



***PUBLIC INTEREST ADVOCACY CENTRE
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January 5, 2009

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

**RE: ESPANOLA REGIONAL HYDRO DISTRIBUTION COMPANY
EB-2008-0173**

Please find enclosed the Interrogatories of the Vulnerable Energy Consumers Coalition (VECC) on the Applicant's evidence in the above-noted proceeding.

We have also directed a copy of the same to the Applicant.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

**ESPANOLA REGIONAL HYDRO DISTRIBUTION COMPANY
EB-2008-0173**

VECC Interrogatory Requests

Question #1

Reference: Espanola Application, 3GIRM Supplemental Model
Espanola Application, Manager's Summary

Preamble: In the Manager's Summary, ERHDC is states that it is proposing the following adjustments in the revenue to cost ratios for 2009:

- GS>50 – 78% to 100%
- Sentinel Lights – 51% to 61%
- Street Lights – 43% to 57%

- a) Increasing the GS>50 class revenue to cost ratio to 100% implies a 28.2% increase in costs (i/e. 100/78). Please reconcile this with the 13.1 % adjustment used in the Application – per page 2 of the Manager's Summary.
- b) Increasing the Sentinel Lights class revenue to cost ratio to 61% implies a 19.6% increase in costs (i/e. 61/51). Please reconcile this with the 8.86 % adjustment used in the Application – per page 2.
- c) Increasing the Street Lights class revenue to cost ratio to 57% implies a 32.6% increase in costs (i/e. 57/43). Please reconcile this with the 15.3 % adjustment used in the Application – per page 2.

Question #2

Reference: Espanola Application, 3GIRM Supplemental Model
Espanola Application, Manager's Summary

- a) The 3GIRM Supplemental Model indicates that the Residential class' proportion of revenues at 2008 rates is 61.6% (Tab B1.1). However, on page 3 of the Manager's Summary the proportion is reported as 63.07%. Please reconcile.
- b) The 3GIRM Supplemental Model indicates that the GS>50 class' proportion of revenues at 2008 rates is 10.3% (Tab B1.1). However, on page 3 of the Manager's Summary the proportion is reported as 7.89%. Please reconcile.
- c) Please describe in greater detail how the % adjustment factors on page 2 of the Manager's Summary were determined.

- d) With respect to Tab B3.1, please confirm that the OEB Cost Allocation Model included the cost of the Transformer Ownership Allowance in the Base Revenue Requirement and allocated it to all customer classes.
- d) Please confirm that in its Final Rate Order for 2008 Espanola excluded the cost of the transformer ownership allowance from the base revenue requirement allocated to customer classes (using the proposed revenue to cost ratios) and allocated the “cost” of the allowance directly to the GS >50 class.
- e) Given the price cap adjustment is applied to the all rates, why shouldn't it also be applied to the transformer ownership allowance for 2009?