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**BY E-MAIL**

January 9, 2012

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Cambridge and North Dumfries Hydro Inc.  
Application Board File Number EB-2011-0156  
Board Staff Interrogatories**

In accordance with the Notice of Application and Hearing, please find attached Board Staff Interrogatories in the above proceeding. Please forward the following to Cambridge and North Dumfries Hydro Inc. and to all other registered parties to this proceeding.

In addition, please advise Cambridge and North Dumfries that responses to interrogatories are due by January 23, 2012.

Yours truly,

*Original Signed By*

Martha McOuatt  
Project Advisor, Applications

Encl.

**Board Staff Interrogatories  
2012 Electricity Distribution Rates  
Cambridge and North Dumfries Hydro Inc.  
EB-2011-0156**

**Billing Determinants**

1. Ref: 2012 IRM3 Rate Generator Sheet 10  
Ref: EB-2009-0260 Updated Draft Rate Order appendix C, page 2

Board staff is unable to reconcile Distribution Revenue as entered into the 2012 IRM3 Rate Generator at Sheet 10 with the Distribution Revenue as calculated in the Draft Rate Order in EB-2009-0260.

- a) If the amounts shown in the 2012 IRM3 Rate Generator are correct, please provide supporting documentation for the Distribution Revenue as shown.
- b) If the amounts shown are incorrect, please provide corrected amounts and Board staff will update the IRM3 Rate Generator model accordingly.

**LRAM Rate Riders**

2. Ref: 2012 IRM3 Rate Generator, Sheet 14  
Manager's Summary, page 14

Board Staff is unable to reconcile the LRAM rate riders as calculated in the Manager's Summary with those entered in the 2012 IRM3 Rate Generator.

- a) If the LRAM rate riders entered into the IRM3 Rate Generator are correct, please provide supporting calculations.
- b) If the rate riders are incorrect, please provide corrected amounts and Board staff will update the IRM3 Rate Generator model accordingly.

**Retail Transmission Service Rates**

3. Ref: RTSR Workform, Sheet 4  
Ref: EB-2010-0068 Tariff of Rates and Charges, page 11

Board staff notes an inconsistency between the loss factor entered in the RTSR Workform for the Residential Rate Class, and that which appears in CND's 2011 approved Tariff of Rates and Charges.

- a) Please confirm that the approved loss factor for the Residential Rate Class is 1.0286. If so, Board staff will update the RTSR Workform and IRM3 Rate Generator accordingly.

4. Ref: RTSR Workform Sheet 6 Historical Billing Detail

Board staff notes that units billed to CND by Hydro One for the month of July appear to be approximately twice the amounts billed in either June or August.

- a) Please confirm the amounts billed by Hydro One in July.
- b) If the billed amount is an error, please provide the necessary corrections and Board staff will update the RTSR Workform and IRM3 Rate Generator accordingly.

**Shared Tax Savings**

5. Ref: 3023 IRM3 Tax Savings Workform, Sheet 5  
Ref: EB-2009-0260 Updated Draft Rate Order, Appendix A

Board Staff notes certain discrepancies in the tax rates used for the calculation of CND's Shared Tax Savings.

- a) Please confirm that CND's approved 2010 Revenue Requirement in EB-2009-0260 is based on a combined federal/provincial tax rate of 29.33%.
- b) Please provide a reconciliation of the 2010 tax rate of 32.03% entered in CND's Tax Savings Workform with the 2010 approved rate of 29.33%.
- c) Please provide a reconciliation of the 2012 tax rate of 24.90% entered in CND's Tax Savings Workform and the combined federal/provincial 2012 tax rate of 26.50%
- d) Based on the above reconciliations, please confirm the appropriate tax rates for 2010 and 2012. If required, Board staff will update the Shared Tax Savings Workform and IRM3 Rate Generator accordingly.

**LRAM**

6. Ref: Burman LRAM Support Document, October 25, 2011, Page 2

The report states that CND requests an LRAM recovery associated with 2006 to 2009 CDM programs for a total amount of \$185,376.17. The report further notes that Burman Energy was requested to prepare and critically assess an LRAM claim for program results for 2009.

- a) Please confirm the year(s) that this LRAM claim is based on.

- b) Please discuss if CND is requesting approval of 2010 lost revenues.
- c) Please discuss if CND has received final 2010 program evaluation results from the OPA.
- d) If CND has received final 2010 program evaluation results from the OPA, please update the LRAM claim using this information.
- e) Please provide a table, separated by year, which shows the LRAM amounts CND has collected historically.
- f) Please confirm that CND has not received any of the lost revenues requested in this application in the past. If CND has collected lost revenues related to programs applied for in this application, please discuss the appropriateness of this request.
- g) Please identify the CDM savings that were included in CND's last Board approved load forecast for CDM programs deployed from 2006-2010 inclusive.
- h) Please provide a table that shows the LRAM amounts requested in this application by the program year they are associated with and the year the lost revenues took place, divided by rate class within each year. Use the table below as an example and continue for all the years LRAM is requested:

Program Years (Divided by rate class)	Years that lost revenues took place			
	2007	2008	2009	2010
2006	\$xxx	\$xxx	\$xxx	\$xxx
2007	\$xxx	\$xxx	\$xxx	\$xxx
2008		\$xxx	\$xxx	\$xxx
2009			\$xxx	\$xxx
2010				\$xxx

- i) Please discuss if CND is applying for carrying charges on the LRAM amounts requested in this application.
- j) If CND is requesting carrying charges, please provide a table that shows the monthly LRAM balances, the Board-approved carrying charge rate and the total carrying charges by month for the duration of this LRAM request to support your request for carrying charges. Use the table below as an example:

Year	Month	Monthly Lost Revenue	Closing Balance	Interest Rate	Interest \$

### **PILs Account 1562 Disposition**

7. For the tax years 2001 to 2005:
- a) Did CND have interest expense related to liabilities other than debt that is disclosed as interest expense in its financial statements?
  - b) Did CND net interest income against interest expense in deriving the amount it shows as interest expense in its financial statements and tax returns? If so, please provide details as to what the interest income relates.
  - c) Did CND include interest expense on customer security deposits in interest expense for purposes of the interest true-up calculation?
  - d) Did CND include interest income on customer security deposits in the disclosed amount of interest expense in its financial statements and tax returns?
  - e) Did CND include interest expense on IESO prudentials in interest expense?
  - f) Did Cambridge & North Dumfries Hydro include interest carrying charges on regulatory assets or liabilities in interest expense?
  - g) Did CND include the amortization of debt issue costs, debt discounts or debt premiums in interest expense? If so, did Cambridge & North Dumfries Hydro also include the difference between the accounting and tax amortization amounts in the interest true-up calculations? Please explain.
  - h) Did CND deduct capitalized interest in deriving the interest expense disclosed in its financial statements? If so, did Cambridge & North Dumfries Hydro add back the capitalized interest to the actual interest expense amount for purposes of the interest true-up calculations? Please explain.
  - i) Please provide CND's views on which types of interest income and interest expense should be included in the excess interest true-up calculations.
  - j) Please provide a table for the years 2001 to 2005 that shows all of the components of CND's interest expense and the amount associated with each type of interest.