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Ontario

BY E-MAIL

November 13, 2012

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Lakeland Power Distribution Ltd.
2013 Distribution Rate Application
Board Staff Interrogatories
Board File No. EB-2012-0145

In accordance with Procedural Order No. 1, please find attached Board Staff Interrogatories in the above proceeding.

Yours truly,

Original Signed By

Silvan Cheung
Advisor – Applications & Regulatory Audit

Encl.

cc: Parties to EB-2012-0145 proceeding

Board Staff Interrogatories
2013 Electricity Distribution Rates
Lakeland Power Distribution Ltd. (“LPDL”)
EB-2012-0145
November 13, 2012

EXHIBIT 1 – ADMINISTRATIVE DOCUMENTS

1.0-Staff-1

Ref: Exhibit 1/ Tab 3/ Schedule 1/ Appendix D, 2011 AFS; Chapter 2 of the Filing Requirements for Electricity Transmission & Distribution Applications, dated June 28, 2012, S2.7.7,p.32; Exhibit 1/ Tab 3/ Schedule 3/ Appendix E - Audited Financial Statement

In the first reference, Note 2 (page 7) of the 2011 Audited Financial Statements (AFS), it states that LPDL may have Asset Retirement Obligations (AROs).

The 2013 COS filing requirements under S2.7.7 requires that an applicant must identify any AROs and associated depreciation or accretion expenses in relation to the AROs including the basis and calculation of the derivation of these amounts.

a) Please confirm if LPDL has any AROs ($) and any associated depreciation or accretion expenses in 2013.
b) Please show the impact on the revenue requirement if any.

In LPDL’s Statements of Earnings and Retained Earnings for 2011 and 2010, LPDL provided the total revenue of $23,155,056 (2011) and $21,711,431 (2010) but did not provide the total commodity sales as it did in its 2012 Pro Forma Statements of Earnings and Retained Earnings.

c) Please confirm that the 2011 and 2010 Cost of Power is to the number found for Commodity Sales in the 2011 and 2010 AFS.

EXHIBIT 2 – RATE BASE

2.0-Staff-2

Ref: Exhibit 2/ Tab 3/ Schedule 2/ Page 26-27 – Transportation Equipment

On page 27, it states: ”In 2013 is a provision for a new RBD digger truck to replace the existing digger that is twelve years old and incurring increasing maintenance costs ($300,000) as well as a new cargo van for the metering department ($45,000) and pickup truck for operations personnel ($40,000) that will each be over nine years old and incurring increasing maintenance costs."

a) Please provide more details of the current RBD digger truck, such as size, condition, mileage, frequency of repairs, annual maintenance and repair costs, etc.
b) Please advise whether the savings amounts from the maintenance and repair costs have been reflected in 2013 test year OM&A.

2.0-Staff-3

Ref: Exhibit 2/ Tab 3/ Schedule 2/ Page 15 - 16 – Capital Expenditures: Underground

In the above reference, LPDL provides explanations for projects #23, #24 and #25, and these three projects are related to underground cable replacement.

a) Please provide a table showing the costs, length of the underground cable replaced, and per km cost for each project and explain the difference of the per km costs for each project.
b) LPDL indicates that the underground cables for the above three projects are over forty years old and reaching end of life. Please provide the total length of underground cables which are currently over forty years old and reaching end of life and explain how LPDL plans to replace the remaining cables, if any, after the completion of the above three projects.

2.0-Staff-4

Ref: Exhibit 1/ Tab 1/ Schedule 2/ Page 3-4 – Green Energy Plan

The above reference states that "[t]he Applicants Basic Green Energy Plan has been prepared in accordance with the OEB's Filing Requirements as reported in EB-2009-0397 – Distribution System Plans under the Green Energy Act issued on December 18, 2009." Note that the draft filing requirements issued on December 18, 2009 were updated on March 25, 2010 and then again on May 17, 2012.

a) Please explain why LPDL prepared its Basic Green Energy Plan in accordance with the Board's December 18, 2009 draft filing requirements instead of the latest filing requirements dated May 17, 2012 or alternatively the March 25, 2010 filing requirements.
b) Please revise LPDL's Green Energy plan to reflect any changes necessary based on the latest Board filing requirements EB-2009-0397 dated May 17, 2012.

