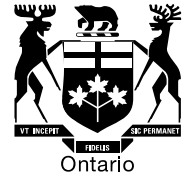


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BY E-MAIL ONLY

January 9, 2009

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

Dear Ms. Walli:

**Re: Board Staff Submission - Procedural Order No. 2
West Coast Huron Energy Inc. ("West Coast Huron")
Application for Approval of 2009 Electricity Distribution Rates
Board File No. EB-2008-0248**

The following is the submission of Board staff addressing the procedural issues identified in the Board's Procedural Order No. 2, issued on January 5, 2009:

a) Whether Further Discovery is Required, either in the Form of Further Interrogatories or a Technical Conference.

Board staff has specific comments on the following areas of the West Coast Huron interrogatory responses received on December 19, 2008:

Economic Assumptions/Load Forecast

In response to Board Staff IR #1b) West Coast Huron indicated that it will update its application with a revised Load Forecast on January 16, 2009. With regard to the interrogatories on the load forecast itself, West Coast Huron, in many instances did not respond to several questions but only referred to the planned load forecast update. This would lead to the assumption, on the part of Board staff, that the issues raised in the interrogatory questions would be addressed in the update.

OM&A

Board staff found the responses to the O&M interrogatories to be complete with the exception of Board staff IR #6 regarding regulatory costs. The response provided is

unclear with respect to ongoing vs one-time costs.

Rate Base

In response to Board staff IR#10b West Coast Huron indicates that certain amounts need to be updated in the application but it appears they were not updated. In addition, a number of other schedules are submitted as updates to the evidence in response to Board staff IR#10 and there is likely a need for West Coast Huron to provide a consolidated summary of all updates to ensure that the final record in this case is clear.

Cost of Debt

With regard to Cost of Debt, in response to Board staff IR #26, West Coast Huron provided copies of their promissory notes. Board staff submits that the interest rate on the notes (7.25%) is significantly higher than the prescribed rate as per the Board's Cost of Capital Report. The Note was subject to review in October 2004 but there is no indication whether the note was reviewed or whether a market based quote for similar debt was obtained.

Income Tax/PILs

The responses provided to Board staff IRs #22 and #23 still leave some questions as to the final level of PILs that is claimed by West Coast Huron and the methodology used to calculate this amount.

Retail Transmission Service Rates

West Coast Huron indicated in response to Board Staff IR # 46c) that it proposes to submit new RTS rates in January 2009 to match the wholesale change that is effective January 1, 2009. When this is received, there may be a need for further questions depending on the comprehensiveness of the update.

Deferral and Variance Accounts

Board staff acknowledges that West Coast Huron is not requesting recovery of its Deferral and Variance Account balances, however some discrepancies were noticed in the response to Board staff IR # 37 which raise some additional questions:

- The blank spreadsheet provided with IR #37 as a framework, had footnotes that request explanations of certain accounts and annual transactions, but no explanations were provided. Board staff submits that this is a deficiency in the application information, particularly in light of the subaccount of 1508 that is not defined or explained. For instance, \$563,169 was approved to be cleared for account 1508 in 2006 EDR but appears to have been entered in the continuity schedule for 2006. In addition, the OMERS pension sub-account amount has been substantial since 2005. A narrative description of these accounts would be helpful to clarify the record.
- The opening balances as at January 1, 2005 (principal plus interest) do not match the closing balances for December 31, 2004 as per the 2006 EDR Regulatory Asset schedule. In addition, the amount transferred to account 1590 in 2006, as a result of 2006 EDR regulatory asset balances (as Board approved) does not match the continuity schedule.

Further information on these issues would be beneficial to a clear record for this proceeding.

In summary, Board staff submits that in light of updates to the Load Forecast and RTS Rates that will be submitted on January 16, 2009, a second round of interrogatories would be appropriate to address questions arising from the updated evidence as well as for clarifications of the IR responses noted above.

Yours truly,

Original signed by

Harold Thiessen
Ontario Energy Board Staff
Case Manager EB-2008-0248

cc: All parties, EB-2008-0248