

Centre Wellington Hydro Ltd.
(“Wellington”)
EB-2008-0225
Board Staff Interrogatories

General – Economic Assumptions

1.

- a) Given the general economic situation in Ontario has Wellington assessed the situation and identified any specific issues that may have a material impact on its load and revenue forecasts and bad debt expense forecast?
- b) If so, please indicate if Wellington will be updating its current application, in whole or in part, to address any material impacts. If yes, please provide an estimate of the timing of the update.

Retail Transmission Service Rates (RTSR)

2.

Reference: “Electricity Distribution Retail Transmission Service Rates”, Guideline G-2008-0001, October 22, 2008

Under the OEB Guideline, Wellington is expected to file an update to its Cost of Service application with evidence to support a change in its RTSRs. The adjustment in RTSRs is intended to eliminate future growth in the Applicant’s variance accounts that are related to the pass-through of transmission costs.

- a. Please file a table showing 2 years of Wellington’s wholesale Network and Connection costs, and its retail billings for Network and Connection service to its retail customers.
- b. Please provide an analysis of the variances between costs and the corresponding revenues, and any trends in these amounts.
- c. Please file proposed RTSR rates for each customer class that are an adjustment to the currently approved RTSRs and would recover the wholesale cost of transmission service assuming that the Uniform Transmission Rates effective January 1, 2009 had been in effect during the 2-year period in part a). Please provide the calculations used to derive the proposed RTSR rates.

Cost Allocation and Rate Design

3.

[Ref: EB-2006-0247; Ex8/T1/S2/Pg3]

Please file Sheets O1 and O2 from the Cost Allocation Informational Filing EB-2006-0247 as an official part of the record of this Application. Please file Run 1 or 2, whichever one is more closely representative of Wellington’s situation. Alternatively, file a modified run that is more closely representative than either of the runs in the Informational Filing.

4.

Preamble: Wellington states at Ex8/T1/S2/Pg3 with respect to revenue-to-cost ratios that, “[there is a] further adjustment to be made in 2010 when additional adjustments are made to Street Light and Sentinel Light classes.” Wellington is scheduled for to file incentive rate mechanism (IRM) applications in 2010, 2011, and 2012.

Staff has prepared the table 1 regarding revenue-to-cost (R/C) ratios and included Wellington’s proposed cost allocation ratios for 2009.

- a. Please complete the non-shaded cells in the table for Wellington's intended cost allocation ratios for 2010 and 2011.

Table 1: Cost allocation ratios for Wellington

Class	CA Report ¹ Range	CA Info. Filing	2009 Rate Application, as requested	2010 IRM	2011 IRM
Residential	85- 115	106.51	103.00		
GS < 50	80- 120	109.71	106.62		
GS > 50 kW – regular	80- 120	114.91	112.82		
GS > 50 kW - intermediate	85- 115	65.07	87.30		
Street Lighting	70- 120	8.72	45.23		
Sentinel Lighting	70- 120	16.01	40.47		
USL	80- 120	138.26	112.08		

- b. Please confirm that Wellington proposes to implement the ratios in the 2010 and 2011 columns in the table in part (a) in its 2010 and 2011 IRM rate applications.

5.

Wellington has proposed non-uniform increases and decreases to the fixed and volumetric charges across all rate classes, as seen in the table below produced by Board Staff. The disparity between the increases and decreases to the fixed and volumetric charges has the effect of changing the fixed-to-variable revenue allocation ratio and is indicative of a clear change to Wellington’s rate design.

¹ Report of the Board, *Application of Cost Allocation for Electricity Distributors*, November 28, 2007

- a. Please clarify if Wellington is seeking a change to its established rate design principles, and explain why Wellington has done so.
- b. If the revenue allocations presented in Table 2 below were made in error, please provide an updated schedule of proposed rates, and update and refile any other affected materials as necessary.

