



SHIBLEY RIGHTON LLP
Barristers and Solicitors

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OCT 30 2007

ONTARIO ENERGY BOARD

Jay Shepherd
Direct Line (416) 214-5224
Direct Fax (416) 214-5424
jay.shepherd@sibleyrighton.com

TORONTO OFFICE:
250 University Avenue, Suite 700, Toronto, Ontario, M5H 3E5
Main 416 214-5200 Toll free 1-877-214-5200
Facsimile 416 214-5400

WINDSOR OFFICE:
2510 Ouellette Avenue, Suite 301, Windsor, Ontario, N8X 1L4
Main 519 969-9844 Toll free 1-866-422-7988
Facsimile 519 969-8045
www.sibleyrighton.com

File 9
TC-1Rs

Please reply to the TORONTO OFFICE

BY COURIER

October 30, 2007
Our File No. 2070553

File
0-831167

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: Enersource Hydro Mississauga Inc. Eb-2007-0706

Please find enclosed two hard copies of our client, the School Energy Coalition ("SEC") interrogatories.

Yours very truly,

SHIBLEY RIGHTON LLP

per Janyia Watson

Jay Shepherd
encl.



**IN THE MATTER OF the Ontario Energy Board Act 1998,
S.O. 1998, c. 15, (Schedule B);**

**AND IN THE MATTER OF an Application by Enersource
Hydro Mississauga Inc. for an Order or Orders
approving or fixing just and reasonable rates and other
charges for the distribution of electricity commencing
May 1, 2008.**

**INTERROGATORIES
OF THE
SCHOOL ENERGY COALITION**

1. [Ref: A/8/2, p.5] Please estimate the additional annual volumes (energy or demand, depending on the rate class affected) and revenues that will be experienced by the Applicant in each of years 2008, 2009 and 2010 as a result of:
 - a. The industrial development in the North 27.6 system;
 - b. The new water and waste water treatment plant; and
 - c. The additional residential loads in the western and central portions of the city.
2. [Ref: A/8/5] Please file the load transfer plan referred to, if currently available.
3. [Ref: A/11/1, Attach.] Please file a headcount chart in the form set out on page 51 for actuals as of July 2006, and forecast as of July 2008.
4. [Ref: A/12/2] Please file the most recent audited financial statements and Annual Report for Enersource Corporation.
5. [Ref: A/12/2] Please file the most recent Strategic Plan or similar document of the Applicant, and any part of the most recent Strategic Plan of Enersource Corporation that refers to the utility operations or finances.
6. [Ref: A/12/2] The Statement on Auditing Standards requires auditors to communicate reportable conditions to the audit committee. A reportable condition is a significant deficiency in the design or function of internal control that could adversely affect the organization's ability to record, process, summarize, and report financial data.
 - a. Please advise whether Enersource's Audit Committee is aware of any reportable conditions.

- b. Please advise whether any reportable conditions have ever been noted by Enersource's external auditor during the past 3 years.
 - c. If yes, please provide a copy of each communication by the Applicant's auditors of "Internal Control related matters noted in an audit" issued to the Audit Committee.
7. [Ref: A/12/2, p. 18] Please provide a copy of the actuarial valuation of the benefits liabilities done on March 2, 2007.
8. [Ref: A/12/2, p. 24] Please provide a copy of the agreement with Enerpower for the \$7.6 million of construction work. Please provide a breakdown of the work done, and the accounting and ratemaking treatment for all amounts. Please advise the location of Enerpower within the corporate structure chart on page 49 of the Applicant's evidence.
9. [Ref: A/12/5, Attach1, p.2] Please reconcile the annual capital spending estimate of \$50 million including \$9 million for smart meters, covering the consolidated corporate group, with the capital spending of about \$45 million plus smart meters in the Application.
10. [Ref: A/12/5, Attach 1, p.6] Please advise whether the \$290 million of bonds held by Borealis Infrastructure Trust are subject to any early repayment (either voluntary or mandatory) provisions and, if so, provide a summary of those provisions including any penalties associated with them.
11. [Ref: A/12/5, Attach 1, p.8] Please explain why OM&A/avg.customer jumped 8.1% in 2006. Please provide calculations of OM&A/avg. customer for each of 2007 (forecast) and 2008 (budget applied for) calculated on a comparable basis.
12. [Ref: A/12/5] Please provide the transcript and audio tape of any investor conference call or similar investor relations communication by the Applicant or its parent company during 2007.
13. [Ref: A/12/5, Attach. 2, p.2] Please provide the source, if known, of the rating agency's statement "Enersource's residential and commercial distribution rates are among the lowest in the province". Please provide evidence that this statement is correct.
14. [Ref: A/12/5, Attach.2, p3] Please provide any information in the possession of the Applicant or its parent company with respect to any increase in interest rate on the 6.29% bonds at the time of issuance as a result of the fact that "Enersource's higher risk and competitive-based unregulated businesses modestly weaken an otherwise excellent business risk profile".
15. [Ref: A/13/1, p.1] Please provide any memoranda, policy statements, operating manuals, or other documents that included instructions to business units or their personnel on how to prepare the 2007 Bridge Year or the 2008 Test Year budget.

