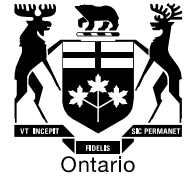


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BY E-MAIL

June 15, 2012

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

Dear Ms. Walli:

**Re: Cooperative Hydro Embrun Inc.
Disposition of Account 1562 – Deferred PILs
Board Staff Interrogatories
Board File No. EB-2012-0051**

In accordance with the Notice of Application and Hearing and Procedural Order No.1, please find attached Board Staff interrogatories in the above proceeding. Please forward the following to Cooperative Hydro Embrun Inc. and to all other registered parties to this proceeding.

In addition please advise Cooperative Hydro Embrun Inc. that responses to interrogatories are due by July 6, 2012.

Yours truly,

Original Signed By

Suresh Advani

Encl.

Cooperative Hydro Embrun Inc. ("CHEI")
EB-2012-0051
Disposition of Account 1562 – Deferred PILs
Board Staff Interrogatories

1. Ref: CHE_ED Disposition 1562 Balance_20120207.xls
Amounts Billed to Customers

a) Unmetered Scattered Load (USL)

Unmetered scattered load is listed as one of the components of the billing and recovery in the Excel spreadsheet. In the Board's decisions for 2002, 2004 and 2005, USL class fixed and volumetric rates were approved. In 2006 EDR and in 2010 EDR, CHEI has disclosed USL energy (kWh) sold (or forecast) for the years 2002 through 2010.

- i. Please explain why CHEI has not included USL in the recovery calculations.
- ii. Please update the recovery calculations and correct the dollar amounts.

b) Tabs C1.1, C1.2 – Customer counts and monthly fixed charges

In the application evidence filed in 2002, 2004 and 2005, CHEI provided statistics of customer counts. In 2006 EDR, CHEI also provided statistics for 2002-2004. The customer count statistics for 2002 and 2003 used in the recovery calculations do not agree with the statistics provided in previous applications.

- i. Please explain why CHEI did not use the actual data filed in previous applications in the calculations of recoveries in this account 1562 PILs application.
- ii. Please provide correct dollar recoveries based on the customer counts already filed with the Board.

2002 Customers/ Connections

Customer Class	2002 Customers/ Connections Evidence	2002 Customers/ Connections Filed in 2006 EDR
Residential	889	1,301
General Service < 50 KW	126	153
General Service > 50 KW	6	25
Streetlight – TOU	243	348
Unmetered Loads < 50 KW	-	18

2003 Customer/ Connections

Customer Class	2003 Customers/ Connections Evidence	2003 Customers/ Connections Filed in 2006 EDR
Residential	1,155	1,417
General Service < 50 KW	148	153
General Service > 50 KW	10	12
Streetlight - TOU	306	384
Unmetered Loads < 50 KW	-	20

c) Tabs C1.1 2002 Volumetric billing determinants

The volumetric billing determinants for the ten months of 2002 appear to be lower than the full year statistics would indicate. Board staff prorated the 2002 statistics as filed in the 2006 EDR application and compared the prorated volumes with those used in the PILs recovery calculations.

- i. Please explain why the volumes shown as billed in 2002 are much lower than prorated actual volumes for the entire 2002 year.

Customer Class	Billing Parameter	Billed Consumption Mar. 1/02 to Dec 31/02	10/12 Pro-ration of Actual 2002 Statistics	2002 Statistics Filed in 2006 EDR
Residential	kWh's	9,988,364	13,330,696	15,996,835
General Service < 50 KW	kWh's	3,707,969	4,218,253	5,061,903
General Service > 50 KW	kW's	6,600	6,146	7,375
Streetlight - TOU	kW's	566	576	691
Unmetered Loads < 50 KW	kWh's	-	49,260	59,112

d) Unbilled Revenue Accrual

CHEI stated in Exh.1/ Tab1/ Sch.5/ page 3/ lines 12-15 that,

“Collections from customers have been defined as the amounts billed to customers. CHEI confirms that amounts which at the time would have been included in unbilled revenue accruals have now been included in collections.”

- i. Please explain how CHEI determined the PILs amounts associated with unbilled revenue accrual as at April 30, 2006 and how this was included in the various Excel worksheets.

2. 2003 SIMPIL Model

CHEI has used 19.12% as the income tax rate for 2003. The correct income tax rate for 2003 was 18.62%.

- i. Please correct and re-file the 2003 SIMPIL model by inserting 18.62% and the gross-up tax rate of 17.50% in the correct cells.

3. Interest Expense

Interest Portion of True-up – 2001 to 2005 SIMPIL - TAXCALC

When the actual interest expense, as reflected in the financial statements and tax returns, exceeds the maximum deemed interest amount approved by the Board, the excess amount is subject to a claw-back penalty and is shown in sheet TAXCALC as an extra deduction in the true-up calculations.

- a) For the tax years 2001 to 2005:
 - i. Please provide a table for the years 2001 to 2005 that shows all of the components of CHEI's interest expense and the amount associated with each type of interest.
 - ii. Did CHEI have interest expense related to liabilities other than debt that is disclosed as interest expense in its financial statements?
 - iii. Did CHEI net interest income against interest expense in deriving the amount it shows as interest expense in its financial statements and tax returns? If yes, please provide details to what the interest income relates.
 - iv. Did CHEI include interest expense on customer security deposits in interest expense for purposes of the interest true-up calculation?
 - v. Did CHEI include interest income on customer security deposits in the disclosed amount of interest expense in its financial statements and tax returns?
 - vi. Did CHEI include interest expense on IESO prudentials in interest expense?
 - vii. Did CHEI include interest carrying charges on regulatory assets or liabilities in interest expense?
 - viii. Did CHEI include the amortization of debt issue costs, debt discounts or debt premiums in interest expense? If the answer is yes, did CHEI also include the difference between the accounting and tax amortization amounts in the interest true-up calculations? Please explain.

- ix. Did CHEI deduct capitalized interest in deriving the interest expense disclosed in its financial statements? If the answer is yes, did CHEI add back the capitalized interest to the actual interest expense amount for purposes of the interest true-up calculations? Please explain.

4. Tax Years – Statute-barred

Please confirm that all tax years from 2001 to 2005 are now statute-barred.