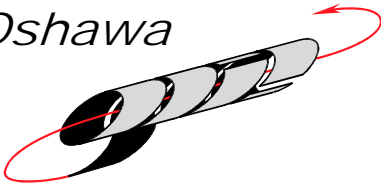


Oshawa



PUC Networks Inc.

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February 27, 2009

Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor 2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: Oshawa PUC Networks Inc. (ED 2002-0560)
2009 IRM Rate Application (EB-2008-0205)

Oshawa PUC Networks Inc. wishes to submit our Response to the Interrogatories from SEC for Part II of the above file. The Response was submitted electronically using the OEB's RESS document filing system and two (2) paper copies have been sent to the Board Secretary.

Copies of this response have been sent electronically to the intervenors in this rate case.

Yours truly,

Vivian Leppard
Regulatory Analyst
Phone: (905) 743-5220
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**OSHAWA PUC NETWORKS REPLIES TO
INTERROGATORIES OF THE
SCHOOL ENERGY COALITION**

Incremental Capital Application

1. *[p. 3] Please file the full capital budget for 2009 of \$11,803,824, using the Applicant's normal categories of capital spending, and a list providing details of all projects over the materiality threshold. In that list of projects, please identify*
 - a. *All projects that were excluded as "discretionary",*
 - b. *All projects that were excluded as "included in our approved rate base",*
 - c. *All projects that are considered incremental capital spending by the utility, and*
 - d. *All projects that are included in the budget and not included in any of the preceding three sub-lists.*

Please refer to the reply to Board Staff interrogatory 1 (e) for the 2009 capital budget. The materiality calculation applies to the entire budget and not to individual projects. The incremental amount was calculated as \$5,236,549. OPUCN reduced this amount by \$1,703,249 to exclude capital projects that are included in our approved rate base for 2008 but which had to be carried over to 2009. The remaining incremental amount is \$3,533,300 and is made up exclusively from the projects identified in the Incremental Capital Application.

2. *[p. 3] Please file the capital budget, and the actual spending, using the Applicant's same normal categories, for each of 2005 through 2008. If there are increases in any year, in any category, exceeding 5% relative to the previous year, please provide an explanation of each of those increases.*

The capital budget and actual spending figures for 2005 through 2008 are included in the response to VECC question 5 (a).

Actual enhancements increased significantly from 2005 to 2006. This increase was due to work which was required to support two projects. The Ministry of Transportation built a new

interchange from Highway 401 to Stevenson Road and OPUCN was required to do a large amount of work for this. Also in 2006 the City of Oshawa required considerable work to support construction of a new Arena in downtown Oshawa. Neither of these projects was discretionary and it displaced other planned work.

In 2007 the enhancement budget increased due to an accelerated wood pole replacement project required when the poles had to be replaced earlier than planned due to safety issues.

Increases in Expansions and Connections are driven primarily by subdivision work. There was a spike in housing starts in Oshawa in 2006 which has since returned to more normal levels.

There was a spike in Vehicle spending in 2005 when several fully depreciated pickup trucks were replaced. There was another one in 2007 when a new double bucket truck was acquired.

3. *[p. 5] Please provide the report of the internal investigation results from December 2008 relating to concrete poles.*

The internal investigation report in regards to the concrete pole failure is attached to the response to Board Staff interrogatory number 6 (a).

4. *[p. 6] Please provide the actual cost to replace concrete poles in each year from 2005 through 2008, broken down into engineering, purchase cost, installation, removal and disposal, overhead allocation, and any other material categories. Please advise the number of concrete poles replaced in each of those years. Please advise what percentage of such costs in each year were costs of internal resources, and what percentage were externally contracted.*

In the period from 2005 to 2008 only wood poles were identified as requiring spot replacement on an individual basis. Concrete poles were replaced, but as larger feeder rebuild projects and not as specific individual poles.