2.0-Staff-5

Ref: Exhibit 2/ Appendix C/ Section 2.5 – Green Energy Plan

Table 3 in the above reference provides a Feeder Summary that includes FIT and MicroFIT Connections but there is no indication whether these are existing or proposed connections.

The reference also indicates that "[t]o date, there have been no capacity connection issues or fail responses received for any of the renewable generation projects proposed and/or connected to LPDL's service territory".

a) Please confirm whether the FIT and MicroFIT connections shown in Table 3 are existing or proposed connections.
b) For any proposed FIT or MicroFIT connections, please explain whether the statement that "there have been no capacity connection issues…." is a final assessment by Hydro One or if this would be subject to further review/assessment /approval by Hydro One at a later date.
c) Please provide confirmation from Hydro One that there are no capacity connection issues for any of the renewable generation projects proposed for connection to LPDL's system.
d) Please indicate the expected connection dates for any proposed FIT and MicroFIT connections.

2.0-Staff-6

Ref: Exhibit 2/ Appendix C/ Section 2.6 - Green Energy Plan

The above reference indicates that there are two waterpower generation plants connected to LPDL's system that underwent major upgrades from October 2010 to January 2012 to significantly increase their production to approximately 5,500 kW combined. Yet Table 3 in Section 2.5, shows waterpower connections of 2,600 kW at Centennial MS and 5,200 kW at Golden Beach MS with remaining capacity of 2,900 kW and 300 kW respectively at the two MSs.

The reference also indicates that as of May 31, 2012, LPDL has incurred approximately $240,000 in renewable generation project costs related to the above-noted waterpower generation upgrades and that to date, the proposed cost from Hydro One is approximately $1,500,000. LPDL further states that its total contribution for expansion costs due to these waterpower generation upgrades will be capped at approximately $495,000 based on the renewable expansion cost cap of $90,000 per MW.

a) Please clarify LPDL's statement that the two waterpower generation plants that underwent major upgrades had their production increased to approximately <u>5,500 kW combined</u>, in light of the information contained in Table 3.
b) Please provide an update of LPDL's and Hydro One's costs incurred to date and expected future costs related to the waterpower generation upgrades.
c) Please provide a summary table that shows the total expected LPDL and Hydro One costs and the expected amount that each party (LPDL, Hydro One and the generator) is expected to contribute.
d) Please provide the status of any discussions/negotiations among LPDL, Hydro One and the generator with respect to cost responsibility of the work carried out by LPDL and Hydro One related to the waterpower generation upgrades.

2.0-Staff-7

Ref: Exhibit 2/ Appendix C/ Section 3.1 and 3.2 – Green Energy Plan

Section 3.1 of the above reference provides renewable generation statistics for LPDL including connected generation and FIT and MicroFIT applications.

Section 3.2 indicates that in 2012, LPDL plans to upgrade the reclosures at the third 27.6kV station to provide increased protections for future renewable generation connections and improved redundancy.

a) Please provide a table showing the expected approval and connection dates for the generation proposed in the FIT and MicroFIT applications listed in the reference.
b) Are there any additional expected generation connections over the next 5 years? If so include in the Table in (a).
c) Please provide the status and expected cost of the 27.6 kV reclosure upgrades planned for 2012.

2.0-Staff-8

Ref: Exhibit 2/ Appendix C/ Section 3.3 – Green Energy Plan

The above reference states LPDL is not requesting recovery of the incurred renewable generation costs in its 2013 Cost of Service Rate Application and that rate recovery for these costs will be addressed in future rate applications.

Please explain why LPDL has chosen not to seek recovery of the incurred renewable generation costs in its 2013 Cost of Service Rate Application and that rate recovery for these costs will be addressed in future rate applications.

2.0-Staff-9

Ref: Exhibit 2/ Appendix C/ Section 4 – Green Energy Plan

The above reference states LPDL is currently investigating smart grid technologies through industry meetings and vendor discussions.