Table 2 –Increase/Decrease year-over-year to volumetric and fixed charges for various rate classes

Class	increase/(decrease) to MFC	Increase/(decrease) to volumetric
	(rounded to nearest %)	
Residential	8	(11)
GS<50	14	(6)
GS>50 - Regular	159	10
GS>50 - Intermediate	(36)	63
Street Lighting	15	999
Sentinel Lighting	18	323
Unmetered Scattered Load	(23)	52

6.

Please explain why the Monthly Service Charge for the GS>50 rate class exceeds the ceiling as set out in the cost allocation informational filing.

Deferral and Variance Accounts

7.

[Ref: Ex5/T1/S2/Pg1]

Wellington is requesting for disposition of regulatory variance accounts.

- a. Please provide the information as shown in the attached continuity schedule in excel format for regulatory assets. Please note that forecasting principal transactions beyond 2007 and the accrued interest on these forecasted balances and including them in the attached continuity schedule is optional.
- b. Please provide a schedule reconciling the completed continuity schedule in part (a) with Tables 1 (Ex5/T1/S2/page2) and Table 3 (Ex5/T1/S4/page1) of Wellington’s application.

8.

What are the interest rates being used to calculate carrying charges for each regulatory deferral and variance account for the period from January 1, 2005 to present?

9.

[Ref: Ex5/T1/S2/Pg1]

Account 1588 is subject to quarterly reviews under Section 78(6.1) of the *Ontario Energy Board Act, 1998*. The Board has launched an initiative on a review and disposition process and is considering extending this initiative to include all the RCVA and RSVA accounts. Wellington has applied for clearance of Account 1584, and Account 1586. Why should these two accounts be cleared outside this process?

10.

[Ref: Ex5/T1/S4/Pg1]

Wellington provides details and calculations of the proposed deferral and variance account rate rider by classification in Table 3 (Ex5/T1/S4/page1). Wellington has proposed a recovery period of three years.

- a. Please provide a table similar to Ex5/T1/S4/page1 if the Board were to authorize the recovery of the requested accounts over a period of:
 - (i) one year;
 - (ii) two years.

11.

Wellington has not provided a clear description of the amounts recorded in Account 1508. Please provide further details of the amounts that have been recorded in this account.

Loss Factors

12.

[Ref: Ex4/T2/S8/Pg2]

Preamble: The customary SFLF of 1.0045 accounts for losses between the defined metering point on the primary side of the transformer and the metering installation on the secondary side of the transformer. For embedded utilities, Hydro One applies a customary loss factor of 1.0340. In its application Wellington states that, “[A] Supply Facilities Loss Factor (SFLF) of 1.0045 was used in the 2006 EDR. Centre Wellington has recalculated the SFLF to be 1.0299 for this [2009] rate application.”

Please answer the following:

- a. Is Wellington a fully embedded utility of Hydro? If not, please provide an explanation of the weighted average used to calculate its SFLF.
- b. Was Wellington a fully embedded utility of Hydro One in 2006? If so, why did Wellington apply an SFLF of 1.0045, the customary SFLF for non-embedded utilities?
- c. How did Wellington calculate its proposed SFLF (1.0299) to a value lower than the floor SFLF (1.034) set by its host distributor?
- d. What SFLF did Wellington apply to rates in 2007 and 2008?

13.

[Ref: Ex4/T2/S8/ Pg1]

Wellington seeks a 44% increase of the total loss factor (TLF) over the existing rate schedule, from 1.0472 to 1.0681. Please explain the drivers behind the significant increase to Wellington’s TLF.

14.

Wellington achieved distribution loss factor (DLF) of 1.0288 in 2006, and has applied for a DLF of 1.0370 based on a three-year average. Please explain why Wellington has chosen to use a three-year average instead of pursuing the DLF achieved in 2006.

15.

[Ref: Ex4/T2/S8/ Pg1; Ex4/T2/S10/ Pg1]

Wellington provides a materiality analysis on distribution losses at Ex4/T2/S10/page1. Please comment on the source and/or drivers of the variability in the loss factors from the period 2003-2007.

16.

