Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273

Ontario

BY EMAIL

January 30, 2013

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto ON M4P 1E4

Dear Ms. Walli:

Re: PUC Distribution Inc.
Application for Rates
Board File Number EB-2012-0162

In accordance with Procedural Order No. 1 issued on January 18, 2013, please find attached the Board Staff Interrogatories on the cost of service rate application filed by PUC Distribution Inc.

Yours truly,

Marc Abramovitz
Advisor, Applications & Regulatory Audit

Board Staff Interrogatories
2013 Electricity Distribution Rates
PUC Distribution Inc. (“PUC”)
EB-2012-0162
January 30, 2013

Exhibit 1 – General and Administrative Documents

1-Staff-1

Ref: Exh 1-1-5
PUC is requesting rates effective May 1, 2013 and notes it requires the Rate Order by April 15, 2013 to implement rates on May 1, 2013.

a) Will PUC be requesting the Board to declare its existing rates interim effective May 1, 2013 in the event that it appears that the new rates won’t be available for a May 1, 2013 implementation?
b) In the event that the new rates are not available for a May 1, 2013 implementation, will PUC be seeking recovery of forgone revenue?
c) Please explain why PUC requires the final rate order two weeks in advance of May 1. Please identify the issuance date of the first bills reflecting May 1 consumption.

1-Staff-2

Ref: RRWF
Upon completing all interrogatories from Board staff and intervenors, please provide an updated RRWF with any corrections or adjustments that the applicant wishes to make to the amounts in the previous version of the RRWF included in the middle column. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note.

1-Staff-3

Ref: Appendix 2-W, Bill Impacts
Upon completing all interrogatories from Board staff and intervenors, please provide an updated Appendix 2-W for all classes at the typical consumption / demand levels (i.e. 800 kWh for residential, 2,000 kWh for GS<50).

1-Staff-4

Ref: Exh 1-1-13, Corporate Entities Relationship Chart
At the above reference, the applicant states the following:

> *PUC Services Inc. is an integrated utility service provider. PUC Services Inc. provides services to its affiliated companies at cost. In addition to providing services to PUC Distribution, services are provided to the Public Utilities Commission on the same terms as that of the affiliate.*
> *PUC Services also provides services to entities outside the affiliated group - water treatment, wastewater treatment, and billing and customer care services*

under a number of contracts. These services are provided at rates negotiated between the parties, but in all cases are on a for-profit basis.

a) The Public Utilities Commission does not appear in the corporate Entities relationship chart. Please clarify who the Public Utilities Commission is and its relationship to PUC Distribution Inc. and PUC Services Inc.
b) Please provide an updated corporate entities relationship chart including the Public Utilities Commission.

1-Staff-5
<u>Ref: Exh 1-2-1, Page 1</u>
<u>Ref: Exh 1-2-4</u>
The distribution revenue and revenue deficiency stated in the application does not match the amounts found on sheet 8 of the RRWF.

Please reconcile the amounts and update the RRWF if necessary.

Exhibit 2 – Rate Base

2-Staff-6
<u>Ref: Exh 2-1-1, Table 2-1</u>
<u>Ref: Chapter 2 Appendices (excel file)</u>
The Net Book Values (NBV) stated in Table 2-1 do not reconcile to the NBV listed in Appendix 2-B.

Please reconcile the NBV for each year listed in Table 2-1 and comment on any variances.

2-Staff-7
<u>Ref: Exh 2-2-1</u>
Please identify the increases (decreases) in OM&A expense for the test year, arising from other than from a decrease (increase) in capitalized overhead.

2-Staff-8
<u>Ref: Exh 2-2-2, Table 2-4</u>
<u>Ref: Exh 1, Appendix D, Pages 9-10</u>
Board staff notes that SAIDI and SAIFI excluding loss of supply are increased (i.e. worse) for 2011 than for preceding years.

a) Please explain the causes of the fluctuations in the reported reliability performance measures (SAIDI, SAIFI and CAIDI) from 2010 to 2011.
b) Please comment on what service reliability measures PUC has/is taking to ensure these ratios decrease.

c) Please provide an estimate for 2012 for the service quality indicators. Please describe how PUC derived the 2012 estimate of its reliability performance measures, given the fluctuations shown over the prior years.

2-Staff-9

Ref: Exh 2-2-3, Table 15

Ref: Exh 2-2-1, Page 3Ref: Exh 1-2-4, Page 3Ref: Exh 1-1-20, Page 1

As per Exhibit 2-2-3, Page 15, PUC stated the following:

> *PUC has not accounted for any gains or losses on the retirement of assets in this cost of service rate application.*
>
> *PUC has not recorded any asset impairment losses in this cost of service application.*

As per Exh 2-2-1, Page 3, PUC stated:

- *PUC follows Generally Accepted Accounting Principles, in particular the CICA Handbook IAS 16 Property, Plant and Equipment and the OEB Accounting Procedure Handbook.*
- *Components of PP&E are determined and depreciation is calculated separately for each significant component or part.*
- *Depreciation is based on the asset costs (or revalued cost) less its residual value over the estimated useful life*
- *General overhead and administrative costs are specifically excluded from the cost of the asset.*

As per Exh 1-2-4, Page 3, PUC stated the following:

> *Transition to IFRS…reduced capital charges and increased OM&A*

a) Please clarify the accounting policy choice for each area of PP&E in 2013 , using the following table:

#	Areas of PP&E policies in 2013	IFRS or CGAAP	External Auditor agrees with the policy? (Y/N)[1]	Impact, if any, to the revenue requirement of 2013
1.	Asset Useful Lives			
2.	Componentization of Assets			
3.	Capitalization of Overheads			
4.	De-recognition of PP&E (including asset retirement)			

5.	Asset impairment			
6.	Others			

Note 1: please provide the reasons if the answer is "No". Please provide the plan for consultation with its auditor if PUC has not obtained the agreement with its external auditor.

b) Please explain why PUC stated that the transition to IFRS reduced capital charges and increased OM&A, as per Exhibit 1 Tab 2 Schedule 4 Page 3 of 3. The table on Exhibit 1 Tab 1 Schedule 20 Page 1 of 1 (excerpts from the table reproduced below) shows an increase in both net book value of PP&E and OM&A when comparing 2013 CGAAP to 2013 MIFRS. Please provide numbers and calculations that support PUC Distribution Inc.'s statement that the "transition to IFRS reduced capital charges and increased OM&A". The analysis should reflect the actual data recorded in PUC's evidence.

