



PETERBOROUGH DISTRIBUTION INC.

1867 Ashburnham Drive, PO Box 4125, Station Main
Peterborough ON K9J 6Z5

July 4, 2013

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

Dear: Ms. Walli

**Re: Peterborough Distribution Inc. (PDI) 2013 Cost of Service Electricity
Distribution Rate Application EB-2012-0160
Written Responses to Supplemental Interrogatories**

Please find enclosed PDI's written responses to Supplemental Interrogatories as filed by Board Staff, Energy Probe, School Energy Coalition and the Vulnerable Energy Consumers Coalition.

These responses are being filed pursuant to the Board's e-Filing Services. Two hard copies of the responses will be delivered to the Board via courier. In addition, electronic copies and hard copies, as required, will be forwarded to all intervenors listed above.

Also attached please find the following:

- PDI_SUPPIRR_2013 EDDVAR Continuity Schedule_20130704.xlsm
- PDI_SUPPIRR_2013_Rev_Reqt_Work_Form_OEB V10_20130704.xlsm
- PDI_SUPPIRR_2013_IncomeTax_PILs_Workform_20130704.xlsm
- PDI_SUPPIRR_2013 Cost AllocationModel_xlsm_20130704.xlsm
- Various Appendices

An electronic version of these responses has been submitted through the e-Filing Services.

If you require any further information, please contact the undersigned.

Sincerely,



Byron Thompson
Chief Financial Officer
Peterborough Distribution Inc.
Peterborough, Ontario
Email: bthompson@peterboroughutilities.ca
Phone: 705-748-9301 x 1283

PETERBOROUGH DISTRIBUTION INC.

2013 COST OF SERVICE RATE APPLICATION

RESPONSE TO SUPPLEMENTAL INTERROGATORIES

EXHIBIT 1 – ADMINISTRATIVE DOCUMENTS

EB-2012-0160

FILED: JULY 4, 2013

1-Energy Probe-27s

Ref: 1-SEC-5

The response indicates that the closing 2012 rate base and the opening 2013 rate base would be \$150,745 lower if the half year rule had not been applied in 2012.

- a) Please confirm that the net book value at the end of 2012 and at the beginning of 2013 would actually be \$301,489 lower if the half year rule had not been applied in 2012.
- b) Please confirm that this means the opening NBV used for rate base calculations purposes would be \$301,489 lower at the beginning of 2013 and at the end of 2013. If this cannot be confirmed, please explain.
- c) Please update this response, if necessary, to reflect actual 2012 capital expenditures.

PDI Response

- a) PDI confirms that the net book value at the end of 2012 and at the beginning of 2013 would be \$301,489 lower if the half year rule had not been applied in 2012.
- b) PDI confirms that this means the opening NBV used for rate base calculations purposes would be \$301,489 lower at the beginning of 2013 and at the end of 2013.
- c) The responses to parts a) and b) reflect actual 2012 capital expenditures.

1-SEC-27s

Ref: 1-VECC-1

Please confirm that the Applicant proposes to collect any shortfall between revenue from existing rates and revenue from new rates for the period from May 1, 2013 to the date of implementation of

new rates. Please confirm that this is intended to match exactly the financial result if rates were made retroactive to May 1, 2013. Please describe the method for collection of that shortfall, including in particular how differences in cost allocation and rate design will be captured in the collection mechanism.

PDI Response

As indicated in the original application Exhibit 1, Tab 2, Schedule 1 page 1-42, and in response to 1-VECC-1, PDI is not seeking recovery of foregone revenue from May 1, 2013 to the date of implementation of new rates.

1-SEC-28s

Ref: Appendix 1-4

With respect to the Shareholder Direction:

- a) Please provide the immediately previous Shareholder Direction, prior to the amendments of July 30, 2012.
- b) P. 7. Please provide details of all steps taken by or on behalf of the Applicant, and documents prepared or received by the Applicant or its parent company, prior to filing the Application to comply with Section 2.2(b), including without limitation:
 - a) All comparisons done with “similar utilities in comparable growth areas”, including a list of those utilities;
 - b) All valuations and analyses of impact on value; and
 - c) All communications relating to how the Applicant’s actions should be influenced by the City’s economic development strategy.
- c) P. 8. Please provide a copy of the most recent “long range strategic plan” prepared by the Applicant or its parent company in compliance with Section 2.3(f).
- d) P. 18. Please provide a copy of the most recent Business Plan prepared pursuant to Section 6.1.
- e) P. 20. Please confirm that the shareholder requires an annual increase in its target dividend of 3%. Please confirm that the actual 2012 dividend was 83.25% of net income.

PDI Response

- a) The immediately previous Shareholder Direction which was effective February 8, 2010, is provided in Appendix 1-1s.
- b)
- i. Section 2.2(b) of the Shareholder Direction referenced in 1-SEC-28S (b) generally refers to the establishment of reasonable rates for PDI. In fulfilling this expectation, PDI's 2013 Test Year results are established such that sufficient resources are available to enable PDI to satisfy the service expectations provided in Section 2.2(c) of the Shareholder Direction balanced with the rate direction noted for section 2.2(b). To ensure rates remained consistent with other utilities, comparisons were prepared utilizing available data which were provided in PDI's application as Table 4-6 and Table 4-7 on page 4-5. Copies have been provided below for your convenience, including a revised Table 4-7 with more recent information on cohort COLLUS Power Corp's 2013 Cost of Service filing.

Table 4-6 2011 OM&A Per Customer Mid-Size Southern Medium-High Undergrounding

	Customers	2011 OM&A Cost per Customer
Wasaga Distribution Inc.	12,324	\$ 180.22
Essex Powerlines Corporation	28,094	\$ 197.44
Peterborough Distribution Inc.	35,270	\$ 198.57
Festival Hydro Inc.	19,885	\$ 199.51
Westario Power Inc.	22,257	\$ 206.52
Entegrus Powerlines Inc. (Chatham-Kent)	32,132	\$ 208.95
E.L.K Energy Inc.	11,276	\$ 214.56
Kingston Hydro Corporation	26,844	\$ 223.95
St Thomas Energy Inc.	16,436	\$ 224.56
Welland Hydro Electric System Corp.	21,768	\$ 242.45
Woodstock Hydro Services Inc.	15,181	\$ 250.78
COLLUS Power Corp.	15,723	\$ 259.27
Niagara Peninsula Energy Inc.	51,162	\$ 274.98
Bluewater Power Distribution Corp.	35,772	\$ 309.28
Erie Thames Powerlines Corporation	18,094	\$ 315.45
Annual Average		\$ 292.00

Table 4-7 2013 OM&A Per Customer as Filed in 2013 Cost of Service Application

	Customers	2013 Filed ²
Westario Power Inc.	22,876	\$ 226.94
Peterborough Distribution Inc.	35,697	\$ 258.81
Welland Hydro Electric System Corp.	23,098	\$ 287.34
COLLUS Power Corp.	16,080	\$ 295.72
Bluewater Power Distribution Corp.	36,578	\$ 357.56

- ii. As part of this process, no valuations were performed.
 - iii. There was no communication relating to how PDI's application should be influenced by the City's economic development strategy.
- c) Section 2.3(f) of the Shareholder direction as noted in the question refers to operation of the utility in a safe and environmentally responsible manner. Section 2.2(f) refers to a long range strategic plan, however no such document has been prepared. Content related to this subject is provided in the City of Peterborough Holdings Inc. Annual Report which was provided as Appendix B of the original application.
- d) The Business Plan noted under this section of the Shareholder Declaration is not a PDI Business Plan – rather, it is that of PDI's parent, City of Peterborough Holdings Inc. In recent years CoPHI has not submitted a formal business plan as described in Section 6.1 of the Shareholder Direction. Prior business plans are outdated and no longer relevant. In its place, CoPHI management has met with Finance Administration at the City and informally discussed budgets, capital requirements and other current matters.
- e) As per Section 7.2, the target dividend increase for the City of Peterborough Holdings Inc. is 3%. This is a target, and not necessarily "required." Furthermore it should be noted this target applies to the CoPHI group and is not specific to PDI. In fact, dividends paid by PDI in recent years have decreased significantly and are trending downward, while the CoPHI group has still met its target distributions as other competitive businesses, such as generation operations, have increased their ability to pay dividends. As seen in the table below PDI dividends paid since 2010 are projected to decrease by 49% by the end of 2013.

Peterborough Distribution Inc. - Dividends Paid \$					
	2010	2011	2012	2013 Projected	2010 to 2013 Decrease
Dividends paid	1,967,688	1,641,000	1,283,000	1,000,000	49%

PDI dividends paid in 2012 were 83.25% of net income as stated in the question. As provided in the table above, this dividend is targeted to decrease in terms of both total amount and percentage of net income.

1-VECC- 34s

Ref: 1-VECC-2

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

PDI Response

- PDI has provided an updated tracking sheet on the following page as requested.

Peterborough Distribution Inc. Summary of Changes												
	Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital Allowance %	Working Capital	Working Capital Allowance	Amortization	PILs	OM&A (including Taxes other than Income Tax)	Service Revenue Requirement	Base Revenue Requirement	Gross Revenue Deficiency
Original Submission	\$4,016,755	6.06%	\$66,310,232	13%	\$92,858,402	\$12,071,592	\$2,673,856	\$257,435	\$9,238,791	\$16,291,837	\$15,028,837	\$604,748
6-Energy Probe-23												
Updated Cost of Capital Parameters	\$4,029,752	6.08%	\$66,310,232	13%	\$92,858,402	\$12,071,592	\$2,673,856	\$257,435	\$9,238,791	\$16,308,693	\$15,045,693	\$621,604
Change	\$12,997	0%	\$0	0%	\$0	\$0	\$0	\$0	\$0	\$16,856	\$16,856	\$16,856
3-VECC-17												
Revised Test Year for Specific Service Charges	\$4,029,752	6.08%	\$66,310,232	13%	\$92,858,402	\$12,071,592	\$2,673,856	\$257,435	\$9,238,791	\$16,308,693	\$14,995,693	\$571,604
Change	\$0	0%	\$0	0%	\$0	\$0	\$0	\$0	\$0	\$0	(\$50,000)	(\$50,000)
2-Energy Probe-12												
Updated Cost of Power for 2013 rates	\$4,027,370	6.08%	\$66,271,035	13%	\$92,556,885	\$12,032,395	\$2,673,856	\$257,435	\$9,238,791	\$16,305,902	\$14,992,902	\$568,813
Change	(\$2,382)	0%	(\$39,197)	0%	(\$301,517)	(\$39,197)	\$0	\$0	\$0	(\$2,791)	(\$2,791)	(\$2,791)
2-Energy Probe-6												
Updated 2013 Opening Balance Fixed Assets for 2012 additions	\$3,988,075	6.08%	\$65,624,434	13%	\$92,556,885	\$12,032,395	\$2,673,856	\$257,435	\$9,238,791	\$16,259,847	\$14,946,847	\$522,758
Change	(\$39,295)	0%	(\$646,601)	0%	\$0	\$0	\$0	\$0	\$0	(\$46,055)	(\$46,055)	(\$46,055)
3-Energy Probe-17												
Revise Test Year for SSS Admin	\$3,988,075	6.08%	\$65,624,434	13%	\$92,556,885	\$12,032,395	\$2,673,856	\$257,435	\$9,238,791	\$16,259,847	\$14,941,047	\$516,958
Change	\$0	0%	\$0	0%	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,800)	(\$5,800)
3-Energy Probe-17 & 3-Staff-36s												
Revise Test Year for Microfit Revenues	\$3,988,075	6.08%	\$65,624,434	13%	\$92,556,885	\$12,032,395	\$2,673,856	\$257,435	\$9,238,791	\$16,259,847	\$14,937,613	\$513,524
Change	\$0	0%	\$0	0%	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,434)	(\$3,434)
4-Energy Probe-35s												
Revise depreciation for 2012 capital additions	\$3,988,075	6.08%	\$65,624,434	13%	\$92,556,885	\$12,032,395	\$2,671,031	\$257,435	\$9,238,791	\$16,257,022	\$14,934,788	\$510,699
Change	\$0	0%	\$0	0%	\$0	\$0	(\$2,825)	\$0	\$0	(\$2,825)	(\$2,825)	(\$2,825)
3-Staff-33s & 2-VECC-37s												
Revised 2013 Capital incl removal provincial portion GEA	\$3,988,631	6.08%	\$65,633,576	13%	\$92,556,885	\$12,032,395	\$2,672,073	\$254,220	\$9,238,791	\$16,258,715	\$14,936,481	\$512,392
Change	\$556	0%	\$9,142	0%	\$0	\$0	\$1,042	(\$3,215)	\$0	\$1,693	\$1,693	\$1,693
8-Staff-42s												
Revised Cost of Power for Low Voltage Forecast	\$3,988,877	6.08%	\$65,637,622	13%	\$92,588,008	\$12,036,441	\$2,672,073	\$254,305	\$9,238,791	\$16,259,292	\$14,937,058	\$512,969
Change	\$246	0%	\$4,046	0%	\$31,123	\$4,046	\$0	\$85	\$0	\$577	\$577	\$577
3-Staff-38s												
Update Cost of Power for Load Forecast Change (CDM)	\$3,992,270	6.08%	\$65,689,143	13%	\$92,984,326	\$12,087,962	\$2,672,073	\$254,305	\$9,238,791	\$16,262,673	\$14,940,439	\$516,350
Change	\$3,393	0%	\$51,521	0%	\$396,318	\$51,521	\$0	\$0	\$0	\$3,381	\$3,381	\$3,381
As noted above												
Revised PILs for all Changes Above	\$3,992,270	\$0	\$65,689,143	13%	\$92,984,326	\$12,087,962	\$2,672,073	\$266,650	\$9,238,791	\$16,274,785	\$14,952,551	\$528,462
Change	\$0	\$0	\$0	0%	\$0	\$0	\$0	\$12,345	\$0	\$12,112	\$12,112	\$12,112
Change between Initial Filing and IRR	-1% (\$24,485)	0% 0%	-1% (\$621,089)		0% \$125,924	0% \$16,370	0% (\$1,783)	4% \$9,215	0% \$0	0% (\$17,052)	-1% (\$76,286)	-13% (\$76,286)

- b) PDI has provided the RRWF in Excel format as requested. The revised 2013 cost of power forecast is also presented below. The cost of power has been revised to \$83,640,535 based on the CDM adjustment described in the response to 3-Staff-38s and the revised low voltage forecast requested in 8-Staff-42s. The revised calculations are shown in the following tables Table 2-24 and Table 2-25.