[Ref: Ex4/T2/S8/ Pg1]

Preamble: Wellington has provided a loss adjustment factor calculation at Ex4/T2/S8/page1

Please complete the table 3 below

Table 3: Modified Schedule 10-5: Determination of Loss Factors

		Year1	Year2	Year3	3-yr Average
	Losses in Distributor’s System				
A	“Wholesale” kWh delivered to distributor ¹				
B	Portion of “Wholesale” kWh delivered to distributor for Large Use Customer(s) ²				
C	Net “Wholesale” kWh delivered to distributor (A)-(B)				
D	“Retail” kWh delivered by distributor ³				
E	Portion of “Retail” kWh delivered by distributor for Large Use Customer(s)				
F	Net “Retail” kWh delivered by distributor (D)-(E)				
G	Loss Factor in distributor’s system [(C)/(F)] ⁴				
	Losses Upstream of Distributor’s System				
H	Supply Facility Loss Factor ⁵				
	Total Losses				

1	Total Loss Factor [(G)x(H)] ⁴				

- ¹Line A** If directly connected to IESO controlled grid, kWh pertain to metering installation on the secondary or low voltage side of the transformer at the interface with the transmission grid. This corresponds to the “With Losses” kWh value provided by the IESO’s MV-WEB. Additionally, kWh pertaining to distributed generation should be included.
- If fully embedded within a host distributor, kWh pertains to virtual meter at the interface between the embedded distributor and the host distributor.
e.g. if the host distributor is Hydro One, kWh from the Hydro One invoice corresponding to “Total kWh” rather than “Total kWh w Losses” should be reported. Additionally, kWh pertaining to distributed generation should be included.
If partially embedded, kWh pertains to sum of above.
- ²Line B** If Large Customer is metered on the secondary or low voltage side of the transformer, the default loss is 1%, i.e. Line B = 1.01 x Line E.
- ³Line D** kWh corresponding to D should equal total of “total billed energy sales in kWhs for each rate class” in item 1 of Section 2.1.3 in Electricity Reporting and Record Keeping Requirements dated April 4, 2008.
- ⁴Lines G&I** This loss factor pertains to secondary metered customers less than 5,000 kW.
- ⁵Line H** If directly connected to IESO controlled grid, SFLF = 1.0045.
If fully embedded within a host distributor,

$$SFLF = LF_{Grid} \times LF_{Host}$$
- Where,
SFLF is the supply facilities loss factor
 LF_{Grid} is the loss factor from losses in the transformer at the grid interface
 LF_{Host} is the loss factor in host distributor’s system
If the host distributor is Hydro One, SFLF = 1.0060 x 1.0278 = 1.0340.
If partially embedded, SFLF is weighted average of above.

Specific Service Charges

17.

[Ref: Ex9/T1/S6/ Pg 3]

Wellington has added five \$15.00 charges that do not appear on their existing rates schedule (2008):

- Statement of Account
 - Pulling post-dated cheques
 - Duplicate invoices for previous billing
 - Income tax letter
 - Credit reference/credit check (plus credit agency costs)
- a. Has Wellington performed these services in previous years? If so, did Wellington charge for these services?
 - b. Why does Wellington expect to perform these services in 2009?
 - c. Please indicate an estimate of the additional revenues that Wellington expects to generate from these specific service charges if not expressly included in the estimate provided for the 2009 Test Year figures provided in the "Summary of Other Operating Revenue" Ex3/T1/S2/page1

18.

[Ref: Ex9/T1/S6/ Pg 3]

The following items do not appear on Wellington's proposed schedule of rates:

- "Electronic Business Transaction (EBT)" charge
- "Late Payment – per annum"

Please provide an explanation as to why these items were omitted, and indicate if Wellington intended to include them.

Rate Base/Capital Expenditure

19.

[Ref: Ex2/T3/S2]

The summary of asset additions includes amounts for Contributions and Grants (Account Number 1995). Wellington has not budgeted any amounts for 2008 and 2009. Please confirm whether Wellington will be receiving any contributions or grants for 2008 and 2009. If "Yes", please provide the amounts, a revised summary of asset additions and an explanation for their exclusion from the pre-filed evidence.