Rate Base	**CGAAP**	**MIFRS**	
2013 Net Fixed Assets Opening	80,369,401	80,704,733	
2013 Net Fixed Assets Closing	83,243,549	83,922,280	
OM&A	10,195,763	10,928,870	
2013 Revenue Requirement	**CGAAP**	**MIFRS**	**Difference**
Depreciation	4,493,943	3,407,501	(1,086,442)
PILs	493,584	276,281	(217,303)
OM&A	10,195,763	10,928,870	733,107

2-Staff-10

<u>Ref: Exh 2-2-7, Page 13</u>

PUC states that it has an on-going capital project to replace deteriorated wood poles as identified through annual third party pole testing and regular plant inspections. For the 2013 Test Year, this capital project has a cost of approximately $800K. This is an approximate 50% increase (~$262K) from 2012.

a) Please comment on the significant increase from 2012 to 2013.
b) Please provide the number of poles replaced for 2007 through 2012. Provide a column for 2013 indicating the estimated number of poles to be replaced.
c) Please file the 2012 third party annual testing report.

2-Staff-11

<u>Ref: Exh 2-2-7, Page 15-16</u>

In the referenced evidence, PUC has identified on-going capital projects.
For each of the following capital projects, please provide;

a) The expected timeline for the completion of this project.
b) A table outlining, by year, all costs pertaining to this project.

- Voltage Conversion Program
- Underground Cables Remediation Program
- Replace substation switches and breakers
- Replace underground station cables
- Station equipment

2-Staff-12

Ref: Exh 2-2-7, Page 16

PUC Distribution Inc. states that the SCADA system is outdated and will be replaced in 2013.

a) Please confirm whether the entire SCADA system will be replaced by end 2013 or only part of it.
b) If only part of the SCADA system will be replaced in 2013, please provide the expected timeline for the completion of this project.
c) Please provide a table outlining, by year, all costs pertaining to this project.

2-Staff-13

Ref: Exh 2-2-7

At a cost of $23M, PUC is constructing a new integrated service centre/administration building. The building will be complete and ready for occupancy by the end of 2012.

a) Please confirm whether the new building is complete and ready for occupancy.
b) If the new building is not complete, please provide a timeline for its completion.
c) Please provide a comparison of the square footage and cost per square feet between the new building and existing facilities.

2-Staff-14

Ref: Exh 1-1-13

Ref: Exh 2-2-7

Ref: Exh 3-3-2, Page 5

At Exh 1-1-13, PUC states that PUC Services Inc. performs services for water and wastewater treatment for the city (shareholder)..

a) At Exh 3-3-2, PUC states the increased revenue to account 4210 is due to PUC charging PUC Services Inc. for use of the new facility. Please confirm that PUC Services Inc. will be using both office and operational assets.
b) What revenues does PUC receive for the use of its building, equipment and systems, from PUC Services Inc. for work done on other than electricity distribution.?
c) Please match any revenues identified in (b) with the accounts listed in table 3-25, Summary of Other Distribution Revenue.

d) How are the rates charged to PUC Services Inc. determined, and do they reflect a market-based rate of return and associated taxes/PILs?
e) On page 25 of Exh 2-2-7, Board staff notes that the three existing locations that PUC Distribution Inc. operates out of will be disposed.
    I. Please confirm when the disposition of the three existing locations will take place.
    II. If the disposition will take place in 2013, please confirm whether or not Account 4355, Gain on Disposition of Property for the 2013 Test Year should be updated for the thee disposals.
    III. If the answer is yes to part II, please update account 4355
    IV. If the answer is no to part II, please explain why and provide an explanation for how the proceeds of any sales will be treated

2-Staff-15

<u>Ref: Exh 2-3-5, Page 5</u>
<u>Ref: Filing Requirements – Distribution System Plans – Filing Under Deemed Conditions of Licence EB-2009-0397, May 17, 2012</u>
PUC indicates that it does not meet the threshold for a detailed plan in that its expenditures do not exceed 3% of the rate base.

a) Please provide the calculation for the threshold as required by Reference 1, section 2.3 based on planned capital costs related to connection facilities for renewable generation or the development of a smart grid within the next year or five years and confirm that PUC's planned capital costs do not exceed the threshold value for providing a detailed GEA Plan, in either one year or over five years.
b) Reference 2, section 4.1.1 calls for a five year horizon for the Basic GEA Plan. PUC has provided exhibit 2 on page 5 which provides FIT projects through 2011. Please provide an update of this schedule and of information or discussion (as indicated in section 4.1.1) about the outlook for the five year period of the plan.
c) In accordance with Reference 1, section 4.1.1, please provide a summary of the Capital and OM&A expenditures that PUC expects to incur.
d) In accordance with Reference 2, sec 4.2.1, page 14, 3rd bullet, please identify any expenditures included in approved capital plans, funded through current rates (including any funding adders), or tracked in deferral accounts. For example, at E2/T3/S5/page 10 line 2, PUC indicates it has already invested in certain initiatives.
e) In accordance with Reference 2, 4.2.2.2 page 16, first bullet, please indicate the method and criteria that will be used to prioritize expenditures in accordance with the planned development of the system if any updates are provided under parts b), c) and d) above.
f) Reference 2, section 4.4 indicates (p20) that "At the present time smart grid development activities and expenditures should be limited to smart grid demonstration projects, smart grid studies and planning exercises, and smart grid employee education and training." Please indicate if PUC considers that any

of its initiatives, including those described in E2/T3/S5 page 10, would fall within the defined smart grid activities, and if so, why?

2-Staff-16

<u>Ref: Exh 2-3-5, Pages 8-9</u>

a) On page 9 of the above reference, it shows that there are 4 preliminary inquiry situations for which there is no feeder available. Please indicate how PUC would accommodate these in the event these inquiries were to proceed.
b) On page 8 of the above reference, there is a reference at lines 11-14 to two transformer stations with 60 MW solar power plants already connected. Please identify which transformer stations these are.

Exhibit 3 – Operating Revenue

3-Staff-17

<u>Ref: Exh 3-2-1</u>
<u>Ref: Exh 2-3-1</u>

In Exhibit 2/Tab 3/Schedule 1, PUC has included a report (the "Metsco Load Forecast Report") by an external consultant Metsco Energy Solution entitled "Load Forecast Report for Asset Management Plan 2013-2016" and dated August 2012. Board staff interprets that the purpose of the Metsco Load Forecast Report is to assess whether there would be any changes in PUC's expected consumption or peak demand over the time horizon of the Asset Management Plan that would indicate any capacity constraints in PUC's system which would suggest investments to increase the existing and forecasted capital investments to handle the new demand.