Table 2-24 – Revised Cost of Power Calculation 2013

<u>Electricity - Commodity RPP</u>	2013	2013 Loss			
Class per Load Forecast RPP	Forecasted	Factor	2013		
Residential	268,909,375	1.0550	283,699,391	\$0.07932	\$22,503,036
General Service < 50 kW	95,744,241	1.0550	101,010,175	\$0.07932	\$8,012,127
General Service 50 to 4,999 kW	35,240,523	1.0550	37,178,752	\$0.07932	\$2,949,019
Large User	0	1.0171	0	\$0.07932	\$0
Street Lighting	0	1.0550	0	\$0.07932	\$0
Sentinel Lighting	168,832	1.0550	178,118	\$0.07932	\$14,128
Unmetered Scattered Load	148,152	1.0550	156,301	\$0.07932	\$12,398
TOTAL	400,211,125		422,222,736		\$33,490,707

<u>Electricity - Commodity Non-RPP</u>	2013	2013 Loss			
Class per Load Forecast	Forecasted	Factor	2013		
Residential	26,595,433	1.0550	28,058,182	\$0.07877	\$2,210,143
General Service < 50 kW	16,896,043	1.0550	17,825,325	\$0.07877	\$1,404,101
General Service 50 to 4,999 kW	317,164,709	1.0550	334,608,768	\$0.07877	\$26,357,133
Large User	54,338,967	1.0171	55,268,163	\$0.07877	\$4,353,473
Street Lighting	5,458,082	1.0550	5,758,277	\$0.07877	\$453,579
Sentinel Lighting	534,636	1.0550	564,041	\$0.07877	\$44,429
Unmetered Scattered Load	1,497,985	1.0550	1,580,374	\$0.07877	\$124,486
TOTAL	422,485,853		443,663,129		\$34,947,345

<u>Transmission - Network</u>			Volume			
Class per Load Forecast			Metric	2013		
Residential			kWh	311,757,572	\$0.0068	\$2,119,951
General Service < 50 kW			kWh	118,835,500	\$0.0062	\$736,780
General Service 50 to 4,999 kW			kW	866,178	\$2.5134	\$2,177,052
Large User			kW	114,493	\$2.9613	\$339,048
Street Lighting			kW	14,999	\$1.8945	\$28,416
Sentinel Lighting			kW	2,009	\$1.9086	\$3,834
Unmetered Scattered Load			kWh	1,736,675	\$0.0062	\$10,767
TOTAL						\$5,415,849

<u>Transmission - Connection</u>			Volume			
Class per Load Forecast			Metric	2013		
Residential			kWh	311,757,572	\$0.0046	\$1,434,085
General Service < 50 kW			kWh	118,835,500	\$0.0042	\$499,109
General Service 50 to 4,999 kW			kW	866,178	\$1.6362	\$1,417,240
Large User			kW	114,493	\$2.0045	\$229,501
Street Lighting			kW	14,999	\$1.2690	\$19,034
Sentinel Lighting			kW	2,009	\$1.2992	\$2,610
Unmetered Scattered Load			kWh	1,736,675	\$0.0042	\$7,294
TOTAL						\$3,608,873

<u>Wholesale Market Service</u>						
Class per Load Forecast			2013			
Residential			311,757,572	\$0.0052	\$1,621,139	
General Service < 50 kW			118,835,500	\$0.0052	\$617,945	
General Service 50 to 4,999 kW			371,787,520	\$0.0052	\$1,933,295	
Large User			55,268,163	\$0.0052	\$287,394	
Street Lighting			5,758,277	\$0.0052	\$29,943	
Sentinel Lighting			742,159	\$0.0052	\$3,859	
Unmetered Scattered Load			1,736,675	\$0.0052	\$9,031	
TOTAL			865,885,865		\$4,502,606	

<u>Rural Rate Assistance</u>						
Class per Load Forecast			2013			
Residential			311,757,572	\$0.0011	\$342,933	
General Service < 50 kW			118,835,500	\$0.0011	\$130,719	
General Service 50 to 4,999 kW			371,787,520	\$0.0011	\$408,966	
Large User			55,268,163	\$0.0011	\$60,795	
Street Lighting			5,758,277	\$0.0011	\$6,334	
Sentinel Lighting			742,159	\$0.0011	\$816	
Unmetered Scattered Load			1,736,675	\$0.0011	\$1,910	
TOTAL			865,885,865		\$952,474	

<u>Low Voltage</u>						
Class per Load Forecast			2013			
Residential			295,504,808	\$0.0010	\$287,177	
General Service < 50 kW			112,640,284	\$0.0009	\$99,947	
General Service 50 to 4,999 kW			866,178	\$0.3277	\$283,804	
Large User			114,493	\$0.4014	\$45,958	
Street Lighting			14,999	\$0.2541	\$3,812	
Sentinel Lighting			2,009	\$0.2602	\$523	
Unmetered Scattered Load			1,646,137	\$0.0009	\$1,461	
TOTAL					\$722,680	

Table 2-25 – Revised Summary of Cost of Power Calculation 2013

2013	
4705-Power Purchased	\$68,438,052
4708-Charges-WMS	\$4,502,606
4714-Charges-NW	\$5,415,849
4716-Charges-CN	\$3,608,873
4730-Rural Rate Assistance	\$952,474
4750-Low Voltage	\$722,680
TOTAL	83,640,535

1-VECC- 35s

Ref: 1-Energy Probe-3

Please provide a list of the programs funded by the Peterborough Green Up program in 2012 and 2013.

PDI Response

PDI provides general funding support to Peterborough Green Up for energy conservation. Peterborough Green Up conservation initiatives include:

- a) Peterborough Ecology Park
- b) Urban Forestry Program
- c) Resource Centre
- d) Customer referrals from PDI Customer Service
- e) Energy Education - Sustainable Schools
- f) Sustainable Business Program

PETERBOROUGH DISTRIBUTION INC.

2013 COST OF SERVICE RATE APPLICATION

RESPONSE TO SUPPLEMENTAL INTERROGATORIES

EXHIBIT 2 – RATE BASE

EB-2012-0160

2-Staff-33s

Ref: 2-Energy Probe-9 & 2-VECC-6

Interrogatory 2-Energy Probe-9 asks PDI to provide an updated Table 2-17 to provide actual data for 2012 and any impact to 2013 arising from differences between 2012 forecast and actual. The updated Table 2-17 shows no changes to the 2013 Test Year column. In the above noted interrogatory responses, PDI has indicated certain adjustments to its 2013 capital budget.

- a) Please confirm that no projects were delayed from 2012 to 2013. Otherwise, please indicate which projects have been delayed.
- b) Please provide a status update on the Charlotte Street U/G project.
- c) Please describe the process and timing through which PDI is made aware of City requests and developer requirements.
- d) Please provide a status update for the underground replacement project referred to in the response to 2-VECC-6. Has this project been included in the original list of 2013 projects in Table 2-17?
- e) Please provide an update to the 2013 Test Year column in Table 2-17 to incorporate actual costs to date and forecast capital expenditures to December 31, 2013. Please incorporate any known changes to capital projects, including those listed above.
- f) Please indicate which (if any) projects will not be in service in 2013.

PDI Response

- a) Two projects carried over from 2012. Underground rehabilitation (Montcalm, Amundsen, Cartier \$659,500) started in 2012 and carried over to 2013. Trent University Generating Station connection (\$35,000) carried over from 2012 to 2013. George St/Holiday Inn (New underground lines \$113,000) was carried over from a previous year and will be completed in

2013. All of the above projects will be closed to rate base in 2013 and are listed in the 2013 column of the updated Table 2-17 in the response to part e) of this question.

- b) The Charlotte St. underground project design is underway. This project is tied to a new development. PDI is awaiting confirmation from the City that it will proceed in 2013. It is listed in the 2013 column of the updated Table 2-17 in the response to part e) under “Relocations requested by Municipality”. The project amount is \$750,000 and an equal amount is included in Contributions and Grants.
- c) PDI does not usually act upon projects initiated by the City or developers until construction or design deposits are received. Timing is completely dependent on confirmation of project start from the City or the developer. City projects are subject to Council decisions or reversals or other delays such as property acquisition or available City funds transferred from another delayed project.
- d) The project referred in 2-VECC-6 is the Charlotte St. underground project that is described in the response to part b) of this question. This project was not included in the original list of 2013 projects.
- e) The 2013 Test Year column in Table 2-17 has been revised to incorporate actual costs to date and forecast capital expenditures to December 31, 2013.

Table 2-17: Capital Projects 2007 to 2013

Projects	2007 Actual CGAAP	2008 Actual CGAAP	2009 Actual CGAAP	2010 Actual CGAAP	2011 Actual CGAAP	2012 Actual CGAAP	2013 Test MIFRS
Overhead Distribution Renewal							
Springbrook/Daleview area	190,146						
Hunter St. - Belmont to Park	106,580						
Juliet Avenue	139,420						
Sherbrooke St.- Goodfellow to Wallis	229,431						
Ashburnham/Neal Drive area		391,415					
Romaine Street		210,167					
Erskine Avenue			129,136				
Hilliard Street and Hedonics Road			128,599				
Brealey Drive/Kawartha Heights			166,976				
Water Street North				120,862			
Insulator Replacement Program				88,611			75,000
Ford Street/Brunswick Avenue area					103,813		
Cumberland Avenue OH line conversion						142,674	
Cumberland Avenue 27.6 kV extension							
Parkhill Road West 27.6 kV extension							225,000
Parkhill Road West Feeder							-
44kV OH River Crossing							136,000
44 kV Switches Upgrades/SCADA						298,614	-
Aylmer St Project - New							350,000
Simcoe St Conversion - New							150,000
other	132,325	84,733	151,986	160,700	45,123	423,559	126,000
	797,902	686,315	576,697	370,173	148,936	864,847	1,062,000
Pole Replacement Program				787,323	612,201	755,684	550,000
New 27.6 kV Feeder (M9)	390,684						
New 27.6 kV Feeder (M8)				553,658	390,633		
Substations							
MS1	88,783						
MS19				138,165			
MS65							130,000
other			53,340	120,366	43,578	165,545	50,000
	88,783	-	53,340	258,531	43,578	165,545	180,000
New Underground Subdivisions	508,996	263,747	562,718	203,362	780,762	760,470	600,000
New Underground Lines - Cumberland				271,489			
New Underground Lines - George St (Holiday Inn)							113,000

Table 2-17: Capital Projects 2007 to 2013 - continued

Projects	2007 Actual CGAAP	2008 Actual CGAAP	2009 Actual CGAAP	2010 Actual CGAAP	2011 Actual CGAAP	2012 Actual CGAAP	2013 Test MIFRS
Underground Distribution Renewal:							
Cumberland Avenue feeder	947,599						
Cumberland Avenue 27.6 kV line	81,181						
Ashburnham by the Lake Subdivision	445,632						
Cherryhill Road area	262,834	898,942					
Marsdale, Maria, Walker	146,308						
Garside Road area		141,137					
Hilltop, Cottonwood, Ashdale, Bayleaf, Stocker, Whitefield			725,876				
St. Paul's Street/Herbert Street area				187,950			
George Street Vault Reconstruction				87,493			
University Heights					476,892	448,381	
Cameron Street/Orpington Road						143,552	
Stewart Drive						90,044	
Montcalm, Amundsen, Cartier							659,500
Downtown underground vault rebuild							75,000
other	168,762		33,631	369,438		108,361	570,000
	2,052,316	1,040,079	759,507	644,881	476,892	790,338	1,304,500
Overhead Distribution - Customer Demand							
Major Bennett Drive						-	
other	105,825	240,432	188,239	192,072	102,194	184,165	
	105,825	240,432	188,239	192,072	102,194	184,165	-
OH Distribution Lines - Customer Demand							
Line extension to new YMCA - Aylmer Street	201,753						
Line extension to new subdivision - Maria St.	95,257						
George Street/Argyle Street			158,793				
Carnegie Avenue				184,483			
Cumberland Avenue				167,157			
Heritage Trail				80,354			
Major Bennett line extension						97,091	
Bethune St Relocation - New							80,000
other	213,181	298,296	127,917	152,176		165,146	225,000
	510,191	298,296	286,710	584,170	-	262,237	305,000
Relocations requested by Municipality							
Highway 7/Highway 115 intersection			341,986				
Lansdowne Street/Borden Avenue				243,340			
Borden Avenue/Erskine Avenue				211,350			
Romaine Street				116,467			
Lansdowne Street West					1,210,702		
Water Street North					183,199		
Hilliard Street/Towerhill Road					182,913		
Peterborough Regional Health Centre						178,411	
Parkhill Road West							-
Parkhill Road/Brealey Drive							-
Chemong Road							-
Charlotte St U/G - New							750,000
other	168,012			12,013	39,675	139,167	109,500
	168,012	-	341,986	583,170	1,616,489	317,578	859,500

Table 2-17: Capital Projects 2007 to 2013 – continued

Projects	2007 Actual CGAAP	2008 Actual CGAAP	2009 Actual CGAAP	2010 Actual CGAAP	2011 Actual CGAAP	2012 Actual CGAAP	2013 Test MIFRS
Services							
Overhead Services	249,665	280,957	129,046	282,403	219,312	484,297	245,000
Overhead Services - Sherwood Drive						105,897	
Overhead Services - Market Plaza						149,892	
Underground Services - Primary	373,106	391,578	263,976	218,379	506,545	720,150	455,000
Underground Services - Secondary		222,475	147,884	81,148	200,161	346,651	220,000
Underground Services - Residential	323,392	332,151	270,942	332,199	267,422	222,120	221,000
600V service upgrades					204,349	277,334	
	946,163	1,227,161	811,848	914,129	1,397,789	2,306,341	1,141,000
Transformers	163,769	228,183	357,224	639,091	136,884	260,556	130,000
Meters	159,914	78,634	402,177	155,039	379,911	487,068	205,000
Generation Connection							
Trent Rapids Power				595,310			
Trent University							35,000
other						24,557	10,000
	-	-	-	595,310	-	24,557	45,000
MMDR Integration						666,078	
Load Control							
Miscellaneous	216,086	40,273	117,500	42,577	181,795	-	-
Contributions and Grants	(738,434)	(555,079)	(900,355)	(1,448,545)	(1,410,810)	(1,671,900)	(1,893,000)
Total	5,370,207	3,548,041	3,557,591	5,346,430	4,857,254	6,173,564	4,602,000

- f) All of the 2013 projects listed in Table 2-17 above are expected to be in service in 2013.