20.

[Ref: Exhibit 2 – Rate Base and Capital Expenditures]

Please provide information for the period 2006 to 2009 in the following table 4 below:

Table 4:

	2006 Actual	2007 Actual	2008 Bridge	2009 Test
Allowed Return on Equity (%) on the regulated rate base				
Actual Return on Equity (%) on the regulated rate base				
Retained Earnings				
Dividends paid to shareholders				
Sustaining capital expenditures (excluding smart meters)				
Development capital expenditures (excluding smart meters)				
Operations capital expenditures				
Smart Meters capital expenditures				
Other capital expenditures (please specify)				
Total capital expenditures (including smart meter meters)				
Total capital expenditures (excluding capital expenditures)				
Depreciation expense				
Construction Work in Progress				
Rate Base				
Number of Customer Additions (total)				
- Residential				
- General Service < 50 kW				
- General Service > 50 kW, Intermediate and Large Use				
Number of Customers (total, December 31)				
- Residential				
- General Service < 50 kW				
- General Service > 50 kW, Intermediate and Large Use				

21.

[Ref: Ex2/T3/S1]

Please answer the following questions with respect to pole replacement activities:

- a) Please indicate the basis on which poles are identified for replacement.
- b) Please provide the number of poles replaced/expected to be replaced from 2006 to 2009 and the average cost. This includes all poles that are replaced/to be replaced including those under major capital projects.

22.

[Ref: Ex2/T3/S3]

The pre-filed evidence of Wellington indicates proposed capital expenditures of \$815,600 for the 2009 Test Year. This is a 60% increase over 2007 and 2008.

Please provide reasons for the significant increase and the rationale for large capital expenditures during the test year.

23.

[Ref: Ex2/T3/S2/Pg1]

The Fixed Asset Continuity Statements (Exhibit 2/Tab 2/ Sch 1/ Page 4) show an amount of \$775,600 representing additions for 2009 while the Summary of Asset Additions (Ex2/T3/Sc2) shows an amount of \$815,600 for 2009. Please explain the difference and identify the amount representing proposed capital expenditures for 2009.

24.

[Ref: Ex2/T2/S5/Pg2]

Two amounts representing amortization expense for 2006 are shown on Ex2/T2/Sc5/Pg.2; an amount of \$593,002 in the first section of the page and an amount of \$473,724 in the latter section of the same page. At the same time, Statement of Earnings and Retained Earnings in the financial statements show an amortization expense of \$488,770 for 2006. Please explain the variances in the three amounts and identify the amount representing amortization expense for 2006.

25.

[Ref: Ex2/T3/S2/Pg1]

Wellington expects to spend \$306,000 to install new line transformers in 2009. This amount is 108% higher than 2008 and 137% higher than 2006. Please explain the reasons for this increase.

26.

[Ref: Ex2/T3/S1/Pg19]

Job#09-004 refers to installation of 5 Padmount Underground Transformers. Please answer the following questions with respect to this capital expenditure:

- a) The evidence indicates that the lead time for transformers in 2006 and 2007 was up to 48 weeks. When were the five transformers that are scheduled to be replaced as part of Job #09-004 ordered?
- b) Can the installation of the five underground transformers be staggered so as to install some of the transformers in subsequent years?
- c) Please provide the rationale for installing underground transformers as opposed to Padmount transformers.
- d) Please provide a breakdown of the costs of the five transformers included in job #09-004.

27.

[Ref: Ex1/T3/S4/Pg2]

In the Cost of Power worksheet volumes shown for the Residential class, General Service less than 50 kW and Unmetered Scattered Load for 2009 do not

reconcile with the numbers used in the load forecast (Exh3/Tab2/Sc3). Please explain the variance.

28.

[Ref: Ex2/T1]

Wellington has not filed an Asset Management Plan in support of its planned capital expenditures. Please provide an Asset Management Plan or other documentation that describes how Wellington's proposed and completed capital expenditures fulfil the Wellington's objectives of providing long-term reliability, meeting growth demands and meeting or exceeding reliability indicators.