Please provide a general description and expected timing and cost of the smart grid system(s) that LPDL envisages.

2.0-Staff-10

Ref: Exhibit 2/ Tab 5/ Schedule 1/ Page 4 – 6; Chapter 2 of the Filing Requirements for Electricity Transmission & Distribution Applications, dated June 28, 2012, S2.5.2.3 & Appendix 2-D – Overhead Costs

The 2013 COS filing requirements stated that the applicant must complete Appendix 2-D regarding overhead costs on self-constructed assets regardless of whether the applicant has filed the application under MIFRS, USGAAP or an alternative accounting standard. In addition, the applicant must identify the burden rates related to the capitalization of costs of self-constructed assets.

a) Does LPDL have self-constructed assets and does it record administrative and other general overhead costs for these self-constructed assets?
b) If the answer is “yes” to part (a), please complete and file to the Board Appendix 2-D as per the 2013 COS filing requirements.
c) If not, please explain.
d) Have the burden rates changed since the last rebasing application?
e) If the answer to part (d) is “yes”, please identify the burden rates:
    - Prior to the change
    - After the change
    - and please provide the reason for the change

EXHIBIT 3 – OPERATING REVENUE

3.0-Staff-11

Ref: Exhibit 3/ Tab 2/ Schedule 1/ Page 3 – Load Forecast - kWhs

In Table 3.2.2, LPDL provides a summary of Load and Customer/Connection Forecast. Please provide Table 3.2.2 again but exclude any CDM adjustments from the Billed (GWh) column for 2012 and 2013 and recalculate the Growth (kWh) and Percent Change for 2012 and 2013.

3.0-Staff-12

Ref: Exhibit 3/ Tab 2/ Schedule 1/ Page 6-9 – Load Forecast – Regression model

On page 7 of the above reference, LPDL provides the equation for the Monthly Predicted kWh Purchases with the coefficients included in the equation. The equation shows the coefficient for CDM activity is (6.4).

Please provide the explanation of what the estimated coefficient implies with respect to CDM activities and “free ridership” of OPA programs.

3.0-Staff-13

Ref: Exhibit 3/ Tab 2/ Schedule 1/ Page 6 – Load Forecast – CDM Variable

LPDL notes that its regression model uses monthly kWh and monthly values of independent variables from January 2002 to December 2011 to determine a prediction formula with coefficients for each independent variable.

LPDL further notes that for the CDM activity variable, the years 2006 to 2013 have used a combination of two inputs. LPDL has used the net energy savings from the OPA 2006-2010 Final CDM Results to show how these programs have persistent savings from 2007 to 2013, but have adjusted for the years 2011 to 2013 to include preliminary actual results from 2011 programs that contribute towards Lakeland’s 2011-2014 cumulative energy (kWh) target of 10,180,000 kWh.

LPDL notes that for 2013, the monthly values for the CDM activity variable will total 2,271,075 kWh which includes 1,776,605 kWh from the OPA final results plus 494,470 kWh reflecting the persistence of 2011 programs into 2013.

On September 28, 2011, Lakeland filed its 2011 CDM Annual Report with the Board. Included within its annual report were final, verified net energy savings from 2011 CDM programs of 547,493 kWh.

a) Please update the CDM variable to account for LPDL's 2011 final verified CDM results as found within its 2011 CDM Annual Report.
b) Please provide an update to the CDM variable amount that reflects the persistence of 2011 programs into 2013. Please include an explicit CDM variable amount in kWh for the persistence of 2011 programs into 2013.

3.0-Staff-14

Ref: Exhibit 3/ Tab 2/ Schedule 1/ Page 16 - 18 – Load Forecast – Manual CDM Adjustment

LPDL notes that a manual adjustment has been made to reflect the impact of 2012 and 2013 CDM programs on the load forecast. LPDL has adjusted its load forecast by the gross impact of 2012 and 2013 CDM programs on the basis that the gross amount is most appropriate as it includes the estimated impact of CDM activity inclusive of free riders; those customers that participate in a program even if an incentive was not provided to participate.