The 2013 continuity schedule has been revised to incorporate actual 2012 capital expenditures and the updated 2013 capital additions shown in Table 2-17 in part e) above:

Table 2-13: Fixed Asset Continuity Statement – 2013

**Appendix 2-B
Fixed Asset Continuity Schedule**

Year **2013** CGAAP Kinetrics useful life

CCA Class	OEB	Description	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
12	1611	Computer Software (Formally known as Account 1925)	\$ 1,175,789			\$ 1,175,789	-\$ 498,885	-\$ 203,609		-\$ 702,494	\$ 473,295
CEC	1612	Land Rights (Formally known as Account 1906)	\$ -			\$ -	\$ -			\$ -	\$ -
N/A	1805	Land	\$ 134,968	\$ 130,000		\$ 264,968	\$ -			\$ -	\$ 264,968
47	1808	Buildings	\$ 536,085	\$ 35,000		\$ 571,085	-\$ 85,890	-\$ 10,827		-\$ 96,717	\$ 474,368
13	1810	Leasehold Improvements	\$ -			\$ -	\$ -			\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV	\$ -			\$ -	\$ -			\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	\$ 3,540,528	\$ 15,000		\$ 3,555,528	-\$ 1,292,913	-\$ 139,086		-\$ 1,431,999	\$ 2,123,529
47	1825	Storage Battery Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
47	1830	Poles, Towers & Fixtures	\$ 23,773,969	\$ 626,050		\$ 24,400,019	-\$ 10,954,846	-\$ 546,126		-\$ 11,500,972	\$ 12,899,047
47	1835	Overhead Conductors & Devices	\$ 10,300,535	\$ 1,197,500		\$ 11,498,035	-\$ 2,572,305	-\$ 192,658		-\$ 2,764,963	\$ 8,733,072
47	1840	Underground Conduit	\$ 15,931,946	\$ 1,443,200		\$ 17,375,146	-\$ 6,280,781	-\$ 327,752		-\$ 6,608,533	\$ 10,766,613
47	1845	Underground Conductors & Devices	\$ 5,669,622	\$ 534,000		\$ 6,203,622	-\$ 858,300	-\$ 94,813		-\$ 953,113	\$ 5,250,509
47	1850	Line Transformers	\$ 19,991,113	\$ 1,350,250		\$ 21,341,363	-\$ 8,288,572	-\$ 483,006		-\$ 8,771,578	\$ 12,569,785
47	1855	Services (Overhead & Underground)	\$ 15,074,272	\$ 959,000		\$ 16,033,272	-\$ 4,195,251	-\$ 223,421		-\$ 4,418,672	\$ 11,614,600
47	1860	Meters	\$ 1,398,332	\$ 205,000		\$ 1,603,332	-\$ 404,912	-\$ 60,328		-\$ 465,240	\$ 1,138,092
47	1860	Meters (Smart Meters)	\$ 5,702,472			\$ 5,702,472	-\$ 1,601,168	-\$ 380,163		-\$ 1,981,331	\$ 3,721,141
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 44,877			\$ 44,877	-\$ 34,960	-\$ 6,735		-\$ 41,695	\$ 3,182
10	1930	Transportation Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
8	1955	Communication Equipment (Smart Meters)	\$ -			\$ -	\$ -			\$ -	\$ -
8	1960	Miscellaneous Equipment	\$ 82,385			\$ 82,385	-\$ 82,385			-\$ 82,385	\$ -
	1970	Load Management Controls Customer Premises	\$ 1,633,219			\$ 1,633,219	-\$ 1,586,716	-\$ 3,549		-\$ 1,590,265	\$ 42,954
47	1975	Load Management Controls Utility Premises	\$ -			\$ -	\$ -			\$ -	\$ -
47	1980	System Supervisor Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
47	1985	Miscellaneous Fixed Assets	\$ -			\$ -	\$ -			\$ -	\$ -
47	1995	Contributions & Grants	-\$ 13,616,011	-\$ 1,893,000		-\$ 15,509,011	\$ -			\$ -	-\$ 15,509,011
		Sub-total	\$ 91,374,101	\$ 4,602,000	\$ -	\$ 95,976,101	-\$ 38,737,884	-\$ 2,672,073	\$ -	-\$ 41,409,957	\$ 54,566,144
	2055	Contract work in progress-electric	\$ 2,043,052	\$ 1,271,000	-\$ 2,043,052	\$ 1,271,000				\$ -	\$ 1,271,000
		Total	\$ 93,417,153	\$ 5,873,000	-\$ 2,043,052	\$ 97,247,101	-\$ 38,737,884	-\$ 2,672,073	\$ -	-\$ 41,409,957	\$ 55,837,144

2-Staff-34s

Ref: 2-Staff-7

Filing Requirements: Distribution System Plans – Filing under Deemed Condition of Licence, revised May 17, 2012 [EB-2009- 0397], § 2.4.1, 2.4.2,
Report of the Board, Framework for Determining the Direct Benefits Accruing to Customers of a Distributor under Ontario Regulation 330/09, § 1.1

- a) Please indicate whether any GEA Plan capital expenditures were incurred in 2012.
- b) Please confirm that all costs incurred or planned for 2012 and 2013 which are eligible for provincial recovery are excluded from PDI's rate base.
- c) Please revise the table provided in response to interrogatory 2-Staff-7 (c) to incorporate the standardized approach to direct benefits allocation and include any 2012 GEA Plan capital and initial OM&A expenditures if applicable.

PDI Response

- a) 2012 Work in Process included GEA Plan capital expenditures for the Trent University redevelopment. No GEA Plan capital expenditures were added to rate base.
- b) PDI confirms that all costs incurred or planned for 2012 and 2013 which are eligible for provincial recovery are excluded from PDI's rate base as a result of the adjustments in this round of interrogatories as illustrated in 1-VECC-34s. PDI's original Cost of Service Application included \$160,000 in rate base for the Trent University Project. This amount has been revised to \$35,000 in the updated Table 2-17 provided above in the response to the previous question. This represents the non-provincial recovery portion which is 17% of the expansion costs that are not recoverable from the generator.
- c) The table has been revised as requested:

Year	OM&A	Capital Enabling	Capital Expansion	Benefit to PDI Rate Payers		Incl. in Rate Base
				Enabling	Expansion	
2013	\$15,000		\$207,000	6%	17%	\$35,190
2014	\$15,000	\$50,000	\$125,000	6%	17%	\$24,250
2015	\$15,000			6%	17%	\$0
2016	\$15,000			6%	17%	\$0
2017	\$15,000			6%	17%	\$0

2-Energy Probe-28s

Ref: 2-Staff-6

Actual contributions and grants for 2012 were more than \$350,000 higher than forecast. What was the driver for this increase and please explain why it will not persist through the 2013 test year.

PDI Response

The driver for the increase in 2012 was the Jackson Creek subdivision, valued at \$753,776 that was assumed from the developer. There are no subdivisions of this size that will be assumed in 2013 and PDI has estimated \$360,000 for developer contributions in 2013.

2-Energy Probe-29s

Ref: 2-Energy Probe-6 & 2-Energy Probe-7

Please provide an updated Table 2-13 for 2013 that reflects the actual capital expenditures shown in the response to 2-Energy Probe-7 for 2012 and the revised 2013 test year net book values shown in Table 2-6 in the response to 2-Energy Probe-6.

PDI Response

Table 2-13 for 2013 has been updated to show revised 2013 net book value based on the adjustment to 2013 opening balance for actual 2012 capital expenditures:

Table 2-13: Fixed Asset Continuity Schedule – 2013 (CGAAP with Kinectrics useful life)

CCA Class	OEB	Description	Cost				Accumulated Depreciation				
			Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
12	1611	Computer Software (Formally known as Account 1925)	\$ 1,175,789			\$ 1,175,789	-\$ 498,885	-\$ 195,393		-\$ 694,278	\$ 481,511
CEC	1612	Land Rights (Formally known as Account 1906)	\$ -			\$ -	\$ -			\$ -	\$ -
N/A	1805	Land	\$ 134,968	\$ 130,000		\$ 264,968	\$ -			\$ -	\$ 264,968
47	1808	Buildings	\$ 536,085	\$ 40,000		\$ 576,085	-\$ 85,890	-\$ 9,482		-\$ 95,372	\$ 480,713
13	1810	Leasehold Improvements	\$ -			\$ -	\$ -			\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV	\$ -			\$ -	\$ -			\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	\$ 3,540,528	\$ 75,000		\$ 3,615,528	-\$ 1,292,913	-\$ 142,806		-\$ 1,435,719	\$ 2,179,809
47	1825	Storage Battery Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
47	1830	Poles, Towers & Fixtures	\$ 23,773,969	\$ 765,050		\$ 24,539,019	-\$ 10,954,846	-\$ 543,558		-\$ 11,498,404	\$ 13,040,615
47	1835	Overhead Conductors & Devices	\$ 10,300,535	\$ 1,669,500		\$ 11,970,035	-\$ 2,572,305	-\$ 206,478		-\$ 2,778,783	\$ 9,191,252
47	1840	Underground Conduit	\$ 15,931,946	\$ 625,200		\$ 16,557,146	-\$ 6,280,781	-\$ 329,225		-\$ 6,610,006	\$ 9,947,140
47	1845	Underground Conductors & Devices	\$ 5,669,622	\$ 252,000		\$ 5,921,622	-\$ 858,300	-\$ 94,941		-\$ 953,241	\$ 4,968,381
47	1850	Line Transformers	\$ 19,991,113	\$ 969,750		\$ 20,960,863	-\$ 8,288,572	-\$ 485,443		-\$ 8,774,015	\$ 12,186,848
47	1855	Services (Overhead & Underground)	\$ 15,074,272	\$ 1,034,000		\$ 16,108,272	-\$ 4,195,251	-\$ 224,042		-\$ 4,419,293	\$ 11,688,979
47	1860	Meters	\$ 1,398,332	\$ 205,000		\$ 1,603,332	-\$ 404,912	-\$ 51,797		-\$ 456,709	\$ 1,146,623
47	1860	Meters (Smart Meters)	\$ 5,702,472			\$ 5,702,472	-\$ 1,601,168	-\$ 380,163		-\$ 1,981,331	\$ 3,721,141
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 44,877			\$ 44,877	-\$ 34,960	-\$ 6,735		-\$ 41,695	\$ 3,182
10	1930	Transportation Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
8	1955	Communication Equipment (Smart Meters)	\$ -			\$ -	\$ -			\$ -	\$ -
8	1960	Miscellaneous Equipment	\$ 82,385			\$ 82,385	-\$ 82,385			-\$ 82,385	\$ -
	1970	Load Management Controls Customer Premises	\$ 1,633,219			\$ 1,633,219	-\$ 1,586,716	-\$ 3,793		-\$ 1,590,509	\$ 42,710
47	1975	Load Management Controls Utility Premises	\$ -			\$ -	\$ -			\$ -	\$ -
47	1980	System Supervisor Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
47	1985	Miscellaneous Fixed Assets	\$ -			\$ -	\$ -			\$ -	\$ -
47	1995	Contributions & Grants	-\$ 13,616,011	-\$ 1,180,000		-\$ 14,796,011	\$ -			\$ -	-\$ 14,796,011
		Sub-total	\$ 91,374,101	\$ 4,585,500	\$ -	\$ 95,959,601	-\$ 38,737,884	-\$ 2,673,856	\$ -	-\$ 41,411,740	\$ 54,547,861
	2055	Contract work in progress-electric	\$ 2,043,052	\$ 1,271,000	-\$ 787,609	\$ 2,526,443				\$ -	\$ 2,526,443
		Total	\$ 93,417,153	\$ 5,856,500	-\$ 787,609	\$ 98,486,044	-\$ 38,737,884	-\$ 2,673,856	\$ -	-\$ 41,411,740	\$ 57,074,304

2-Energy Probe-30s

Ref: 1-VECC-2

Table 1-VECC-2 shows the impact on the gross revenue deficiency for changes, among others, of the lower capital expenditures in 2012, updated cost of capital parameters, and the updated cost of power. These items change the level of rate base and the return on equity, along with the CCA available for PILs purposes.

- a) Please explain why there is no change in the PILs shown in Table 1-VECC-2.
- b) Please provide an updated RRWF and Table 1-VECC-2 that results from any additional changes adopted by PDI as a result of the supplemental interrogatories and/or any changes to the original version based on corrections required.

PDI Response

- a) PDI did not include changes to PILs in the original response to Table 1-VECC-2. PDI has updated PILs, including the impact of all interrogatory and supplemental interrogatory responses. The total PILs impact is illustrated in response to 1-VECC-34s. A revised PILs model has also been provided in Excel format.
- b) PDI has provided an updated tracking sheet in response to 1-VECC-34s. A revised RRWF has been provided in Excel format.

2-Energy Probe-31s

Ref: 2-VECC-6

- a) Is the project noted in the response to part (b) that is in the discussion phase with the City of Peterborough with an estimated cost of \$750,000 included in projects identified in Table 2-17? If yes, please indicate where it is.
- b) If the project is not included in Table 2-17, please indicate whether or not it will (or may) proceed in 2013 and whether the entire cost would be funded by the City.

PDI Response

- a) The project was not included in Table 2-17 shown in Exhibit 2, Tab 3, Schedule 2 of the application or Table 2-17 revised for 2012 actual capital expenditures provided in response to 2-Energy Probe-9. It has been included in the revised Table 2-17 shown in the response to 2-Staff-33s part (e) in the 2013 column under the heading “Relocations requested by Municipality”.
- b) The project is forecast to proceed in 2013 and the entire cost will be funded by the City as illustrated in the revised Contributions for 2013.

2-SEC-29s

Ref: 2-Energy Probe-11

Please confirm that the land relating to the proposed MS#65 will not be used for the benefit of ratepayers in 2013.

PDI Response

The land will be purchased and become an asset of PDI benefiting ratepayers in 2013.

2-SEC-30s

Ref: 2-SEC-9

Please provide the most recent annual review of reliability indices, and any memorandum, report or other document setting out the Applicant’s actions in response to the review.

PDI Response

There is no official document or memorandum in respect of the annual review. Informal discussions are held during planning, operational and budget review meetings as required. Findings have been incorporated into the Asset Management Plan.

2-SEC-31s

Ref: 2-SEC-14

Please answer the second part of the original question, i.e. explain why the Applicant's cost per pole is so much higher than that of Hydro One.

PDI Response

The details provided in EB-2012-0136 Ex.B/2/3 do not provide sufficient detail to determine comparability of cost data between Hydro One and PDI. Pole replacement in an urban setting often involves multiple circuits, additional equipment, complicated switching operations and other on site issues such as traffic and pedestrian control. The average cost is the total project cost which includes the cost of all work and equipment replaced on the pole and is allocated appropriately at closing of the project.

2-SEC-32s

Ref: 2-SEC-15 f)

Please answer the second part of the original question, "Please provide details of any other asset categories in which the TUL in the Kinectrics Report is inconsistent with the Applicant's data on its own assets". Also, please advise whether Ex. 4/2/7, p. 4-63 and Table 4-44 are incorrect in listing the TUL of poles as 45 years, rather than 60 years as set out in the answer.

PDI Response

There are no inconsistencies in the TUL from the Kinectrics report and PDI adopted TUL's for amortization expense purposes. PDI does not have sufficient data to support using other TUL's mentioned as anecdotal or empirical in the Asset Management report. Data in the Asset Management report is the best estimate of asset age for planning purposes and not necessarily reflective of TUL for amortization.