16. [Ref: A/14/1] On page 1 of A/S14/T1, it was stated that the non-regulated affiliates are charged a cost based rate for the use of Enersource Hydro Mississauga Inc. (EHM) assets (trucks and other vehicles). In Sch B of the Service Agreement (page 128 of Pre-filed Evidence), Other Services Fees for services provided by EHM to its non-regulated affiliates “shall be calculated and charged on a cost basis”. Section 5.1 of the Service Agreement (page 118 of pre-filed Evidence), “the non-regulated affiliates shall pay to WIRESO (EHM) the fees and charges set out in Schedule B which fees and charges have, where applicable, been calculated so as to allow WIRESO a rate of return that is the higher of the bank prime rate and the regulated rate of return set for WIRESO by the OEB”. In Sch B of the Amended Service Agreement (page 156 of pre-filed Evidence), Facilities and Property Usage fees “shall be calculated on a cost plus mark-up basis.” In light of this, please advise:

- a. For services provided by EHM to its non-regulated affiliates, are the non-regulated affiliates charged on a rate that is entirely cost based or a rate that includes a return? If EHM’s fees do include a mark-up or return, what is the amount and how is it calculated? Please provide any source documents detailing how the amount, percentage, or formula for any markup or return was initially established.
- b. Please provide a summary of amounts charged by EHM to its non-regulated affiliates for 2005-2008 by service category, separating cost and mark-up, with actuals for 2005 and 2006, forecast for 2007, and budget for 2008.

17. [Ref: A/15/1, H/3/1, and G/2/5, p.1] With respect to the existing and proposed rates for schools in the Applicant’s franchise area:

- a. Please advise the number of schools that are customers of the Applicant, divided between those in Rate Class GS<50 and those in Rate Class GS>50, as well as those in other classes, if any.
- b. Please confirm that, given the assumptions in the first two lines below, the calculations in the following table are correct:

	Small School (GS<50)	Large School (GS>50)
Assumed average monthly consumption (kwhr)	16,000	
Assumed average monthly demand (KW)		380
2007 Distribution Cost-Fixed	\$359.16	\$890.88
2007 Distribution Cost –Volumetric (excl. Reg. Assets)	\$2,860.80	\$20,018.40
2007 Distribution Cost –Fixed plus Volumetric	\$3,219.96	\$20,909.28
2008 Distribution Cost-Fixed	\$388.92	\$990.48
2008 Distribution Cost –Volumetric (excl. Reg. Assets)	\$3,244.80	\$22,645.87
2008 Distribution Cost –Fixed plus Volumetric	\$3,633.72	\$23,636.35
Dollar Increase	\$413.76	\$2,727.07
Percentage Increase	12.85%	13.04%
2008 Distribution Cost at 100% Cost Allocation Factor per CAR-IF	\$3,198.70	\$18,777.67
Excess of proposed rates over 1:1 allocation	\$435.02	\$4,858.68

