

Ontario Energy Board

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

AND IN THE MATTER OF an Application by Peterborough
Distribution Inc. for an Order or Orders approving or fixing just
and reasonable rates and other service charges for the
distribution of electricity, effective May 1, 2013.

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

April 26, 2013

**PETERBOROUGH DISTRIBUTION INC.
2013 RATES REBASING CASE
EB-2012-0160**

**ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES**

EXHIBIT 1 – ADMINISTRATIVE DOCUMENTS

1-Energy Probe-1

Ref: Exhibit 1, Tab 1, Schedule 4

Please explain what PDI means that it is requesting that the OEB issue an Interim Order "approving the current distribution rates and other charges, effective May 1, 2013". Does PDI believe that it needs an interim rate order in order to continue with the current Board approved rates?

1-Energy Probe-2

Ref: Exhibit 1, Tab 1, Schedule 14

- a) Does the revenue requirement for the 2013 test year include any costs associated with the Board of Directors of any of the corporations shown in Chart 1-1 other than that of PDI itself? If yes, please provide the amount included in the revenue requirement associated with each of the other corporations and indicate how this amount has been allocated to PDI.**
- b) Is the operation of the Peterborough Utilities Group of companies unchanged in relation to PDI from its last cost of service proceeding? If not, please explain any changes made since the last cost of service proceeding for PDI.**

1-Energy Probe-3

Ref: Exhibit 1, Tab 2, Schedule 1

- a) Please provide the amount of funding provided by PDI to Peterborough Green Up for each of 2009 through 2012 and the forecast for 2013. Has PDI included the 2013 forecast in the revenue requirement, or is this amount funded through funds received from the OPA?**

- b) Please provide the amount of funding provided by PDI to the Housing Resource Centre for each of 2009 through 2012 and the forecast for 2013. Has PDI included the 2013 forecast in the revenue requirement? What is the amount of LEAP funding that has been included in the 2013 revenue requirement?

1-Energy Probe-4

Ref: Exhibit 1, Tab 2, Schedule 1 &
Exhibit 1, Tab 1, Schedule 4

Please reconcile the deficiency of \$658,809 shown under the Purpose and Need section of Exhibit 1, Tab 2, Schedule 1 with the figure of \$604,748 shown on page 1-9 of Exhibit 1, Tab 1, Schedule 4. Please confirm which figure is the correct figure and, if necessary, please provide a revised Revenue Requirement Work Form that shows the derivation of the gross deficiency.

1-Energy Probe-5

Ref: Exhibit 1, Tab 2, Schedule 3

How many months of actual data has been used for each of capital expenditures, OM&A expenses and the revenue forecast, including the customer and volume forecasts?

EXHIBIT 2 – RATE BASE

2-Energy Probe-6

Ref: Exhibit 2, Tab 1, Schedule 2

Please update Tables 2-5 and 2-6 to reflect actual capital expenditures closed to rate base for 2012. Please also indicate if there is any change to the 2013 figures as a result of the actual closures to rate base in 2012.

2-Energy Probe-7

Ref: Exhibit 2, Tab 2, Schedule 1

Please update Table 2012 to reflect actual data for 2012.

2-Energy Probe-8

Ref: Exhibit 2, Tab 2, Schedule 1

Please explain how the disposals for the account 2055 - Contract work in progress - electric can be higher than the opening balance in the account, as was the case for both 2010 and 2011 (Tables 2-10 and 2-11). Does this mean that some of the work in progress shown in the additions column was added to work in progress and then closed to rate base within the same year?

2-Energy Probe-9

Ref: Exhibit 2, Tab 3, Schedule 2

Please update Table 2-17 to reflect actual data for 2012 and any impact the difference between the forecasted and actual data for 2012 is forecast to have on 2013.

2-Energy Probe-10

Ref: Exhibit 2, Tab 3, Schedule 2

Please update the projects shown for 2012 starting at page 2-55 to reflect actual 2012 costs closed to rate base.

