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October 20, 2008

BY EMAIL & BY 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-2008-0226**  
**COLLUS Power Corp. – 2009 Rates Rebasing Application**  
**Energy Probe Interrogatories**

Pursuant to Procedural Order #1, issued by the Board on October 6, 2008, Energy Probe Research Foundation (Energy Probe) encloses two hard copies of its Interrogatories to COLLUS Power Corp. in the EB-2008-0226 proceeding. An electronic version of this communication will be forwarded in PDF format.

Should you have any questions, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh  
Case Manager

cc: Darius Vaiciunas, COLLUS Power Corp. (By email)  
Randy Aiken, Aiken & Associates (By email)

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## **Ontario Energy Board**

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

**AND IN THE MATTER OF** an Application by COLLUS  
Power Corp. for an Order or Orders approving or fixing just  
and reasonable rates and other service charges for the  
distribution of electricity as of May 1, 2009.

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

**October 20, 2008**

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**COLLUS POWER CORPORATION  
2009 RATES REBASING CASE  
EB-2008-0226**

**ENERGY PROBE RESEARCH FOUNDATION  
INTERROGATORIES**

**Interrogatory # 1**

**Ref: Exhibit 2, Tab 1, Schedule 1, page 10**

**The evidence indicates that COLLUS tracks its capital budget forecast on a monthly basis with significant variances on YTD results reviewed.**

- a) How many months of actual information were incorporated into the 2008 Bridge year forecast of capital expenditures?**
- b) Please update the 2008 Bridge year forecast of capital spending shown in Table 1 in Exhibit 2, Tab 3, Schedule 1 to reflect the most recent YTD information available.**
- c) Please update the 2009 Test year forecast of capital spending shown in Table 1 in Exhibit 2, Tab 3, Schedule 1 to reflect any impacts on the test year forecast that may result from the changes in the YTD bridge year forecast.**

**Interrogatory # 2**

**Ref: Exhibit 2, Tab 2, Schedule 1**

- a) Please explain why there are no disposals shown in the cost and accumulated depreciations sections for any of the 2006 through 2009 continuity schedules.**
- b) If COLLUS replaces an existing vehicle with a new one and the replaced vehicle is disposed of, how is the disposal reflected in the gross asset and accumulated depreciation figures?**
- c) In the situation described in (b) above, how are the proceeds from the disposal of the vehicle accounted for? In particular, what account reflects the proceeds from the sale?**

**Interrogatory # 3**

**Ref: Exhibit 2, Tab 3, Schedule 1, Table 1**

- a) Please provide the current YTD value of contributions and grants that COLLUS has collected in the bridge year or will collect in the bridge year.**
- b) Please explain why the bridge year forecast of \$250,000 for contributions and grants is nearly \$231,000 lower than the actual level recorded in 2007 despite the fact that the customer demand and renewal capital additions are nearly identical in the two years. Please also explain why the bridge year forecast is significantly lower than 2006, despite more than double the capital spending for customer demand and renewal.**

**Interrogatory # 4**

**Ref: Exhibit 2, Tab 2, Schedule 1, Table 3 & Table 4**

**Please provide all the assumptions and calculations used to generate the forecast of the contributions and grants of \$250,000 in 2008 and \$200,000 in 2009. Please include a summary of the capital contributions calculated through the economic evaluation methodology.**

**Interrogatory # 5**

**Ref: Exhibit 2, Tab 2, Schedule 1, Table 3 & Table 4**

- a) Please provide the depreciation rate used for each account shown in the continuity schedules.**
- b) Please show the calculation of the depreciation expense for accounts 1820, 1925 and 1930 for both 2008 and 2009.**

**Interrogatory # 6**

**Ref: Exhibit 2, Tab 3, Schedule 1**

**Given the possibility of a severe economic slowdown in both new housing activity and industrial & commercial activity in the last quarter of 2008 and through 2009:**

- a) what capital expenditures forecast for 2008 could be postponed to 2009 or beyond? Please distinguish between the amounts that could be postponed to 2009 from those that could be postponed to beyond 2009.**
- b) what capital expenditures forecast for 2009 could be postponed to 2010 or later?**