Ex. 4/2/7 page 63 and Table 4-44 are correctly using the adopted TUL from the Kinectrics report of 45 years for wood poles. The last sentence in the answer incorrectly suggested PDI was using 60 years for amortization.

2-SEC-33s

Ref: 2-VECC-3 a)

Please provide historical actuals data to demonstrate that, historically, capital contributions have been 25% of municipality relocations, 60% of subdivisions, and 100% of new customer services and projects.

PDI Response

Historical actuals are not necessarily indicative of forward-looking capital contributions. The methodology used to estimate 2013 capital contributions is described above and is based on the planned projects for 2013. The revised test year forecast for capital contributions is \$1,893,000. Contributions by project are shown in the following table which agrees with the revised Table 2-17 provided in the response to 2-Staff-33s part (e):

Contributions and Grants - 2013 Test Year Revised

Project Description	Contribution Amount	Total Project Cost
U/G Subdivisions assumed from developers	360,000	600,000
Relocation - Bethune St.	80,000	80,000
Relocation - Charlotte St.	750,000	750,000
Overhead Services	10,000	10,000
Underground Services - Primary - other	400,000	455,000
Underground Services - Secondary	200,000	220,000
Underground Services - Residential	93,000	221,000
	<u>1,893,000</u>	

Please refer to the response to part d) of 2-VECC-3 for a list of historical capital contributions and total project cost from 2009 to 2012.

2-VECC-36s

Ref: 2-Energy Probe-9; 2-VECC-4

- a) Please confirm that PDI is not proposing any change from the original application 2013 capital budget forecast of \$4,585,000.
- b) Please explain what, if any, adjustment was made for the forecast change for in-service of project MS#65 (now 2014).

PDI Response

- a) The capital budget forecast has been increased to \$4,602,000 as shown in Table 2-17 in the response to 2-Staff-33s part (e).
- b) No adjustment was required. The original application assumed an in-service date of 2014 and the 2013 expenditures for MS#65 were included in work in process at December 31, 2013.

2-VECC-37s

Ref: 2-Energy Probe-13

In the response to this interrogatory it indicates that the capital expenditures of \$160,000 for the Green Energy Plan were understated by \$47,000. Was an adjustment made to Rate Base calculation for this error (none is indicated in response to 1-VECC-2)? If not please update in response to 1-VECC-35/36.

PDI Response

PDI's original Cost of Service Application included \$160,000 in rate base for the Trent University renewable generation project. There was no adjustment to this amount in the response to 1-VECC-2.

This amount has been revised to \$35,000 which represents 17% of the expansion costs that are not recoverable from the generator. The revised amount of \$35,000 has been included in the updated Table 2-17 provided in the response to 2-Staff-33s (e) and the revised capital expenditure forecast referred to in the response to 2-VECC-36.

The revisions listed in the response to 1-VECC-34 include the reduction from \$160,000 to \$35,000 for the Trent University renewable generation project.

2-VECC-38s

Ref: 2-VECC-6

Is the \$750k project discussed in this interrogatory response and related to potential overhead line replacement with the City of Peterborough, forecast to begin in 2013 or in a later year. If the latter please provide the current best estimate of when the project would begin, if the former please indicate if (and where) the project is included in the 2013 capital budget.

PDI Response

Please refer to the response to 2-Energy Probe-31s. The project is forecast to begin in 2013. The project was not originally in the 2013 Capital Budget.

2-VECC-39s

Ref: 2-VECC-10

The objective of 2-VECC-10 was to breakdown for each individual year the cause of outages. Please provide a Table – similar to Table 10 in the response for each of the years, 2009, 2010, 2011, 2012.

PDI Response

PDI has provided the outage statistics for each of 2009, 2010, 2011, and 2012 in the tables below.

Table 2-VECC-39s – 2009 PDI Outage Statistics

PDI Outage Statistics 2009						
Interruption Type	Frequency	% of Total	No. of Customers	% of Total	Customer Outages Hrs	% of Total
0-Unknown/Other	47	12.3%	144936	39.9%	1631	1.0%
1-Schedule Outage	170	44.5%	3465	1.0%	8324	5.2%
2-Hydro One Outage	11	2.9%	26357	7.3%	10833	6.8%
3-Tree Contacts	17	4.5%	13591	3.7%	16773	10.5%
4-Lightning	15	3.9%	46575	12.8%	103050	64.6%
5-Defective Equipment	71	18.6%	35432	9.8%	16534	10.4%
6-Adverse Weather	13	3.4%	28696	7.9%	664	0.4%
7-Adverse Environment	4	1.0%	5002	1.4%	7	0.0%
8-Human Element	7	1.8%	5586	1.5%	1465	0.9%
9-Foreign Interference	27	7.1%	53250	14.7%	224	0.1%
Total	382	100.0%	362,890	100.0%	159,505	100.0%

Table 2-VECC-39s – 2010 PDI Outage Statistics

PDI Outage Statistics 2010						
Interruption Type	Frequency	% of Total	No. of Customers	% of Total	Customer Outages Hrs	% of Total
0-Unknown/Other	64	13.2%	135493	28.3%	1380	1.7%
1-Schedule Outage	226	46.7%	4552	1.0%	16170	19.8%
2-Hydro One Outage	35	7.2%	92834	19.4%	5013	6.2%
3-Tree Contacts	15	3.1%	22178	4.6%	15407	18.9%
4-Lightning	2	0.4%	10714	2.2%	89	0.1%
5-Defective Equipment	70	14.5%	38105	8.0%	12599	15.5%
6-Adverse Weather	4	0.8%	5557	1.2%	908	1.1%
7-Adverse Environment	0	0.0%	0	0.0%	0	0.0%
8-Human Element	7	1.4%	13756	32.4%	1185	1.5%
9-Foreign Interference	61	12.6%	154944	2.9%	28711	35.2%
Total	484	100.0%	478,133	100.0%	81,462	100.0%

Table 2-VECC-39s – 2011 PDI Outage Statistics

PDI Outage Statistics 2011						
Interruption Type	Frequency	% of Total	No. of Customers	% of Total	Customer Outages Hrs	% of Total
0-Unknown/Other	28	5.1%	75966	10.9%	27	0.0%
1-Schedule Outage	178	32.6%	5018	0.7%	12414	6.4%
2-Hydro One Outage	8	1.5%	14002	2.0%	5583	2.9%
3-Tree Contacts	13	2.4%	25639	3.7%	16313	8.4%
4-Lightning	3	0.5%	11251	1.6%	24803	12.7%
5-Defective Equipment	139	25.5%	169591	24.4%	24958	12.8%
6-Adverse Weather	121	22.2%	283510	40.8%	105715	54.2%
7-Adverse Environment	0	0.0%	0	0.0%	0	0.0%
8-Human Element	1	0.2%	1807	0.3%	1295	0.7%
9-Foreign Interference	55	10.1%	107739	15.5%	3873	2.0%
Total	546	100.0%	694,523	100.0%	194,981	100.0%

Table 2-VECC-39s – 2012 PDI Outage Statistics

PDI Outage Statistics 2012						
Interruption Type	Frequency	% of Total	No. of Customers	% of Total	Customer Outages Hrs	% of Total
0-Unknown/Other	32	5.7%	108184	20.8%	935	1.1%
1-Schedule Outage	256	45.2%	5031	1.0%	17656	19.9%
2-Hydro One Outage	2	0.4%	3089	0.6%	2038	2.3%
3-Tree Contacts	30	5.3%	37787	7.3%	17939	20.3%
4-Lightning	21	3.7%	29881	5.7%	976	1.1%
5-Defective Equipment	61	10.8%	46393	8.9%	4020	4.5%
6-Adverse Weather	69	12.2%	101439	19.5%	22136	25.0%
7-Adverse Environment	0	0.0%	0	0.0%	0	0.0%
8-Human Element	3	0.5%	4458	0.9%	173	0.2%
9-Foreign Interference	92	16.3%	184609	35.4%	22653	25.6%
Total	566	100.0%	520,871	100.0%	88,526	100.0%

PDI has also provided equipment outage statistics in the tables below.

Table 2-VECC-39s – 2009 Equipment Outage Statistics

PDI Equipment Outage Statistics 2009						
Equipment Type	Frequency	% of Total	No. of Customers	% of Total	Customer Outages Hrs	% of Total
Connectors	6	8.5%	7565	21.4%	7506.45	45.4%
Customer Equipment	8	11.3%	1268	3.6%	2220.72	13.4%
Fuse / Protection	10	14.1%	91	0.3%	103.38	0.6%
O/H Conductor	11	15.5%	11453	32.3%	67.92	0.4%
O/H Transformer	10	14.1%	4504	12.7%	527.18	3.2%
Pole	3	4.2%	3841	10.8%	5051.05	30.5%
Switch	3	4.2%	29	0.1%	14.17	0.1%
U/G Cable	14	19.7%	324	0.9%	817.66	4.9%
U/G Transformer	6	8.5%	6357	17.9%	225.75	1.4%
Total	71	100.0%	35,432	100.0%	16,534	100.0%

Table 2-VECC-39s – 2010 Equipment Outage Statistics

PDI Equipment Outage Statistics 2010						
Equipment Type	Frequency	% of Total	No. of Customers	% of Total	Customer Outages Hrs	% of Total
Connectors	6	8.6%	72	0.2%	168.55	1.3%
Customer Equipment	2	2.9%	195	0.5%	728.5	5.8%
Fuse / Protection	11	15.7%	20952	55.0%	211.37	1.7%
O/H Conductor	2	2.9%	15	0.0%	8.83	0.1%
O/H Transformer	10	14.3%	10855	28.5%	344.95	2.7%
Pole	5	7.1%	261	0.7%	373.17	3.0%
Switch	7	10.0%	5432	14.3%	9690.82	76.9%
U/G Cable	12	17.1%	124	0.3%	380.5	3.0%
U/G Transformer	15	21.4%	199	0.5%	692.08	5.5%
Total	70	100.0%	38,105	100.0%	12,599	100.0%

Table 2-VECC-39s – 2011 Equipment Outage Statistics

PDI Equipment Outage Statistics 2011						
Equipment Type	Frequency	% of Total	No. of Customers	% of Total	Customer Outages Hrs	% of Total
Connectors	4	2.9%	24	0.0%	43	0.2%
Customer Equipment	13	9.4%	27378	16.1%	5533.22	22.2%
Fuse / Protection	41	29.5%	64307	37.9%	10813.52	43.3%
O/H Conductor	8	5.8%	8365	4.9%	401.02	1.6%
O/H Transformer	26	18.7%	19110	11.3%	771.65	3.1%
Pole	12	8.6%	10545	6.2%	654.33	2.6%
Switch	9	6.5%	18487	10.9%	6026.5	24.1%
U/G Cable	22	15.8%	11045	6.5%	579.77	2.3%
U/G Transformer	4	2.9%	10330	6.1%	134.87	0.5%
Total	139	100.0%	169,591	100.0%	24,958	100.0%

Table 2-VECC-39s – 2012 Equipment Outage Statistics

PDI Equipment Outage Statistics 2012						
Equipment Type	Frequency	% of Total	No. of Customers	% of Total	Customer Outages Hrs	% of Total
Connectors	3	4.9%	2183	4.7%	13	0.3%
Customer Equipment	10	16.4%	18067	38.9%	243.23	6.1%
Fuse / Protection	6	9.8%	10358	22.3%	38.07	0.9%
O/H Conductor	0	0.0%	0	0.0%	0	0.0%
O/H Transformer	14	23.0%	10255	22.1%	2876.33	71.6%
Pole	1	1.6%	16	0.0%	44	1.1%
Switch	7	11.5%	5204	11.2%	278.93	6.9%
U/G Cable	10	16.4%	194	0.4%	280.33	7.0%
U/G Transformer	10	16.4%	116	0.3%	245.98	6.1%
Total	61	100.0%	46,393	100.0%	4,020	100.0%

2-VECC-40s

Ref: 2-Staff-7; 2-VECC-12; 2-Energy Probe-13

Please provide a description of OM&A and Plant additions which make up the \$207k being spent in 2013 on the Green Energy Plan.

PDI Response

The \$207,000 is capital only for an expansion to connect a renewable generator in 2013. The \$207,000 is calculated as \$90,000 (renewable energy expansion cap – DSC 3.2.5 B) times 2.3MW which is the additional capacity being added to the generating facility.

PETERBOROUGH DISTRIBUTION INC.

2013 COST OF SERVICE RATE APPLICATION

RESPONSE TO SUPPLEMENTAL INTERROGATORIES

EXHIBIT 3 – OPERATING REVENUE

EB-2012-0160

FILED: JULY 4, 2013

3-Staff-35s

Ref: 3-Energy Probe-17

Please comment on the decrease in 2012 and 2013 late payment charges relative to 2011 and the relationship to bad debt expense.

PDI Response

PDI does not believe that the trend in late payment revenues correlates to the level of bad debt expense. Bad debt is assessed on unpaid final bills. Late payment charges are applied on current outstanding bills. There is a decrease in late payment charges for 2012 and 2013 over 2011 due to the code amendments that have come into effect related to low income customers. When a customer is on the Arrears Management Plan, late charges are waived until payments under this contract have been completed. This results in fewer late payment charges collected.

3-Staff-36s

Ref: 3-Energy Probe-17

In its response to the above noted interrogatory, PDI indicates that it has not reflected certain factors in its forecast of 2013 Other Operating Revenue, specifically:

- a) Movement of customers away from retailers
- b) Growth in number of customers
- c) Microfit revenues

Please update the 2013 forecast of Other Operating Revenues to reflect these and any other known factors.

PDI Response

PDI has updated the Other Operating Revenue forecast for the movement of customers away from retailers and growth in the number of customers by \$5,800. The impact of this increase to PDI's revenue requirement was illustrated in response to 1-VECC-2.

PDI will update the Other Operating Revenue forecast for the Microfit revenues of \$3,434. The impact of this change to PDI's revenue requirement is illustrated in response to 1-VECC-34s.

3-Staff-37s

Ref: 3-Preliminary-4 & 3-Energy Probe-16 & 3-VECC-14

In response to the above noted interrogatories, PDI has provided forecast kWh purchases of 818,754,942 kWh, 825,395,678 kWh and 816,056,242 kWh, respectively.

Please indicate which load forecast underpins the Revenue Requirement Workform as updated and filed with PDI's interrogatory responses?

PDI Response

The 2013 billed forecast of 818,754,942 underpins the Revenue Requirement Work form as updated and filed with PDI's interrogatory responses. This amount is the proposed amount outlined in the application and is consistent with the 2013 value provided in 3-Preliminary-4.

3-Staff-38s

Ref: Exhibit 3, Tab 1, Schedule 3

Ref: 3-Staff-12

Ref: 3-VECC-16

- a) Please provide PDI's views on the above, including the calculation of the CDM adjustment to the load forecast.

