

**Board Staff Second Round Interrogatories
2009 Electricity Distribution Rates
COLLUS Power Corp. (“COLLUS”)
EB-2008-0226**

**1 COST OF CAPITAL (CAPITAL STRUCTURE AND WEIGHTED
AVERAGE COST OF CAPITAL)**

Ref: Exhibit 6/Tab 1/Schedule 2/ p. 1/Table 1

Ref: Exhibit 6/Tab 1/Schedule 3/ p. 1/Table 2

Ref: Response to Board staff interrogatory #2.3 (parts “a” and “b”)

Board staff interrogatory questions 2.3 (parts “a” and “b”) asked COLLUS to provide, for each of the amounts of Total Long Term Debt Outstanding at the end of 2006, 2007, 2008 and 2009, a breakdown of the debt amounts that constitute the total and a similar breakdown and calculations for Total Interest Cost and Weighted Debt Cost Rate.

In its response, COLLUS stated that this information was provided in Exhibit 6/ Tab 1/Schedule 3/Page 1. However, the information in Table 2 of this evidence does not provide a breakdown by year showing the individual debt issues and the applicable interest costs that make up these amounts.

Please provide tables for each of the years 2006 to 2009, similar in format to that used in Exhibit 6/Tab 1/Schedule 3/Page 1/Table 2 that would provide a breakdown of the calculation by year of the Total Long Term Debt Outstanding and the Weighted Debt Cost Rate.

2 RATE BASE AND CAPEX

2.1 Service Quality and Reliability

Ref: Response to Board staff interrogatory #3.7

Ref: Exhibit 1/Tab 2/Schedule 1/p.2/Table 1.2.1-1

In response to Board staff interrogatory 3.7, COLLUS provided 2008 and 2009 reliability improvement targets for the SAIDI, SAIFI and CAIDI indicators. These indicators show that for SAIDI the 2007 Actual value is 2.23, while the 2004 to 2006 actuals were in the range of 1.09 to 1.38. However, the 2008 and 2009 Target levels are higher than the actual level achieved in the 2004 to 2006 period at 1.46 and 1.44 respectively. The SAIFI indicators are similar with 2007 being the high year and the 2008 and 2009 targets lower than 2007, but significantly higher than what was actually achieved in the 2002 to 2006 period. Where CAIDI is concerned the 2008 and 2009 targets are higher than the 2007 actual level, but lower than what was achieved in the 2002 to 2006 period.

- a) Please state how the 2008 and 2009 reliability improvement targets were determined and provide the assumptions and calculations used for setting these targets.
- b) Please provide an explanation of these reliability improvement targets in the context of the historic performance noted above.

3 SMART METERS

Ref: Response to Board staff interrogatory #4(b)

Ref: Exhibit 1/Tab 2/Schedule 1/ p. 5

Ref: Ontario Energy Board – Guideline, Smart Meter Funding and Cost Recovery, G-2008-002, p. 9-10,

http://www.oeb.gov.on.ca/OEB/Documents/Regulatory/OEB_Guideline_SmartMeters.pdf/

In response to Board staff interrogatory #4, part b, COLLUS states that it is requesting the \$1 per customer standard smart meter funding adder. In its original application, COLLUS had requested that its existing \$0.26 per customer adder be maintained.

Please file all necessary updates to COLLUS' application to reflect this revision.

4 WEATHER NORMALIZATION AND MODELLING

4.1 Weather Normalization

Ref: Exhibit 3/Tab 2/Schedule 2/p. 4/ Table 2

Ref: Response to Board staff interrogatory #6.1(a)

In response to Board staff interrogatory #6.1(a), COLLUS filed additional load data files provided by Hydro One in supporting the calculation of the normalized historical load. Board staff took the figures from the evidence provided in Exhibit 3 of COLLUS application and data provided by Hydro One, and prepared Table 1 as a comparison of the 2004 weather normalized data.

Table 1

Class	"Collus HONI Run 1 ALCOA out.xls" – Monthly kWh by class (with normalized weather)	<i>Exhibit 3 Tab 2 Schedule 2 Page 4 Table 2 – "Weather Normal kWh (2004)"</i>
Residential	128,552,058	111,105,540
GS < 50 kW	48,953,350	43,948,032
GS > 50 kW	118,435,659	117,066,655

Please explain how COLLUS developed its weather normal kWh filed in the evidence from the data provided by Hydro One and explain the variances shown in Table 1 above and determine how COLLUS would reconcile these differences.

4.2 Economic and Growth Projections

Ref: Exhibit 3/Tab 2/Schedule 2/Page 1/Table 1

Ref: Response to Board staff interrogatory #6.2(b)

Part "b" of Board staff interrogatory #6.2 asked COLLUS to demonstrate how it used the information related to the applications of subdivision expansions to forecast customer numbers for 2008 and 2009. COLLUS filed supporting material (OEB IR#6.2 Table 1) on Permits Issued and Dwelling Units Created on a monthly basis for the years 2005 to 2008. Staff is unclear how some of the numbers provided by COLLUS in Table 1 ("OEB IR#6.2 Table 1") in response to Board staff interrogatory 6.2 (b) relate to the information provided in Exhibit 3/ Tab 2/Schedule 2/Page 1/Table 1 "Customer and Connections By Class". For instance, the total figure for "Dwelling Units Created" is shown as 302 for 2006, whereas an increase of only 100 residential customers is shown for the same year in the Exhibit 3/Tab 2/Schedule 2/Page 1/Table 1.

Please explain how the “Dwelling Units” numbers for the period of 2005 to 2008 are translated to the increases in customer numbers for this period, as stated in Exhibit 3/ Tab2/ Schedule 2/Page 1/Table 1.

Other Distribution Revenue

Ref: Exhibit 3/Tab/3/Schedule 5/p. 1

Ref: Response to Board staff interrogatory #6.6

In its response to Board staff interrogatory #6.6, COLLUS stated that the interest revenue earned on retained earnings would be included in revenue offset. Please file the updates to the related section(s) of the application to reflect all the corresponding changes.

5 DEFERRAL AND VARIANCE ACCOUNTS

5.1 Disposition of Deferral and Variance Accounts

Ref: Exhibit 5/Tab 1/Schedule 1

Ref: Response to Board Staff interrogatory #7.1

Ref: Response to VECC interrogatory #24

In response to Board staff interrogatory #7.1, COLLUS states that it is not requesting disposition of any deferral and/or variance accounts in this application. However, in response to VECC interrogatory #24, COLLUS states that the requested disposition of Account #2405 has no impact on the proposed distribution revenue requirement for 2009. Please clarify the discrepancy between these two responses.