COLLINGWOOD UTILITY SERVICES

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December 25, 2005

Ontario Energy Board
PO Box 2319 27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Attention: Mr. John Zych
Board Secretary

COLLUS Power Corp EB-2005-0353
Generic Issues Hearing
2006 EDR Applications
Response to Vulnerable Energy Consumers Coalition's Interrogatories (VECC)
RP – 2005 -0020
EB – 2005 – 0529

Dear Mr. Zych:

On November 23, 2005 interrogatories of VECC were sent to the Ontario Energy Board and also directed to COLLUS Power Corp. The enclosed information is COLLUS Power Corp's responses to the questions that were provided. A copy of this letter is being sent directly to VECC as well.

The enclosed includes six (6) copies of the response.

This information is provided for the Board's consideration.

If you require anything further please do not hesitate to contact the undersigned.

Respectfully Submitted,

Mr. T. (Tim) E. Fryer
Chief Financial Officer

CC: Vulnerable Energy Consumers Coalition (Mr. J. De Vellis and Mr. B. Harper)
Canadian Cable Telecommunications Association (Mr. R. O'Brien, Ms. E. DeMarco & Mr. R. Frank)

2006 Electricity Distribution Rate Application
Generic Issues Proceeding: RP-2005-0020/EB-2005-0529
COLLUS POWER: EB-2005-0353
RESPONSE TO
VECC Interrogatories of November 23/05

Generic Issue #2.1: Deferral Accounts – Regulatory Costs

Question #2.1.1

Reference: 2006 EDR Model Tab 2-2 and Tab ADJ3

a) Please complete the following table with respect to the costs included in Regulatory Expenses (Account 5655)

Expense Item	2006 Application	2004 Actual	2003 Actual	2002 Actual
Regulators' Fees/Charges				
OEB Base Levy	30179	31283	0	0
Other OEB Charges	800			
Other Energy Regulatory Fees (specify)				
Subtotal (1)				
In House Costs				
Staff .Compensation				
Other Costs				
Subtotal (2)				
Outsourced Services				
Legal Services				
Consultants				
Other Costs (Specify)	31068	2172	645	628
Electric Safety Authority				
Subtotal (3)				
TOTAL Reg. Expense	62047	33455	645	628
Total Customers	13900	13785	13396	13162
Total Energy Distributed	351000000	341494402	334190505	325112957
Reg. Costs/Customer	$4.46/Cust	$2.43/Cust	$0.05	$0.05
Reg. Costs/kWh Distributed	$0.00018	$0.00004	N/A	N/A

b) Please provide Explanatory Notes for all material increases/decreases from 2002-2006.

Response: None to report on.

c) Provide a list of 2004 positions involved in regulatory matters regarding the OEB and other Energy Regulators.

Response: The Load Management/Scada Coordinator & Regulatory Compliance Officer, the Chief Financial Officer, the Accounting Dept. Coordinator all undertake work that involves dealing with the regulation of the OEB. Just the same as these staff people would complete work that involves other governmental requirements such as Revenue Canada, the Ontario Ministry of Finance or the Ontario Ministry of Energy. Therefore the expenses associated with these are not specifically allocated to the Regulatory account.

d) Provide the number of FTEs for 2004 associated with the reported staff compensation (i.e., salaries and benefits) in the table.

Response: None

e) Please indicate whether the reported in-house costs in Table 1 include any allocated overheads or staff-related costs other than direct compensation. If so, please explain how the amounts to be included were determined.

Response: None

f) If the OEB were to establish a deferral account for Regulatory Costs and permit utilities to record their costs of consultants, legal counsel and direct incremental disbursements, does the Applicant record costs in any other USoA accounts that it considers would qualify. If so, please indicate the nature of such costs, where they would be reported, and the amounts the Applicant incurred in 2002-2004.

Response: No, all direct regulatory costs are allocated to these accounts.

Generic Issue #2.2: Deferral Accounts – Revenue Losses Attributable to Unforecasted Distributed Generation

Question #2.2.1

Reference: Schedule 10.6

a) When did the Applicant first become aware of the potential load displacement customer?

Response: There had been ongoing discussions between the industrial customer that ceased manufacturing operations in December 2004 and a potential new industry. The latest information is that there is no longer a possibility.

b) What is the earliest likely in-service date of the new generation?

Response: As noted above this is no longer a possibility.

Generic Issue #3: Generalized Standby Rates for Load Displacement Generation

Question: #3.1

Reference: Schedule 10-6

a) Given the potential for a standby customer, why didn't COLLUS apply for a Standby Rate as part of its 2006 Application?

Response: COLLUS Power Corp did not have the required information to make an appropriate calculation. The indication was made as to requiring a standby rate only to make Board staff aware of the potential and to have a placeholder.

b) What are COLLUS' plans with respect to Standby Rates should the customer actually decide to install generation?