PUC has also provided its own load forecast in Exhibit 3/Tab 2/Schedule 1.

a) Please confirm or correct Board staff's understanding of the Metsco Load Forecast Report.
b) Why would the load forecast prepared for the Metsco Load Forecast Report not also be suitable for the 2013 test year forecast in terms of number of customers and connections, consumption (kWh), and demand (kW)?
c) Please provide a comparison of the regression based approaches in the Metsco Load Forecast Report and Exhibit 3/Tab 2/Schedule 1. The comparison should include the following:
    i. Regression results, including overall regression statistics (F-statistic, R2, adjusted R2, Durbin-Watson, etc.)
    ii. Variables (including definitions), estimated coefficients and t-statistics;
    iii. Estimated annual results for all years from 2003 to 2013 test year; and
    iv. Mean Absolute Percentage Error of the residuals for the regression period.

3-Staff-18

<u>Ref: Exh 3-2-1, Page 3</u>

In Table 3-3, PUC provides a summary of Load and Customer/Connection Forecast. Please provide Table 3-3 again but exclude any CDM adjustments from the Billed (kWh) column for 2012 and 2013 and recalculate the Growth (kWh) and Percent Change for 2012 and 2013.

3-Staff-19

Ref: Exh 3-2-1, Page 3

PUC documents that it has used a multivariate regression model to estimate purchased system kWh based on the following exogenous variables:

- Constant
- Heating Degree Days ("HDD") as measured at Sault Ste Marie Station
- Cooling Degree Days ("CDD") as measured at Sault Ste Marie Station
- Number of Days in the Month; and
- Spring/Fall Binary Flag.

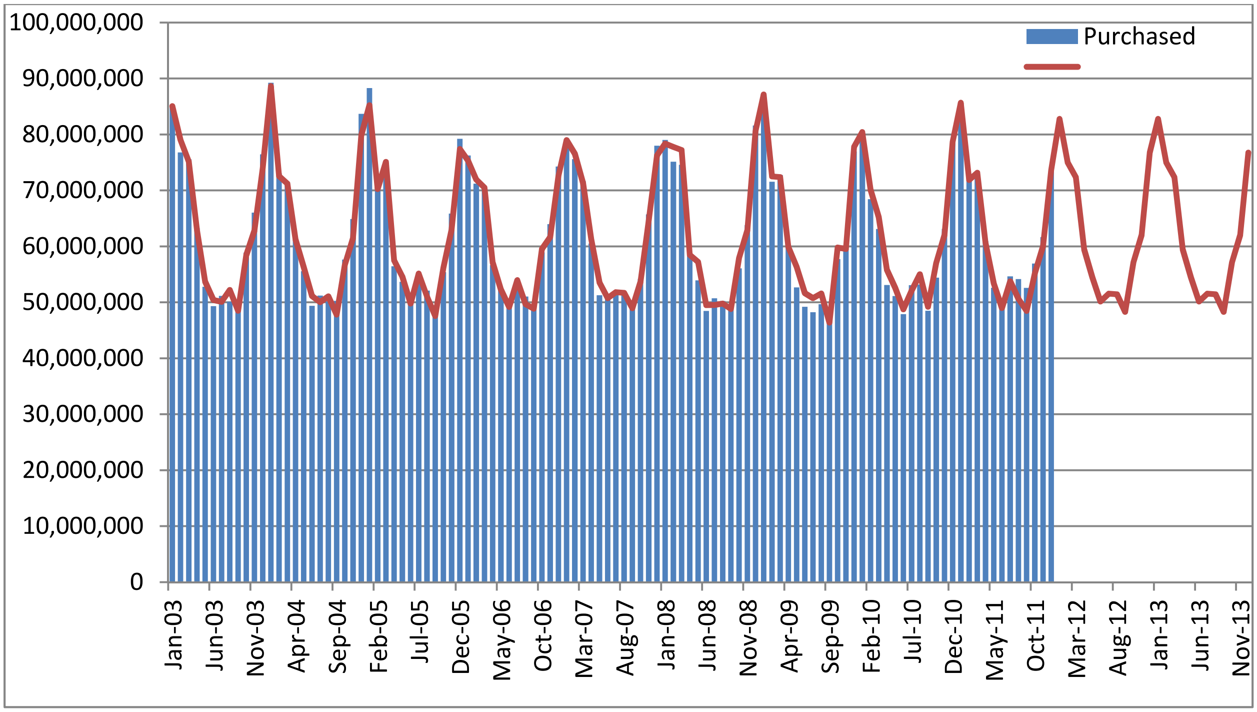
a) What other variables were tried to account for market size or for economic activity in PUC's service territory? If other variables were tried, what were the results and why were they omitted from the preferred model?

b) Did PUC try any variables to account for CDM impacts in the regression period?
   i. If yes, please identify the variable(s) tried, the data and data source, the results, and why such variables were omitted from the proposed model.
   ii. If no CDM variables were tried, please explain why not.

3-Staff-20

Ref: Exh 3-2-1

Based on the data contained on sheet "Purchased Power Model" of "PUC Distribution_2012_COS_Application_Weather_Normalization Regression Model_20121106.xls", Board staff has prepared the following graph showing the actual and predicted results from PUC purchased system load forecast model.



Please confirm or correct this graph.

3-Staff-21

Ref: Exh 3-2-1, Page 5

In Table 3-5, PUC provides a summary of annual kWh usage per customer/connection by rate class.

a) For the Residential, GS < 50 kW, and GS >50kW classes, the annual usage in 2011 increased by 5.5%, 10.6%, and 7.5% respectively. Please explain the reason(s) for these increases.
b) For the USL class, the annual usage in 2011 dropped by 12.0%; however in 2008 and 2009 the annual usage were increased by 20.5% and 25.6% respectively. Please explain the cause(s) of the fluctuation.

3-Staff-22

Ref: Exh 3-2-1, Page 13-15

On page 15 of the above reference, PUC states that the resulting geometric mean was applied to the customer/connection numbers to determine the forecast of customer/connections in 2012 and 2013.

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

3-Staff-23

Ref: Exh 3-2-1, Page 10

On page 10 of this exhibit, PUC states:

With regard to the forecast of the CDM savings variable and to be conservative, PUC applied a savings of 9,249,000 kWh to the 2013 test year forecast. The CDM savings was pro-rated to the rate classes based on the 2013 weather corrected forecast. The CDM savings is based on the Electricity Conservation and Demand Management Targets Board File Number EB-2010-0216 issued June 22, 2010. PUC's 2011-2014 net cumulative energy savings target is 30.83 GWh. Based on the CDM schedule from the OPA in 2013 the target conservation is 30% of the cumulative energy savings target. Therefore, PUC applied 30% of the 30.83 GWh as CDM savings in the 2012 test year.

The OPA's results on PUC's 2011 CDM results were filed in the supplemental application evidence filed on December 4, 2012.

