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May 2, 2013

VIA MAIL and E-MAIL

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

Dear Ms. Walli:

Re: EB-2012-0160 Peterborough Distribution Inc.

Please find enclosed the interrogatories of VECC in the above-noted proceeding.

Yours truly,

Michael Janigan
Counsel for VECC

Encl.
cc. Peterborough Distribution Inc.
Attn: Mr. Byron Thompson
bthompson@peterboroughutilities.ca

REQUESTOR NAME	**VECC**
INFORMATION REQUEST ROUND NO:	**# 1**
TO:	**Peterborough Distribution Inc. (PDI)**
DATE:	**May 3, 2013**
CASE NO:	**EB-2012-0160**
APPLICATION NAME	**2013 Cost of Service Electricity Distribution Rate Application**

GENERAL (Exhibit 1)

1-VECC- 1 Reference: Exhibits All

a) PDI filed its application in February 2013. Is PDI seeking to have new rate applied retroactively to May 1, 2013 or is the Utility seeking new rates only on a prospective basis and after the date of Board approval?

1-VECC- 2 Reference: Exhibits All

a) Please provide a tracking sheet (table) showing all adjustments arising from the interrogatories (include Reference IR #.; Item description; area of change, i.e. return on capital/rate base/working capital allowance/amortization/PILS/OM&A/ etc.).

b) Please update the RRWF Excel spreadsheet for these adjustments.

RATE BASE (Exhibit 2)

2-VECC-3 Reference: Exhibit 2, Tab 3, Schedule 2, Table 2-16

a) Please describe the methodology used for calculating 2013 capital contributions.

b) Please explain the difference between the capital contribution forecast of $1,180,000 and the past three year average of approximately $1.4 million.

c) Please provide the actual 2012 capital contributions.

d) Please provide a table showing the capital projects most associated with capital contributions in the years 2009 through 2013 along with the associated contributions.

2-VECC-4 Reference: Exhibit 2, Tab 2, Schedule 2, pgs. 2-60 to 2-63

a) Please provide the forecast in-service dates for the 2013 capital projects listed at pages 2-60 to 2-63.

2-VECC-5 Reference: Exhibit 2, Tab 3, Schedule 2, Table 2-17

a) Please provide update Table 2-17 (Capital Expenditures) to show the actual 2012 spending and, if necessary, any changes to the 2013 capital budget.

2-VECC-6 Reference: Exhibit 2, Tab 3, Schedule 2

a) What is PDI's policy with respect to underground vs. overhead plant installation? Specifically, what is the expected capital contribution when existing overhead plant is replaced by underground conduit?

b) For each year 2009 through 2013 please provide the total capital expenditure for overhead plant that was replaced by underground plant. Please provide the capital contributions for these same projects.

2-VECC-7 Reference: Exhibit 2, Tab 3 Schedule 2, pg.4, 2-63

a) Please clarify the meter expenditures of $205k in 2013, in particular indicate what amount, if any, is being spent to replace existing newly installed smart meters in the residential and gs <50 class. Please comment on whether these expenditures are comparable to the maintenance/ failure costs of the previous generation of mechanical meters.

2-VECC-8 Reference: Exhibit 2, Tab 3, Schedule 3, Table 2-18

a) Between 2007 and 2013 the average capital expenditure was just under $4.8 million. The average forecast expenditure in 2014 through 2016 is approximately 4.0 million. The forecast for 2015 and 2016 is around $3.5 million. Please explain why there is a significant drop in capital expenditures during the incentive rate period.

2-VECC-9 Reference: Exhibit 2, Tab 3, Schedule 4

a) Please update Table 2-19 to show SAIDI/SAIFI/CAIDI statistics excluding and including loss of supply for 2009 and 2012.

2-VECC-10 Reference: Exhibit 2, Appendix C, Asset Management Plan,

a) Please convert Tables 10 and 11 (Outage Statistics) to show the cause of outages by year for 2009 through 2012.

b) Please clarify whether the Table 9 – Service Reliability shows SAIDI (etc.) statistics with or without loss of supply.

2-VECC-11 Reference: Exhibit 2, Appendix C

a) Was the Asset Management Plan completed by PDI (or affiliate) staff? If yes was any external review of the plan completed. If yes, please provide that review.

Green Energy Plan

2-VECC-12 Reference: Exhibit 2, Appendix D

a) Please provide the OM&A and capital budget, if any, for 2012 through 2016 for the GEA Plan.

