**EB-2012-0162**

# Ontario Energy Board

**IN THE MATTER OF** the *Ontario Energy Board Act*, *1998*, S.O. 1998, c. 15, (Schedule B);

**AND IN THE MATTER OF** an application by PUC Distribution Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2013.

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**SUPPLEMENTAL INTERROGATORIES OF**
**ENERGY PROBE RESEARCH FOUNDATION**
**("ENERGY PROBE")**

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**April 19, 2013**

**PUC DISTRIBUTION INC.**
**2013 RATES REBASING CASE**
**EB-2012-0162**

**ENERGY PROBE RESEARCH FOUNDATION**
**SUPPLEMENTAL INTERROGATORIES**

## EXHIBIT 2 – RATE BASE

### 2-Energy Probe-28s

**Ref: 2-Staff-6 &**
**Exhibit 2, Tab 1, Schedule 1, Table 2.1**

**The response to the Staff interrogatory indicates that the accumulated depreciation figures used in the calculation of rate base shown in Table 2.1 are based on use of the 1/2 year rule in the historical years.**

a) **Please confirm that the above is correct.**

b) **If confirmed, please provide a version of Table 2.1, as provided in the interrogatory response that uses the actual accumulated depreciation figures used by PUC for financial accounting purposes in the calculation of the depreciation in each of the historical years. Please also include actual data for 2012. If actual data for 2012 is not yet available, please include the most recent estimate of the 2012 figures available.**

c) **Please provide fixed asset continuity schedules for 2012 under the modified CGAAP showing both the 1/2 year rule being used for calculating depreciation and the full-year used for financial accounting.**

### 2-Energy Probe-29s

**Ref: 2-Staff-13**

a) **What is the cost associated with the building, landscaping and parking that will be completed in the spring of 2013? Please confirm that this amount has not been closed to rate base at the end of 2012.**

b) **How much of the forecasted cost of $23 million was closed to rate base at the end of 2012?**

c) **Please explain why the new facility is owned by PUC Distribution rather than PUC Services given that it owned two of the facilities being replaced?**

d) **Did PUC Distribution consider renting space in the new facility from an affiliate rather than owning the facility and renting to its affiliates? If not, why not?**

**2-Energy Probe-30s**

**Ref: 2-Staff-14**

a) **The response to part (b) appears to indicate that PUC Services Inc. does not use any equipment, systems, office furniture, etc. that is owned by PUC Distribution. Please confirm this is true. If this cannot be confirmed, please indicate how PUC Distribution is reimbursed by PUC Services for the use of non-building assets.**

b) **The response to part (d) refers to depreciation costs and cost of capital charges. Does the revenue also include an allocation of operating and maintenance costs and property taxes? If not, please explain why not. If yes, please show the total costs associated with the new facility individually and show the allocation of those costs that are included in the revenue from PUC Services.**

**2-Energy Probe-31s**

**Ref: 2-Energy Probe-6 &**
**2-Staff-6**

a) **Please provide, if now available, an updated version of Table 2-15 that reflects 2012 actual audited additions.**

b) **Please provide an updated version of Table 2-16 that reflects both of the following:**
   i) **opening cost and accumulated depreciation from the revised Table 2-15 provided in the interrogatory response or from part (a) above, if available; and,**
   ii) **an adjustment to the 2013 opening balances to reflect the removal of the costs and accumulated depreciation associated with stranded meters.**

c) **Please provide a revised Table 2.1 that reflects the above requested changes for 2012 and 2013 and is in the same format as Table 2.1 provided in response to 2-Staff-6.**

## EXHIBIT 3 – OPERATING REVENUE

### 3-Energy Probe-32s

**Ref: Summary of PUC's Proposal on Load Forecast and CDM Savings as a result of the interrogatories & Exhibit 3, Tab 1, Schedule 2**

**Please provide a revised Table 3.1 from Exhibit 3, Tab 1, Schedule 2 that reflects the changes proposed as a result of the interrogatories.**

### 3-Energy Probe-33s

**Ref: 3-VECC-22 &
Exhibit 3, Tab 1, Schedule 2**

a) **The response to part (b) indicates that the SSS admin charge is recorded in account 4080 - Distribution Revenue. This account is not included in Table 3-25. Please explain where in Tale 3.1 this revenue is included in the overall revenue forecast.**

b) **Please show the actual SSS admin charge revenue for each of 2009 through 2012 and the forecast for 2013.**

c) **Please explain the following increases in actual 2012 revenues as compared to that forecast:**
   i) **account 4210 - actual revenue of $352,249 vs. $305,200 forecast;**
   ii) **account 4225 - actual revenue of $213,138 vs. $195,000 forecast;**
   iii) **account 4235 - actual revenue of $243,593 vs. $184,350 forecast;**
   iv) **account 4325 - actual revenue of $352,067 vs. $30,000 forecast; and**
   v) **account 4390 - actual revenue of $122,094 vs. $15,000 forecast.**

d) **For each account noted in part (c) above, please explain why the 2013 forecast should not be maintained at the 2012 actual level (for account 4210 this question refers to the pole rental revenue as shown in 3-Energy Probe-14).**

e) **What was the gain on disposition of $37,423 shown for 2012 related to? What was the gain of $62,000 in 2011 related to?**