Please provide a table showing the "net" and "gross" CDM results by year, and including the estimated persistence over time up to and including the 2013 test year, similar to the following:

Year	**OPA 2006-2011 Final CDM Results (Gross) (a)**	**OPA 2006-2011 Final CDM Results (Net) (b)**	**Difference (c) = (a) – (b)**	**% Difference of Net (d) = (c) / (b)**
2006				
2007				
2008				
2009				
2010				
2011				
2012				
2013				

3-Staff-24

<u>Ref: Exh 3-2-1</u>

PUC has proposed to use a CDM target of 30% as the CDM adjustment for the 2013 load forecast amount to take into account the persistence of 2011 and 2012 CDM programs, and the impact of 2013 CDM programs on 2013 demand (consumption, measured in kWh).

An alternative approach, assuming that final 2011 CDM results are available for PUC as reported by the OPA, is to taken into account the 2011 results and their persistence, and then to assume an equal increment for each of 2012, 2013, and 2014 so as to achieve PUC's CDM target of 30.83 GWh.

Based on PUC's actual 2011 OPA results, please fill out a table similar to the following (taken from Thunder Bay Hydro Electricity Distribution Inc.'s 2013 rates application EB-2012-0167):

Table 3-2.22: Schedule to Achieve 4 Year kWh CDM Target

4 Year 2011 to 2014 kWh target					
47,380,000					
	2011	2012	2013	2014	Total
2011 Programs	4.6%	4.6%	4.6%	4.3%	17.9%
2012 Programs		13.7%	13.7%	13.7%	41.0%
2013 Programs			13.7%	13.7%	27.4%
2014 Programs				13.7%	13.7%
	4.6%	18.2%	31.9%	45.3%	100.0%
kWh					
2011 Programs	2,157,479	2,157,479	2,157,479	2,031,020	8,503,456
2012 Programs		6,479,424	6,479,424	6,479,424	19,438,272
2013 Programs			6,479,424	6,479,424	12,958,848
2014 Programs				6,479,424	6,479,424
	2,157,479	8,636,903	15,116,327	21,469,292	47,380,000

3-Staff-25

Ref: Exh 3-1-3

Board staff understands that the results as reported by the OPA are "annualized" (i.e. assume that all CDM programs, including the current year's program, are in effect for the full year, from January 1 to December 31). While the full year effect for persistence of prior year CDM programs would be in place for the full year, CDM programs implemented in a given year would not have the full impact in the first year, due to timing.

The measured "full year" results, as measured by the OPA, will be used for the basis of the LRAMVA amount. However, the "full year" results in the first year of a CDM program, will overstate the actual results unless the program was implemented on January 1 of that year.

In the absence of any other information, a "half-year" rule (i.e. assuming that half of the incremental impact of programs introduced in a year is actually realized in the calendar year of introduction) may be a proxy for the actual impact, ignoring all other factors (i.e. seasonality).

a) Please provide PUC's understanding of the results as published by the OPA (i.e. are the full year or do they only reflect the period that a CDM program in in place in its first year).
b) If a "half-year" rule is used to account for the fact that 2013 CDM programs will not have a full year impact on 2013 actual consumption, please provide PUC's perspective that the adjustment for the 2012 and 2013 CDM programs on 2013 demand would be estimated as "N" kWh X 1.5 (reflecting full year impact of 2012 CDM and half-year impact of 2013 CDM on 2013) X (1 + g) X (1 + loss factor), where N is the number of kWh of incremental CDM savings needed in each of 2012, 2013 and 2014, as determined in the preceding Board staff interrogatory, and g is the "net" to "gross" conversion factor for 2013 as calculated in the

response to 3-Staff-8 and “loss factor” is the proposed 2013 loss factor of 4.89% from Exhibit 8/Tab 1/Schedule 5.

c) While the above is to adjust the load forecast which is on an “actual” year basis, the LRAMVA is based on the measured OPA results reported on a full year basis. Please confirm that the LRAMVA threshold would continue to be based on the “full year” CDM results of 2.74 GWh (i.e. persistence of 2011 CDM) + N X 2 (i.e. persistence of 2012 and impact of 2013 CDM) results. In this case, “M” would be the persistence of 2011 CDM programs on 2013 consumption as reported on a “net” basis in the final 2011 CDM results for PUC.

Exhibit 4 – Operating Costs

4-Staff-26

<u>Ref: Exh 4-2-3</u>

OMERS has announced a three-year contribution rate increase for its members and employers for the years 2011, 2012, and 2013.

a) Please state whether or not PUC’s. proposed pension costs include this increase. If so, please provide the forecasted increase by years and the documentation to support the increases. If not, please state how the applicant proposes to deal with this increase.

4-Staff-27

<u>Ref: Exh 4-2-3</u>

Please provide details of employee benefit programs, including pensions and other costs charged to OM&A for the last Board-approved rebasing application, Historical, Bridge and Test Years.

4-Staff-28

<u>Ref: Exh 4-2-2</u>

At the above noted reference, PUC states:

> *The major factors for the increases are inflation which PUC has estimated at approximately 13% over the five year period (weighted average of labour increases in accordance with the collective agreements and CPI for other costs).*

Please provide a detailed summary of the calculation.

4-Staff-29

<u>Ref: Exh 4-2-3, Table 4-13</u>

<u>Ref: Filing Requirements For Electricity Transmission and Distribution Applications, June 28, 2012, Chapter 2.7.4, Employee Compensation Breakdown</u>

The filing guidelines state that the applicant must complete Appendix 2-K in relation to employee complement, compensation, and benefits….Where there are three or fewer employees in any category, the applicant should aggregate this category with the category to which it is most closely related.

PUC has partially completed Appendix 2-K.

Please complete Appendix 2-K by providing further details in the Number of Employees and Average Yearly sections.

4-Staff-30

Ref: Exh 4-2-3, Table 4-13

From 2009 to 2010, PUC recorded an increase in 3 FTEs resulting in a total salary and wages increase of 11% or $526,441. This represents an average salary of $175,480 for each of the three FTEs.

From 2011 to 2012, PUC recorded an increase in 5 FTEs resulting in a total salary and wages increase of 14% or $750,155. This represents an average salary of $150,031for each of the five FTEs.

Please provide a detailed explanation regarding the increase in both time periods above.

4-Staff-31

Ref: Exh 4-2-2, Page 14

PUC states that the position of Supervisor of Safety and Environment was added on a shared basis to focus on maintaining a safe working environment and accounting staff to maintain pace with regulatory issues.

a) Please identify the affiliate with which PUC is sharing the supervisor position.
b) Please provide a detailed description of this position including the number of employees the Supervisor will be managing.
c) What percentage of time is being allocated to PUC for this position?

