

**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
Midland Power Utility Corporation for an Order or
Orders approving or fixing just and reasonable
rates and other charges for the distribution of
electricity commencing May 1, 2009.**

**INTERROGATORIES
OF THE
SCHOOL ENERGY COALITION**

General: Transition to International Financial Reporting Standards (IFRS)

1. IFRS will replace Canadian GAAP for all publicly accountable enterprises effective January 1, 2011.

- (a) Please describe any processes and procedures taken by MPUC to date to facilitate the transition.
- (b) Please advise whether MPUC has conducted or is planning to conduct any study to identify and assess the potential impact on its regulatory accounting and reporting systems upon transitioning to IFRS reporting standards. If yes, please specify.
- (c) Choice of Accounting Policy: Upon transition from Canadian GAAP to IFRS, the utility now has the one-time opportunity to evaluate its current general-purpose financial reporting and make accounting policy decisions that could have a material impact on its future financial reporting. It implies that the utility could start a new even if its currently applied account policy is deemed to be appropriate under IFRS. It also implies that the choice of accounting policy and presentation of financial statements in conformity with IFRS will require management to make judgments and justify certain assumptions. Please advise whether this applies to MPUC.
- (d) Cost of Conversion. Costs include both one-time upfront cost (for example, the establishment of multiple sets of books, integration of IFRS requirements into the utility's accounting and reporting systems for both internal and external reporting, IT costs etc) and on-going cost (for

example, costs related to expanded disclosure requirements). Please advise of any such conversion costs that are anticipated.

Smart Meters

2. Ref: Ex 1/1/7/pg5:
 - (a) Please provide the accumulated dollar amount collected through Smart Meter Rate Adder at the end of 2008 rate year.
 - (b) Please provide the current balances of Account #1555 – Smart Meters Capital Variance Account, and Account # 1556 – Smart Meters OM&A Variance Account and the estimated balances of these accounts at the end of 2008 rate year.

OM&A Costs

3. Ref. Ex. 4/2/2: with respect to the labour/burden increases:
 - (a) for each of the yearly comparisons set out in Board Staff IR # 18 (2009 vs. 2008, 2008 vs. 2007, etc.), please provide a table showing changes in compensation costs year over year with an explanation showing what portion are due to staff changes and what portion is due to inflationary wage adjustments or benefit cost increases.
4. Ex. 4/2/2: on pg. 1, MPUC states that labour/burden increases by \$30,186 in 2006 actual over 2006 EDR due to decreases in some areas and increases in other areas. However, at pg. 22, MPUC states that the total staff complement was 16 in 2006 EDR and 15 in 2006 actual. Please explain why labour/burden increased by \$30,186 when it appears that total staff complement decreased by 1.
5. Ex. 4/2/2, p. 52- Acct. 5105. Please explain the reason for the increase of one engineering position in 2008, which is said to be responsible for the increase in labour/burden for this account in the amount of \$62,098. Please confirm that this additional staff member appears to be in addition to the increase discussed under account 5005.
6. Ex. 4/2/2, p. 62: Account 5620- please provide a more detailed explanation for the 18% increase in this account in 2008 over 2007. Specifically, please provide a breakdown of the increase in internet access costs, bank charges, software support costs, and other major drivers of the increase, as well as an explanation as to what steps MPUC took to mitigate these increases.
7. Ex. 4/2/2, p. 64- Account 5675- please provide a more detailed explanation for the 25% increase in this account in 2008 over 2007. Specifically, please provide a

breakdown of the increase in wireless expenses, emergency telephone access, snowploughing and any other major drivers of the increase, as well as an explanation as to what steps MPUC took to mitigate the increase.

8. Ex. 4/2/2, p.72- Account 5315- with respect to the 7.5% increase in Customer Billing in 2009, please explain why staff member wage progression and/or collective bargaining increases appear to have a greater impact on this account than other accounts.