**f)** **Account 4390 shows an actual 2012 amount of $122,094 and the response to 3-Energy Probe-13 part (f) indicates that $82,100 of this amount was related to the sale of scrap. What was the remainder of the revenue (approximately $40,000) related to and what is the forecast for 2013 for this source of revenue?**

## EXHIBIT 4 – OPERATING COSTS

### 4-Energy Probe-35s

**Ref: 4-Energy Probe-17 &**
**Exhibit 6, Tab 1, Schedule 1**

**a)** **The response to part (b) of the interrogatory indicates that property taxes are included in account 5675. Please provide the total property taxes paid in each of 2008 through 2012 and the forecast for 2013 that incorporates the $296,000 increase for the new building.**

**b)** **The response to part (f) states that the $50,000 shown in Table 6-1 of Exhibit 6, Tab 1, Schedule 1 is account 6150 - taxes other than income. Please indicate what taxes are included in this account and please provide the actual amounts recorded in this account for each of 2008 through 2012.**

**c)** **Please explain the "Smart Meter Regulatory Entry" cost driver shown in the table provided in response to part (e) of the interrogatory. In particular, is the increase in 2012 of $661,391 which is reversed in 2013, the costs incurred prior to 2012 and recovered in 2012? If yes, please show the derivation of the $661,391 by year in which the costs were actually incurred.**

**d)** **Please reconcile the "smart meter regulatory entry" of $661,391 shown in part (e) of the response with the figure of $142,790 shown in the response to part (c) of the response. Is the $142,790 just one of the components included in the $661,391?**

**e)** **Please explain why PUC reduced line clearing costs by $253,000 in 2012 only to increase them by $326,000 in 2013.**

**4-Energy Probe-36s**

**Ref: 4-Energy Probe-17 &**
**4-Energy Probe-18**

**Please reconcile the number of FTEEs shown for 2012 of 84 in the response to 4-Energy Probe-18 part (c) and the figure of 86.81 shown in the response to 4-Energy Probe-17 part (g).**

**4-Energy Probe-37s**

**Ref: 4-SEC-24**

**The response lists the increase in property taxes for the new building as one of the drivers of the increase in OM&A per customer. How were the property taxes associated with the 3 buildings being replaced, and owned by affiliates, charged to PUC distribution in the past? For each of 2008 through 2012, please provide the property taxes paid by PUC Distribution as part of the costs paid to affiliates for the use of these facilities.**

## EXHIBIT 5 - COST OF CAPITAL AND RATE OF RETURN

**5-Energy Probe-38s**

**Ref: 5-Energy Probe-21 &**
**Exhibit 5, Tab 1, Schedule 1 &**
**Exhibit 5, Tab 1, Schedule 3**

a) **Are the Infrastructure Ontario rates provided in the response to part (c) of the interrogatory response based on serial or amortizer loans?**

b) **The 2013 table in Exhibit 5, Tab 1, Schedule 3 shows Infrastructure Ontario debt of $25 million while page 2 of Exhibit 5, Tab 1, Schedule 1 has two IO loans with amounts of $5 million and $21.18 million, respectively. Please reconcile these figures.**

c) **What was the balance drawn on each of the IO loans as of the end of December 2012?**

d) **If different from the amounts in part (c), what is the expected average principle balance for each of the two IO loans in 2013?**

## EXHIBIT 7 – COST ALLOCATION

**7-Energy Probe-39s**

**Ref: 7-Energy Probe-23**

**Instead of setting the revenue to cost ratios for the street lighting and sentinel classes to the same level, please keep the sentinel ratio at the proposed level of 80% and all other classes, excluding street lighting, at the ratios as shown in the response. Please calculate the revenue to cost ratio for the street lighting class that results in overall revenue neutrality for PUC.**

**7-Energy Probe-40s**

**Ref: 7-Staff-47**

**Starting with the revenue to cost ratios shown in the cost allocation model provided in the response to this interrogatory, please reduce the ratio for the GS > 50 class to 120% and increase the ratio to the same level for the street light and sentinel classes so that PUC is held revenue neutral, without changing the ratios for the remaining classes. Please indicate the result ratio for the street light and sentinel class that achieves this result.**

## EXHIBIT 9 - DEFERRAL AND VARIANCE ACCOUNTS

**9-Energy Probe-41s**

**Ref: 9-Staff-58 &**
**2-Energy Probe-6**

**Please update the response to part (b) that shows the derivation of the amounts recorded in account 1576 to reflect the actual 2012 capital additions closed to rate base under the "previous" CGAAP accounting and under the "modified" CGAAP accounting. Please use 2012 actuals as requested in 2-Energy Probe-31s, or if they are not available, the preliminary 2012 actuals provided in 2-Energy Probe-6.**