4-Staff-32

Ref: Exh 4-2-2, Page 14

PUC states that the new integrated software was implemented subsequent to 2008 which has increased the annual software maintenance fees.

a) Please provide a breakdown of the annual software maintenance fees for 2008 through 2013.
b) Please comment on all variances greater than $100,000.

4-Staff-33

Ref: Exh 4-2-4, Page 3

PUC states:

> *In preparation for the 2008 cost of service rate filing, and in response to the concerns expressed by the Board in its Decision and Order regarding PUC's 2006 rates, a consultant was engaged to review processes related to charging of shared services costs to the affiliated companies from PUC Services. RDI Consulting Inc.'s*

Full Absorption Cost Allocation Report was filed with PUC's 2008 cost of service rate application.

a) Have there been any updates since the report was completed? If so, please file the updates.

4-Staff-34

Ref: Exh 4-2-4, Page 4

a) Please provide further explanation regarding the allocation of administrative services to PUC Services Inc. Specifically, comment on what administrative services are being allocated to PUC Services Inc. and how the allocation percentage of 16.41% was determined.
b) Please provide the same table as displayed at the above reference for the years 2008 through 2012.

4-Staff-35

Ref: Exh 4-2-4, Page 5

Ref: Filing Requirements For Electricity Transmission and Distribution Applications, June 28, 2012, Chapter 2.7.5, Pricing Methodology

The filing requirements at the above reference states that:

> *Pricing Methodology includes approaches such as cost-base, market-base, tendering, etc. The applicant must provide evidence demonstrating the pricing methodology used. The applicant should also provide a description of why that pricing methodology was chosen, whether or not it is in conformity with ARC, and why it is appropriate.*

At the above reference, PUC indicated the pricing methodology used as "Cost – no markup".

Please provide a description of why that pricing methodology was chosen and whether or not it is in conformity with ARC, and why it is appropriate.

4-Staff-36

Ref: Exh 4-2-4, Page 5, Table 4-14

In the above referenced table, the 2009 actuals shows a percentage of corporate costs allocated from PUC Services Inc. to PUC of approximately 30% for services offered under administrative accounts 5605-5635, 5665 and 5675.

In 2012 and 2013, the percentage of corporate costs allocated for the same services offered increased to approximately 46%.

Please comment on the increase in allocation from 2009 to 2013.

4-Staff-37

Ref: Exh 4-2-4, Page 5
At the above reference, PUC states:

> *PUC Distribution Inc. performs no services it shares with affiliates.*

However, in Exh 3-3-2, Page 5, PUC states:

> ***Rent from Electric Property – Account 4210 - $1,359,714***
> *In prior years PUC Distribution shared facilities that were owned by an affiliate (PUC Services). The new integrated service centre/office building is owned by PUC Distribution to take advantage of lower interest rates available to the LDC. The increased revenue is to charge PUC Services for the use of the new facility.*

a) Please complete a Table 4-14 for all affiliates or non-affiliates that occupy the new integrated service centre/office building.
b) Please explain the pricing methodology chosen and a detailed explanation how the charges were determined.

4-Staff-38
Ref: Exh 4-2-4, Page 3
a) Regarding the purchase of non-affiliate services, did PUC obtain any of them without a competitive tender?
b) If the response to (a) is affirmative, please provide a summary of the nature of the product or service that is the subject of the transaction and a description of the specific methodology used in determining the vendor (including a summary of the tendering process/cost approach, etc.).

4-Staff-39
Ref: Exh 1-1-13, Page 1
PUC states the following:

> *PUC Services also provides services to entities outside the affiliated group - water treatment, wastewater treatment, and billing and customer care services under a number of contracts. These services are provided at rates negotiated between the parties, but in all cases are on a for-profit basis.*

Board staff notes that water treatment and waste water treatment entities are included in the corporate entities relationship chart.

Please clarify how these entities are classified as "outside the affiliated group"?

4-Staff-40
Ref: Exh 4-2-8, Page 1
Ref: Additional Information, December 4, 2012, pages 2-88, LRAM and LRAMVA

In PUC's application, it proposed to defer the recovery of any lost revenues from conservation and demand management ("CDM") programs in 2011 until its next rate application.

On December 4, 2012, PUC filed additional information in response to a request from Board staff. PUC is now proposing to recover a total of $178,871 in lost revenues consisting of $141,118 from the persisting lost revenues in 2011 from 2005-2010 CDM programs, and $37,753 from lost revenues in 2011 from 2011 CDM programs. PUC has requested a one-year recovery.

Board staff will be referring to the persisting lost revenues from PUC's 2005-2010 CDM programs as the LRAM amount and the lost revenues from PUC Distribution Inc.'s 2011 CDM programs as the LRAMVA amount.

LRAM

a) Please discuss if PUC is open to recovering its persisting lost revenues from January 1, 2012 to April 30, 2012 from 2005-2010 CDM programs at this time.
b) Please confirm that the persisting lost revenues from January 1, 2012 to April 30, 2012 from 2005-2010 CDM programs is $32,459 which includes $159 in carrying charges.
c) Please update Table 4 – Summary of 2011 LRAM claim on page 7 of 97 to also include the persisting lost revenues from January 1, 2012 to April 30, 2012 from 2005-2010 CDM programs.
d) Please update Table 14 – LRAM Rate Rider Calculations on page 88 of 97 to include the persisting lost revenues from January 1, 2012 to April 30, 2012 from 205-2010 CDM programs.

LRAMVA

e) Please provide a reference or provide supporting documentation for where PUC found or calculated the net kWh savings shown in Table 7 – General Service < 50 kW 2011 Net kWh Savings on page 53 of 97 for the Efficiency: Equipment Replacement program of 108,666 kWh.
f) Please provide a reference or provide supporting documentation for where PUC found or calculated the net kW savings shown in Table 9 – General Service > 50 kW 2011 Net kW Savings on page 54 of 97 for the Efficiency: Equipment Replacement (from C&I program schedule) program of 1,308 kW.

LRAM/LRAMVA Rate Riders

g) Please update Table 14 – LRAM Rate Rider Calculation and provide separate rate rider calculations for both the LRAM amount (for persisting lost revenues from 2005-2010 CDM Programs) and the LRAMVA amount (for lost revenues from 2011 CDM programs). With respect to the LRAM amount (for persisting lost revenues from 2005-2010 CDM programs), please provide two LRAM rate riders amounts, one inclusive of persisting lost revenues from January 1, 2012 to April 30, 2012 and one exclusive of persisting lost revenues from January 1, 2012 to April 30, 212.