2-Energy Probe-11

Ref: Exhibit 2, Tab 3, Schedule 2

- a) Please explain why PDI has closed the land purchase associated with the MS #65 substation to rate base in 2013 despite the fact that construction on the substation will not begin until 2014.**
- b) Are any of the projects listed for 2013 likely to be carried forward for completion in 2014, similar to a number of projects that began in 2012 but are forecasted to be completed in 2013? If not, why not? If yes, please identify and quantify.**

2-Energy Probe-12

Ref: Exhibit 2, Tab 4, Schedule 1

- a) Please update Tables 2-21, 2-24 and 2-25 using the cost of power based on the October 17, 2012 Regulated Price Plan Price Report for November 1, 2012 to October 31, 2013. Please also update these tables to reflect the current transmission rates, rural rate assistance, low voltage and wholesale market service rates.**
- b) What billing frequency does PDI use for each of its rate classes? Is this unchanged from the 2009 cost of service application? If not, when did the billing frequency change?**

2-Energy Probe-13

Ref: Exhibit 2, Tab 5, Schedule 1

Please confirm that the \$207,000 noted in the schedule has not been included in rate base for revenue requirement purposes.

2-Energy Probe-14

Ref: Exhibit 2, Appendix C

- a) Was the asset management plan prepared by PDI management only, or was there input from any affiliate companies and/or third parties? If there was input provided beyond PDI management, please identify the companies that provided the input.**
- b) Was the asset management plan reviewed by any independent third party? If not, why not?**

EXHIBIT 3 – OPERATING REVENUE

3-Energy Probe-15

Ref: Exhibit 3, Tab 1, Schedule 3

- a) Please update Table 3-8 to reflect actual data for 2012.**
- c) Please update Table 3-15 to reflect actual data for 2012.**

- d) Please update Table 3-24 to reflect actual data for 2012.
- e) Table 3-25 appears to be missing from the original evidence. Please provide Table 3-25.

3-Energy Probe-16

Ref: Exhibit 3, Tab 1, Schedule 3

- a) Please calculate the distribution revenues at current (2012) rates assuming that the CDM adjustment is based on net basis, with the adjustment in 2013 equal to 50% of the 2011 CDM figure of 2,577,438 kWh, 100% of the 2012 CDM target of 4,694,830 kWh and 50% of the 2013 CDM target of 4,694,830 kWh shown in Table 3-21 for a total CDM adjustment in 2013 of 8,330,964 kWh.
- b) Please provide versions of Tables 3-22, 3-23 3-26 and 3-27 that are consistent with the CDM adjustment for 2013 consistent with that proposed in part (a) above.

3-Energy Probe-17

Ref: Exhibit 3, Tab 1, Schedule 4

- a) Please update Table 3-28 to reflect actual data for 2012.
- b) Please confirm that Table 3-28 does NOT include interest associated with deferral and variance accounts or any regulatory asset/liability accounts. If this is not confirmed, please update the response to part (a) to exclude this interest.
- c) Please confirm that Table 3-28 does NOT include any revenues or expenses associated with OPA funded CDM programs. If this cannot be confirmed, please update the response to part (a) to exclude such revenues and expenses.
- d) What is the actual revenue recorded in account 4220 in 2012?
- e) Please explain the decrease in late payment charges in 2012 and 2013 relative to 2011 despite a significant increase in bad debt costs forecast for both 2012 and 2013 relative to 2013.

- f) Please explain the drop in retail services revenues in 2012 and 2013 relative to 2011. How has the movement of customers away from retailers and to the regulated price plan been reflected in the SSS Administration revenue forecast for these years?
- g) How has the growth in the number of customers in the bridge and test years been reflected in the SSS Administration revenue forecast for the test year?
- h) The increase in interest and dividend income in 2010 is said to be related to the higher levels of regulatory assets due to the smart meter initiative. Appendix 2-F shows that the majority of the interest is bank deposit interest. Please reconcile.
- i) Where are revenues from microfit customers recorded? Please show the actual microfit revenues for each of 2009 through 2012 on an actual basis and the forecast for 2013.

EXHIBIT 4 – OPERATING COSTS

4-Energy Probe-18

Ref: Exhibit 4, Tab 1, Schedule 1

Please update Tables 4-2, 4-3, 4-4 and 4-5 to reflect actual data for 2012.

4-Energy Probe-19

Ref: Exhibit 4, Tab 1, Schedule 1

- a) With respect to Table 4-7, please indicate why the number of customers shown for each of Welland, Westario and Bluewater is less than the number used in their OM&A cost per customer tables in their prefiled evidence, even though the OM&A cost per customer is the same as that shown in Table 4-7.
- b) Please provide a revised Table 4-7 that reflects the same number of customers as used by each of the three distributors in their OM&A per customer calculations in their evidence.