- b) Please provide an update summarizing the kWh and kW on a system purchased, system billed, and on the allocated billed kWh and kW for every customer class reflecting PDI's proposed regression-based load forecast and the above CDM adjustment.

PDI Response

- i) Based on the Board's Decision and Order EB-2012-0113 with respect to Centre Wellington Hydro's 2013 cost of service rates application dated May 28, 2013 and consistent with many recent 2013 cost of service settlement agreements it is now PDI's view that the CDM adjustment should be 8,330,964 kWh and the amount used for the LRAMVA would be 11,967,098. The Centre Wellington Hydro Decision clearly indicated the Board was in agreement with Intervenor's that the CDM adjustment should be on a net basis and not the gross level which was the position of the Board staff and the applicant in the Centre Wellington Hydro proceeding.
- ii) The following table outlines PDI's revised proposed load forecast reflecting the position outlined in part a) and the updated Ontario GDP values used to prepare response to 3-VECC-14.

Table 3-Staff-38s Revised Summary of kWh and kW for CDM

Table 3-27: Revised Summary of Forecast -3-VECC-14 with Net CDM Adjustment as per 3-Staff-38s a)						
	2009 Board Approved	2009 Actual	2010 Actual	2011 Actual	2012 Weather Normalized Bridge	2013 Weather Normalized Test
ACTUAL AND PREDICTED KWH PURCHASES						
Actual kWh Purchases		834,049,383	838,046,263	848,819,242		
Predicted kWh Purchases		838,345,001	842,918,314	852,551,620	859,343,191	863,782,483
% Difference of actual and predicted purchases		0.5%	0.6%	0.4%		
CDM Purchase Adjustment					(3,779,642)	(8,659,325)
Predicted kWh Purchases after CDM					855,563,548	855,123,158
BILLING DETERMINANTS BY CLASS						
Residential						
Customers	30,883	30,524	30,791	31,135	31,445	31,758
kWh	301,495,708	284,464,847	287,709,082	293,541,684	295,553,525	295,504,809
General Service ≤ 50 kW						
Customers	3,638	3,619	3,600	3,570	3,558	3,547
kWh	121,412,816	117,206,107	117,506,264	114,708,317	114,067,861	112,640,284
General Service > 50 kW						
Customers	368	363	372	389	389	390
kWh	297,624,170	327,169,221	331,296,296	345,543,415	350,045,820	352,405,232
kW	731,891	819,801	825,019	848,381	860,378	866,178
Large User						
Customers	2	2	2	2	2	2
kWh	63,699,061	58,518,018	55,529,141	56,661,879	55,523,861	54,338,967
kW	128,427	126,985	121,689	121,779	116,989	114,493
Sentinel Lighting						
Connections	401	425	423	416	387	361
kWh	659,151	796,438	788,608	768,502	735,738	703,468
kW	1,795	1,916	2,174	2,129	2,102	2,009
Street Lighting						
Connections	8,540	8,002	8,064	8,131	8,140	8,150
kWh	6,261,525	5,539,999	5,582,044	5,614,216	5,539,149	5,458,082
kW	17,527	16,284	16,388	16,448	15,222	14,999
Unmetered Scattered Loads						
Connections	9	383	383	384	384	384
kWh	1,909,385	1,601,817	1,565,650	1,661,205	1,654,714	1,646,137
Customer/Connections						
kWh	43,841	43,319	43,634	44,026	44,306	44,592
kWh	793,061,816	795,296,447	799,977,085	818,499,218	823,120,669	822,696,978
kW from applicable classes	879,640	964,986	965,270	988,737	994,691	997,679

3-Energy Probe-32s

Ref: 3-Energy Probe-16 & Exhibit 2, Tab 4, Schedule 1

- a) Please explain why there is no impact on the purchases shown in Table 3-27 in the interrogatory response relative to the original figures shown in Table 3-27.
- b) How did PDI adjust the purchases to reflect the CDM reduction of 15 GWh in the cost of power calculations used for the working capital allowance calculation shown in Table 2-24? In particular, please reconcile the sum of the RPP and non-RPP volumes shown in that table with the power purchase figure shown in the original Table 3-27 and indicate how the reduction in purchased volumes has been reflected in the power purchased figures.
- c) If necessary, please provide a similar calculation for the cost of power that reflects the CDM reduction reflected in the response to 3-Energy Probe-16.

PDI Response

- In both cases the power purchased amount shown in Table 3-27 is before the CDM adjustment. Since the only difference between the two cases is the level of CDM adjustment the resulting power purchased amount is the same.
- The load forecast information entered into the working capital allowance calculation shown in Table 2-24 is at the billed level which has the CDM adjustment applied. In the original Table 3-27 the total billed amount is 818,754,942 kWh after the CDM adjustment of 14,971,700 kWh has been applied. This is equal to the total 2013 forecasted RPP billed amount of 398,478,938 plus the total 2013 forecasted Non-RPP billed amount of 420,276,004 shown in the second column in Table 2-24 under the title “2013 Forecasted”.
- Not applicable

3-Energy Probe-33s

Ref: 1-VECC-2; 3-Energy Probe-17; 3-VECC-17 & 6-Energy Probe-23

There appears to be an increase in other revenues in 2013 of \$50,000 (3-VECC-17) for specific service charges and \$5,800 (3-Energy Probe-17) for SSS administration charges. These two changes are shown in Table 1-VECC-2.

- a) Please reconcile the change in other revenues of \$55,800 with the change in Revenue Offsets of \$50,000 as shown in the RRWF provided in response to 1-VECC-2.
- b) Please confirm that the total other revenue forecast based on the responses noted above, has been increased from \$1,263,000 to \$1,318,800 as shown in the response to 6-Energy Probe-23. If this cannot be confirmed, please show the revised total other revenue forecast and reconcile it to the increases noted in 3-Energy Probe-17 and 3-VECC-17.

PDI Response

- a) PDI notes that the change in other revenues of \$55,800 is shown on 2 different lines in response to 1-VECC-2. The \$5,800 is shown as Revise Test Year for SSS Administration Revenue, and the \$50,000 is shown as a revision for Specific Service Charges.
- b) PDI confirms that the total other revenue forecast for 2013 is \$1,318,800 as filed with PDI's Interrogatory responses and shown in the response to 6-Energy Probe-23. In addition, PDI has included Microfit revenues to the Other Revenue forecast for 2013 as described in response to 3-Staff-36s.

3-VECC-41s

Ref: 3-VECC-13 b)

Ref: 3-Energy Probe 15 a)

Ref: Exhibit 3, Tab 1, Schedule 3 Tables 3-8, 3-12, and 3-13

- a) Please confirm that, in Tables 3-8 and 3-12, the values shown for USL are the number of connections whereas the values shown for Sentinel Lights are the number of lights/devices.
- b) What were the actual number of Sentinel Light connections in 2010, 2011 and 2012?
- c) Please confirm that in the case of Sentinel Lights, PDI is assuming that the historical (and future) growth in number of “connections” will be the same as the observed historical growth in the number lights/devices.

PDI Response

- a) PDI confirms that the values shown for USL are the number of connections whereas the values shown for Sentinel Lights are the number of lights/devices.
- b) The actual Sentinel Light connections were:
 - a) 2010 149
 - b) 2011 151
 - c) 2012 147
- c) PDI confirms that it is assuming that the historical (and future) growth in number of “connections” will be the same as the observed historical growth in the number of lights/devices.

3-VECC-42s

Ref: 3-Staff-12 d)

Ref: Board Decision re Centre Wellington EB -2012-0113, pg 7

Based on the Board's EB-2012-0113 Decision, is PDI's position with respect the 2013 manual CDM adjustment still as set out in response to part (d)?

PDI Response

Please see response to 3-Staff-38s a).

3-VECC-43s

Ref: 3-VECC-14 b)

Please confirm whether the 816,056,242 kWh value is before or after the manual CDM Adjustment.
If after, what CDM adjustment was used for 2013?

PDI Response

The 816,056,242 kWh value is after the manual CDM Adjustment. The CDM adjustment used for 2013 was 14,971,700 kWh consistent with the application.

PETERBOROUGH DISTRIBUTION INC.

2013 COST OF SERVICE RATE APPLICATION

RESPONSE TO SUPPLEMENTAL INTERROGATORIES

EXHIBIT 4 – OPERATING COSTS

EB-2012-0160

FILED: JULY 4, 2013

4-Staff-39s

Ref: 4-Staff-14

Ref: 4-Staff-16

Ref: Updated Cost Allocation Model

- Please confirm that the updated cost allocation model does not contain the revisions to the other expense types included in PDI's response to 4-Staff-16.
- If this is the case, please provide an updated cost allocation model that incorporates these adjustments.

PDI Response

- a) The cost allocation model submitted to RESS with PDI's interrogatory responses did not include the maintenance expense change as described in 4-Staff-16.
- b) PDI has submitted an electronic version of the cost allocation model referred to in 4-Staff-16 that incorporates the maintenance expense adjustments.

4-Staff-40s

Ref: 4-SEC-19

In response to the above noted interrogatory PDI has provided, as requested, the total PUSI labour budget by department. Please provide a comparable table showing PDI's labour budget by department.

PDI Response

PDI's allocated labour budget by department is presented in the table below.

Table 4-Staff-40s PDI Labour by Department

Department	2013 Labour Budget
Electric Operations	1,924,738
Engineering Services	1,050,225
Field Technical Operations	740,412
Customer Service	666,863
Administration	228,703
Corporate Services	313,302
Finance	270,003
Technology Services	671,169
Human Resources	142,138
Purchasing & Stores	294,673

4-Energy Probe-34s

Ref: 4-Staff-22 & Exhibit 4, Tab 2, Schedule 4

- Please provide the dollar value associated with the non-union percentage increases shown in the response to 4-Staff-22 for each of 2010 through 2013.
- Please provide the dollar impact of the 2.6% increase in union wages noted on page 4-29 of Exhibit 4, Tab 2, Schedule 4.

PDI Response

- PDI has provided the dollar values as requested in the table below.

Table 4-Energy Probe-34s Inflationary Increases for Non Union Staff

	2010	2011	2012	2013
Inflationary %	2.5%	2.7%	2.5%	2.6%
Inflationary \$	30,783	35,001	29,488	30,690

- b) The dollar impact to PDI of the 2.6% inflationary increase to union wages is \$54,117.

4-Energy Probe-35s

Ref: Exhibit 4, Tab 2, Schedule 7 & 2-Energy Probe-7 & 1-VECC-2

- a) Please provide a revised Table 4-44 from Exhibit 4, Tab 2, Schedule 7 that shows the impact on the depreciation expense in 2013 that results from the use of the actual 2012 capital additions as reflected in the response to 2-Energy Probe-7.
- b) Please indicate where the change in depreciation expense in 2013 as a result of the change in capital additions closed to rate base in 2012 is reflected in Table 1-VECC-2.

PDI Response

- a) Table 4-44 has been revised to show the impact on 2013 depreciation expense of 2012 actual capital expenditures.

Table 4-44 – Appendix 2-CI-Amortization Expense for 2013 Test Year
2013 Depreciation revised based on 2012 Actual Capital Expenditures

Account	Description	Opening NBV as at Jan 1, 2013 ⁵	Additions	Average Remaining Life of Opening NBV ⁴	Years (new additions only) ³	Depreciation Rate on New Additions	Depreciation Expense on Opening NBV	Depreciation Expense on Additions ¹	2013 Depreciation Expense	2013 Depreciation Expense per Appendix 2-B Fixed Assets, Column K (l)	Variance ²
		(a)	(d)	(i)	(f)	(g) = 1 / (f)	(j) = (a) / (i)	(h) = ((d)*0.5)/(f)	(k) = (j) + (h)		(m) = (k) - (l)
1611	Computer Software (Formally known as Account 1925)	676,904	-	3.3	5.0	20.00%	- 205,122	-	- 205,122	- 203,609	-\$ 1,513
1805	Land	134,968	130,000			0.00%	-	-	-	-	\$ -
1808	Buildings	450,195	40,000	41.9	50.0	2.00%	- 10,745	- 400	- 11,145	- 10,877	-\$ 268
1820	Distribution Station Equipment <50 kV	2,247,615	75,000	16.8	45.0	2.22%	- 133,787	- 833	- 134,620	- 139,753	\$ 5,133
1830	Poles, Towers & Fixtures	12,819,123	765,050	23.6	45.0	2.22%	- 543,183	- 8,501	- 551,684	- 547,865	-\$ 3,819
1835	Overhead Conductors & Devices	7,728,230	1,669,500	42.5	48.0	2.08%	- 181,841	- 17,391	- 199,231	- 196,929	-\$ 2,302
1840	Underground Conduit	9,651,165	625,200	30.0	44.0	2.27%	- 321,706	- 7,105	- 328,810	- 322,718	-\$ 6,092
1845	Underground Conductors & Devices	4,811,322	252,000	25.0	35.0	2.86%	- 192,453	- 3,600	- 196,053	- 92,927	-\$ 103,126
1850	Line Transformers	11,702,541	969,750	24.0	44.0	2.27%	- 487,606	- 11,020	- 498,626	- 481,324	-\$ 17,302
1855	Services (Overhead & Underground)	10,879,021	1,034,000	30.0	45.0	2.22%	- 362,634	- 11,489	- 374,123	- 224,254	-\$ 149,869
1860	Meters	993,420	205,000	16.0	25.0	4.00%	- 62,089	- 4,100	- 66,189	- 60,328	-\$ 5,861
1860	Meters (Smart Meters)	4,101,304	-	10.5	15.0	6.67%	- 390,600	-	- 390,600	- 380,163	-\$ 10,437
1920	Computer Equip.-Hardware(Post Mar. 19/07)	9,917	-	1.5		0.00%	- 6,735	-	- 6,735	- 6,735	\$ -
1970	Load Management Controls Customer Premises	46,503	-	13.0	20.0	5.00%	- 3,577	-	- 3,577	- 3,549	-\$ 28
1995	Contributions & Grants	- 13,616,011	- 1,180,000			0.00%	-	-	-	-	\$ -
	Sub-total	52,636,217	4,585,500	20.2	35.1		- 2,902,077	- 64,438	- 2,966,515	-\$ 2,671,031	-\$ 295,484
2055	Contract work in progress-electric	2,043,052				0.00%	-	-	-	\$ -	\$ -
	Total	54,679,269	4,585,500				- 2,902,077	- 64,438	- 2,966,515	-\$ 2,671,031	-\$ 295,484

- b) The change was not reflected in Table 1-VECC-2. It has been reflected in response to 1-VECC-34s.