4-Staff-41
Ref: Exh 4-2-1, Page 2
On page 2 of this exhibit PUC states:

> *For budgeting purposes, PUC used an overall inflationary rate for general OM&A of GDP-IPI as per the OEB filing guidelines. For wages PUC used a 2% inflationary increase factor. PUC is contractually obligated under the collective agreement to provide a 3% wage increase as of May 1, 2013.*

a) Please explain why PUC has used a 2% wage increase factor if there is a 3% wage increase as of May 1, 2013 per the established collective agreement.
b) In response to (a), was the inflationary increase applied to all employees?

4-Staff-42
Ref: Exh 4-2-2, Page 3, Table 4-6

Please explain the increases for the 2012 bridge and 2013 test years for each of the following accounts, as shown in Table 4-6:

a) Account 5405 – Supervision
b) Account 5410 – Community Relations – Sundry; and
c) Account 5420 – Community Safety Program.

4-Staff-43
Ref: Exh 4-2-2, Page 4, Table 4-8 & Page 8
In Table 4-8 title "OM&A Cost Driver Table", PUC documents an increase of $252,000 for TOU/Smart Meter costs for the 2013 test year OM&A. On page 8, PUC states: "The 2013 test year includes the increased outside costs to operate smart meters and perform time-of-use ["TOU"] billing net of the reduction due to the elimination of contracted meter reads."

a) Please provide estimates for each of:
    i. Increased outside costs to operate smart meters;
    ii. Costs to perform TOU billing; and
    iii. Reduction due to the elimination of contracted meter reads.
b) Have all contracted meter reads been eliminated?
c) Please explain why there are increased costs for the operation of smart meters.

Exhibit 5 – Cost of Capital and Capital Structure

5-Staff-44
Ref: Exh 5-1-4, Page 3
The Promissory Note issued by PUC to PUC Inc. states:

The Borrower may, at any time, prepay the outstanding aggregate Principal amount of this Note whether in whole or in part without notice, bonus or penalty.

Please comment on whether PUC has plans to monetize (ie: "pay off" or "replace") its debt with the shareholder, PUC Inc.

Exhibit 7 – Cost Allocation

7-Staff-45

Ref: Exh 7-1-2, Table 7-4

PUC filed the following table:

Table 7-4 2013 Revenue to Cost Ratios (Appendix 2-P Part C)

C) Rebalancing Revenue-to-Cost (R/C) Ratios

Class	Previously Approved Ratios	Status Quo Ratios	Proposed Ratios	Policy Range
	Most Recent Year: 2008	(7C + 7E) / (7A)	(7D + 7E) / (7A)	
	%	%	%	%
Residential	93.00	93.21	93.3	85 - 115
GS < 50 kW	113.00	111.57	111.6	80 - 120
GS > 50 kW	118.00	120.52	120.0	80 - 120
Street Lighting	70.00	77.96	78.0	70 - 120
Sentinel Lighting	70.00	78.68	80.0	80 - 120
Unmetered Scattered Load (USL)	82.00	95.82	95.8	80 - 120

a) If the proposed ratios for the Street Lighting and Sentinel Lighting classes were increased to 90%, please recalculate the proposed ratio for the GS > 50 kW class.
b) Please comment on whether the results of (a) would be appropriate for rate making purposes.

7-Staff-46

Ref: 2013 Cost Allocation Model, Sheet I5.2 Weighting Factors

Ref: Board Report EB-2010-0219, "Review of Electricity Distribution Cost Allocation Policy "March 31, 2011. Page 26

As stated in the Board Report:

> *The Board is of the view that default weighting factors should be utilized only in exceptional circumstances. In general, distributors have had sufficient time since preparing their 2006 Cost Allocation Information Filings to have gained the experience necessary to enable them to propose appropriate distributor-specific weighting factors.*

…..

Default values and the basis on which they were derived will be included in the documentation; however, any distributor that proposes to use those default values will be required to demonstrate that they are appropriate given their specific circumstances.

Please confirm that PUC provides service facilities to GS>50 kW customers and that the weighting factor recorded in Account 1855 is 10X the average for Residential customers.

7-Staff-47
Ref: 2013 Cost Allocation Model, Sheet I7.2 Meter Reading
Ref: 2013 Cost Allocation Model, Sheet O1 Revenue to Cost Board staff notes that Sheet I7.2 has not been completed by PUC.

Please complete sheet I7.2 and identify any changes to the results on sheet O1.

7-Staff-48
Ref: 2013 Cost Allocation Model, Sheet E4 TB Allocation Details
Board staff notes that account 5310, Meter Reading Expense, is being allocated by CWMC as opposed to the default setting of CWMR.

a) Please comment on why PUC has chosen to allocate account 5310 by CWMC versus CWMR.
b) If PUC deems CWMR to be the correct allocator, please correct and re-file the cost allocation model.

Exhibit 8 – Rate design

8-Staff-49
Ref: Exh 8-2-1
The 3rd paragraph in the "Application" section of the tariff sheet for each rate class reads as follows:

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

Based on recent Tariff of Rates and Charges approved by the Board in 2013 rate applications, the above paragraph should be amended as follows:

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

Please confirm whether PUC has any concerns with the noted change to be applied to those classes for which the regulatory component applies, and if so, why.

8-Staff-50

Ref: Exh 8-1-4

On December 20, 2012, the Board issued updated Uniform Transmission Rates that are effective January 1, 2013. Please file a revised RTSR workform that reflects the new UTRs.

8-Staff-51

Ref: Exh 8-1-5

Board staff notes that the total loss factor for the primary metered customer less than 5000 kW is not consistent with the primary metering allowance for transformer losses. Board staff notes that the total loss factor for the primary metered customer less than 5000 kW should be 99% of the total loss factor for the secondary metered customer less than 5000 kW.

Please provide the calculations used to compute the total loss factor for the primary metered customer less than 5000 kW.

Exhibit 9 – Deferral and Variance Accounts

9-Staff-52

Ref: Exh 9-1-2, Page 5, Account 1592 Sub-Account HST/OVAT

Ref: Filing Requirements For Electricity Transmission and Distribution Applications, EB-2006-0170, June 28, 2012

Ref: December 2010, Accounting Procedures Handbook Frequently Asked Questions (“APH FAQs”)

As per Exh 9-1-2, Page 5 and 6, PUC stated:

> *The 8% Ontario provincial sales tax (PST) and the 5% Federal goods and services tax (GST) were harmonized effective July 1, 2011 at 13% pursuant to Ontario Bill 218…. The Board directed distributors, as of July 1, 2011, to record in deferral account 1592 (PILS and Tax Variances) the incremental ITC (Income Tax Credit) it received on distribution revenue requirement items that were previously subject to PST and have become subject to HST…..*

Page 52 and 53 of the *Filing Requirements For Electricity Transmission and Distribution Applications*, EB-2006-0170, June 28, 2012 state the following regarding the HST Deferral Account:

> The applicant must provide an analysis that supports the applicant’s conformity with December 2010 APH FAQs, in particular the example shown in FAQ #4.