**Interrogatory # 7**

**Ref: Exhibit 2, Tab 3, Schedule 1, page 5**

**Please confirm that the \$818,000 referred to on line 6 is in reference to the 2008 distribution plant, and should be \$839,000 as is shown in Table 1.**

**Interrogatory # 8**

**Ref: Exhibit 2, Tab 4, Schedule 1**

**Please update the working cash allowance and resulting rate base calculations to reflect a cost of power of \$50.16/MWh identified in the Regulated Price Plan Price Report November 1, 2008 to October 31, 2009 dated October 15, 2008 in place of the cost of \$54.50/MWh used in Table 2.**

**Interrogatory # 9**

**Ref: Exhibit 2, Tab 3, Schedule 1, page 10**

- a) Please confirm that the double bucket truck has been purchased and is in service.**
- b) Please provide the total cost associated with this vehicle, excluding GST.**

- c) What has COLLUS done with the vehicle that was replaced? If the vehicle was disposed of, how have the proceeds from this disposition been accounted for?
- d) Please explain the need for the additional vehicle purchased referenced on line 26. Please explain why there was nothing in the budget for this vehicle. Please also indicate whether or not such a vehicle has been purchased and if so, at what cost, excluding GST.
- e) Does the addition of this vehicle have any impact on the budgeted addition in 2009 of another vehicle? Please explain.
- f) Has COLLUS purchased the replacement for the forklift? If yes, what was the total cost (excluding GST)? If not, will the replacement still be purchased before the end of 2008?

#### **Interrogatory # 10**

**Ref: Exhibit 3, Tab 2, Schedule 2, Table 1**

- a) Please provide the most recent number of customers for each rate class shown in Table 1 based on the latest month available.
- b) Please provide the number of customers for each rate class that existed for the corresponding month in 2007.

#### **Interrogatory # 11**

**Ref: Exhibit 3, Tab 2, Schedule 2, Table 3**

**Please explain why the normalized kWh for the GS < 50 kW class are lower than the actual kWh in 2007 and 2008 while the normalized figures are higher than the actual figures for the other classes that are normalized.**

#### **Interrogatory # 12**

**Ref: Exhibit 3, Tab 3, Schedule 5**

- a) Please explain the gain on disposal of property recorded in 2006 and 2007. Please also explain why no revenues are shown for either 2008 or 2009.

- b) Please explain the source of the miscellaneous non-operating income shown for 2006 and 2007. Please also explain why no revenues are shown for either 2008 or 2009.

**Interrogatory # 13**

**Ref: Exhibit 3, Tab 3, Schedule 5**

- a) Please provide a breakdown of the interest income for each of 2006, 2007, 2008 and 2009 that is related to:
- i) regulatory deferral and variance accounts;
  - ii) bank balances (cash on hand); and
  - iii) all other sources.
- b) Has COLLUS included the total interest income or expense associated with regulatory deferral and variance accounts in this account, or has it included the difference between the Board approved rate used for deferral and variance accounts and the actual cost to the utility? Please explain.
- c) Please explain the rationale for not including the \$68,856 of interest revenue in the 2009 revenue offset figures given that this interest is earned on retained earnings that arise from the operations of the regulated utility.

**Interrogatory # 14**

**Ref: Exhibit 4, Tab 1, Schedule 1, Table 1**

Please provide a revised Table 1 that shows the total costs excluding the amortization expenses. Please also add a line that shows the percentage increase in the total of these costs (excluding amortization) on a year to year basis.

**Interrogatory # 15**

**Ref: Exhibit 4, tab 1, Schedule 1, Table 1**

For each of the line items shown in Table 1, excluding amortization, please provide the most recent year-to-date figures for the 2008 bridge year and the corresponding figures for the same year-to-date period in 2007.