OPERATING REVENUES (Exhibit 3)

3.0-VECC – 13

Reference: Exhibit 3, Tab 1, Schedule 2, page 3-7 and Table 3-8

a) The statement on page 3-7 claims that USL connections have declined from the 2009 Board Approved to the 2013 forecast. However, Table 3-8 shows a material increase. Please reconcile this inconsistency.

b) Please confirm that the forecast revenue for 2012 (per Table 3-6) is based on the forecast 2012 customer/connection count for each class. If this is the case, please explain the role the number of connections used in the 2009 cost allocation model has in determining the 2012 revenues for Sentinel Lights and USL – as discussed on page 3-7.

3.0-VECC – 14

Reference: Exhibit 3, Tab 1, Schedule 3, page 3-14

a) The 2009-2013 GDP data used to estimate the model was taken from the 2011 Fall Update of the Ontario Economic Outlook and Review. Does this mean that the values used for 2011 monthly GDP were not the actual GDP values for 2011?

b) If there are more recent versions of the Ontario Economic Outlook and Review available please undertake the following:
   - Re-estimate the model using the actual 2011 GDP (if not used in the Application).
   - Update the forecast for the more current GDP forecast for 2013.

3.0-VECC – 15

Reference: Exhibit 3, Tab 1, Schedule 3, pages 3-21 to 3-22

a) Please provide a copy of the OPA's final CDM Report for 2011 – for PDI.

3.0-VECC – 16

Reference: Exhibit 3, Tab 1, Schedule 3, pages 3-22 to 3-23

a) Please confirm that the difference between the gross and net CDM savings represents those savings that would have occurred even if there were no CDM programs. If not, please explain why not.

b) Please confirm that, for any given year, the difference between gross and net OPA reported savings does not reflect all of the CDM activity that will take place without any incentive being provided. If not confirmed, please explain why.

c) Does PDI agree that the historical consumption values for each customer class will have been impacted by the total CDM activity that has occurred each year without any incentive being provided (and not just that associated with OPA CDM programs)?

d) Please explain why the difference between the gross and net CDM impacts is not already reflected in the forecast values for 2012 and 2013.

3.0-VECC – 17

Reference: Exhibit 3, Tab 1, Schedule 4, page 3-29 (Table 3-28)
Energy Probe #17 a)

a) For any accounts where the 2012 actual is 5% or more greater than the 2012 forecast in the original Application, please explain why this higher Revenue amount should not be assumed to continue in 2013.

OM&A (Exhibit 4)

4.0-VECC – 18

Reference: Exhibit 4, Tab 1, Schedule 1, Tab 2 Schedule 3 / Exhibit 1, Tab 2, Schedule 1

a) At Exhibit 1 PDI discuss the FUSE program. At Exhibit 4 there is a discussion of $20,000 in LEAP funding. Please explain how these programs work together (or separately) and if there is additional funding for the FUSE program

b) Please explain what if any relationship this program has (had) with the City of Peterborough program for assistance that is described at Exhibit 4, Tab 2, Schedule 3, page 4-27.

4.0-VECC – 19

Reference: Exhibit 4, Tab 2, Schedule 3

a) Please provide a breakdown and comparison of account 5315 Customer billing in 2009 (pre-smart meters) and in 2013 (post smart meters.

b) Please provide the meter reading costs for 2009 through 2013.

4.0-VECC – 20

Reference: Exhibit 4, Tab 2, Schedule 3, pg. 4-21

a) PDI states it is forecasting $100,000 more in storm damage costs in 2013 as compared to 2009. What was the amount forecast for storm damage in the 2009 cost of service application?

b) Please provide the storm damage expenses in each of 2009 through 2012.

c) Does PDI carry insurance for storm damage? If so please provide the insurance benefits paid in each of the years 2009 through 2013.

4.0-VECC – 21

Reference: Exhibit 4, Tab 2, Schedule 3/Schedule 6

a) Please provide the fees paid to the EDA for each of the years 2009 through 2013 (forecast).

b) Does PDI purchase insurance from the MEARIE Group? If so please describe the coverage provided, the premiums in 2012 and 2013 (forecast). Please also indicate whether insurance for 2013 was competitively tendered or sole sourced.