The applicant must state whether entries have been made to record variances in the sub-account of Account 1592 to cover the period from July 1, 2010 to December 31, 2012 since the Test Year, which starts January 1, 2013 would include the HST impacts in rates going forward. If this is not the case, please explain. If the rate year begins May Ontario Energy Board June 28, 2012, entries to record variances in the sub-account of Account 1592 would cover the period from July 1, 2010 to April 30, 2013

a) Please provide detailed schedules, similar to Table 1 and Table 2 of Question 4 of the December 2010 APH-FAQs, to indicate the period 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.

b) 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 were materially different for the above-noted periods in a)? If so, please explain the basis for the differences and provide detailed schedules for the HST savings for each period.

c) Board staff notes that the HST was effective July 1, 2010, not July 1, 2011, consistent with page 52 of the Filing Requirements. Please update the balance in Account 1592, sub-account HST/ OVAT, and other evidence where appropriate.

d) The Filing Requirements indicate that principal entries to the HST Deferral Account should be recorded up to the start of the Rate Year. Please update the balance in Account 1592 Sub Account HST/OVAT with both principal entries and associated carrying charges recorded in the account up to April 30, 2013.. Please update the relevant evidence where appropriate.

9-Staff-53

<u>Ref: Exh 9-1-3, Page 5, Account 1592 Sub-Account HST/OVAT</u>
<u>Ref: DVA Continuity Schedule for COS Applications, Sheet 2. 2013 Continuity Schedule, Footnote 7</u>

As per Exh 9-1-3, the Closing Principal Balance as of Dec-31-11 for Account 1595 Disposition and Recovery/Refund of Regulatory Balances (2011) is $(56,821).

As per footnote 7 of the “DVA Continuity Schedule for COS Applications”, Sheet 2. 2013 Continuity Schedule, it is stated

Include Account 1595 as part of Group 1 accounts (lines 31, 32 and 33) for review and disposition if the recovery (or refund) period has been completed. If the recovery (or refund) period has not been completed, include the balances in Account 1595 on a memo basis only (line 85).

Board staff notes that the 2011 IRM period had not been completed as at December 31, 2011, the balance sheet date that PUC Distribution Inc. proposed to clear this sub-account.

a) Please update PUC's evidence to remove the balance of Account 1595, Disposition and Recovery/Refund of Regulatory Balances (2011), as the recovery period was not completed as at December 31, 2011. Board staff notes that PUC could apply to clear this sub-account in its 2014 IRM proceeding.

9-Staff-54

Ref: Exh 9-1-8, Page 1, Table 9-6

Ref: Exh 9-1-8, Page 3, Table 9-10

Per Exh 9-1-8 Page 1 Table 9-6 Allocators, the Estimated kW for Non-RPP customers is 544,238 kW for Rate Class General Service > 50. However, per Exhibit 9, Tab 1, Schedule 8, Page 3 of 3, Table 9-10 Global Adjustment Rate Riders, the estimated kW is 675,864 kW for the same rate class. Board staff notes that PUC is using 675,864 kW for the purpose of the rate rider calculation.

a) Please reconcile and explain the variance and state what the correct figure is.

b) Please update the table evidence and other related evidence where appropriate with the correct numbers.

9-Staff-55

Ref: Exh 9-1-2

As per page 51 of the *Filing Requirements For Electricity Transmission and Distribution Applications*, EB-2006-0170, June 28, 2012, the applicant must provide the following:

Identification of which of the… [deferral and variance] accounts the applicant will continue on a going forward basis.

Board staff notes that PUC did not state in its application which of the deferral and variance accounts it will continue on a going forward basis.

a) Please update the evidence where appropriate and state which deferral and variance accounts the applicant will continue on a going forward basis.

9-Staff-56

Ref: Exh 9-1-3, Account 1518 RCVA retail and Account 1548 RCVA service transaction requests (str)

PUC is requesting disposition of the December 31, 2011 audited balance of Account 1518 plus forecast interest through to April 30 2013. The requested amount is a credit of ($438,508).

PUC is requesting disposition of the December 31, 2011 audited balance of Account 1548 plus forecast interest through to April 30, 2013. The requested amount is a debit of $178,012.

a) Please identify the drivers for the balances in Account 1518 and Account 1548.

b) Please provide a schedule identifying all revenues and expenses, listed by Uniform System of Account (USoA) number, that are incorporated into the variances recorded into Account 1518 and Account 1548 for 2011, the actual/forecast for 2012 and a forecast for 2013.

c) Please confirm whether or not PUC has followed Article 490, Retail Services and Settlement Variances of the Accounting Procedures Handbook for Account 1518 and Account 1548. Please explain if PUC has not followed Article 490. In other words, please confirm that the higher of, the relevant revenues (i.e. account 4082, Retail Services Revenue and/or account 4084, STR Revenue) and the incremental expenses in the associated expense accounts (i.e. account 5315, Customer Billing, and possibly 5305, Supervision and 5340, Miscellaneous Customer Accounts Expenses) is reduced (i.e. revenues debited or expenses credited) at the end of each period, with an offsetting entry to the variance account. Please explain if PUC has not followed Article 490.

d) Please confirm that the all costs incorporated into the variances reported in Account 1518 and Account 1548 are incremental costs of providing retail services. If this is not the case, please explain.

9-Staff-57

Ref: Exh 9-1-2, Page 6, Account 1508

In its application, PUC stated that “PUC has no costs at this time recorded in account 1508 – Other Regulatory Assets Sub-Account IFRS and is not requesting disposal of any balances in this application”

a) What is the status of PUC’s IFRS implementation project? Please explain and describe whether and how PUC Distribution Inc. has undertaken a project in this area.

b) Please confirm no incremental one-time administrative transition IFRS costs have been incurred to date and the reasons why no costs have been incurred.

c) Please confirm if any incremental IFRS costs have been reflected in base rates in prior proceedings. If so, please state the amounts reflected in rates and which section of the revenue requirement these amounts can be attributed.

