



---

## THE BOARD OF DIRECTORS

*Chair, GAIL REGAN*

*President, Cara Holdings Ltd.*

*President, PATRICIA ADAMS*

MAX ALLEN

Producer, IDEAS, CBC Radio

GEORGE CONNELL

President Emeritus, University of Toronto

ANDREW COYNE

Journalist

IAN GRAY

President, St. Lawrence Starch Co.

*Secretary/Treasurer, ANNETTA TURNER*

DAVID NOWLAN

Professor Emeritus, Economics, University of Toronto

CLIFFORD ORWIN

Professor of Political Science, University of Toronto

ANDREW ROMAN

Barrister & Solicitor, Miller Thomson

MARGARET WENTE

Columnist, Globe and Mail

---

March 17, 2008

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-2007-0928**

**Eric Thames Powerlines Corp. – 2008 Rates Rebasing Application  
Supplemental Interrogatories of Energy Probe**

Attached please find two hard copies of the Supplemental Interrogatories of Energy Probe Research Foundation (Energy Probe) pursuant to Procedural Order No. 2, issued by the Board on March 14, 2008. An electronic version of this communication will be forwarded in PDF and Word formats.

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

Yours truly,

David S. MacIntosh  
Case Manager

cc: Chris White, Erie Thames Powerlines Corp. (By email)  
Graig Pettit, Erie Thames Powerlines Corp. (By email)  
Randy Aiken, Aiken & Associates (By email)  
Interested Parties (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](mailto:EnergyProbe@nextcity.com) Internet: [www.EnergyProbe.org](http://www.EnergyProbe.org)

**Ontario Energy Board**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*,  
S.O. 1998, c.15, Sched. B, as amended;

**AND IN THE MATTER OF** an Application by Erie Thames  
Powerlines Corp. for an Order or Orders approving or fixing  
just and reasonable distribution rates and other service charges  
for the distribution of electricity as of May 1, 2008.

---

**SUPPLEMENTAL INTERROGATORIES OF  
ENERGY PROBE RESEARCH FOUNDATION  
("ENERGY PROBE")**

**March 17, 2008**

---

**ERIE THAMES POWERLINES CORP.  
2008 - 2010 RATES CASE  
EB-2007-0928**

**ENERGY PROBE RESEARCH FOUNDATION  
SUPPLEMENTAL INTERROGATORIES**

**Supplemental Interrogatory # 1**

**Ref: Energy Probe Interrogatory #3**

Schedule 3 attached to the IR response shows actual 2007 capital expenditures of \$1,768,803 and a total capital contribution of \$301,940. Please clarify whether the \$1,768,803 is the gross expenditures net of the capital contribution, or whether the capital contribution needs to be netted off of the \$1,768,803 figure to arrive at the net amount that is added to rate base.

**Supplemental Interrogatory # 2**

**Ref: Energy Probe Interrogatory #8**

- a) Please explain why the actual number of customers for each rate class in 2007 is unchanged from the forecast levels provided in Exhibit 3, Tab 2, Schedule 1, page 5.
- b) Please provide the actual number of customers at year end 2007 by rate class.
- c) Please explain why there is no change in the normalized actual volumes for 2007 despite changes in the actual volumes for 2007 for each rate class.

**Supplemental Interrogatory # 3**

**Ref: Energy Probe Interrogatory #9**

Please provide a corrected Schedule 9 that reflects the correct totals in the 2007 Bridge and Variance from 2007 Actual columns.

#### **Supplemental Interrogatory # 4**

**Ref: Energy Probe Interrogatory #12b**

**The referenced Schedule 12 in the reply does not include a line item for the LCT, OCT and Income Tax figures. Please provide a revised Schedule 12 that does.**

#### **Supplemental Interrogatory # 5**

**Ref: Energy Probe Interrogatory #16a**

- a) For each of 2006, 2007 and 2008, please separate the total cost for executive services charged to ETPL between the costs associated with Board of Directors and the costs associated with the employees of ETPC.**
- b) Please explain the need for the increase in the number of ETPC executives from 4 in 2006 to 7 in 2008. For each of these three new executive positions, please provide a complete description of the position.**
- c) Please provide the annual cost in 2008 associated with the three new executive positions that were added in the third quarter of 2007, including benefits.**

#### **Supplemental Interrogatory # 6**

**Ref: Energy Probe Interrogatory #16b**

- a) Please provide the total cost associated with the ETPC board in each of 2006, 2007 and 2008 and the portion that has been allocated to ETPL in each of those years.**
- b) Please explain what is covered by “other executive costs” and provide for each of 2006, 2007 and 2008 theses costs for ETPC and portion allocated to ETPL in each of those years.**

### **Supplemental Interrogatory # 7**

**Ref: Energy Probe Interrogatory #16c**

- a) Please confirm that the costs associated with the corporate lawyer are the costs to ETPC. If confirmed, please provide the costs associated with the corporate lawyer that are allocated to ETPL. If not, please confirm that the figures provided are the costs to ETPL.
- b) Please explain the rationale for allocating any of the corporate lawyer costs to ETPL.
- c) Please provide the costs associated with the use of a corporate lawyer by ETPL in 2005, 2006 and 2007.