The average cost estimate to replace a concrete pole is \$7,000 each. This cost estimate includes all of the costs associated with removing and disposing of the existing pole and installing a new pole. The cost is an estimated average as each replacement is unique and will involve a variety of possible parameters.

5. *[p. 7] Please detail what maintenance projects would be postponed if required to address the concrete pole replacement, and the revenue requirement impact of that postponement. Please explain how postponing maintenance would facilitate this replacement program, when the intention is to tender the work to outside contractors. Please explain how “workforce limitations” impact a project that is to be tendered.*

The intention to tender this work to a contract services provider is based on receiving funding from the OEB through this application. Should the funding not be approved, the method for implementing the pole replacement program will have to be reviewed. In the event that funding is not approved, it is likely that internal staff will have to be utilized in order to complete the program, jeopardizing the ability of OPUCN to complete its urgent maintenance programs.

6. *[p. 8] Please advise what amount is already included in the utility’s 2008 budget for the LTLT projects for 7 customers scheduled for that year.*

In 2008 seven (7) customers were transferred to the OPUCN distribution system at a cost of \$19,576.55.

This was technically a very simple conversion and did not involve extensive work on the distribution system. Each conversion required has been estimated based on its unique requirements.

7. *[p. 10] Please provide the report or analysis that identifies “a number of distribution feeders with substandard reliability”. Please compare the reliability indices of the utility overall with industry averages, and identify the connection between these substandard feeders and poor reliability performance by the utility. Please describe how the project to upgrade this particular feeder differs from normal remedial work on the Applicant’s distribution system. Please provide a chart showing the reliability driven capital spending of the Applicant for each of the years 1999 to 2008 inclusive, and describe any material projects included in the spending in each of those years.*

OPUCN has collected data on the performance of its distribution system and, as a result, has identified 2F4 feeder as a poor performing feeder. This is a purely urban feeder, serving a densely populated area. It is an aged feeder having substandard construction and needs to be rebuilt to current construction standards and design to improve the reliability of supply and increase worker safety when maintenance on the feeder is required. The feeder will be replaced using current design and construction standards allowing for a significant reduction in the number of outages for the customers connected to it. By replacing a poor performing distribution

feeder the overall reliability statistics for the OPUCN distribution system will also be improved significantly. An external contracting organization will be hired to complete the engineering design and construction work associated with the project, therefore not impacting the OPUCN's ability to complete other planned distribution system work during 2009.

The following chart shows the reliability statistics for the 2F4 feeder which is the one which will be replaced during this project. For comparison purposes, the chart also includes the statistics for feeder 5F5 which is an average performing feeder. These two feeders are similar in terms of customer mix attached to the feeder, feeder length, and routing.

Name of the feeder	Momentary interruption 2008	SAIDI -2008	SAIFI -2008
2F4	17	0.91	2.43
5F5	2	0.12	1.10

In the interest of providing a timely response OPUCN has provided data from 2005 through 2008 for Reliability driven spending.

Year	Capital spending for the reliability driven projects	Material Projects spending over \$250,000
2005	\$1,151,316	
		O/H Line Rebuild Wilson Rd N Rossland Rd. to Adelaide
		U/G Cable Replace, Charrington Ave
2006	\$1,047,157	
		U/G system improvement Mary and King
2007	\$2,626,661	
		O/H Pole Replace After Testing
		OH Wilson N/Greenhill-Conlin
		U/G Cable Replace, Fleetwood
2008	\$1,990,379	
		MS#13 Relays
		U/G Cable Replace, Glovers
		Substation Breaker Replacement

8. [p. 13] Please advise why the mobile workforce project should not be considered to be a productivity investment of the type that is expected by utilities during their IRM period. Please provide the business case for this project. If not included in the business case, please identify the capital and O&M spending impacts year by year from the time of commencing

the project until benefits have been fully realized, and convert each of those capital and O&M spending impacts into the revenue requirement impact for each year (calculated on a cost of service basis).

Please refer to Board Staff interrogatory 16 (b) for this information.