9-Staff-58

<u>Ref: Board letter issued on July 17, 2012 re "Regulatory accounting policy direction regarding changes to depreciation expense and capitalization policies in 2012 and 2013"</u>
<u>Ref: July 2012 APH FAQs</u>
<u>Ref: Exh 9-1-2, Page 8, Table 9-2</u>
<u>Ref: Exh 2-2-3, Page 1</u>
In its letter dated July 17, 2012, the Board stated:

> *The Board will permit electricity distributors electing to remain on Canadian GAAP ("CGAAP") in 2012 to implement regulatory accounting changes for depreciation expense and capitalization policies effective on January 1, 2012. The Board however will require that these changes be mandatory in 2013 for all distributors that have not yet made these changes, even if there is a further option to defer IFRS changeover in 2013. A new variance account is created and authorized for distributors to record the financial differences arising from these accounting changes.*

The Board approved a new variance account, Account 1576, in the aforementioned letter:

> *The Board has approved a new variance Account 1576, Accounting Changes Under CGAAP, for distributors to record the financial differences arising as a result of the election to make these accounting changes under CGAAP in 2012 or to make these changes as mandated by the Board in 2013, if applicable.*

In a situation when the utility requests accounting changes to depreciation expense and capitalization policies while reporting under CGAAP in 2012, the July 2012 APH FAQ Q1 states that:

> *These accounting changes for adherence to Board requirements for modified IFRS and their associated rate impacts will be reviewed as part of the distributor's next cost of service application.*

The July 2012 APH-FAQ Q2, Appendix A and Appendix B provides detailed guidance on the accounting for Account 1576.

Board staff notes that PUC has submitted Account 1575 for disposition and associated adjustments in the 2013 rate application.

In its evidence, PUC has indicated that it will change the capitalization and depreciation policies in 2012. As per Exhibit 2 Tab 2 Schedule 3 Page 1 of 1 PUC has stated that:

- PUC Distribution Inc. is filing its 2013 cost of service rate application based on MIFRS for the 2012 Bridge year and the 2013 Test year.
- For financial reporting purposes, PUC Distribution Inc. has decided to remain on CGAAP and defer implementation of IFRS to January 1, 2014.

a) Given that PUC plans to defer implementation of IFRS to January 1, 2014 for financial reporting purposes, please confirm that PUC is withdrawing its request for disposition of Account 1575. Please confirm that PUC is removing the associated MIFRS adjustments related to the clearance of Account 1575 in this rate application. If this is not the case, please explain.

b) As per the Board's July 2012 APH-FAQs related to depreciation and capitalization changes and guidance provided in Q&A #2, Appendix A and B, please update the Applicant's evidence showing the proposed derivation of the amounts recorded in Account 1576, by illustrating the accounting changes as cited in the example at Appendix B in the July 2012 FAQ Q2.

c) Please adjust the depreciation expense for the test year 2013 by the amortization of the Account 1576 balance and update the relevant evidence pertaining to Account 1576 in the rate application.

9-Staff-59

Ref: Exh 9-1-2, Page 8, Table 9-2

Ref: Chapter 2 Appendices to the Filing Requirements For Electricity Transmission and Distribution Applications, EB-2006-0170, June 28, 2012.

PUC Distribution Inc. should use consistent PP&E account balances in its evidence when requesting clearance of Account 1576, in order to align with the fixed asset continuity schedule provided in the Chapter 2 appendices.

a) Please confirm that the appropriate account to be disposed is account 1576 and not 1575 as originally requested.

b) The PP&E Values under CGAAP – 2012 Opening net PP&E balance was $53,939,275 per Table 9-2 in the application and the 2011 closing net PP&E balance per the Chapter 2 appendices (CGAAP 2011 Fixed Asset Continuity Schedule) was $53,097,991 (with half year rule). Please reconcile and explain the variance between the balances and also state what the correct balance is.

c) The PP&E Values under MIFRS – 2012 Opening net PP&E balance was $53,939,275 per Table 9-2 in the application and the 2011 closing net PP&E balance per the Chapter 2 appendices (CGAAP 2011 Fixed Asset Continuity Schedule) was $53,097,991 (with half year rule). Please reconcile and explain the variance between the balances and also state what the correct balance is.

d) The PP&E Values under CGAAP – 2012 closing net PP&E balance was $80,389,815 per Table 9-2 in the application and the 2012 closing net PP&E balance per the Chapter 2 appendices (CGAAP 2012 Fixed Asset Continuity Schedule) was $80,369,401. Please reconcile and explain the variance between the balances and also state what the correct balance is.

e) The PP&E Values under MIFRS – 2012 closing net PP&E balance was $80,725,147 per Table 9-2 in the application and the 2012 closing net PP&E balance per the Chapter 2 appendices (IFRS 2012 Fixed Asset Continuity Schedule) was $80,704,733. Please reconcile and explain the variance between the balances and also state what the correct balance is.

f) Please update other relevant evidence in the application where appropriate.

9-Staff-60

Ref: Exh 9-2-1

Ref: EB-2012-0084 – Stranded Meter Rate Rider

Board staff has attached copies of PUC's responses to Board staff interrogatories # 2 and 7 from PUC's 2012 stand-alone smart meter cost recovery application considered under File No. EB-2012-0084.

PUC has summarized the derivation of the Stranded Meter Rate Riders ("SMRRs") in Table 9-12 of Exhibit 9/Tab 2/Schedule 1 of this cost of service application.

a) In response to Board staff IR # 2 in EB-2012-0084, PUC estimated the net book value ("NBV") of stranded meters as of December 31, 2012 at $1,500,000. In Table 9-12, PUC Distribution Inc. is documenting a NBV of stranded meters to be recovered via the SMRRs at $1,349,557. This is a 10% variance from the original estimate. Please explain the change in the December 31, 2012 NBV of the stranded meters between the two applications.
b) Please provide Sheet I7.1 from PUC`s 2009 cost of service application, and show how this has been used for the allocation of stranded meter costs in Table 9-12.
c) Table 9-12 documents that the SMRR for the GS > 50 kW customer class would be $80.70 per month for twelve months, to recover a per meter NBV of $966.37. Table 9-12 also documents that there is a forecasted number of 399 GS > 50 kW customers for the 2013 test year. In total, $386,378 stranded meter costs are allocated to the GS > 50 kW class.

In its response to Board staff interrogatory # 7 in EB-2012-0084, PUC documented that it has 372 GS > 50 kW customers and, of these, 31 already had interval meters. PUC documented that, as of May 2012, 158 GS > 50 kW customers had meters replaced by smart meters, and that it intended to convert the remaining 183 GS > 50 kW customers to smart meters. Smart meters deployed to GS > 50 kW customers were considered "beyond minimum functionality". The response to part b) of Board staff interrogatory # 7 gave an age distribution of the stranded meters for the 158 smart meter conversions done for GS > 50 kW customers to that time, and indicated that the **aggregate** estimated NBV of the 158 stranded meters as of December 31, 2011 would have been about $12,000.

i. Has PUC completed the meter conversions for all of the GS > 50 kW meter conversions?
ii. If not, please indicate the conversions done to date, and when conversions are expected to be done.

For all GS > 50 kW meter conversions done to date, please provide an update to Board staff interrogatory # 7, parts b) i) and also provide the estimated NBV of GS > 50 kW stranded meters as of December 31, 2012.