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November 22, 2007

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, Suite 2700
2300 Yonge Street
26th Floor
Toronto, Ontario M4P 1E4

Re: EB-2007-0706 - Enersource Hydro Mississauga Inc. Application for Electricity Distribution Rates

Dear Ms. Walli:

Please find attached AMPCO's technical conference questions in the above proceeding. Copies have been sent electronically to Enersource Mississauga and all other parties to the proceeding.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'Adam White', with a long horizontal stroke extending to the right.

Adam White
President

Copies: All participants in EB-2007-0706



AMPCO Technical Conference Questions

**Enersource Mississauga Hydro Inc.
2008 Electricity Rate Application
Board File No. EB-2007-0706
November 22, 2007**

Issue 1 - Rate Base

AMPCO Question # 1

Reference: Exhibit C/Schedule 4/Tab 1 (Capacity Report)
Exhibit C/Schedule 5/Tab 1 (Business Cases)

Section 4.2 of the system capacity report notes that 25MW of additional load is will be introduced to serve the expansion of the Lakeview Water and Waste Water Treatment Plant and Other Water Pumping Stations. This section goes on the say" There will be no capacity expansion required in the 27.6kV South to meet this new load requirement"

In the Business Cases, the following projects all cite the expansion of these plants as the first driver for justifying expansion of system capacity:

Lakeshore Road – Hurontario Street to Cawthra Road
Lakeshore Road – Hurontario Street to Dryden Gate
Royal Windsor Dr – South on Southdown Road to Avonhead
Winston Churchill Blvd – Royal Windsor Drive to Lakeshore Rd, then east to Avonhead Road

Please explain the apparent discrepancy between the system capacity statement and the project justifications.

AMPCO Question # 2

The total cost estimated of the projects discussed in Question # 1 appears to be over \$5M, with no capital contributions being required. Please explain.

Issue 3 – Operating Costs

AMPCO Question # 3

Reference: Response to Board Staff IR #28

For the purposes of corporate cost allocation, EC's invoice to EHM for HR services is allocated on head count. Please provide the corresponding corporate cost allocation if the allocator was total compensation instead of head count.



Issue 5 – Cost of Capital

AMPCO Question # 4

Reference: A12/T4 p. 2, VECC Question #7

Interest expense is projected to grow from \$18.6 million in 2006 to \$19.5 million in 2008 although the actual debt of the utility is not forecast to change over the period. Please confirm that the basis for the forecasted rise in interest cost in 2008 is driven by the change in rate base and that all deemed debt is calculated for revenue requirement purposes at the rate associated with historic debt. Please indicate the applicant's plan to finance the gap between deemed and actual debt.

AMPCO Question # 5

Reference: E2/T1 and Response to Board Staff #58

In 2008, EHM is proposing a deemed debt principle of \$303.242 million with an actual debt outstanding of \$290 million at a coupon rate well above current short and medium corporate debt rates. Please explain why no lower cost short term or medium term debt is planned for 2008.

AMPCO Question # 6

Reference: E1/T1 p. 3.

With respect to the BPC-Enersource bond series issued in 2001 with a principle of \$290,000,000 and a coupon rate of 6.29% and a claimed effective cost of 6.44%, please indicate:

- a) the maturity or maturities,
- b) early termination provisions,
- c) any plans the applicant has to exercise exit provisions,
- d) the premium, if any, at issuance.

End of AMPCO Questions for Technical Conference