

**Centre Wellington Hydro Ltd.
("Wellington")
EB-2008-0225
Supplemental Board Staff Interrogatories**

DEFERRAL AND VARIANCE ACCOUNTS

Supplementary IR # 1

Ref: Response to Board Staff IR #7

Preamble: Board staff provided a continuity schedule with blank cells as a framework with its IRs to Wellington. In November 2006, utilities were advised by the OEB to reallocate the 2006 EDR approved regulatory asset balances from their account of origin to the 1590 recovery accounts effective May 1, 2006.

As an example, the Board approved the transfer of \$737,249 from Account 1571 in 2006; however the amount presented in the continuity schedule attached with the response to IR # 7 states a sum of principle and interest of \$723,428 (\$571,511 + \$151,927). The numbers included in the column "Transfer of Board-approved amounts to 1590 as per 2006 EDR" are either incorrect, or the entries are missing entirely from the continuity schedule filed by Wellington.

Please update the continuity schedule to reflect, and reconcile with, the amounts that were approved by the Board as part of Centre Wellington 2006 EDR Decision (EB-2005-0348).

Supplementary IR # 2

Ref: Response to Board Staff IR #11

The start and end dates for Account 1508 OMERS are noted incorrectly in Wellington's responses as April 1, 2005 and March 31, 2006. The proper start and end dates are stated on page 15 of the Board's *Accounting Procedures Handbook for Electric Distribution Utilities (APH)*.

Wellington may wish to consider updating the amount stated here as a result of the details set out above.

Supplementary IR # 3

Ref: Response to Board Staff IR #11

Wellington did not produce any information regarding OEB Cost Assessments in its responses to interrogatories. Amounts recorded here should be in accordance with the Board's *Accounting Procedures Handbook for Electric Distribution Utilities (APH)*.

Wellington may wish to consider providing an update to this account, and update the continuity schedule as necessary.

RATE BASE / CAPITAL EXPENDITURES

Supplementary IR # 4

Ref: Exh 2 / Tab 3 / Sc 2

Please complete the following table:

	2006	2007	2008	2009
Number of poles replaced/to be replaced				
Total Costs				
Average Cost				

Supplementary IR # 5

Ref: Exh 2 / Tab 3 / Sc 3

In response to Board Staff Interrogatory No.22, the Company has indicated that Account 1850-Line Transformers has increased to \$306,000 primarily due to transformers being ordered to replace existing ones and because of the depletion of transformer stock. Please answer the following questions with respect to this capital expenditure:

- Please indicate the number and cost of transformers that are being held as spare.
- Are all the spare transformers included in rate base?

COST OF DEBT

Supplementary IR # 6

Ref: Exh 6 / Tab 1 / Sc 1

Centre Wellington Hydro submitted a copy of the original Promissory Note in response to Board Staff IR No.30. Please answer the following questions with respect to the Promissory Note:

- The debt instrument is classified as a demand note payable to the Corporation of the Township of Centre Wellington carrying a fixed rate of 7.25% per

annum. Since the note does not have a fixed term, please justify the reasons for having a fixed interest rate.

- b) The Company has noted in response to Board Staff IR No.30 that “The Note continues to be required to finance the long-life distribution assets of the utility on **favourable** terms.” Please describe these favourable terms. Also, please provide reasons of how the terms can be favourable for the utility when the interest rate payable is much higher than the current market rate or the rate based on the Report of the Board on Cost of Capital and the 2nd Generation Incentive Regulation for Ontario’s Electricity Distributors.

SMART METERS

Supplementary IR # 7

Manager’s Summary in Response to Interrogatories

In the Manager’s Summary dated December 15, 2008, Centre-Wellington Hydro has requested an increase to the Smart Meter Rate Adder. Centre-Wellington estimates installing 6,169 meters in the 2009 Test Year. These meters have a capital cost of \$1.3 million or \$215.25 per meter as well as 2009 OM&A costs of \$145,189. Please complete the following table:

Total number of metered customers	
Total number of smart meters to be installed	
Total capital cost of the Smart Meter Program	
Total installed cost per smart meter	
Approximate completion date of installing all smart meters	
Annual estimated OM&A costs (once all smart meters are installed)	