4-Energy Probe-36s

Ref: Exhibit 4, Tab 2, Schedule 7 & Exhibit 1, Tab 2, Schedule 7 & 2-Energy Probe-30s

- a) Please reconcile the depreciation expense of \$2,959,645 shown in Tab 4-44 of Exhibit 4, Tab 2, Schedule 7 with the figure of \$2,673,856 as found in the Revenue Requirement page of the RRWF found in Exhibit 1, Tab 2, Schedule 7. In particular, has the difference of \$285,789 been reallocated from depreciation expense to OM&A expenses?
- b) Please provide a similar reconciliation of the depreciation expense based on the updated/corrected RRWF requested in 2-Energy Probe-30s that reflects the impacts on the depreciation expense of the 2012 actual capital expenditures.
- c) Tables 4-42 and 4-43 in Exhibit 4, Tab 2, Schedule 7 show different totals for depreciation expenses based on the calculations in the tables and those in the fixed asset continuity schedules. Which set of figures does PDI use for financial accounting purposes?
- d) Please provide corresponding tables for 2009 and 2010 to that for 2011, along with an update to Table 4-43 that reflects actual data for 2012.

PDI Response

- a) The difference between the depreciation expense of \$2,959,645 calculated by the formula in column (k) of Table 4-44 and the depreciation expense of \$2,673,856 calculated by PDI in column (l) of Table 4-44 is \$285,789 which is the depreciation expense associated with Account 1995 Contributions and Grants.

Table 4-44 does not show the depreciation expense for Contributions and Grants in Account 1995. The depreciation expense shown for each capital asset account has been reduced by the depreciation expense for the contributions and grants associated with that particular asset account and the depreciation for Account 1995 is shown as \$0.

The figure of \$2,673,856 as found in the Revenue Requirement page of the RRWF found in Exhibit 1, Tab 2, Schedule 7 is the correct amount. The difference of \$285,789 has not been reallocated from depreciation expense to OM&A expenses.

- b) The 2013 depreciation expense is based on 2012 actual expenditures as requested in 2-Energy Probe-30s and agrees with the total in column (k) of Table 4-44 in the response to 4-Energy Probe-35s (a).
- c) PDI uses the figures shown in the continuity schedules for financial reporting purposes.
- d) Corresponding tables for 2009 and 2010 are not available. Table 4-42 for 2011 is the sheet titled "App.2-CE" from the excel spreadsheet "2013 Filing Requirements Chapter 2 Appendices" that was provided in PDI's original application. Table 4-43, App.2-CF from the same excel spreadsheet, has been updated with 2012 actual results as requested.

Table 4-43 – Appendix 2-CF – Amortization Expense 2012 Actual

Account	Description	Opening Regulatory Gross PP&E as at Jan 1, 2012	Less Fully Depreciated	Net for Depreciation	Additions	Total for Depreciation (e) = (c) + ½ x (d) ¹	Years	Depreciation Rate	2012 Depreciation Expense	2012 Depreciation Expense per Appendix 2-B Fixed Assets, Column K (l)	Variance ² (m) = (h) - (l)
		(a)	(b)	(c)	(d)		(f)	(g) = 1 / (f)	(h) = (e) / (f)	(l)	(m) = (h) - (l)
1611	Computer Software (Formally known as Account 1925)	509,711	157,744	351,967	666,078	685,006	5.0	20.00%	- 137,001	- 137,002	1
1805	Land	134,968		134,968	-	134,968				-	-
1808	Buildings	444,815		444,815	91,270	490,450	50.0	2.00%	- 9,809	- 11,683	1,874
1820	Distribution Station Equipment <50 kV	3,466,251		3,466,251	74,277	3,503,390	30.0	3.33%	- 116,780	- 132,664	15,884
1830	Poles, Towers & Fixtures	22,740,550		22,740,550	1,033,419	23,257,260	23.2	4.31%	- 1,002,468	- 999,841	- 2,627
1835	Overhead Conductors & Devices	9,165,810		9,165,810	1,134,725	9,733,173	25.0	4.00%	- 389,327	- 362,770	- 26,557
1840	Underground Conduit	15,031,740		15,031,740	900,206	15,481,843	25.0	4.00%	- 619,274	- 633,917	14,643
1845	Underground Conductors & Devices	5,158,092		5,158,092	511,530	5,413,857	25.0	4.00%	- 216,554	- 138,997	- 77,557
1850	Line Transformers	18,572,095		18,572,095	1,419,018	19,281,604	23.5	4.26%	- 820,494	- 839,154	18,660
1855	Services (Overhead & Underground)	13,546,399		13,546,399	1,527,873	14,310,336	25.0	4.00%	- 572,413	- 435,403	- 137,010
1860	Meters	911,264		911,264	487,068	1,154,798	19.8	5.05%	- 58,323	- 46,542	- 11,781
1860	Meters (Smart Meters)	5,702,472		5,702,472	-	5,702,472	15.0	6.67%	- 380,164	- 380,164	-
1920	Computer Hardware(Post Mar. 19/07)	44,877		44,877	-	44,877	5.0	20.00%	- 8,976	- 8,976	-
1960	Miscellaneous Equipment	82,385	82,385	-	-	-				-	-
1970	Load Management Controls Customer	1,633,219	1,481,819	151,400	-	151,400	10.0	10.00%	- 15,140	- 15,735	595
1995	Contributions & Grants	- 11,944,111		- 11,944,111	- 1,671,900	- 12,780,061				-	-
	Sub-total	85,200,537	1,721,948	83,478,589	6,173,564	86,565,371			- 4,346,723	- 4,142,848	- 203,875
2055	Contract work in progress-electric										
	Total	85,200,537	1,721,948	83,478,589	6,173,564	86,565,371			- 4,346,723	- 4,142,848	- 203,875

4-SEC-34s

Ref: Table 4-SEC-21a

Please confirm that the following average total compensation figures are correct:

Category	2009		2013	Increase from	
	Approved	Actual		Approved	Actual
Executive	\$143,833	\$152,316	\$185,263	28.80%	21.63%
Management	\$112,869	\$105,248	\$114,774	1.69%	9.05%
Non-Union	\$86,881	\$86,472	\$86,022	-0.99%	-0.52%
Union	\$91,635	\$86,451	\$92,618	1.07%	7.13%

Please explain the main factors influencing the disparity in increases between the categories.

PDI Response

PDI notes that there was one employee incorrectly recorded in the Management category that should have been recorded in the Executive category for the 2013 test year. A revised Appendix 2-K has been provided in Appendix 4-1s. On correcting this error, PDI confirms the following average total compensation figures are correct:

Table 4-SEC-34s Average Compensation Figures 2009 vs 2013

Category	2009		2013	Increase from	
	Board Approved	Actual	Test Year	Board Approved	Actual
Executive	143,633	152,316	171,920	20%	13%
Management	112,869	105,251	116,731	3%	11%
Non-Union	75,881	86,472	85,922	13%	-1%
Union	82,011	83,882	93,888	14%	12%

The drivers of the disparity in increases between the categories are as follows:

Union

The union category has increased approximately 3% per year from 2009 through 2013, primarily driven by wage inflation and OMERS increases as noted in Exhibit 4, Tab 2, Schedule 4. The increase from 2009 Board Approved and 2009 Actual for this category are consistent with other categories.

Non-Union

The Non-Union category has increased on average approximately 3.4% per year or 13% in total from the 2009 Board Approved levels. This is consistent with the increase in other categories, and is primarily driven by wage inflation and OMERS increases as noted in Exhibit 4, Tab 2, Schedule 4. For the 2013 Test Year comparison with 2009 Actual, the 4.8 allocated FTE's earned higher wages in 2009 than the 5.7 allocated FTE's planned for 2013. This is due to higher wage retirements being replaced with positions at slightly lower wages.

Management

The increase in management compensation from 2009 Actual to the 2013 Test Year is approximately 2.6% per year or 11% in total which is comparable with the increase seen in other categories. The 2009 Board Approved vs 2013 Test Year increase is cumulatively only 3% or less than 1% per year. This is due to higher wage retirements being replaced with positions at slightly lower wages. The 11.7 allocated FTE's earned higher wages in the 2009 Board Approved budget than the 12.4 allocated FTE's planned for 2013.

Executive

The increase in Executive compensation from 2009 Actual and 2009 Board Approved levels represents annual increases of 3.6% and 4.6%, or 20% and 13% in total. This increase is primarily driven by wage inflation and OMERS increases as noted in Exhibit 4, Tab 2, Schedule 4. The higher increase relative to the 2009 Board Approved amount is due to changes made in 2009 that were not reflected in the budget at the time. From the tables provided below, which are based on data sourced from recent Cost of Service filings, PDI compensation levels and recent increases are in line with, or compare favorable with other LDC's in PDI's cohort.

Table 4-SEC-34s1 Average Compensation Figures for 2013 COS Filers as Filed

	PDI	Welland	Westario	Bluewater	COLLUS
	2013	2013	2013	2013	2013
Category	Test Year	Test Year	Test Year	Test Year	Test Year
Executive	171,920	N/A	N/A	191,563	N/A
Management	116,731	124,505	103,513	125,388	N/A
E&M Total	117,738	124,505	103,513	160,422	189,163
Non-Union	85,922	N/A	N/A	94,077	82,740
Union	93,888	92,162	60,503	83,147	111,225

Table 4-SEC-34s2 Compensation % Increase 2009 vs 2013 for 2013 COS Filers as Filed

	PDI	Welland	Westario	Bluewater	COLLUS
	2013	2013	2013	2013	2013
Category	Test Year	Test Year	Test Year	Test Year	Test Year
Executive	13%	N/A	N/A	25%	N/A
Management	11%	12%	-5%	20%	N/A
E&M Total	10%	12%	-5%	56%	22%
Non-Union	-1%	N/A	N/A	17%	6%
Union	12%	16%	-3%	14%	-8%

4-SEC-35s

Ref: Table 4-SEC-21b

Please explain why all of the figures for the four “Compensation – Average...” sets of boxes are identical to Table 4-SEC-21a, except the 2013 Benefits figures.

PDI Response

PDI notes that there was an error in the table presented in response to 4-SEC-21b with respect to the 2013 Benefits figures. The revised 2013 Benefits figures for PUSI are presented in the following table.

Table 4-SEC-35s – PUSI Employee Costs Revised 4-SEC-21b

	Last Rebasings Year (2009 Board- Approved)	Last Rebasings Year (2009 Actuals)	2010 Actuals	2011 Actuals	2012 Actuals	2013 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
Number of Employees (FTEs including Part-Time)¹						
Executive	5.0	5.0	5.0	5.0	5.0	5.0
Management	17.0	18.0	18.0	18.0	18.0	18.0
Non-Union	11.0	10.0	12.0	11.0	10.0	12.0
Union	73.0	73.0	69.0	70.0	72.0	75.0
Total	106.0	106.0	104.0	104.0	105.0	110.0
Number of Part-Time Employees (Headcount)						
Executive						
Management						
Non-Union						
Union	5.0	3.0	5.0	6.0	3.0	3.0
Total	5.0	3.0	5.0	6.0	3.0	3.0
Total Salary and Wages						
Executive	\$ 579,166	\$ 668,008	\$ 724,572	\$ 793,216	\$ 765,555	\$ 762,202
Management	\$ 1,547,397	\$ 1,592,868	\$ 1,664,494	\$ 1,658,475	\$ 1,741,422	\$ 1,727,167
Non-Union	\$ 610,953	\$ 659,560	\$ 736,282	\$ 574,508	\$ 547,685	\$ 716,771
Union	\$ 4,609,090	\$ 5,086,153	\$ 4,721,341	\$ 5,271,989	\$ 5,052,851	\$ 5,438,591
Total	\$ 7,346,606	\$ 8,006,589	\$ 7,846,689	\$ 8,298,188	\$ 8,107,513	\$ 8,644,731
Current Benefits						
Executive	\$ 139,000	\$ 93,572	\$ 107,921	\$ 136,611	\$ 164,701	\$ 164,117
Management	\$ 371,375	\$ 301,645	\$ 312,753	\$ 351,600	\$ 390,504	\$ 338,768
Non-Union	\$ 223,737	\$ 205,160	\$ 251,953	\$ 208,961	\$ 249,926	\$ 314,291
Union	\$ 1,277,248	\$ 1,151,648	\$ 1,112,614	\$ 1,219,997	\$ 1,422,821	\$ 1,507,699
Total	\$ 2,011,360	\$ 1,752,024	\$ 1,785,242	\$ 1,917,169	\$ 2,227,952	\$ 2,324,874
Accrued Pension and Post-Retirement Benefits						
Executive						
Management						
Non-Union	\$ 100,654	\$ 84,570	\$ 105,483	\$ 89,610	\$ 126,188	\$ 92,904
Union	\$ 232,796	\$ 202,968	\$ 235,879	\$ 230,424	\$ 324,482	\$ 227,049
Total	\$ 333,450	\$ 287,538	\$ 341,361	\$ 320,034	\$ 450,670	\$ 319,953
Total Benefits (Current + Accrued)						
Executive	\$ 139,000	\$ 93,572	\$ 107,921	\$ 136,611	\$ 164,701	\$ 164,117
Management	\$ 371,375	\$ 301,645	\$ 312,753	\$ 351,600	\$ 390,504	\$ 338,768
Non-Union	\$ 324,392	\$ 289,730	\$ 357,436	\$ 298,570	\$ 376,114	\$ 407,195
Union	\$ 1,510,044	\$ 1,354,616	\$ 1,348,493	\$ 1,450,422	\$ 1,747,303	\$ 1,734,748
Total	\$ 2,344,810	\$ 2,039,562	\$ 2,126,603	\$ 2,237,203	\$ 2,678,622	\$ 2,644,827
Total Compensation (Salary, Wages, & Benefits)						
Executive	\$ 718,166	\$ 761,580	\$ 832,493	\$ 929,827	\$ 930,255	\$ 926,318
Management	\$ 1,918,772	\$ 1,894,512	\$ 1,977,247	\$ 2,010,075	\$ 2,131,926	\$ 2,065,935
Non-Union	\$ 935,345	\$ 949,291	\$ 1,093,718	\$ 873,079	\$ 923,799	\$ 1,123,966
Union	\$ 6,119,133	\$ 6,440,769	\$ 6,069,834	\$ 6,722,410	\$ 6,800,155	\$ 7,173,339
Total	\$ 9,691,416	\$ 10,046,151	\$ 9,973,293	\$ 10,535,391	\$ 10,786,135	\$ 11,289,558
Compensation - Average Yearly Base Wages						
Executive	\$ 110,424	\$ 123,305	\$ 127,766	\$ 138,774	\$ 138,127	\$ 142,440
Management	\$ 90,254	\$ 87,268	\$ 90,490	\$ 90,206	\$ 94,291	\$ 93,615
Non-Union	\$ 55,273	\$ 65,093	\$ 60,921	\$ 51,459	\$ 53,814	\$ 59,205
Union	\$ 57,312	\$ 60,995	\$ 61,308	\$ 63,795	\$ 62,505	\$ 66,739
Total	\$ 57,087	\$ 61,385	\$ 61,266	\$ 62,749	\$ 61,820	\$ 68,630
Compensation - Average Yearly Overtime						
Executive						
Management						
Non-Union						
Union	\$ 5,826	\$ 8,414	\$ 7,112	\$ 11,034	\$ 7,673	\$ 5,776
Total						
Compensation - Average Yearly Incentive Pay						
Executive	\$ 5,409	\$ 10,297	\$ 17,149	\$ 19,869	\$ 14,984	\$ 10,000
Management	\$ 769	\$ 1,224	\$ 1,982	\$ 1,931	\$ 2,455	\$ 2,339
Non-Union	\$ 268	\$ 863	\$ 436	\$ 769	\$ 955	\$ 526
Union	\$ -	\$ 265	\$ 5	\$ 485	\$ -	\$ -
Total	\$ 2,013	\$ 1,780	\$ 2,067	\$ 1,920	\$ 2,849	\$ 1,767
Compensation - Average Yearly Benefits						
Executive	\$ 27,800	\$ 18,714	\$ 21,584	\$ 27,322	\$ 32,940	\$ 32,823
Management	\$ 21,846	\$ 16,758	\$ 17,375	\$ 19,533	\$ 21,695	\$ 18,820
Non-Union	\$ 20,340	\$ 20,516	\$ 20,996	\$ 18,996	\$ 24,993	\$ 26,191
Union	\$ 17,497	\$ 15,776	\$ 16,125	\$ 17,429	\$ 19,761	\$ 20,103
Total	\$ 18,882	\$ 16,420	\$ 16,972	\$ 18,274	\$ 20,908	\$ 20,801
Total Compensation						
	\$ 9,691,416	\$ 10,046,151	\$ 9,973,293	\$ 10,535,391	\$ 10,786,135	\$ 11,289,558

4-SEC-36s

Ref: 4-SEC-23 a)

Please provide an answer to the original question, i.e. the expertise of Collins Barrow with respect to the policies and practices of the OEB.