### **Supplemental Interrogatory # 8**

**Ref: Energy Probe Interrogatory #13c**

- a) Please explain why there has been no change in the OM&A costs shown in Schedule 13c for the most recent 2007 information that is available from that originally forecast in the application.
- b) How many of months of actual data were contained in the original forecast for the OM&A expenses for 2007?
- c) How many of months of actual data are currently available for 2007? If this figure is more than was available when the forecast was done, please update Schedule 13c to reflect the most recent information available.

### **Supplemental Interrogatory # 9**

**Ref: Energy Probe Interrogatory #18**

- a) Please confirm that the figure of 29.5% shown in the response to part (d) should be 19.5%.
- b) Please confirm that the increase in the CCA deduction from \$826,372 in Exhibit 4, Tab 3, Schedule 1 to \$911,843 as shown in Schedule 18 is the result of only moving the 2006 distribution system assets from Class 1 to Class 47.

- c) In summary, the interrogatory response indicates that that PILS amount is a revised figure of \$272,199 as opposed to \$302,852 currently included in the determination of the distribution rates. However, Schedule 18 shows a PILS amount of \$248,463 for 2008. Please reconcile this figure with the \$272,199 referenced in the written response.

#### **Supplemental Interrogatory # 10**

**Ref: Energy Probe Interrogatory #25c**

This response indicates that the gross value of assets for the 2008 test year of \$22,388,786 reflects the average of the 2008 starting and ending gross asset value. The 2008 ending gross asset value is \$22,485,380, as shown in Exhibit 2, Tab 2, Schedule 2. That same schedule shows a 2007 ending gross asset value of \$21,362,380.

The average of the 2007 and 2008 year ending gross asset values is \$21,923,880. Please reconcile the proposed rate base figure of \$22,388,786 with this figure.

#### **Supplemental Interrogatory # 11**

**Ref: Energy Probe Interrogatory #23**

- a) Schedule 23 appears to have incorrect totals. For example, the “Total Costs and Expenses” figure under the “Revised” columns do not appear to be correct. Please provide a correct Schedule 23.
- b) Please confirm that there are no capital taxes in the line labeled “Property & Capital Taxes”. Please also confirm that capital taxes are included in the “Income Tax” line.
- c) Please explain the difference in the property and capital tax figure of \$28,458 shown in Schedule 3 as compared to the figure of \$28,131 shown in Schedule 12 (Energy Probe IR 12).
- d) Please provide a schedule similar to Schedule 18 (Energy Probe IR 18) that shows the calculation of the income tax figures shown in Schedule 23.

## **Supplemental Interrogatory # 12**

**Ref: Energy Probe Interrogatory #11d**

- a) Please provide a forecast of the distribution revenues associated with the Aylmer Ethanol plant for a full 12 month period.**
- b) Please provide a forecast of the distribution revenue associated with the Otterville Golf Course for a full 12 month period.**
- c) What is the current scheduled start up date for the ethanol plant? Has ETPL confirmed this start up date with the customer? If not, why not?**
- d) What is the current scheduled connection date for the golf club? Has ETPL confirmed this connection date with the customer? If not, why not?**

## **Supplemental Interrogatory # 13**

**Ref: Energy Probe Interrogatory #13c & d**

**The response to 13c indicates that for 2007 “other billing expenses” were inadvertently included with bad debt, explaining the significant increase from 2006 to 2007.**

- a) Please split the 2007 and 2008 expense of \$119,078 into bad debt expense and other billing expenses.**
- b) Please indicate the account number under which these other billing expenses should fall.**
- c) Please provide the comparable actual other billing expenses for 2006.**
- d) Please provide a variance explanation for any difference between the 2006 actual other billing expense and the amount forecast for 2007 and 2008.**

#### **Supplemental Interrogatory # 14**

**Ref: Energy Probe Interrogatory #14**

**The response refers to an estimated 2008 cost of service application cost of \$210,000. Please provide a breakdown of this cost into such items as legal, consultant, advertising, OEB cost, intervenor costs, etc. Please also show how these figures tie into the figures shown in the response to Board Staff 10.**

#### **Supplemental Interrogatory # 15**

**Ref: Energy Probe Interrogatory #23**

- a) Please confirm that ETPL has deducted the deemed interest expense in the calculation of income taxes.**
- b) Please confirm that ETPL has included the deemed interest expense in the calculation of the overall revenue requirement.**

#### **Supplemental Interrogatory # 16**

**Ref: Energy Probe Interrogatory #16  
Board Staff Interrogatory #2**

**The response to Energy Probe 16 indicates that there are 11 directors in 2007 (and 2008) and 7 executives in 2008, for a total of 18 positions in 2008. Please reconcile this figure with the 22 executive (incl. director) positions shown for 2008 in the response to Board Staff 2.**



## **Supplemental Interrogatory # 17**

### **Ref: Energy Probe Interrogatory #24**

- a) Are the customers listed under projects 1094, 1097, 1100 and 1105 currently customers of ETPL or are they customers of the current physical distributors?**
- b) If they are customers of the current physical distributors and will become customers of ETPL after the projects are completed, have these customer additions been factored into the load forecast? If not, why not?**
- c) Please provide the annual distribution revenue forecast for the customers associated with each individual load transfer elimination project.**
- d) Please provide the annual savings to ETPL associated with each of the load transfer elimination projects when they are completed.**