

Board Staff Interrogatories
2009 Incentive Regulation Mechanism Rate Application
Hydro 2000 Inc.
EB-2008-0184

Revenue to Cost Ratios

Ref.: 2009 3 Gen. IRM Supplementary Filing Module, Sheet C1.1

1. In Hydro 2000 Inc. ("Hydro 2000") 2008 cost of service Decision (EB-2007-0704) the Board made findings on Hydro 2000's proposed revenue to cost ratio adjustments.

The starting point for the revenue to cost ratio adjustments for most distributors that rebased in 2008 were the ratios derived from the information provided in sheet "O1 Revenue to cost|RR" of the cost allocation information they submitted as part of their 2008 cost of service application ("Sheet O1"). For some distributors, the Board used alternative ratios as the starting point.

Some of the information provided in Sheet C1.1 of the Supplementary Filing Module does not correspond to the information supporting the ratios used in Hydro 2000's 2008 cost of service Decision.

- a) Please reconcile any discrepancy between the information provided in Sheet C1.1 and Sheet O1, providing a full explanation for any difference. If alternative ratios were used by the Board as the starting point for the revenue to cost ratio adjustments, please reconcile any discrepancy between that information and the entries made in Sheet C1.1, providing a full explanation for any differences.
 - b) Please re-submit the Supplementary Filing Module, completing Sheet C1.1 with the information provided in Sheet O1 or information supporting the alternative ratios used by the Board, if applicable. Please ensure that the revenue to cost ratios shown in column Q of Sheet C1.1 correspond to the ratios used as the starting point for the adjustments, in accordance with Hydro 2000's 2008 cost of service Decision.
2. In Hydro 2000's 2008 cost of service Decision (EB-2007-0704) the Board accepted Hydro 2000 Inc.'s proposed revenue to cost ratios, with a 71.8% revenue to cost ratio for the Street Lighting rate class. In Hydro 2000's 2009 IRM request, Hydro 2000 proposes to further adjust the Street Lighting rate class revenue to cost ratio to 100%.

- a) Has Hydro 2000 consulted with its Street Lighting customer(s) on the proposed further adjustment to this class' revenue to cost ratio from 71.8% to 100%? If so, what comments did Hydro 200 receive, if any?
- b) What are Hydro 2000's rationales for this additional adjustment?

Price Cap Adjustment

Ref.: Manager's Summary, p. 11

3. Hydro 2000 indicates on page 11 of the Manager's Summary that the "2008, 2009 and 2010 load forecast prediction" is over forecast by "4.5% to 8.7% and will continue to grow with some customers conversion switching to Natural gas in 2008 and future years." Hydro 2000 also notes that "this is creating a shortfall on Revenue and Recovery of Deferral Account."

On page 9 of the Manager's Summary, Hydro 2000 indicates that it "is not seeking any Price Cap Adjustment."

Please confirm that Hydro 2000 is not seeking any price cap adjustment, taking into consideration the information provided on page 11 of the Manager's Summary.