**Interrogatory # 16**

**Ref: Exhibit 4, Tab 2, Schedule 3, page 10**

**Please provide a breakdown of the regulatory expenses of \$160,000 estimated cost of the 2009 COS rate application process into each of its component parts such as preparation of evidence, intervenor costs, legal, etc.**

**Interrogatory # 17**

**Ref: Exhibit 4, Tab 2, Schedule 2**

- a) The increase in maintenance costs in 2008 (\$178,660) is more than triple the increase recorded in 2007. Please explain this significant increase.**
- b) The increase in maintenance costs in 2009 (\$127,500) is more than double the increase recorded in 2007 and is in addition to the significant increase forecast for 2008. Please explain this significant and incremental increase.**

**Interrogatory # 18**

**Ref: Exhibit 4, Tab 2, Schedule 4, Table 1**

- a) Please explain how the intra-company cost allocation factors were determined for each activity shown in the table.**
- b) Please provide the total cost for each activity shown.**

**Interrogatory # 19**

**Ref: Exhibit 4, Tab 3, Schedule 2**

**Please recalculate the income taxes based on the following small business rates used in place of the 14% provincial tax rate. The first \$500,000 of taxable income is taxed at a rate of 5.50% with taxable income in excess of this amount taxed at the general rate of 14.0% and any taxable income in excess of \$500,000 up to a maximum of \$1,500,000 taxed at the claw back rate of 4.25%. Please show all calculations.**



### **Interrogatory # 20**

**Ref: Exhibit 4, Tab 3, Schedule 2**

**Please confirm that all distribution assets acquired post February 22, 2005 were recorded in CCA class 47 in 2005, 2006 and 2007. If this cannot be confirmed, please provide the year and the amount in the year which was recorded in another class, and provide that class.**

### **Interrogatory # 21**

**Ref: Exhibit 5, Tab 1, Schedule 1**

**The evidence indicates that COLLUS wants to recover lost revenue in 2006, 2007 and 2008 due to the closure of a large user.**

- a) Please provide any applications filed by COLLUS for the establishment a deferral/variance account or request to include such costs in an existing deferral/variance account and the response received from the Board.**
- b) Please provide the actual return on equity for COLLUS in each of 2006, 2007 and forecast for 2008.**
- c) Please provide copies of the previous rulings in which the OEB agreed that COLLUS needed to earn their deemed rate of return, as referenced in lines 19 to 21 on page 2.**
- d) A review of the other distribution revenue shown in Exhibit 3, tab 3, Schedule 5 shows that by taking the Board approved amount of \$327,742 and considering it for a period of 36 months (2006 through 2008) the expected revenue from other distribution revenue would total \$983,226. The total actual other distribution revenue over this period was \$1,592,733. The difference between the expected revenue and the actual revenue is more than \$600,000 of additional income. Why has COLLUS not considered this as an offset to the loss of \$400,000 due to the loss of the large user?**

**Interrogatory # 22**

**Ref: Exhibit 6, Tab 1, Schedule 1**

**COLLUS acknowledges that the return on equity will be updated in accordance with the Board Report related to the guidelines for the cost of capital. Does COLLUS also agree that the cost of short term debt will be updated in accordance with the Board Report?**

**Interrogatory # 23**

**Ref: Exhibit 6, Tab 1, Schedule 3**

- a) Please provide a copy of the promissory note to the Town of Collingwood and any subsequent amendments.**
- b) Is this debt callable on demand?**

**Interrogatory # 24**

**Ref: Exhibit 8, Tab 1, Schedule 2, page 5**

**COLLUS is proposing to increase the rates for the street light class so that the revenue to cost ratio rises by 50% of the difference between the existing ratio of 15.48% and the 70% lower level of the OEB's target range for this class. However, COLLUS further indicates that it wants to wait until the next stage of adjustment to take the final steps.**

- a) Please clarify if COLLUS defines the next stage of adjustment as the next rebasing application or if it proposes to increase the revenue to cost ratio for the street lighting class in 2010 and 2011 to 56.37% and 70.00%, respectively.**
- b) If COLLUS plans to increase the revenue to cost ratio for the street lighting class in 2010 and 2011, please confirm that the incremental revenues would be used to reduce the revenue to cost ratio for residential customers.**