PDI Response

To further elaborate on PDI's response to 4-SEC-23 a), in addition to the expertise and objectivity assured as a result of Collins Barrow's professional responsibilities and guidance provided by the profession, the local Kawartha office has considerable experience in the industry. The Collins Barrow Kawartha office has been engaged as the auditor for:

- Peterborough Distribution Inc., for over 10 years
- Newmarket-Tay Power Distribution since 2006
- Lakefront Utilities since 2008

In the performance of the audit, the Collins Barrow is required to understand and stay current on OEB accounting policies and practices in order to issue their audit opinion. In addition to the audit work, the Kawartha office of Collins Barrow has provided additional services to Peterborough Distribution Inc., and other LDC's such as:

- IFRS consulting
- Complex business transaction consulting
- Financial statement note disclosure consulting
- Internal financial controls consulting
- Income tax (PIL's) planning and preparation services
- Rate application review services

4-SEC-37s

Ref: 1-SEC-7

Please confirm that labour costs supplied by PUSI to PDI that are treated by PDI as capital are treated by PUSI as capital as well, and as a result the tax impact to PUSI is the same as it would have been to PDI had the labour costs been incurred directly by PDI. If this is not the case, please provide a detailed calculation of the incremental tax benefit enjoyed by PUSI as a result of any differing treatment through the structure employed.

PDI Response

PUSI as a services provider to PDI may perform work which in PDI is considered capital or operating in nature. As a service provider these costs are a flow through to PUSI and the ultimate tax treatment that is relevant for PIL's is determined in PDI. Accordingly PUSI does not capitalize any costs that are passed on to PDI and capitalized. These costs are treated as an expense in PUSI, essentially being their cost of goods sold. PDI does not believe that it is appropriate for PUSI to capitalize costs charged to PDI under IFRS, the Accounting Procedures Handbook for Electricity Distributors, or the Income Tax Act. There is no incremental tax benefit enjoyed by PUSI as suggested.

4-SEC-38s

Ref: Appendix 4-1

Please update this Appendix to include 2012 actual and 2013 forecast figures in all categories.

PDI Response

PDI has included the corporate costs for 2012 actual and 2013 forecast in the table below.

Table 4-SEC-38s

ACTIVITY	PUSI			PUSI		
	2012 Actual	2012 Actual	PDI %	2013 Test Year	2013 Test Year	PDI %
Electric Distribution Operations	\$2,212,494	\$2,458,327	90%	\$2,233,297	\$2,537,838	88%
Engineering Services	\$853,794	\$1,610,932	53%	\$1,246,516	\$2,112,739	59%
Field Technical Operations	\$625,091	\$631,405	99%	\$898,940	\$898,940	100%
Vehicles	\$524,280	\$1,069,959	49%	\$553,540	\$1,177,745	47%
Stores	\$166,470	\$219,039	76%	\$120,220	\$158,184	76%
Operating Activities	\$4,382,129	\$5,989,662	73%	\$5,052,513	\$6,826,717	74%
Customer Service	\$1,264,572	\$1,887,421	67%	\$1,456,261	\$2,110,523	69%
Administration	\$515,865	\$1,563,227	33%	\$561,394	\$1,403,485	40%
Corporate Services	\$261,190	\$310,940	84%	\$348,701	\$396,251	88%
Finance	\$151,242	\$378,105	40%	\$311,570	\$556,375	56%
Technology Services	\$565,611	\$3,142,283	18%	\$894,940	\$3,442,077	26%
Human Resources	\$306,967	\$767,418	40%	\$318,633	\$910,380	35%
Purchasing	\$116,899	\$299,741	39%	\$123,610	\$309,025	40%
Facilities Management	\$489,000	\$997,959	49%	\$531,000	\$1,041,176	51%
Software & Equipment Rent	\$137,595	\$335,598	41%	\$208,000	\$495,238	42%
Support Activities	\$3,808,941	\$9,682,692	39%	\$4,754,109	\$10,385,076	46%
TOTAL	\$8,191,070	\$15,672,354	52%	\$9,806,622	\$17,050,204	58%

4-VECC-44s

Ref: 4-VECC-19

The purpose of this interrogatory was to understand the cost differences in Account 5315 pre and post smart meters. Please provide a more detailed breakdown of the “Other billing expenses” which helps in showing where the costs have increased since 2009.

PDI Response

The following table shows the items comprising the total Billing and Collecting costs and the portion allocated to Accounts 5305 Supervision, 5310 Meter Reading, 5315 Billing and 5320 Collecting.

BILLING & COLLECTING COSTS

	2013	2009
Labour and benefits	738,654	502,194
Technology services	793,685	580,100
Meter reading	191,000	320,787
Bill printing and mailing	203,401	228,253
Hand delivered, collection calls, disconnect/reconnect	174,500	180,429
Collection agency fees	11,043	10,724
Other	102,184	77,140
	<u>2,214,467</u>	<u>1,899,627</u>
Allocation to USoA:		
5305 Supervision	253,267	240,914
5310 Meter Reading	191,000	320,787
5315 Billing	889,326	558,331
5320 Collecting	880,874	779,595
	<u>2,214,467</u>	<u>1,899,627</u>

PETERBOROUGH DISTRIBUTION INC.

2013 COST OF SERVICE RATE APPLICATION

RESPONSE TO SUPPLEMENTAL INTERROGATORIES

EXHIBIT 5 – COST OF CAPITAL AND RATE RETURN

EB-2012-0160

FILED: JULY 4, 2013

5-Staff-41s

Ref: 5-VECC-28

- a) Please confirm the financing, the date that the loan commenced and the interest rate of the loan.
- b) Has PDI updated its weighted-average long-term debt and its cost of capital to reflect the changes to its debt instruments? If not, please provide updated Appendices 2-OA and 2-OB for the 2013 test year to reflect these changes. These should also be reflected in any updated RRWF, if not already done.

PDI Response

- a) A summary of PDI debt is included in the table below. Recent financing activity has been focused on replacing approximately \$21.6 million of debt previously outstanding in prior years with The City of Peterborough with third party debt. All other debt is unchanged from prior years. In two steps, late in 2012 and in the second week of 2013, City of Peterborough debt was replaced with debt from the Toronto Dominion Bank, seen as the last line in the table below. This debt until locked in bears interest at 2.75% presently and will reflect long term rates when locked. At the time the application was filed, and through the first round of interrogatories the expected rate PDI would receive on locking the debt in for 20 years was approximately 4% (Swap rate at the time of the application plus 1.27%) based on the then current swap rate. This rate coincidentally at the time approximated the deemed long term rate applicable to related party debt. PDI is in the process of getting competitive quotes on these loans. In light of the fact that this process is still underway, it was felt the appropriate rate to be used in this Application was 4%.

Table 5-Staff-41s PDI Long-Term Debt Details as Filed

PDI 2013 Debt						
Lender	Loan Date	2013 Loan Outstanding	Repayment Terms	Interest Rate	Nature of Interest Rate	Interest Expense
City of Peterborough	October 1, 2001	1,500,000	Non amortizing	1.75%	Actual	26,250
TD Bank	December 24, 2008	4,876,645	10 years	4.55%	Actual	221,887
TD Bank	December 22, 2009	8,061,489	10 years	5.36%	Actual	432,096
TD Bank	December 6, 2012	20,995,918	30 years	4.00%	Deemed	839,837
Total		35,434,052				1,520,070
Weighted Average						4.29%

- b) The weighted average long term debt rate, and cost of capital currently included in the models reflect an estimated cost on this debt currently under negotiation of 4%. It does not necessarily reflect current market conditions. Please refer to 5-SEC-39s for further details.

5-SEC-39s

Ref: 5-VECC-28

Please provide the basis on which the Applicant expects the long term rate to “approximate the deemed long-term debt rate”. Please provide all correspondence, emails, reports and memoranda, including all communications with the bank, relating to the fixed long term rate.

PDI Response

As noted in the reply to 5-VECC-28, the long term debt rate on approximately \$21 million of PDI’s debt has not been finalized. PDI currently has a facility with the TD Bank which allows for pricing based on the Swap rate when locked plus 1.27%. At the time the application was filed, the sum of these amounts was approximately 4.0%, which coincides with the “deemed long-term debt rate”. This information was obtained by a verbal quote from the TD trading desk prior to filing the Application. In a recent follow up to this process, TD has provided that the current long term rate available to PDI has increased to 4.64%. See Appendix 5-1s to this submission for this correspondence from the bank.

PDI believes this quoted rate should be considered for this Application. The effect of this change is provided in the table below, and has not yet been built into the current Appendices 2-OA and 2-OB and RRWF.

Table 5-SEC-39s PDI Long-Term Debt Details Updated to Reflect Current Rates

PDI 2013 Debt - updated to reflect current rates						
Lender	Loan Date	2013 Loan Outstanding	Repayment Terms	Interest Rate	Nature of Interest Rate	Interest Expense
City of Peterborough	October 1, 2001	1,500,000	Non amortizing	1.75%	Actual	26,250
TD Bank	December 24, 2008	4,876,645	10 years	4.55%	Actual	221,887
TD Bank	December 22, 2009	8,061,489	10 years	5.36%	Actual	432,096
TD Bank	December 6, 2012	20,995,918	30 years	4.64%	Updated	974,211
Total		35,434,052				1,654,444
Weighted Average						4.67%

Difference from previous assumptions	\$ 134,374
Increase in Weighted Average Debt rate	0.38%

PETERBOROUGH DISTRIBUTION INC.

2013 COST OF SERVICE RATE APPLICATION

RESPONSE TO SUPPLEMENTAL INTERROGATORIES

EXHIBIT 6 – REVENUE DEFICIENCY OR SURPLUS

EB-2012-0160

FILED: JULY 4, 2013

No questions for this section

PETERBOROUGH DISTRIBUTION INC.

2013 COST OF SERVICE RATE APPLICATION

RESPONSE TO SUPPLEMENTAL INTERROGATORIES

EXHIBIT 7 – COST ALLOCATION

EB-2012-0160

FILED: JULY 4, 2013

7-Energy Probe-37s

Ref: 7-Energy Probe-24

- a) The weighting factor for services for the GS > 50 class have increased from 10.0 to 41.30, but the response part (c) shows no change in costs allocated to this class for the change in weighting factors for services. Please explain.
- b) What is the approximate break down of costs between billing and collection that are covered by the billing weighting factors shown in Table 7-2?
- c) Part (c) of the response is not complete in that no table was provided to show the change in allocated costs for the meter reading weighting factor shown in Table 7-4 shown in the response to part (b). Please provide the requested table.

PDI Response

- a) In the cost allocation model the weighting factor for services are applied to the number of customers using the secondary system and the resulting allocation factor for services is determined. However, in PDI's cost allocation model it is assumed there are no GS > 50 class customer using the secondary system. As a result, an increase from 10.0 to 41.30 in the weighting factor for services for this class will not impact on the costs allocated to this class. Since there are no GS > 50 class customer using the secondary system no costs associated with services are assigned to this class.
- b) The approximate breakdown of billing and collecting costs is shown in the following table:

Billing & Collection Costs			
Rate Class	Billing	Collecting	Total
Residential	49%	51%	100%
GS<50	56%	44%	100%
GS>50	73%	27%	100%
Large User	83%	17%	100%
Street Lighting	80%	20%	100%
Sentinel Lighting	60%	40%	100%
USL	60%	40%	100%

- c) PDI is unable to provide the requested table outlining the change in allocated costs for the meter reading weighting factor between the 2013 and the original cost allocation study. In the original cost allocation study meter reading factors were assigned to various categories such as Residential - Urban – Outside, Residential - Urban – Inside, Residential - Urban – Outside. GS – Walking, GS – Vehicle, etc. The population of non-smart meters at the time the original cost allocation was completed was assigned to these categories to allocate meter reading costs. With the installation of smart meters these categories are no longer applicable and PDI does not have the information to take the current population of smart meters and assign them to the original categories assuming they were not smart meters.

7-VECC-45s

Ref: 7-VECC-29 a) and b)

Please confirm that PDI's proposed 2013 rate base does not include any costs associated with providing Services (Account #1855) to Large Users. If not confirmed what is the estimated dollar value for these assets (Gross Book Value)?

PDI Response

PDI confirms that 2013 rate base does not include any costs associated with providing Services (1855) to Large Users.

7-VECC-46s

Ref: 7-VECC-29 c), d) and e)

Please provide a schedule that sets out how the Weighting Factors for Billing & Collecting were determined by customer class, showing separately the development of weights as applicable for Billing as opposed to Collecting and how the two considerations were combined into one composite weight.

