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VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition (VECC)
EB-2008-0238
Northern Ontario Wires Inc. – 2009 Electricity Distribution Rate Application

Please find enclosed the supplementary interrogatories of VECC in the above-noted proceeding.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC

cc: Ms. Monica Malherbe
Northern Ontario Wires Inc.

Northern Ontario Wires (NOW)

2009 Electricity Rate Application

Board File No. EB-2008-0238

VECC's Interrogatories

(Round #2)

Question #23

Reference: i) OEB #4

a) What portion of the 2009 OM&A costs ($2,311,307) were established based on a 3% inflation rate?

b) Please provide the most recent historical annual inflation rates (i.e., updated to October or November 2008).

c) Was a similar approach used to establish 2008 OM&A levels and, if so, what inflation rate was used?

Question #24

Reference: i) OEB #5

a) Does this response mean that the Application needs to be revised to include an additional $20,000 for 2009?

b) The response references a three year rate period. Given that the 3GIRM is for a base year plus three years, why isn't a four year period used?

c) After the current Electric Superintendent retires in 2010 is it reasonable to assume that: i) the salary of the promoted Linesman will be less than that of the retiring Superintendent and ii) the salary of the Linesman's replacement will be less than the salary of the existing Linesman.?
   - If yes, what is the annual difference, starting in 2010?
   - Have these impacts been factored into the derivation of the $60,000 impact?

Question #25

Reference: i) OEB # 8 e)

a) Please describe the circumstances under which NOW would be providing inventory and truck/equipment services and maintenance services to "arms length customers".

b) Are the revenues and costs associated with the provision of such services (to either NOE, local communities or arms-length customers) included in the Application? If so, where?

Question #26

Reference: i) OEB #10

a) The response makes reference to a "summary of changes to costs and impact on revenue requirements". VECC has been unable to locate such a summary in the materials filed with NOW's interrogatory responses (Note: The revised Revenue Deficiency Calculation provided in VECC #17 does not include any adjustments to OM&A as suggested in this response). Please provide such a summary including any revisions arising from the second round of interrogatories.

Question #27

Reference: i) OEB #15

a) Are there any capital projects that were identified for 2008 or 2009 during the planning process but not included in the proposed capital spending due to their "low priority"? If so, please outline what they were and the basis for their lower priority assignment.

Question #28

Reference: i) OEB #17

a) Based on the response to part (b), please update the working capital estimate and indicate the impact on the overall revenue requirement.

Question #29

Reference: i) OEB #23

a) Are the customer counts presented in Exhibit 3/Tab 2/Schedule 2 meant to represent year-end or average annual values?

Question #30

Reference: i) OEB #24
ii) VECC #10

a) With respect to reference (i), part (a) - please provide the actual calculation of the NOW factor (i.e., the 2.101) and indicate the sources of the various inputs used.

b) With respect to Sheet I6 (Customer Data Worksheet) from NOW's Cost Allocation Informational filing, please reconcile the various Residential kWh values reported there with the ones reported in reference (ii).

c) With respect to the consumption data reported in Exhibit 3/Tab 2/Schedule 2, page 3, the 2004 and 2003 data is exactly the same for each customer class. A review of the 2006 EDR filing suggests that the 2004 data is incorrect. Please undertake the following:
   a. Provide a corrected copy of the Exhibit
   b. Please indicated whether this correction has any impact on the forecast for 2008 or 2009

d) With respect to reference (ii), the response appears to suggest that the 9,659 kWh value is based on a total usage of 51 million kWh, while 2004 usage was in the order of 41 million. Please explain further why 51 million was used by Hydro One Networks. Please also provide the derivation of the 7,891 value reported.

Question #31

Reference: i) OEB #34 - 37 (Round #1)
ii) OEB #8 (Round #2)

a) In responding to OEB #8 please set out the calculation of the $219,055 LV cost for 2009. Based on the responses to the OEB information requests, is NOW proposing to revise this value.

b) Please also confirm that, in the current Application, OM&A Account 5665 includes $219,055 for LV charges.

c) With respect to the allocation of LV charges to customer classes, why not use the anticipated class shares of billed Connection Charges for 2009? Please provide the 2009 shares.

Question #32

Reference: i) VECC #9 (Round #1)
ii) OEB Staff #7 (Round #2)

a) With respect to the 2008 rates and volumes reported in VECC #9:
   - What is the LV adder included in the variable rates for each customer class?
   - Please confirm whether the GS>50 rate is prior to the transformer ownership discount. If yes, what were the 2008 loads eligible for the discout?

Question #33

Reference: i) VECC #13 a)

a) The variance explanation for 2008 includes the removal of 2007 non-recurring items associated with Prior Audit Fees, Credit for Overpayment of Benerfits and Hydro One Load Profile. Please explain why these same item don't show up in the explanation of the 2006 to 2007 variance.

b) The $61,332 in non-recurring costs for 2008 appears to already reflect the fact that only $5,000 of the $10,000 in increased tree trimming costs was non-recurring (Exhibit 4/Tab 2/Schedule 3, page 3). Why was only $56,332 removed for 2009?

Question #34

Reference: i) VECC #17 a) and OEB #18

a) Please reconcile the deemed interest costs amounts reported in these two responses ($156,415 versus $155,224 (145,422+9,802)).

Question #35

Reference: i) VECC #19

a) VECC notes that this same interrogatory was posed to all distributors filing for 2009 cost of service based rates and that virtually all responded appropriately. VECC suggests that one of NOW's peer distributors should be approached for assistance in responding to this request.

Question #36

Reference: i) OEB #37 and VECC #21 b)

a) Please provide a schedule that sets out the fixed and variable revenues for each customer class using 2009 volumes and 2008 rates. Please show the actual rates and volumes used in the calculation. For purposes of the calculation please undertake the following:
   - Use the 2008 fixed charges, excluding the Smart Meter rate adder
   - User the 2008 variable charges, excluding the LV rate adder
   - For the GS>50 class, calculate the variable revenues taking into account the loads eligible for the transformer ownership allowance and the lower variable rate applicable to such loads.