approving just and reasonable rates and other charges for the distribution of electricity effective May 1, 2012.

INTERROGATORIES

FROM THE

SCHOOL ENERGY COALITION

[Note: Interrogatories have not been assigned to issues, as we do not have a Board-approved issues list. The first four questions refer to comparative tables included as part of the question. A spreadsheet model showing the calculation of those numbers is also attached for the assistance of the Applicant and the Board.]

1. Please confirm that the following table correctly sets out the comparative PP&E per customer of the Applicant relative to ten similar distributors, based on the 2010 Electricity Distributors' Yearbook. Please provide the main reasons why, in the Applicant's opinion, its PP&E/customer is so much higher than all but one of these other similar distributors.

PP&E per Customer

Utility	*PPE/Customer*	*% of Average*
COLLUS Power Corporation	$857	53%
Welland Hydro-Electric System Corp.	$1,018	63%
St. Thomas Energy Inc.	$1,142	70%
Erie Thames Powerlines Corporation	$1,245	77%
Westario Power Inc.	$1,373	85%
Woodstock Hydro Services Inc.	$1,397	86%
Innisfil Hydro Distribution Systems Limited	$1,537	95%
Haldimand County Hydro Inc.	$1,657	102%
Festival Hydro Inc.	$1,712	106%
Norfolk Power Distribution Inc.	$2,608	161%
Canadian Niagara Power Inc.	$3,282	202%
AVERAGE	$1,621	

2. Please confirm that the following two tables correctly set out the comparative Capital Additions per customer and Capital Additions as a percentage of Depreciation relative to ten similar distributors, based on the 2010 Electricity Distributors' Yearbook. Please explain why, in light of the Applicant's relatively high levels of existing PP&E compared to its peers, it continues to incur capital expenditures above the average for comparable utilities.

Capital Additions per Customer

Utility	***Capex/Customer***	***% of Average***
St. Thomas Energy Inc.	$92.42	50%
Erie Thames Powerlines Corporation	$101.85	55%
Welland Hydro-Electric System Corp.	$132.22	72%
Westario Power Inc.	$133.44	73%
COLLUS Power Corporation	$133.58	73%
Haldimand County Hydro Inc.	$154.71	84%
Festival Hydro Inc.	$207.41	113%
Norfolk Power Distribution Inc.	$224.56	122%
Woodstock Hydro Services Inc.	$234.42	127%
Canadian Niagara Power Inc.	$273.62	149%
Innisfil Hydro Distribution Systems Limited	$336.29	183%
AVERAGE	$184.05	

Capital Additions/Depreciation

Utility	***Capex%Depr.***	***% of Average***
St. Thomas Energy Inc.	113.17%	69%
Haldimand County Hydro Inc.	114.71%	70%
Erie Thames Powerlines Corporation	124.34%	76%
Canadian Niagara Power Inc.	140.35%	86%
Welland Hydro-Electric System Corp.	151.37%	93%
Festival Hydro Inc.	155.87%	96%
Westario Power Inc.	158.28%	97%
Norfolk Power Distribution Inc.	180.86%	111%
Woodstock Hydro Services Inc.	190.22%	117%
COLLUS Power Corporation	214.52%	131%
Innisfil Hydro Distribution Systems Limited	251.66%	154%
AVERAGE	163.21%	

3. Please confirm that the following table correctly sets out the comparative Distribution Revenue per customer of the Applicant relative to ten similar distributors, based on the 2010 Electricity Distributors' Yearbook. Please explain why the Applicant's existing revenue per customer is so much higher than similar distributers, especially in light of the fact that the Applicant's percentage of revenue from residential customers is higher than the average of its peers. Please provide a description of any components of the Applicant's cost structure that are consistently higher than its peers, if known to the Applicant, and the primary reasons for that difference.

Dx Revenue per Customer

Utility	***Revenue/Customer***	***% of Average***
COLLUS Power Corporation	$376.22	75%
St. Thomas Energy Inc.	$394.89	79%
Westario Power Inc.	$414.89	83%
Welland Hydro-Electric System Corp.	$421.27	84%
Woodstock Hydro Services Inc.	$446.43	89%
Erie Thames Powerlines Corporation	$457.99	91%
Festival Hydro Inc.	$501.29	100%
Innisfil Hydro Distribution Systems Limited	$540.77	108%
Norfolk Power Distribution Inc.	$585.34	117%
Haldimand County Hydro Inc.	$649.65	129%
Canadian Niagara Power Inc.	$735.38	146%
AVERAGE	$502.19	

4. [Ex. 1/2/1, p. 1 and Ex. 2/6/1, App. A, p. 5] Please explain why the Corporate Goals in the Application show that the Applicant is one of the very few distributors to have as a goal "establish the lowest retail rates possible", while the Asset Management Plan does not include that as one of the Corporate Values. Please advise when "establish the lowest retail rates possible" was added to the Corporate Goals, and the circumstances of that addition.

5. [Ex. 1/3/2] Please confirm that in the Applicant's last rebasing, EB-2007-0753, depreciation was calculated using the full year rule in the year of acquisition, and rates were set on that basis. Please provide a copy of any accounting order subsequent to that time authorizing the Applicant to change to the half year rule. Please provide a detailed calculation of the difference in January 1, 2012 opening rate base between the amount using the half year rule since 2007, as noted in this exhibit, and the amount that would arise if the half year rule is used commencing in 2012.