LPDL has proposed that the 2012 load forecast should be adjusted by 2,374,652 kWh to reflect CDM savings from 2012 programs. LPDL also proposes that the 2013 load forecast should be adjusted by 4,749,305 kWh to reflect CDM savings from 2012 and 2013 programs. LPDL has calculated these adjustments by recalculating what its achievement levels will need to be in 2012, 2013 and 2014 in order to meet its 2011-2014 CDM Targets based on what it had projected to have achieved in 2011 (494,470 kWh). LPDL has also adjusted its required net energy savings in 2012 and 2013 by an average net-to-gross percentage based on 2006-2013 results from the OPA's 2006-2010 Final CDM Results in order to calculate the gross CDM adjustments that have been noted above.

a) Please use the net-to-gross percentage found in Lakeland's 2011 OPA Final Evaluation Results to provided updated calculations of the 2012 and 2013 gross CDM adjustments.
b) Please update Table 3.2.16 and include only the results from 2008 to 2013 to determine the average net-to-gross percentage.
c) Please use the updated average net-to-gross percentage from part (b) above and provide updated calculations of the 2012 and 2013 gross CDM adjustments.

3.0-Staff-15

Ref: Exhibit 3/ Tab 2/ Schedule 1/ Page 18 - 19 – Load Forecast – LRAMVA

LPDL has provided net CDM savings in 2013 from 2011, 2012 and 2013 programs for the Lost Revenue Adjustment Mechanism ("LRAM") variance account. LPDL notes that it expects to achieve 3,228,510 net kWh savings in 2013 from 2011 to 2013 CDM programs.

a) Please update Table 3.2.18 to reflect LPDL's final, verified 2011 CDM savings as found in LPDL's 2011 OPA Final Evaluation Results.
b) Please update Table 3.2.19 consistent with the update provided in part (a) above.

3.0-Staff-16

Ref: Exhibit 3/ Tab 2/ Schedule 1/ Page 12 – 13 – Customer/Connections Number

On page 13 of the above reference, LPDL states that the forecast of customers by rate class is determined using a geometric mean analysis.

Please provide any material (e.g. number of building permits requested, Town population forecast) supporting the proposed 2013 customer/connection forecasts.

3.0-Staff-17

Ref: Exhibit 3/ Tab 2/ Schedule 1/ Page 14 – Annual kWh Usage per Customer/Connection

In Table 3-12, LPDL provides a summary of annual kWh usage per customer/connection by rate class.

a) For the GS>50 kW class, the annual usage in 2009 dropped by 9.2%. Please explain the reason for this decrease.
b) For the USL class, the annual usage in 2010 dropped by 10.7%. Please explain the reason for this decrease.

EXHIBIT 4 – OPERATING COSTS

4.0-Staff-18

Ref: Exhibit 4/ Tab 2/ Schedule 4/ Page 3 – Employee Compensation

LPDL provides the details of Employee Compensation and Benefits in Table 4.2.14. The 2012 average yearly base wages for Management, Non-Union, and Union increase by 7.5%, 15.8%, and 4.6% respectively. Please explain the reason(s) for the large variation in increases in 2012.

4.0-Staff-19

Ref: Exhibit 4/ Tab 1/ Schedule 1/ Page 6-7 – Regulatory Costs

On page 6 of the above reference, LPDL states that "[r]egulatory costs for the 2013 rate application (amounting to $200,000), include LPDL's consulting costs and legal costs as well as anticipated Board and Intervenor expenses which are shown on Table 4.1.6(b)." However Table 4.1.6(b) does not include a breakdown. Please provide the breakdown of the $200,000 as described in the explanation.

4.0-Staff-20

Ref: Exhibit 4/ Tab 1/ Schedule 1/ Page 7-8 - Low Income Energy Assistance Program (LEAP)

Please state whether or not LPDL has included an amount in its 2013 Test year revenue requirement for any legacy program(s), such as Winter Warmth. If so, please identify the amount and provide a breakdown identifying the cost of each program along with a description of each program.