18. [Ref: B/2/1, B/2/2 and B/2/3] Please extend the tables on pages 378, 380, and 384 of the Application to include the years 2002 through 2005 inclusive.
19. [Ref: B/2/4] Please explain why the rates used are different from the approved rates set forth in A/15/1. If the latter rates are correct, please file a corrected version of B/2/4.
20. [Ref: B/2/5] EHM has indicated that it has recently introduced new payment mechanisms and may experience a reduction in revenues from Late Payment Charges in 2008 test year.
- a. Please describe in detail the newly introduced payment mechanisms.
 - b. Please advise whether the bad debt expense and customer collection costs for 2008 test year and beyond will be reduced as a result of the introduction of the new payment mechanisms. Please identify the amount of any such reductions, and show where they have been taken into account in the calculation of the revenue requirement.
 - c. Please identify and quantify any changes to the working capital calculations resulting from these new payment mechanisms.
21. [Ref: B/3/2] Please provide Tables 1 and 3 of this exhibit on a weather normalized basis.
22. [Ref: B/3/3] With respect to the load forecast:
- a. Please confirm that the effect of the actuals and forecasts of annual peak demand on pages 423 and 421 respectively of the Application produce the following chart:

Year	Annual Peak Demand	% Inc.(-dec.)
2000	1226	
2001	1358	10.77%
2002	1509	11.12%
2003	1505	-0.27%
2004	1427	-5.18%
2005	1570	10.02%
2006	1610	2.55%
2007	1512	-6.09%
2008	1531	1.26%
2009	1549	1.18%
2010	1567	1.16%
2011	1582	0.96%

- b. Please confirm that the Applicant's peak demand forecast is based on an assumption that every three years there is a very hot summer, followed by a very mild summer. Please confirm that on this sequence 2005 was the last extremely hot summer, and that the Applicant expects 2008 to be an extremely hot summer as well. Please

identify and quantify all impacts on revenues and expenses that result from this expectation.

- c. Please extend Figure 8 on page 14 of this Exhibit to cover the period 1982-2031, ie. the previous 25 years as well as the forecast 25 years already included.
 - d. Please provide 2007 year to date actual figures corresponding with the forecasts in Table 14.
23. [Ref: C/1/1] Please confirm that EHM does not add any cost associated with a capital project to rate base until the project's assets have been put into service.
 24. [Ref: C/1/3] Please provide a detailed breakdown of the IT capital budget by line item, with comparables for 2006 (actual) and 2007 (forecast).
 25. [Ref: C/1/6] Please advise the number of office personnel using the "office area of 72,000 square feet" at 3240 Mavis Road on a daily basis, breaking that number down by employees of the Applicant, employees of affiliates, and others. Please advise the net square feet per employee of office space, and compare to industry standards, if known. Please advise the total of all OM&A, amortization, and cost of capital amounts proposed to be charged to ratepayers in the Test Year for the use and occupation of the office space at 3240 Mavis Road, and the total of all such amounts to be paid by affiliates (directly or through overhead or other markups) or by others.
 26. [Ref: C/1/7] Please file the original business case for the SCADA system when approved. Please quantify the savings in operating costs and capital expenses in the Bridge Year and the Test Year as a result of the SCADA system, and compare those figures to the forecasts of savings in the original business case. Please identify where (at as detailed a level as possible) those savings are reflected in the Bridge Year forecasts and Test Year budgets for OM&A and capital spending.
 27. [Ref: C/2/2, p.2] The Applicant has filed the System Capacity Report for 2007, dated September 2006. Please file the Applicant's System Capacity Report and Load Duration Curves Report for 2008.
 28. [Ref: C/2/2, p. 3] Please provide the "detailed implementation plan", the "detailed project schedule", and the "detailed budget" for each of the CIS project and the Integrated Operating Model project.
 29. [Ref: C/2/2.1] Please reconcile the figure of \$129.23 OM&A per customer to the 2006 actuals, the 2007 forecast, or the 2008 budget for OM&A.
 30. [Ref: C/2/3] EHM has stated that its existing CIS is 8 years old and is fully depreciated, so is being replaced. With respect to the proposed new CIS:
 - a. What is the current customer billing system that EHM is using?