Income Tax

29.

[Ref: Ex4/T3/S2]

Please answer the following questions with respect to income tax calculations:

- a) The table showing the detailed tax calculations for PILs does not include 2007 information. Please provide a revised table for the years 2006 through to 2009, including the 2007 information.
- b) Please provide a table that describes the reserves, and explains all of the causes of the difference between the reserves added back and deducted in each year 2007, 2008 and 2009.

Cost of Debt

30.

[Ref: Ex6/T1/S1]

Wellington has requested a return on Long-term Debt for the 2009 Test Year of 7.25% which is the rate being currently paid on an existing long-term loan of \$5.05 million due to the Township of Centre Wellington. Please answer the following questions with respect to the Company's long-term debt:

- a) Please provide a copy of the original Promissory Note and any revisions or amendments made to this Note.
- b) Wellington's financial statements of December 31, 2007, indicate that the debt instrument is a demand note payable to the Corporation of the Township of Centre Wellington. Is Centre Wellington Hydro permitted to repay the outstanding amount to the Township of Centre Wellington by providing notice according to the terms of the Note? If so please explain any terms, payments or penalties associated with such a repayment.

Customer Connections

[Ref: Ex3/T2/S9]

Preamble: At Ex 3/T2/S9/page 13, Wellington states "Table 9 below outlines the average annual number of active customer connections in each class and a trend forecast for annual customers based on the average customer additions from 2003 and 2007". The average growth rates used to forecast the test year

customer count for the Residential and GS<50 rate classes are indicated in Table 9 to be 1.9% and 1.9% respectively.

31

Please explain why the historical customer data provided in Table 1 (Ex 3/T2/S2/page 1) is different from the data provided in Table 9. Please explain which data has been used to develop the 2009 test year forecast and why.

32.

Board staff has reviewed the calculations provided in Table 9 and estimates the average 2003 -2007 growth rates to be 2.4% for the Residential class (as opposed to 1.9%) and 1.2% for the GS<50 class (as opposed to 1.9%). Please reconcile the above differences? If no change is proposed to the customer count forecast then please explain how the proposed growth rates (1.9% for Residential and 1.9% for GS<50) were developed.

33.

Please explain if Wellington's test year customer forecast for the Residential and GS<50 classes are supported by one or more external forecasts (such as Housing Outlook reports from CMHC or the national Banks)? Please provide the references for the reports/forecasts used and explain how these forecasts support Wellington's projections for customer additions in the test year. If the external reports/forecasts do not support Wellington's proposed customer growth forecast, then please explain the reasons for any variances.

34.

Based on the response to the questions above, if the proposed customer count forecast is revised, then please also update the load and revenue forecasts to reflect the change in the customer forecast.

Weather Forecast

[Ref: Ex3/T2/S9/Pg6]

Preamble: Wellington is seeking Board approval for a test year weather normal of 3,631 HDD and 390 CDD, based on a 10-year simple average of weather data recorded at Toronto Pearson Airport. At Ex 3/T2/S9/page 8, Wellington states "Our view is that a ten-year average based on the most recent ten calendar years available is a reasonable compromise that likely reflects the "average" weather experienced in recent years".

36.

Similar to the method used to develop the test year 2009 weather normal, please provide the following "back-casting" scenarios:

- a. Assuming Wellington is preparing a 2006 test year forecast, please develop a weather normal using 10-years of historical weather data from 1995-2004 and compare this forecast to actual observed weather in 2006.

- Please calculate the variance and percent variance from actual observed weather.
- b. Assuming Wellington is preparing a 2007 test year forecast, please develop a weather normal using 10-years of historical data from 1996-2005 and compare this forecast to actual observed weather in 2007. Please calculate the variance and percent variance from actual observed weather.
 - c. Assuming Wellington is preparing a 2008 test year forecast, please develop a weather normal using 10-years of historical data from 1997-2006 and compare this forecast to actual year-to-date observed weather in 2008. Please calculate the variance and percent variance from actual observed weather.