4.0-VECC – 22

Reference: Exhibit 4, Tab 2, Schedule 3, pg. 4-23

a) Please explain the methodology for forecasting bad debt expense (account 5335).

b) Please provide the actual 2012 bad debt expense.

c) Has PDI has changed from bi-monthly to monthly billing for any class of customers since its last cost of service application (2008-09)? If yes, please explain how this has impacted bad debt expenses. What is the current billing period (e.g. monthly or bimonthly) for each class?

4.0-VECC – 23

Reference: Exhibit 4, Tab 2, Schedule 4, Appendix 2-K

a) PDI has added (or contracted for) 6 new FTEs since 2009. Please provide a list of each of the new incremental positions that was added since 2009. Please provide a brief job description and indicate whether the position is related to a new incremental responsibilities that has arisen since 2009 (e.g. TOU Billing/CDM/GEA planning etc.) or whether the position was required to meet utility customer growth, or was for succession planning.

b) Please provide the total cost of these positions (salary and benefits) and the amount in 2013 allocated to PDI.

4-VECC-24 Exhibit 4, Tab 2, Schedule 5

a) At Table 4-30 it shows that Vehicle related costs have increased by $152,190. Please explain why and provide a list of all vehicles used by PDI at year-end 2009 and at year-end 2012.

4.0-VECC – 25

Reference: Exhibit 4, Tab 3, Schedule 1

a) Please provide the actual PILs remitted in each of 2009 through 2012.

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4.0-VECC – 26

Reference: Exhibit 4, Appendix G

a) Was the letter from Collins Barrow the only report provided on the assessment of the corporate cost allocation? If not, please provide the full report. If yes, please explain how PDI came to the conclusion that the study was adequate.

b) Please provide the cost of the study.

COST OF CAPITAL

4.0-VECC – 27

Reference: Exhibit 5, Tab 1, Schedule 1

a) Please provide the actual and deemed rate of return on equity for PDI for each of the years 2009 through 2012.

4.0-VECC – 28

Reference: Exhibit 5, Tab 1, Schedule 1, pg. 5-2

a) PDI explains that it is negotiations to place $20,996,000 in long-term debt. Please update the status of these negotiations. In particular, please clarify whether the loan has been placed, with whom, the term and interest rate. If the negotiations have not been finalized please indicate when this will occur.

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COST ALLOCATION (Exhibit 7)

7.0-VECC – 29

Reference: Exhibit 7, Tab 1, Schedule 1, page 7-2 to 7-4

a) Please confirm that for classes other than Residential, GS<50, GS>50 and USL the customers are required to own and maintain the service assets.

b) If this is not the case, please explain why there are no Services weighting factors for these other classes.

c) Why are the Billing and Collecting weighting factors for Residential and GS<50 not equivalent, as both have the same types of rates and the SME is responsible for processing the meter reading data for both classes.

d) Who performs the billing data verification and validation process for PDI's GS>50 and Large User classes – is it PDI or the SME?

e) Given the GS>50 and Large User classes are billed on hourly prices why is their weighting factor less that for either Residential or GS<50?

f) Please explain why the meter reading weighting factors are the same for all customer classes.

g) Does PDI have more recent hourly load data than 2004 for either is GS>50 or Large User classes? If yes, why weren't the load profiles for these classes updated to reflect this newer data?

7.0-VECC – 30

Reference: Cost Allocation Model, Sheet I8

a) Why are the Secondary NCP values for the GS<50 class substantially less than the Primary and Line Transformer NCP values (i.e. more than 50% less) whereas for the Residential class the values are virtually equivalent?

7.0-VECC – 31

Reference: Cost Allocation Model, Sheet I3

a) Please separate the meter reading expense, report it separately in Account 5310 (Sheet I3, line 393) and then provide an updated version of the Cost Allocation Model.

RATE DESIGN (Exhibit 8)

8.0-VECC – 32

Reference: Exhibit 8, Tab 1, Schedule 1, page 8-2

a) Are the fixed-variable splits for the GS>50 and Large User classes based on variable revenues before or after deducting the transformer ownership allowance?

b) If before, please re-do Tables 8-3, 8-4 and 8-5 using variable revenues after the transformer allowance has been deducted.

8.0-VECC – 33

Reference: Exhibit 8, Tab 1, Schedule 1, page 8-6

a) Please explain how the $684,342 in total LV costs for 2013 was established.

b) What were PDI's actual LV costs (as charged by Hydro One) in 2011 and 2012?

c) What was PDI's actual purchased energy for 2012?

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