4.0-Staff-21

Ref: Exhibit 4/ Tab 2/ Schedule 5 – Corporate Cost Allocation

LPDL states that "[f]inancial services increased in 2013 over 2009 due to the conversion to IFRS, the implementation of the fixed asset database and the 2013 Cost of Service rate application."

a) Please provide the completion date for the initiatives related to IFRS conversion, implementation of the fixed asset database and Cost of Service application. If the initiatives are not completed yet, please provide an estimate of the completion date.

b) Please identify whether the costs included in this application (2013) are considered as one-time or ongoing expenses.
c) Please advise whether the costs related to the Cost of Service application are also included in Table 4.1.6(a) (Exhibit 4/ Tab 1/ Sch.1, p.7). If so, please provide the amount.

4.0-Staff-22

Ref: Exhibit 4/ Tab 3/ Schedule 1 - PILs

Table 4.3.1 of the above reference provides the actual and forecasted PILs for historical, bridge and test years. Staff has prepared a table below comparing the variance between actual and forecasted PILs as identified in table 4.3.1 with the PILs amounts provided in the Board's PILs model filed under Exhibit 4/ Appendix C.

Year	2011	2012	2013
Table 4.3.1 (PILs)	$176,592	$27,029	$160,968
Appendix C (PILs)	$186,448	$187,972	$148,725

Please explain the difference of the PILs amounts between the periods from 2011 to 2013.

4.0-Staff-23

Ref: Exhibit 4/ Tab 2/ Schedule 7/ Page 8, Table 4.2.7; MIFRS Webinar dated July 19, 2012, Example 1; Chapter 2 of the Filing Requirements for Electricity Transmission & Distribution Applications, dated June 28, 2012, S2.12.4

An applicant that files a 2013 COS application must provide evidence that indicates the IFRS-CGAAP Transitional PP&E Deferral account is to be cleared in rates as required in the 2013 COS filing requirements. In addition, the applicant must make an adjustment to the test year depreciation expense either in Appendix 2-CD (or Appendix 2-CH 2013 MIFRS depreciation expense) as part of distribution expenses for the amortization of account 1575.

Table 4.2.27, Amortization Expense for 2013 Test Year –MIFRS, does not show the adjustment to the test year depreciation expense relating to the IFRS-CGAAP Transitional PP&E Deferral account.

Please complete and submit a revised Table 4.2.27showing the depreciation expense adjustment resulting from the amortization of account 1575.

EXHIBIT 6 – CALCULATION OF REVENUE DEFICIENCY OR SUFFICIENCY

6.0-Staff-24

Ref: Exhibit 6/ Tab 1/ Appendix A – Revenue Requirement Work Form

a) Based on the responses to the interrogatories from all parties, please submit a Microsoft Excel file containing an updated RRWF (version 3.00) that represents any changes the applicant wishes to make to the amounts in the previous version of the RRWF. Column E of Sheet 3 should remain unchanged. Adjustments or changed numbers should be input into cells on columns I or M, as applicable.
b) Please provide a list of all changes made to LPDL's original application (by exhibit), including an updated derivation of its revenue requirement, PILs calculation, base rates, rate adders/riders, and bill impacts.

EXHIBIT 7 – COST ALLOCATION

7.0-Staff-25

Ref: Exhibit 7/ Tab 1/Schedule 1 – Revenue-to-Cost ratios

Table 7.1.3 provides the Revenue-to-Cost ratios from the 2013 cost allocation model. It appears that the ratios are different as compared to Table 7.1.2 and Table 7.1.5 (c) for all the classes. Please reconcile the differences.

7.0-Staff-26

Ref: Exhibit 7/ Tab 1/Schedule 1 – Weighting Factors

LPDL provides its own weighting factors for Services and for Billing and Collecting in worksheet I5.2. The weighting factors for Services for Street Lighting, Sentinel Lighting and Unmetered Scattered Load are zero. LPDL notes that the service rating is not applicable as service is related to the connection between the distribution system and the customer's electrical panel.

Please confirm that LPDL does not provide, for the customers in the Street Lighting, Sentinel Lighting and Unmetered Scattered Load classes, any conductor or other items listed under Account 1855 in the Accounting Procedures Handbook.

