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December 16, 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-2008-0233
Innisfil Hydro Distribution Systems Limited – 2009 Rates Rebasing Application
Interrogatories of Energy Probe – Round Two

Pursuant to Procedural Order No. 4, issued by the Board on December 15, 2008, please find two hard copies of the Round Two Interrogatories of Energy Probe Research Foundation (Energy Probe) in the EB-2008-0233 proceeding. An electronic version of this communication will be forwarded in PDF format.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

cc: Laurie Ann Cooledge, Innisfil Hydro (By email)
Randy Aiken, Aiken & Associates (By email)
Intervenors of Record (By email)

Energy Probe Research Foundation 225 BRUNSWICK AVE., TORONTO, ONTARIO M5S 2M6

Phone: (416) 964-9223 Fax: (416) 964-8239 E-mail: EnergyProbe@nextcity.com Internet: www.EnergyProbe.org

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 Innisfil
Hydro Distribution Systems Limited 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.

**INTERROGATORIES – ROUND TWO
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

December 16, 2008

**INNISFIL HYDRO DISTRIBUTION SYSTEMS LTD.
2009 RATES REBASING CASE
EB-2008-0233**

**ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES – ROUND TWO**

Interrogatory # 25

Ref: Response to Energy Probe Interrogatory # 3 c)

- a) Please provide the R squared and adjusted R squared values for the regression equation that does not include the two variables with a t-statistic below 2.00.
- b) Is the adjusted R squared value higher or lower for the equation with the two variables with a t-statistic higher or lower than it is for the equation that excludes these two variables?
- c) Please confirm that an R squared value can only increase in value (i.e. move closer to 1.0) with the addition of explanatory variables, even if these variables are not statistically significant.

Interrogatory # 26

Ref: Response to Energy Probe Interrogatory # 13 c)

- a) Please explain what is meant by “When final rates are determined this item will be reflected in those rates.”
- b) Will Innisfil Hydro make an adjustment to its 2009 tax calculation to reflect the transfer or adjustment for these assets that were included in Class 1 in 2005 rather than in Class 47?
- c) Will Innisfil Hydro provide all the calculations involved in any adjustment it makes?

Interrogatory # 27

Ref: Response to Energy Probe Interrogatory # 20

- a) Where are the historical, bridge and test year figures related to accounts 4355 and 4360 provided in the evidence?**
- b) If any of the figures referred to in (a) above have not been provided, please provide them for both accounts for each year of missing data.**
- c) Please confirm that when the surplus equipment is sold, the original purchase value is removed from both the gross assets and accumulated depreciation? If this cannot be confirmed, please provide an explanation of the adjustments made.**
- d) If the surplus equipment that is removed from service is not fully depreciated, does Innisfil Hydro still remove the original purchase cost from both the gross assets and the accumulated depreciation? If yes, what impact does this have on the remaining net book value component of rate base?**

Interrogatory # 28

Ref: Response to Energy Probe Interrogatory # 21

- a) Please provide the quantum of any proceeds or costs associated with transformers, meters and vehicles and other disposals for each of 2006, 2007 and year-to-date 2008.**
- b) Are these costs and proceeds recorded in accounts 4355 and 4360? If not, where are they recorded?**

Interrogatory # 29

Ref: Response to Energy Probe Interrogatories # 23 & 24

The Innisfil September year-to-date capital expenditures are less than 40% of the total forecast for the 2008 bridge year and Innisfil has identified a number of capital expenditures in both 2008 and 2009 that will be postponed.

- a) Please provide an updated Table 2 from Exhibit 2, Tab 3, Schedule 1, page 8 that reflects the deferral of these projects and Innisfil's best estimate of the capital expenditures that will be completed and in service by the end of 2008.**
- b) Please provide the impact on the revenue deficiency of the change in the level and timing of the capital expenditures by taking into account the change in rate base, change in depreciation expenses, taxes (CCA and capital) and any other impacts.**