37.

Similar to the scenarios described in Board Staff Interrogatory # 36., please provide the following “back-casting” scenario’s using a linear trend method based on 20-years of historical weather data.

- a. Assuming Wellington is preparing a 2006 test year forecast, please develop a weather normal using a linear trend method based on 20-years of historical weather data from 1985-2004 and compare this forecast to actual observed weather in 2006. Please calculate the variance and percent variance from actual observed weather.
- b. Assuming Wellington is preparing a 2007 test year forecast, please develop a weather normal for the 2007 test year using a linear trend method based on 20-years of historical weather data from 1986-2005 and compare this forecast to actual observed weather in 2007. Please calculate the variance and percent variance from actual observed weather.
- c. Assuming Wellington is preparing a 2008 test year forecast, please develop a weather normal for the 2008 test year using a linear trend method based on 20-years of historical weather data from 1987-2006 and compare this forecast to actual year-to-date observed weather in 2008. Please calculate the variance and percent variance from actual observed weather.

Load Forecast

38.

[Ref: Ex3/T2/S9/Pg6]

At Ex 3/T2/S9/page 6 and page 7 Wellington states that the forecasts for the Residential and the GS<50 rate classes are based on “OLS estimates using the 72 observations from 2002:1 to 2007:12”. Please explain the rationale for using only 72 observations to develop the load forecast?

39.

Please provide the following information regarding the accuracy of previous load forecasts:

- a. What was the forecast error (i.e. variance between total normalized actual 2004 load versus forecast 2004 load) of the 2004 load forecast?
- b. What was the forecast error (i.e. variance between total normalized actual 2005 load versus forecast 2005 load) of the 2005 load forecast?
- c. What was the forecast error (i.e. variance between total normalized actual 2006 load versus forecast 2006 load) of the 2006 load forecast?
- d. What was the forecast error (i.e. variance between total normalized actual 2007 load versus forecast 2007 load) of the 2007 load forecast?
- e. What was the year-to-date (Jan-08 to Aug-08) forecast error (i.e. variance between total normalized actual 2008 load versus forecast 2008 load) of the 2008 Bridge year load forecast?

40.

Please prepare a weather normal for test year 2009 using a liner trend method based on 20 years of historical weather data. Please also prepare a load and revenue forecast using the methodology proposed in this application, for test year 2009 using this weather normal.

41.

[Ex 3/T2/S9/Pg2]

Preamble: At Ex 3/T2/S9/page 2 Wellington states “Short-term variation in electricity consumption is heavily influenced by three main factors – weather (e.g. heating and cooling), which is by far the dominant effect for most systems; economic factors (increases or decreases in economic activity leads to changes in employment, industrial and commercial activity, building and population change); and timing factors (non-holiday weekdays when businesses are typically operating)”. [Emphasis added]

- a. Please explain the rationale for not using ‘number of customers’ as an explanatory variable in the Residential and GS< 50 regression equations.
- b. Please prepare an alternative forecast for the residential and GS<50 rate class using the following regression equations: Res kWh=f(Residential customers, HDD, CDD, Employment)+constant and GS<50 kWh=f(GS<50 customers, HDD, CDD, Peak days)+constant. If monthly customer data is not available, please make a reasonable assumption for the purposes of completing the interrogatory.
- c. Please provide the statistical results of the above equations and update Table 3 (Ex 3/T2/S9/page 7) based on results of the above regression equations.
- d. Please provide the impact on the proposed test year load and revenue forecast, if a load forecast based on the above equations were adopted?

42.

Please provide the percent impact on the proposed test year distribution load and revenue forecast, of the following:

- a) 1% change in total number of customers.
- b) 1% change in the proposed weather normal.

Other Revenues

43.

[Ref: Ex3/T3/S2/Pg3]

Wellington is forecasting revenues of \$151,000 from Interest & Dividend Income (Account 4405) in the test year. This represents a -42% decline from 2006 actual revenues. Please describe in detail how the test year estimate for Account 4405 was developed and identify the assumptions underpinning the above estimate.