EXHIBIT 8 – RATE DESIGN

8.0-Staff-27

Ref: Exhibit 8/ Tab 1/ Schedule 1/ Page 5 - 6 – Low Voltage

a) LPDL proposed its total Low Voltage costs for 2013 as $677,259. Please provide the actual Low Voltage costs for 2009, 2010, and 2012.
b) Please explain the reason(s) for increase (or decrease) in Low Voltage costs for the period between 2009 and 2013.

8.0-Staff-28

Ref: Exhibit 8/ Tab 1/ Schedule 1/ Page 7 - 9 – Loss Factors

Table 8.1.11 shows a historical distribution loss factor (DLF) for 2007 to 2011. The DLF for 2007 was 1.0220, and the DLF was increased to 1.0408 in 2008, further increased in 2011 to 1.0510. Please explain the reason(s) for the increase in the DLF for the period between 2008 and 2011 and describe the steps, if any, that are contemplated to reduce distribution losses going forward.

EXHIBIT 9 – DEFERRAL AND VARIANCE ACCOUNTS

9.0-Staff-29

Ref: Exhibit 9/ Tab 2/ Schedule 1/ Page 2 – Account 1588

In regards to Account 1588 RSVA Power and Account 1588 RSVA Sub-account Global Adjustment:

a) Does LPDL pro-rate the IESO Charge Type 146 (Global Adjustment) into the RPP portion and non-RPP portion? If not, please explain why not.
b) If so, please provide the supporting spreadsheet for the year 2011 which identifies this proration.

9.0-Staff-30

Ref: Exhibit 9/ Tab 2/ Schedule 3/ Page 1-2, Table 9.2.5;
EDDVAR Continuity Schedule Work Form

In Table 9.2.5 LPDL is requesting the disposition of Account 1588, Global Adjustment (GA) for a total credit balance of $167,306 which includes a credit amount of $51,597 for Account 1595, sub account Disposition and Recovery or Refund of Regulatory Assets (2009).

For the Account 1595 sub account, Disposition and Recovery or Refund of Regulatory Assets (2009):

a) Has LPDL tracked the rate riders (GA and DVA excluding GA) separately within the account 1595 sub account?
b) If the answer in part (a) is “no”, please advise what information does LPDL have to show that there are separate residual balances for each of the rate riders relating to the GA and General in account 1595.
c) If the answer in part (a) is “yes”, please provide the total amount collected for each rate rider less the approved amount for disposition and the residual balances for account 1595 for GA & General relating to the 2009 disposition.

9.0-Staff-31

Ref: Exhibit 9/ Tab 2/ Schedule 3/ Page 2, Table 9.2.6- EDDVAR Continuity Schedule Work Form

In Table 9.2.6, LPDL provided the amounts requested for disposition for Groups 1 and 2 by account. LPDL provided a lump sum amount for each account without showing the breakdown of the principal and carrying charges for 2011 and the forecasted carrying charges for the year 2012 as well as the forecasted carrying charges for 2013.

The figures in the following table are taken directly from the EDDVAR Continuity Schedule. Please confirm LPDL's agreement with the numbers provided in the following table. If LPDL does not agree with any figures, please explain why not and provide amended table with a full explanation of all changes.