- b. What should be the average useful life of the CIS system within the industry? If the industry average useful life of the CIS system is longer than 8 years, please explain why did EHM choose a CIS system with a below-average expected life.
- c. Please describe the circumstances that resulted in the vendor of the existing CIS ceasing to support it after two years.
- d. What is the expected useful life of the new CIS system? What is the depreciation rate that will be applied to the new CIS system?
- e. On page 3 of C/S2/T3, it was stated that “in the future Enersource’s cost per customer may be lower because of the ability to share development costs related to regulatory charges”. Please explain.
- f. On page 3 of C/S2/T3, it was stated that “there is the potential for the continued reduction of on-going costs as the other interested LDCs join Toronto Hydro and Enersource in implementing the core CIS Ontario Market Ready solution”.
 - i. Please provide details on CIS Ontario Market Ready solution.
 - ii. If other interested LDCs jointly participate in implementing the core CIS Ontario Market Ready solution, how would that contribute to Enersource’s ability to reduce its on-going costs?
- g. Please provide a copy of the RFP for the new system.
- h. Please provide a copy of the detailed budget for the new CIS, broken down between amounts to be paid by Enersource and amounts to be paid by Toronto Hydro, and further broken down between spending in 2007 and 2008.
- i. Please provide copies of any communications from EnWin, Horizon, London Hydro or Powerstream explaining their reasons for not joining with Enersource and Toronto Hydro in the purchase of the new CIS.
- j. Toronto Hydro has stated in its evidence (THESL Evidence D1/T10/S2-4/pg4) that one of “the main benefits of moving to a core SPL CC&B CIS solution and partnering with EHM is to reduce future overall costs per customer, facilitate regulatory compliance, improve customer service, increase productivity”.
 - i. Please advise whether similar benefits are achievable at EHM. Please quantify those benefits.
 - ii. Please provide EHM’s current customer billing & customer service cost per customer.

- iii. Please provide EHM's future expected customer billing & customer service cost per customer after the SPL CIS system is put in service.
- k. What is the estimated salvage value of the CIS system being replaced?
- l. What is the tax treatment of the replacement of the old CIS with the new CIS? Please calculate the amount of the CCA tax shield associated with the entry into service of the new CIS, and show where it is reflected in the PILs calculation for the Test Year filed as part of this Application.

31. [Ref: C/2/4] With respect to metering capital expenditures:

- a. Please complete the following table:

		2006 Historical	2007 Bridge	2008 Test
A	Capital Budget per Wholesale Meter			
B	Number of Wholesale Meters			
C	Capital Budget per Conventional Meter			
D	Number of Conventional Meters			
A*B+ C*D	Total Capital Budget - Meters			
	Addition to Rate Base (C/S3/T3)		2,726,241	2,008,418

- b. Please provide the historical average capital cost per conventional meter and historical average capital cost per wholesale meter under this program.
- c. Please explain any significant variance between budget and historical average capital cost for both conventional meter and wholesale meter.

32. [Ref: C/3/2 and C/3/3] Please extend these two tables to cover the period 2002-2008.

33. [Ref: C/3/4] With respect to the capital expenditures budget:

- a. For 2007 bridge year capital expenditure budget, please restate each capital line item by separating January-September 2007 actual spending and October-December 2007 forecast spending.
- b. For each of the three years set out in the Schedule, please show the amount closed to rate base, and the amount carried forward to a future year.
- c. With respect to smart meters:
 - i. Please file EHM's 2007-2008 smart meter implementation plan.
 - ii. Please provide all smart metering costs by component: meter purchase, meter installation, WAN, AMCC, AMRC, and Other.

- iii. Please calculate smart metering capital unit cost.
- iv. Please describe and list all cost savings during the Test Year as a result of the Smart Meter Initiative, both in capital budget and OM&A expenses.