6. [Ex. 1/3/5, App. G] With respect to the Norfolk Power Inc. Consolidated Financial Statements:

    a. P. 5. Please advise how much of the 2010 difference in Administrative and General Expense between NPI consolidated ($2,022,382) and NPDI ($1,682.502), a net of $339,881, represents expenditures of the holding company, and how much represents expenditures allocated to the non-regulated affiliate. Please reconcile the figure for the holding company to the figure of $71,987 in total holding company expenses in its 2010 non-consolidated statement.

    b. P. 23. Please advise how much of the $738,318 of expenses of the affiliate represents:

        i. Amounts expended by the Applicant and allocated or charged to the affiliate;

ii. Amounts paid by the affiliate to arms-length third party service providers; and
iii. Amounts paid by the affiliate for its own employees and other direct costs.

7. [Ex. 2/1/1, p. 8] Please provide details of the last three times the Applicant's Board directed management to make a material change to the Budget as set out in lines 12 and 13.

8. [Ex. 2/1/2] Please restate tables 1.2 through 1.6 assuming that fully depreciated assets had been removed as planned in 2008, and then each year thereafter as more became fully depreciated. Please advise the amount of the fully depreciated asset adjustment for each year, and restate tables 2.6 and 2.7 excluding fully depreciated assets in each year.

9. [Ex. 2/3/1, p. 2] Please confirm that all figures in table 3.1 are based on CGAAP. Please restate this table in MIFRS for 2011 and 2012.

10. [Ex. 2/3/2, p. 39] Please provide details of all involvement by Norfolk Energy in the project in which $493,323 was spent for a fibre communication link, including all amounts paid by the Applicant to the affiliate and the terms and reasons for those payments.

11. [Ex. 2/3/2, p. 40, 55, 56] Please confirm that each of tables 3.6 (2011), 3.6 (2012) and 3.9 are based on CGAAP. Please restate these tables in MIFRS.

12. [Ex. 2/3/5, p. 1] Please explain why the 2011 reliability targets are lower than the 2010 actuals.

13. [Ex. 2/5/1, p. 2] With respect to the MIFRS 2011 continuity schedule, Table 5.1:

    a. Please restate this table in compliance with the Board's July 2009 Report on MIFRS, specifically page 14, requiring that utilities retain gross fixed assets and accumulated depreciation for regulatory purposes.

    b. Please confirm that the only differences between Table 5.1 (MIFRS) and Table 2.5 (CGAAP) for 2011 are:

        i. MIFRS depreciation is lower by $1,001,792;
        ii. MIFRS capital additions are lower by $554,957;
        iii. MIFRS includes $89,504 of disposals that are the result of the end of pooling; and
        iv. MIFRS closing net book value is $357,331 higher, being the net of the other three adjustments.

    c. Please confirm that this breakdown is the same as the amount of $357,332 in Ex. 9/7/1, the amount of rate base increase being refunded to ratepayers.

14. [Ex. 2/5/1, p. 3] With respect to the MIFRS 2012 continuity schedule, Table 5.2;

    a. Please restate this table in compliance with the Board's July 2009 Report on MIFRS, specifically page 14, requiring that utilities retain gross fixed assets and accumulated depreciation for regulatory purposes.

    b. Please confirm that the only differences between Table 5.2 (MIFRS) and Table 2.6 (CGAAP) for 2012 are:

        i. MIFRS depreciation is lower by $907,275;
        ii. MIFRS capital additions are lower by $507,480;
        iii. MIFRS fully allocated depreciation is lower by $231,966; and
        iv. MIFRS closing net book value is $776,651 higher, being the net of the other three adjustments, $399,795, plus the $357,331 difference from the previous year, plus $19,525 difference in the MIFRS and CGAAP adjustments for the removal of stranded meters.

    c. Please explain why:

        i. Under CGAAP, the opening gross fixed assets for old meters was reduced by $2,180,831, and the opening accumulated depreciation was reduced by $1,300,635, for a net of $880,196; and

        ii. Under MIFRS, the opening gross fixed assets for old meters was reduced by $914,164, and the opening accumulated depreciation was reduced by $53,493, for a net of $860,671.

        iii. The 2012 opening net book value for old meters under CGAAP is $814,026 and under MIFRS is $886,144, but the 2011 closing net book value for old meters under CGAAP is $1,694,224 and under MIFRS is $1,746,815.

15. [Ex. 2, App. A] Please confirm that this document was prepared entirely by internal staff of the Applicant. If it was not, please advise what consultants or other outside parties were used in its preparation, and in each case the role of that external resource.

16. [Ex. 4/2/4, p. 3] Please explain why the columns for 2008 Board-approved and 2008 Actual are the same.

17. [Ex. 4/2/5] With respect to the transactions between the Applicant and Norfolk Energy Inc:

    a. P. 1. Please advise the number of employees of Norfolk Energy Inc.

    b. P. 3. Please advise the original cost and accumulated depreciation as of January 1, 2012 of the building rented to Norfolk Energy. Please provide a calculation comparing the annual rent to the total of the property taxes, maintenance costs, depreciation, interest, ROE, PILs and all other costs associated with that asset in the Test Year.

c. P. 7. Please reconcile the total of actual charges by the Applicant to Norfolk Energy in 2010, $641,586, with the total of $738,318 of expenses for Norfolk Energy for 2010 on page 23 of the 2010 consolidated financials [Ex. 1/3/5, app. G]. Please confirm that the difference of $96,732 is the total of all expenses incurred by Norfolk Energy directly. Please provide a breakdown of the nature of those expenses.

d. P. 7. Please explain why the $483,214 of Billing and Collection costs allocated to Norfolk Energy do not include an allocation for overheads.

18. [Ex. 5/1/2, p. 6] Please explain the use of June 30, 2012 as the issuance date for the $6 million 4.39% debt, in light of Ex. 5/1/1 p. 2 which says that $4.5 million of the debt will be drawn on September 15, 2011.

Submitted by the School Energy Coalition this 24th day of October, 2011.

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Jay Shepherd