Account	Dec.31, 2011 Audited Balance, Principal	Dec.31, 2011 Audited Balance, Carrying Charges	Carry Charges, Jan.1, 2012 to Dec.31, 2012	Carry Charges, Jan.1, 2013 to Apr.30, 2013	Total Amount Requested for Disposition
1550 – Low Voltage	$173,670	($398)	$2,553	$851	$176,676
1580 – RSVA – Wholesale Market Service Charge	($632,336)	($10,802)	($9,295)	($3,098)	($655,531)
1584 – RSVA – Retail Transmission Network Charge	$44,990	($1,047)	$661	$220	$44,825
1586 – RSVA – Retail Transmission Connection Charge	$20,666	($1,544)	$304	$101	$19,527
1588 – RSVA – Power (excluding Global Adjustment)	$906,939	$14,278	$13,332	$4,444	$938,993
1588 – RSVA – Power – Sub account -Global Adjustment	($111,307)	($2,221)	($1,636)	($545)	($115,709)
1590 – Recovery of Regulatory Asset Balances	$208,185	$6,884	$3,060	$1,020	$219,150
1595 – Disposition and Recovery of Regulatory Balances	($524,612)	$542,555	($7,712)	($2,571)	$7,661
1595 – Disposition and Refund of Regulatory Balances (GA related)	($34,710)	($16,206)	($510)	($170)	($51,597)
1508 – Other Regulatory Assets – Incremental Capital Charges	$6,956	$161	$102	$34	$7,254
1518 – Retail Cost Variance Account - Retail	($69,638)	($1,661)	($1,024)	($341)	($72,664)
1548 – Retail Cost Variance Account - STR	$91,127	$2,182	$1,340	$447	$95,095
1592 – Sub-Account HST/OVAT Input Tax Credits (ITCs)	($12,778)	$0	$0	$0	($12,778)
Total Balances including 1588 sub account GA	$67,152	$532,181	$1,176	$392	$600,902
Total Balances excluding 1588 sub account GA	$213,169	$550,608	$3,322	$1,107	$768,208

9.0-Staff-32

Ref: Exhibit 9/ Tab 2/ Schedule 4/ Page 1, Table 9.2.8;
Exhibit 3/ Tab 2/ Schedule 1/ Page 21, Table 3.2.23

LPDL provided the summary of load forecast in Table 3.2.23 by customer rate class. The billing determinants by customer rate class in Table 9.2.8 use this load forecast in Exhibit 3 for the DVA rate riders calculation. It appears that there are differences between the billing determinants in Table 9.2.8 and the load forecast in Table 3.2.23.

a) Please confirm that LPDL is using the 2013 weather normalized forecast (Table 3.2.23) for the calculation of the 2013 base rates.
b) Please confirm that LPDL is using the 2013 weather normalized forecast (Table 3.2.23) for the calculation of the DVA rate riders.
c) If the answer is “no” to part b, please identify the load forecast LPDL is using for the DVA rate riders and explain the reason for its use.

9.0-Staff-33

Ref: Exhibit 9/ Tab 2/ Schedule 3/ Page 2, Table 9.2.6;
Exhibit 1/ Tab 3/ Schedule 1, Appendix D, Note 6 of 2011 AFS;
Chapter 2 of the Filing Requirements for Electricity Transmission & Distribution Applications, dated June 28, 2012, S2.12.5;
EDDVAR Continuity Schedule

LPDL stated that the DVA balances which are being requested for disposition reflect the Audited Financial Statements (AFS) balances as of December 31, 2011.

S.2.12.5 of the 2013 COS filing requirements requires the December 31, 2011 balances in the DVA continuity schedule to tie to the audited financial statements and to show the differences if any including the explanation.

a) Please reconcile the December 31, 2011 balances in Note 6 of the 2011 AFS with the corresponding DVA account/s in the EDDVAR Continuity Schedule and the DVA amounts requested for disposition and show the differences with explanations.
b) If there any differences affecting all related evidence including Tables 9.2.5, 9.2.6, 9.2.8, 9.2.9, and the EDDVAR Continuity Schedule Work Form, please update the evidence as necessary.

9.0-Staff-34

Ref: Exhibit 9/ Tab 2/ Schedule 3/ Page 2; Account Procedures Handbook (“APH”) Frequently Asked Questions (“FAQ”) December 2010;
Chapter 2 of the Filing Requirements for Electricity Transmission & Distribution Applications, dated June 28, 2012, S2.12.2;
November 28, 2006 Board Letter to Electricity Distributor on Approval of Accounting Interest Rates Methodology for Regulatory Accounts Board File No. EB-2006-0117; Appendix 2-T

LPDL is requesting disposition of Account 1592, PILS & Tax Variance for 2006 & Subsequent Years-Sub Account HST/OVAT ITCs for $12,778 (50% of $25,556). LPDL also provided Appendix 2-T providing a summary of the capital and OMA HST/OVAT/ITC savings.