Response: Now that the potential is no longer there, no plans are in place.

Generic Issue #4.1: Other Deferral Accounts – Rate Mitigation Revenue Shortfalls

Question #4.1.1

Reference: Schedule 13.1

a) Please confirm that the Applicant does not expect any short-fall in revenue for 2006 as a result of proposed Rate Impact Mitigation measures.

Response: At this time the Applicant does not expect any short-fall in revenue for 2006 as a result of any proposed Rate Impact Mitigation measures.

b) If this is not the case, please explain why and quantify the anticipated impact.

Response: N/A

Generic Issue #4.2: Other Deferral Accounts: Low Voltage Charge Variations

Question #4.2.1

Reference: EDR 2006 Model – Tab 5.1, Tab 7.2 and Tab 8.5

a) Please confirm that the Applicant is an Embedded Distributor – but is not a Host Distributor.

Response: Yes, COLLUS Power Corp is an Embedded Distributor.

b) Please provide a schedule that indicates what the LV Wheeling charges included in the Application are as a percentage of:
- Total Distribution Revenue Requirement (per Tab 5.1)
- Total Rate Base

Response: Based on the current model indications:
- **6.45% of Total 'Base' Revenue Requirement**
- **2.564% of Total Rate Base**

c) If the OEB were to establish deferral accounts for LV Wheeling cost incurred by Embedded Distributors, would it be appropriate to credit to the account the revenues received from customers based on the LV cost adders per Tab 8.5? If not, why not?

Response: The OEB would have to provide regulation that would allow the cost adders to be utilized for accounting purposes differently.

d) Would it be more appropriate to consider the account a variance account similar to RSVA's?

Response: Not sure which would be more appropriate.

e) If the Applicant is a Host Distributor, please complete and provide Schedule 10.7

Response: N/A

Generic Issue #4.3: Other Deferral Accounts – Material Bad Debt

Question #4.3.1

Reference: EDR Model – Tab ADJ5 (Specific Distribution Expense)
EDR Schedule 6-2 (Bad Debt Expense)

a) Over the three years (2002-2004), how many individual bad debt occurrences did the Applicant experience that met the materiality threshold as defined by the Rate Handbook (page 46)?

Response: None.

b) With respect to the response to part (a), please provide a schedule that for each of the three years lists the individual occurrences of material bad debt, the rate class the customer belonged to, the value of the bad debt and the total for the year. (Note: The actual name of the customer is not required)

Response: N/A

Question #4.3.2

Reference: EDR Schedule 6-2 (Bad Debt Expense)

a) Does the Applicant have an approved "Bad Debt Policy" that defines when overdue accounts are turned over to 3rd parties for collection, when overdue accounts are written off as bad debt, how are security deposits used to reduce the bad debt expense, the treatment of any subsequent recoveries, etc.? If so, please provide.

Response: No formal policy.

b) If not, please outline what the Applicant's practice is.

Response: Overdue accounts are reviewed during the financial year end process. So generally, in January of each year, all outstanding final billed amounts are considered. During the year, final billed accounts that get into the 60-90 days overdue area receive correspondence from the utility's Collection Department. If unable to collect using this method further correspondence will be sent to notify the customer that the outstanding account will be turned over to a 3rd party collection agency. At year end the efforts to collect will be reviewed before final decision is made whether or not to write off the account as a bad debt. Generally, accounts that are 90 days or older (pre Oct. 1st of the fiscal year) will be deemed as bad debt. During the write off process any credits, for security deposit, rebates or other will be applied towards the outstanding balance of the appropriate account. The total amount of bad debt expense for the year based on the accounts being written off, will also have netted against it any amounts that were previously written off that may have been collected over the past year.

c) What was the Applicant's experience over 2002-2004 with actually recovering all/portion of a bad debt after it had been written off?

Response: There is some success with collection but not much considering the 3rd party collector has already work diligently at trying to get the account settled before being written off.

<u>Question #4.3.3</u>

Reference: EDR Schedule 6-2 (Bad Debt Expense)

a) Does the Applicant agree that if the OEB were to create a deferral account for material bad debt and allow for recovery in future rates this would reduce the Applicant's business risk? If not, why not?

Response: It doesn't appear that this would reduce business risk. It certainly wouldn't change the approach that COLLUS Power Corp utilizes to try to collect on all accounts. The driver in the attempt to collect in full is that it should be done because otherwise good paying customers will have to subsidize for these bad payers.

b) Based on the data in the Applicant's filing, please provide a schedule setting out the impact that a individual material bad debt (per the Handbook Definition) would have on the Applicant's after-tax Return on Equity?

Response: N/A

*****End of Document*****