34. [Ref: C/4/1] With respect to the 2007 System Capacity Report:

- a. Please explain the difference between the figure of \$30,557 capital budget for 2007 on page 3 of this report, and the reported forecast of \$43,488 for the Bridge Year. Please provide a detailed reconciliation of the two figures.
- b. P.7. Please describe how the Applicant is taking government and utility demand response programs into account in forecasting peak demand.
- c. P.14. For each of the “continuation of” projects referred to, please provide the multi-year details on the project, including both past and future years, and a description of the current status of the project.
- d. P.16. Please explain why a spare transformer is required. Please identify operational differences between the prior period, without a spare transformer, and the proposed future period. Please confirm that, until brought into service, the spare transformer will not be added to rate base.
- e. Please confirm that the chart below correctly sets out certain of the recommended projects and their forecast impacts:

Project	Cost	Payback	Annual Loss Savings	Annual Customer Savings - \$	Annual Customer Savings - Min
Falconer Drive Phase 2	\$1,150,000	9.3	\$2,500	\$105,000	21,000
Argentia 58F2	\$500,000	4.0	\$1,500	\$125,000	25,000
Council Ring Road Phase 2	\$1,000,000	3.6	\$1,500	\$275,000	55,000
Pheasant Run Phase 2	\$1,000,000	4.0	\$1,500	\$250,000	50,000
Burnhamthorpe/Pony Trail Phase 1	\$1,000,000	5.7	\$1,500	\$175,000	35,000
Garnetwood Chase	\$800,000	5.3	\$1,500	\$150,000	30,000
Bloor/Central Parkway	\$500,000	1.4	\$1,500	\$350,000	70,000
Feeder Overhauls	\$375,000	2.1	\$5,000	\$175,000	35,000
Overhead Rebuilds	\$900,000	4.0	\$2,000	\$225,000	45,000
Primary Distribution Equipment Replacement	\$600,000	2.2	\$0	\$275,000	55,000
Underground Cable & Splice Replacement	\$1,400,000	2.8	\$6,000	\$500,000	100,000
Underground Transformer Replacement	\$400,000	2.6	\$2,000	\$150,000	30,000
Overhead Transformer Replacement	\$200,000	2.6	\$2,000	\$75,000	15,000
TOTALS	\$9,825,000		\$28,500	\$2,830,000	566,000

- f. Please confirm that these projects are expected to reduce customer minutes of interruption by 11.7% in the Test Year relative to 2006 actuals. Please identify where

this substantial reliability improvement is reflected in operating costs or other impacts in the Application.

- g. Please identify where the savings in losses is reflected in the loss factor for the Test Year.
- h. Please describe the decision-making process for project inclusion or exclusion, and in particular the importance, if any, of payback period. Please describe why projects as diverse as 1.4 years payback and 9.3 years payback would be recommended under the same criteria.
- i. P.30 Please provide a chart similar to the chart on page 542 of the Application showing Rolling Stock replacements, including vintages, for each of 2005 and 2006. Please provide a chart forecasting Rolling Stock replacements, including vintages, for the Test Year. Please advise how many light vehicles are being retained although having been in service longer than 3 years. Please reconcile the 3 year replacement in this chart with the 3-5 years in C/5/1, p. 64, and the 4 year amortization period for accounting purposes.

35. [Ref: C/5/1] With respect to the business cases for major capital projects:

- a. Please provide the business case for the Integrated Operating Model.
- b. P.7 Please reconcile the forecast of 2.6% load growth over the next few years with the estimates used in the Application.
- c. P. 40 Please reconcile the statement “Typical life expectancy for underground cable is approximately 35 years” with the many recommendations in the System Capacity Report to replace underground cable after 30 years.
- d. P.51 Please provide the Applicant’s latest comparisons of SAIDI and SAIFI “to similar utilities”. Please list the utilities to whom the comparison was made.
- e. P.63 Please provide the actual business case used in the approval process for the CIS system.
- f. P. 68 Please provide the actual business case used in the approval process for the Grounds and Buildings spending.

36. [Ref: D/1/2. p.3] Please complete the following table Please confirm that the insulator washing program is a standard program and is carried out in a similar fashion by other Ontario LDCs.