S.2.12.2 of the 2013 COS filing requirements requires the applicant to provide an analysis to support the applicant's conformity with the December 2010 APH FAQ #4 using the example shown in the FAQ for the period July 1, 2010 to April 30, 2013.

a) Please confirm that LPDL followed the December 2010 FAQs # 1- 5. If this is not the case, please explain.
b) Please confirm that the entries have been made to record the variances in the sub account of Account 1592 to cover the period from July 1, 2010 to December 31, 2011. If this is not the case, please explain.
c) Please provide detailed schedules, similar to Table 1 and Table 2 of Question 4 of the December 2010 APH-FAQs, to indicate the HST savings on OM&A costs and capital expenditures for the periods of:

    I. July 1, 2010 to December 31, 2010;
    II. January 1, 2011 to December 31, 2011;
    III. January 1, 2012 to December 31, 2012; and
    IV. January 1, 2013 to April 30, 2013.

d) Since the calculation of the HST savings in Question 4 of the December 2010 APH-FAQs for OM&A costs and capital expenditures is based on a proxy using 2009 spending, has the distributor experienced actual spending which was materially different for the above-noted periods in c)? If so, please explain the basis for the differences and provide detailed schedules for the HST savings for each period.
e) In the December 2010 FAQ #5, the Board requested that the applicant include 100% of the savings in the sub account. LPDL provided the $25,556 as the 100% base upon which the $12,778 is based under Account 1592, sub account HST/OVAT/ITCs. Please provide the detailed calculation on how this was derived and please tie them to the amounts in in Appendix 2-T and the EDDVAR Continuity Schedule.

The Board Letter to Electricity Distributor on Approval of Accounting Interest Rates Methodology for Regulatory Accounts provides guidance on which DVA accounts (of which Account 1592 is one of them) will attract interest.

f) Please provide the detailed calculation of the carrying charges requested for disposition for Account 1592, sub account HST/OVAT/ITCs

9.0-Staff-35

Ref: Guidelines for Electricity Distributor Conservation and Demand Management (EB-2012-0003), Section 13 - LRAM;
Chapter 2 of the Filing Requirements for Electricity Transmission & Distribution Applications, dated June 28, 2012, S2.7.10- CDM costs

LPDL has not included a request to dispose of its LRAMVA – Account 1568 balance as of December 31, 2011.

As stated in Section 13.4 of the Board's *Guidelines for Electricity Distributor Conservation and Demand Management*, April 26, 2012 (EB-2012-0003) and section 2.7.10 – CDM Costs, LRAMVA, Pages 36-37 of the 2013 COS filing requirements, at a minimum, distributors must apply for the disposition of the balance in the LRAMVA as part of their COS applications.

a) Please provide the evidence supporting the disposition of your LRAMVA – Account 1568 balance as of December 31, 2011. Please ensure that the evidence comprises the elements listed below.

   i) Full LRAMVA calculations that are based on the final evaluation results for 2011 OPA-Contracted Province-Wide CDM Programs ("OPA Programs"). The LRAMVA calculations are determined by calculating the energy savings by customer class and valuing those energy savings using the distributor's Board-approved variable distribution charge appropriate to the class;
   ii) Separate tables for each rate class that shows the LRAMVA amounts requested in association with the final evaluation results for 2011 OPA Programs;
   iii) A statement that indicates the amount, if any, that LPDL's last approved load forecast was adjusted to reflect forecasted CDM impacts in association with LPDL's 2011-2014 CDM Targets;
   iv) Calculations showing the variance, if any, between the CDM component related to the 2011-2014 CDM Targets included in LPDL's last approved load forecast and the final evaluation results for LPDL's 2011 OPA Programs;
   v) A statement indicating that the distributor has relied on the most recent final evaluation report from the OPA in support of its LRAMVA calculation;

vi) A statement indicating that the distributor has used the most recent input assumptions available at the time of the program evaluation when calculating its LRAMVA amount;

vii) Applicable LRAMVA rate riders for all affected rate classes;

viii) A statement, and if applicable a table, that indicates if carrying charges are being requested on the LRAMVA amount; and,

ix) Documentation of the distributor's final evaluation results for its 2011 OPA Programs.