4-Energy Probe-20

Ref: Exhibit 4, Tab 2, Schedule 2

- a) Please update Tables 4-10, 4-11, 4-12, 4-13 and 4-14 to reflect actual data for 2012.

- b) Please explain why there is a reduction of only \$40,000 in 2012 for storm damage when there was an increase in costs of \$271,000 shown for 2011. Does this mean that there is an additional cost in both 2012 and 2013 of approximately \$230,000 per year compared to 2010 for storm damage that occurred in 2011?

4-Energy Probe-21

Ref: Exhibit 4, Tab 2, Schedule 4

- a) What would be the impact on the 2012 revenue requirement if the unionized staff had received 2% increases in both 2012 and 2013 (rather than 2.9% in 2012 and 2.6% in 2013)?
- b) What was the average annual increase in each of 2009 through 2012 and forecast for 2013 for non-union employees?
- c) What is the impact on the 2013 revenue requirement if the inflationary increase for 2012 and 2013 was 2.0%?
- d) Please explain why PDI has aggregated the executive, management and non-union employees together in Table 4-19. In particular, are there less than 3 employees in each of the executive and management category? Are there less than 3 employees in the combined executive and management categories? If no, please provide a revised Table 4-19 that provides a break out of all of the categories that have more than 3 FTEs.
- e) Please update Table 4-19 (or the revised version requested in (d) above, if applicable) to reflect actual data for 2012.
- f) Please provide a table that shows for each of the union and non-union categories, the total FTE's of PUSI and the allocation to PDI and each of the other affiliates that are allocated FTE's over the 2009 through 2012 period on an actual basis and the forecast for 2013.

4-Energy Probe-22

Ref: Exhibit 4, Tab 2, Schedule 5

- a) Please update Table 4-23 to reflect actual data for 2012.

- b) Please confirm that Table 4-23 are PUSI costs and not the portion of PUSI costs allocated to PDI. If this cannot be confirmed, please explain why the costs in Table 4-23 are higher than those shown in Table 4-3.
- c) Do the 2013 figures shown in Table 4-23 reflect the capitalization change proposed for 2013? If yes, please provide a version of Table 4-23, including 2012 actuals, that maintains the 2012 capitalization policy (i.e. reflects the continuation of old CGAAP in 2013).

EXHIBIT 6 - REVENUE DEFICIENCY OR SURPLUS

6-Energy Probe-23

Ref: Exhibit 6, Tab 1, Schedule 1

- a) Please update Table 6-1 to reflect the short term debt rate and return on equity to reflect the Board's February 14, 2013 letter on the Cost of Capital Parameter Updates for 2013 Cost of Service Applications for Rates Effective May 1, 2013, along with any updates or changes that PDI proposes to make as a result of the interrogatory responses.
- b) Please provide an updated RRWF in live Excel spreadsheet to reflect the response in part (a).
- c) Please provide a table that shows a summary of the proposed cumulative changes noted in (a) above, along with a reference for each individual change to the corresponding interrogatory response.

EXHIBIT 7 – COST ALLOCATION

7-Energy Probe-24

Ref: Exhibit 7, Tab 1, Schedule 1

- a) Please confirm that figures shown in Table 7-3 for meter capital costs include average costs for smart meters.
- b) For each of Tables 7-1, 7-2, 7-3 and 7-4, please provide a table that shows the proposed weights by rate class and the weights used in the last cost of service application.
- c) Based on the differences shown in the response to part (b) above, please show, for each of the four weighting factors, the change in costs allocated to each rate class.

EXHIBIT 8 - RATE DESIGN

8-Energy Probe-25

**Ref: Exhibit 8, Tab 1, Schedule 4 &
Exhibit 8, Tab 1, Schedule 6**

Please explain why there are no rate schedules shown for MicroFit customers in either schedule 4 or schedule 6.

EXHIBIT 9 - DEFERRAL AND VARIANCE ACCOUNTS

9-Energy Probe-26

Ref: Exhibit 9, Tab 2, Schedule 1

Please explain how PDI has calculated or estimated the net book value of the stranded meters for each of the residential and GS < 50 rate classes.