		2006 Actual	2007 Bridge	2008 Test
Operating Stats	Distribution & sub-transmission circuits (km)		1,620	
	Poles (#)		26,000	
	Switches (#)		16,000	
	Transformers (#)		5,600	
C=A*B				
	Insulator Washing Program (\$K)			
A	Unit Cost-Insulator Washing (\$/unit)			
B	# of Unit-Insulator Washing (#)			
	Percentage of New Insulators / Total Insulators			
F=D*E				
	Infrared Survey of Lines Program (\$K)			
D	Unit Cost- Infrared Survey of Lines (\$/unit)			
E	# of Unit-Infrared Survey of Lines (#)			
G	Other (\$K)			
C+F+G	Total Overhead Maintenance & Repairs (\$K) (D/S2/T2)	1,645	1,976	1,997
	Total Spending Increase %		20% increase	1% increase

37. [Ref: D/1/2/, p.6-8] Spending on Substations operations include 2 major work programs: corrective maintenance (to respond to emergency and corrective maintenance work requirement), and planned maintenance (to maintain the entire substation on a 5 year cycle and auto-switches on a 2 year cycle). On page 8 of D/S1/T2, EHM has indicated that “costs are increasing due to the need to increase maintenance on power transformers to reverse an observed trend of increased failures”.

- a. Please provide any historical data EHM has available with respect to “trend of increased failures” of power transformers. What are the major causes for those failures?
- b. Why was such trend of increased power transformer failures not acted on earlier and spending increased earlier?
- c. Please complete the following table:

		2006 Actual	2007 Bridge	2008 Test
A	Corrective Maintenance (\$K)			
	Cost Driver			
	Unit Cost (\$/unit)			
B	Planned Maintenance (\$K)			
	Cost Driver			
	Unit Cost (\$/unit)			
A+B	Total Substations Operation (\$K)	1,388	1,965	2,044
	Yr/Yr Increase (\$ & %)		\$577K, or 41.6%	\$79K, or 4%

- d. Please explain and comment on any significant unit cost year over year variation. Please separately identify labour escalation factor.
- e. If the entire substation system is progressively maintained on a 5-year cycle and the automated switches on a 2-year cycle, what is the rationale for the jump in costs in 2007?
38. [Ref: D/1/2, p. 12/13] Please identify in the Application the amounts and locations of the savings in OM&A or capital costs arising out of the fleet management system.
39. [Ref: D/1/2, p. 15] Please advise how many transformers the Applicant has that were installed on or before December 31, 1981. Please advise the normal service life of a transformer in this category.
40. [Ref: D/1/3] With respect to customer care:
- a. P. 3. Please provide a copy of the previous outsourcing contracts. Please provide a copy of a business case or other analysis at the time forming the basis for the decision to bring those services in-house, and/or forming the basis for the decision not to renew or replace the existing outsourcing arrangements.
 - b. P.7 Please provide estimates of all cost savings the Applicant will experience in the Bridge Year and in the Test Year as a result of IVR and e-commerce offerings to customers (such as electronic bill presentment and payment). Please file prior year business cases with respect to IVR and e-commerce projects, and compare current estimates of savings to forecasts used in those business cases.
 - c. P. 10. Please provide the headcount for the Customer Care Management Group, and a breakdown of their budget, with similar figures for 2006 and 2007.
41. [Ref: D/1/6] Please provide a copy of the Applicant's Incentive Compensation Plan, together with any documents setting forth the performance metrics for the Bridge Year and the Test Year.

42. [Ref: D/1/9, p.3] Please quantify the savings in OM&A and/or capital costs associated with the computerized load flow program, and identify where those savings are reflected in the Application.
43. [Ref: D/1/11] Please provide a detailed breakdown of amounts to be paid to or received from affiliates during the Test Year, including in each case a) the total amount of each expenditure being allocated between the utility and non-utility affiliates; b) the cost driver for each line item (and the numeric breakdown of that cost driver, e.g. relative headcounts), and c) with respect to both the totals being allocated and the utility allocation, the 2006 actuals and 2007 forecast figures.
44. [Ref: D/1/11] Please identify where in the Application the expenses of the utility relative to its Board of Directors, or that of its parent company, can be found. Please provide a chart showing a breakdown of those expenses, by category and by year, from 2002 to 2008.
45. [Ref: D/2/2] With respect to proposed OM&A Expenditures:
 - a. Please confirm that the data in the following table is correct:

OM&A Expenses (Ex D/S2/T2)							
	06 Actual	07 Forecast	08 Budget	07 vs. 06		08 vs. 07	
				\$'000	%	\$'000	%
Control System	1,707	1,672	1,837	35	-2.1%	165	9.9%
Corporate Records	585	792	908	207	35.4%	116	14.6%
Grounds & Buildings	1,539	1,785	1,946	246	16.0%	161	9.0%
Substation Operations	1,388	1,965	2,044	577	41.6%	79	4.0%
System Planning	205	292	372	87	42.4%	80	27.4%
Trouble Truck	102	107	106	5	4.9%	1	-0.9%
Cable Locates	570	639	656	69	12.1%	17	2.7%
UG Mtce & Repairs	2,073	2,215	2,275	142	6.8%	60	2.7%
OH Mtce & Repairs	1,645	1,976	1,997	331	20.1%	21	1.1%
Tree Trimming	694	765	770	71	10.2%	5	0.7%
Garage (Fleet)	1,523	1,612	1,694	89	5.8%	82	5.1%
OH Construction	685	764	805	79	11.5%	41	5.4%
Industry/Commercial Inspections	884	775	799	109	-12.3%	24	3.1%
Stores	843	975	1,128	132	15.7%	153	15.7%
Total Operations	14,443	16,334	17,337	1,891	13.1%	1,003	6.1%
Customer Services Admin	1,613	1,705	1,864	92	5.7%	159	9.3%
Settlements	624	903	928	279	44.7%	25	2.8%
Customer Accounts	3,789	4,611	4,769	822	21.7%	158	3.4%
Customer Billings	523	493	517	30	-5.7%	24	4.9%
Metering	707	885	980	178	25.2%	95	10.7%
Total Customer Services	7,256	8,597	9,058	1,341	18.5%	461	5.4%
Admin	3,580	4,216	4,539	636	17.8%	323	7.7%
IT Support	3,896	4,682	5,275	786	20.2%	593	12.7%
Total OM&A	29,175	33,829	36,209	4,654	16.0%	2,380	7.0%

- b. For each highlighted OM&A expense item year over year variance, please identify cost driver(s), and explain cost variances.
- c. Please list and quantify any portion of OM&A expenses by each line item from 2006-2008 that was accrued and not paid out in the year in which it is recorded.
- d. For 2007 bridge year OM&A spending, please restate each OM&A line item by separating January-September 2007 actual spending and October-December 2007 forecast spending, including and excluding accrued portion.

46. [Ref: D/2/3.1] Please complete the following table, and explain the material variances from 2006 to 2007, and from 2007 to 2008:

	2006 Actual	2007 Bridge	2008 Test
# of bills (D/S2/T3.1)	1,197,222	1,217,586	
# of customers (D/S2/T3.1)	179,187	182,277	
% Increase of Bills		1.7%	
% increase of customers		1.7%	
Customer Billing (\$K) (D/S2/T2)	\$523K	\$493K	\$517K
% increase (-decrease) in customer billing spending		-5.7%	
Cost per bill (\$/bill)			

47. [Ref: D/2/5 and 6] Please confirm that the only costs that went down in 2007 and 2008 were “Usual Vacant Rate” of \$218,000 in 2008 and “Other” of \$38,000 in 2008. Please describe what these cost reductions were. Please provide the dollar figures for D/2/6.

48. [Ref: D/2/8.1] With respect to depreciation rates:

- a. Please file a copy of the Applicant’s latest Depreciation Study.
- b. Please provide the depreciation rates used by the Applicant, for each of the categories listed on this Schedule, for each year from 2002 through 2007. Where any changes to depreciation rates have occurred during this period, please describe the quantum and reason for each such change.
- c. Please explain why Overhead & Underground Distribution Lines and Feeders have a 25 year life, when in C/5/1, p.40 the Applicant accepts that the normal life of such assets is 35 years. Please recalculate the 2008 Depreciation Expense on the assumption that the 35 year assumption is employed for that category of assets.
- d. Please explain why software is assumed to have a 2 year useful life.

49. [Ref: G/2/5] Please recalculate the chart in H/2/1 on the assumption:

- a. That no customer class would have a revenue to cost ratio of greater than 110%; and
- b. That no customer class would have a revenue to cost ratio of greater than 105%; and
- c. That all customer classes would have a revenue to cost ratio of 100%.

50. Please explain why, with costs increasing, the Applicant has not proposed to increase its Other Regulated Charges to increase revenue from this source.