Operations, Maintenance & Administrative Expenses

44.

[Ref: Ex4/T1/S1]

The figures in the table below are taken directly from the public information filing in the Reporting and Record-keeping Requirements (“RRR”) initiative of the OEB. The figures are available on the OEB’s public website. Please confirm Wellington’s agreement with the numbers for OM&A, which are summarized in the table below. Where Wellington does not agree with the OM&A numbers in the table below, please provide the revised number and an explanation of why it has been revised.

	2003	2004	2005
Operation	\$177,877	\$174,051	\$202,769
Maintenance	\$289,254	\$258,340	\$286,656
Billing and Collection	\$398,182	\$402,211	\$261,470
Community Relations	\$14,534	\$22,804	\$39,205
Administrative and General Expenses	\$657,592	\$538,439	\$740,807
Total OM&A Expenses	\$ 1,537,439	\$ 1,395,844	\$ 1,530,908

45.

[Ref: Ex4/T1/S1]

What inflation rate is used for the 2009 OM&A forecast and what is the source document for inflation assumptions?

46.

[Ref: Ex4/T2/S2]

Maintenance expenses (total \$0.3 million - 2009) are showing a 15.8% increase in 2009 relative to 2007 and an 18.4% increase since 2006.

Please provide a thorough explanation of the main cost drivers for the increases in maintenance expenses since 2006. Are these expense increases part of an overall plan or strategy by Wellington? If so, please describe the plan and state the expected benefits going forward (e.g., reduced outages, reduced future maintenance costs). Where possible, please quantify the ratepayer benefits of the maintenance plan.

47.

[Ref: Ex4/T2/S2]

Administrative and General expenses (total \$0.8 million - 2009) are showing a 24% increase in 2009 relative to 2007 and a 34% increase since 2006.

Please provide a thorough explanation of the main cost drivers for the increases in Administrative and General expenses since 2006.

48,

[Ref: Ex4/T2/S7/Pg1]

Has Wellington assessed its own workforce in the context of the risks associated with an aging workforce? If so, please provide a description of Wellington's plan to address the aging workforce issue. In doing so, please address the expected timeframe, costs, and benefits of implementing the plan.

49.

[Ref: Ex4/T2/S7/Pg1]

Does Wellington have a Management Performance & Compensation Plan for salaried employees? If so, please file it. Does Wellington have a special bonus (or incentive) plan over and above any base plan and if so, please provide the details, including who is eligible, and the specific nature of the plan.

50.

[Ref: Ex4/T2/S7]

Please provide a table showing the percentage increases in base salary and total compensation (salary wages and benefits) budgeted for 2009 broken down by major employee grouping (e.g., executive, management, non-union and unionized workers).

51.

[Ref: Ex4/T2/S6]

Please describe any productivity or cost efficiency programs at Wellington that are either in place now or contemplated at some future time. Please describe the nature of any such program and the scope, timing and benefits expected.

52.

[Ref: Ex4/T2/S2/Pg19]

For Regulatory Expenses, please provide a breakdown by expense category/grouping of the \$65,200 amount requested for 2009. Please indicate

which cost elements are proposed for a three-year amortization. Please provide an alternate scenario where the costs are amortized over a four-year recovery period rather than three.

53.

[Ref: Ex4/T2/S2]

Please identify any one-time expenses in 2009 that could be amortized over a period of more than a single year and suggest an appropriate amortization period for those expenses.

54.

[Ref: Ex4/T2/S2]

Please confirm that Wellington has no one-time expenses in 2008 that were inadvertently carried over into the 2009 budget. If there are such expenses, please identify the item and provide the dollar amount of the inadvertent carry-over.

55.

[Ref: Ex4/T3/S1/Pg2]

Please confirm that charitable donations are not included in the revenues recovered through distribution rates. If they are, please provide the dollar amount and reason why these should be recovered through distribution rates.