PDI Response

The schedule is shown below:

WEIGHTING FACTORS FOR BILLING AND COLLECTING						
		Weight	# Customers X		\$ 889,326	
	# Customers	Billing	Billing Weight	% of total	Billing \$	
Residential	31,758	1	31,758	88.21%	\$ 784,430.25	
GS<50	3,547	1	3,547	9.85%	\$ 87,611.75	
GS>50	390	1.375	536	1.49%	\$ 13,245.50	
Large User	2	1.25	3	0.01%	\$ 61.75	
Street Lighting	4	1	4	0.01%	\$ 98.80	
Sentinel Lighting	144	1	144	0.40%	\$ 3,556.83	
USL	13	1	13	0.04%	\$ 321.10	
Total	35,858		36,005	100.00%	\$ 889,326	
		Weight	# Customers X		\$ 880,874	
	# Customers	Collecting	Collecting Weight	% of total	Collecting \$	
Residential	31,758	1	31,758	91.48%	\$ 805,799.97	
GS<50	3,547	0.75	2,660	7.66%	\$ 67,498.88	
GS>50	390	0.5	195	0.56%	\$ 4,947.76	
Large User	2	0.25	1	0.00%	\$ 12.69	
Street Lighting	4	0.25	1	0.00%	\$ 25.37	
Sentinel Lighting	144	0.65	94	0.27%	\$ 2,374.93	
USL	13	0.65	8	0.02%	\$ 214.40	
Total	35,858		34,717	100.00%	\$ 880,874	
BILLING & COLLECTING					Cost per	Weighting
	Billing \$	Collecting \$	Total B&C \$	# Customers	Customer	
Residential	\$ 784,430.25	\$ 805,799.97	\$ 1,590,230.22	31,758	\$ 50.07	
GS<50	\$ 87,611.75	\$ 67,498.88	\$ 155,110.63	3,547	\$ 43.73	
GS>50	\$ 13,245.50	\$ 4,947.76	\$ 18,193.27	390	\$ 46.65	
Large User	\$ 61.75	\$ 12.69	\$ 74.44	2	\$ 37.22	
Street Lighting	\$ 98.80	\$ 25.37	\$ 124.17	4	\$ 31.04	
Sentinel Lighting	\$ 3,556.83	\$ 2,374.93	\$ 5,931.76	144	\$ 41.19	
USL	\$ 321.10	\$ 214.40	\$ 535.51	13	\$ 41.19	
Total	\$ 889,326.00	\$ 880,874.00	\$ 1,770,200.00	35,858		

PETERBOROUGH DISTRIBUTION INC.

2013 COST OF SERVICE RATE APPLICATION

RESPONSE TO SUPPLEMENTAL INTERROGATORIES

EXHIBIT 8 – RATE DESIGN

EB-2012-0160

FILED: JULY 4, 2013

8-Staff-42s

Ref: 8-VECC-32

Ref: RTSR Model Updated April 29, 2013

Please update the LV forecast using 2012 volumes and the approved 2013 rates.

PDI Response

The LV forecast using 2011 volumes and 2013 rates is \$691,557. The LV forecast using 2012 volumes and 2013 rates is \$722,680. The Cost of Power has been updated to reflect the revised low voltage forecast of \$722,680. The impact is illustrated in response to 1-VECC-34s.

PETERBOROUGH DISTRIBUTION INC.

2013 COST OF SERVICE RATE APPLICATION

RESPONSE TO SUPPLEMENTAL INTERROGATORIES

EXHIBIT 9 – DEFERRAL AND VARIANCE ACCOUNTS

EB-2012-0160

FILED: JULY 4, 2013

9-Staff-43s

Ref: 9-Staff-30

Ref: Updated DVA Work Form

Ref: APH, Article 220

Please provide the detailed calculation of interest for Account 1595 from January 1, 2012 to December 31, 2012 and from January 1, 2013 to April 30, 2013 and reflect the interest in an updated DVA Work Form and update all related evidence including Table 9-8 and Table 9-9.

PDI Response

The interest calculation is provided below:

Account 1595 Disposition and Recovery/Refund of Regulatory Balances (2010):			
Account balance after expiry of rate riders		\$	(222,048)
Interest January 1, 2012 to December 31, 2012	1.47%	\$	(3,264)
Interest January 1, 2013 to April 30, 2013	1.47%		
	120 / 365 days	\$	(1,073)

The DVA Work Form has been updated as requested.

Tables 9-8 and 9-9 have been updated and are shown below:

Table 9-8 – Deferral and Variance Accounts Disposition

Group 1 Deferral/Variance Accounts		Principal Dec. 31, 2011	Interest Dec. 31, 2011	Principal to Apr. 30, 2013	Interest to Apr. 30, 2013	Total
LV Variance Account	1550	229,685	(260)		4,483	233,908
RSVA - Wholesale Market Service Charge	1580	(1,121,935)	(3,066)		(21,899)	(1,146,900)
RSVA - Retail Transmission Network Charge	1584	(222,715)	(2,121)		(4,347)	(229,183)
RSVA - Retail Transmission Connection Charge	1586	293,224	2,174		5,723	301,121
RSVA - Power (excluding Global Adjustment)	1588	-	-		-	-
RSVA - Power - Sub-Account - Global Adjustment	1588	-	-		-	-
Disposition of Regulatory Balances 2010	1595	(697,360)	475,312		(4,337)	(226,385)
Sub-Total		(1,519,101)	472,039	-	(20,377)	(1,067,439)
Group 2 Deferral/Variance Accounts						
Other Regulatory Assets - Incremental Capital Charges	1508	14,475	322		283	15,080
PILS and Tax Variance for 2006 and later - HST/OVAT	1592	(11,478)	-	(13,648)	(490)	(25,616)
Sub-Total		2,997	322	(13,648)	(207)	(10,536)
Group 1 & Group 2- Grand Total		(1,516,104)	472,361	(13,648)	(20,584)	(1,077,975)

Table 9-9 – Allocation by Customer Class, excluding Global Adjustment

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Balance (excluding 1588 sub-account)	Rate Rider for Deferral/Variance Accounts
Residential	kWh	294,240,107	-\$ 391,115	- 0.0013
General Service < 50 kW	kWh	112,158,205	-\$ 147,063	- 0.0013
General Service > 50 kW	kW	862,025	-\$ 457,332	- 0.5305
Large User	kW	113,561	-\$ 70,268	- 0.6188
Street Lighting	kW	14,877	-\$ 8,984	- 0.6039
Sentinel Lighting	kW	1,993	-\$ 995	- 0.4992
Unmetered Scattered Load	kWh	1,632,744	-\$ 2,219	- 0.0014
Total			-\$ 1,077,975	

9-Staff-44s

Ref: 9-Staff-32

Ref: 9-Energy Probe-26

- a) Please explain why PDI has included depreciation that would have been recorded until April 30, 2013 in its calculation of net book value?

- b) Please reconcile the response to 9-Energy Probe-26 with the calculations provided in the response to 9-Staff-32.

PDI Response

- a) The response to 9-Energy Probe-26 contained a typographical error. The response should read as follows:

The estimated net book value of the stranded meters for each of the residential and GS<50 rate classes were calculated as:

The net book value of the meters at the time they were removed from service and transferred to Account 1555 Sub-account Stranded Meter Costs, less contributed capital (net of accumulated amortization), less net proceeds from sales

less

The depreciation expense that would have been applicable from the time the stranded meters were transferred to Account 1555 until December 31, 2012.

- b) The revised response to 9-Energy Probe-26 in part a) above reconciles with the calculations provided in the response to 9-Staff-32.

Appendix 1-1s

Previous Shareholder Direction

**SHAREHOLDER DIRECTION AND
UNANIMOUS SHAREHOLDER DECLARATION**

Amended to February 8, 2010

SHAREHOLDER DIRECTION AND UNANIMOUS
SHAREHOLDER DECLARATION (As Last Amended February 8, 2010)

WHEREAS City of Peterborough Holdings Inc. (the "Corporation") is a corporation existing under the Business Corporations Act (Ontario);

AND WHEREAS the Corporation of the City of Peterborough (the "Shareholder") is the beneficial owner of all of the issued shares of the Corporation;

AND WHEREAS the Corporation and the Subsidiaries (together the "Corporations") are the successors to the electricity utility portion of the Peterborough Utilities Commission;

AND WHEREAS the Corporations business (the "Business") is integral to the well-being and infrastructure of the City of Peterborough;

AND WHEREAS the Business is subject to the provisions of the *Electricity Act, 1998* and the *Ontario Energy Board Act, 1998* being Schedules A and B, respectively, to the *Energy Competition Act, 1998, S.O., c.15*, as such statutes may be amended or reenacted from time to time;

AND WHEREAS the Shareholder wishes to establish certain principles of governance relating to the Corporations and to set forth those matters which may be undertaken by the Corporations only with the approval of the Shareholder;

NOW THEREFORE THIS DIRECTION AND DECLARATION WITNESSES:

SHAREHOLDER DIRECTION AND UNANIMOUS
SHAREHOLDER DECLARATION (As Last Amended February 8, 2010)

ARTICLE 1 - INTERPRETATION

1.1 Definitions

In this Direction and Declaration, in addition to the terms defined in the recitals, the following terms will have the meanings set out below:

“Associate” means a person that is associated with the Corporation or any Subsidiary as such relationship is defined in the OBCA;

“Board” means the board of directors of the Corporation;

“body corporate” means a firm, partnership, unincorporated association, joint venture, body corporate, corporation, bank, trust, pension fund, union, governmental agency, board, tribunal, ministry or commission or other legal entity of any kind whatsoever, but excludes an individual or natural person;

“Business Plan” means a five year business plan and budget for the Corporation and the Subsidiaries prepared and approved in accordance with Section 6.1;

“Chair” means the director of the Corporation appointed as Chair of the Board, by the Board, from time to time.

“Distribution Company” means Peterborough Distribution Inc.

“Financial Statements” means, for any particular period, audited or unaudited (as stipulated in this Direction and Declaration), consolidated or unconsolidated (as stipulated in this Direction and Declaration), comparative financial statements of the Corporation consisting of not less than a balance sheet, a statement of income and retained earnings, a statement of changes in financial position, a report or opinion of the Auditor (in the case of audited Financial Statements) and such other statements, reports, notes and information prepared in accordance with generally accepted accounting principles (consistently applied) and as are required in accordance with any applicable law;

“Lien” means any mortgage, hypothec. assignment, encumbrance, lien or security interest, regardless of form, that secures the payment of any indebtedness or liability or the observance or performance of any obligation;

“OBCA” means the *Business Corporations Act* (Ontario), as such statute may be amended or reenacted from time to time;

SHAREHOLDER DIRECTION AND UNANIMOUS
SHAREHOLDER DECLARATION (As Last Amended February 8, 2010)

“person” means an individual, a natural person or a body corporate;

“Regulator” means the Ontario Energy Board, the Independent Electricity Market Operator and each other governmental or regulatory authority having jurisdiction over the Corporations;

“Retail Company” means Peterborough Utilities Inc.;

“Services Company” means Peterborough Utilities Services Inc.

“Subsidiary” means, with respect to the Corporation, Peterborough Utilities Inc., Peterborough Utilities Services Inc. and Peterborough Distribution Inc.;

“third party” means a person who deals at arm's length (as interpreted by subsection 251(1) of the *Income Tax Act* (Canada)) with the Corporation or the Subsidiaries.

SHAREHOLDER DIRECTION AND UNANIMOUS
SHAREHOLDER DECLARATION (As Last Amended February 8, 2010)

1.2 Calculation of Time

In this Direction and Declaration, a period of days will be deemed to begin on the first day after the event which began the period and to end at 5:00 p.m. (Peterborough time) on the last day of the period. If, however, the last day of the period does not fall on a business day, the period will terminate at 5:00 p.m. (Peterborough time) on the next business day.

1.3 Paramountcy

In the event of any inconsistency between the terms of this Direction and Declaration and the terms of the articles or the by-laws of the Corporation or any of its Subsidiaries, the terms of this Direction and Declaration shall prevail to the extent of the conflict.

ARTICLE 2 - EXPECTATIONS AND PRINCIPLES

2.1 Purposes

The purposes of this Direction and Declaration are as follows:

- (a) subject to the Board's authority to manage or supervise the management of the business and affairs of the Corporations, to provide the Board with the Shareholder's expectations relating to the principles of governance and other fundamental principles and policies regarding the Business;
- (b) to inform the residents of the City of Peterborough of the Shareholder's fundamental principles regarding the Business; and
- (c) to set out the accountability, responsibility and relationship between the Board and the Shareholder.

Except as provided in Article 5 hereof, this Direction and Declaration is not intended to constitute a unanimous shareholder declaration under the OBCA or to formally restrict the exercise of the powers of the Board.

2.2 Shareholder Expectations

The Shareholder expects that the Board will establish policies to:

- (a) develop and maintain a prudent financial and capitalization structure for the Corporation and its Subsidiaries consistent with industry norms and sound financial principles and established on the basis that the Corporation and its Subsidiaries are intended to be self-financing entities;
- (b) establish just and reasonable rates for the regulated Distribution Company of the Corporation, or any of its Subsidiaries, which are:
 - (i) consistent with similar utilities in comparable growth areas and as may be permitted by the Ontario Energy Board;
 - (ii) intended to preserve and enhance the value of the Corporation and its Subsidiaries; and

**SHAREHOLDER DIRECTION AND UNANIMOUS
SHAREHOLDER DECLARATION (As Last Amended February 8, 2010)**

- (iii) consistent with the encouragement of economic development and activity within the City of Peterborough;
- (c) provide service with reliability consistent with Ontario electric utility standards;
- (d) subject to Section 7.2 hereof, provide the Shareholder with a reasonable return on equity:
 - (i) comparable to the return received by other growth municipalities as permitted by the Ontario Energy Board pursuant to the OEB Act;
 - (ii) through the payment of dividends, interest or otherwise; and
 - (iii) consistent with a prudent financial structure and capitalization and maintaining just and reasonable rates;
- (e) manage all risks related to the business conducted by the Corporation and its Subsidiaries, through the adoption of appropriate risk management strategies and internal controls consistent with industry norms; and
- (f) develop a long range strategic plan for the Corporation and its Subsidiaries which is consistent with the maintenance of a viable, competitive business and preserves the value of the Business.

2.3 Principles

The following principles will govern the operations of the Corporations:

- (a) The Business is integral to the well being and the infrastructure of the City of Peterborough. The Corporation recognizes that it is in the best interests of the Corporations and the community of stakeholders whom the Business affects that the Corporations conduct its affairs:
 - (i) on a commercially prudent basis;
 - (ii) in a manner consistent with the energy policies as may be established by the Shareholder from time to time;
 - (iii) on a for-profit basis and in accordance with the financial performance objectives of the Shareholder as set out herein.

SHAREHOLDER DIRECTION AND UNANIMOUS
SHAREHOLDER DECLARATION (As Last Amended February 8, 2010)

- (b) The Distribution Company will provide, a reliable, effective and efficient electricity distribution system.
- (c) Distribution rates applicable to customers of the Distribution Company will be approved by the Board to be fair to all classes of customers and to achieve the returns permitted by the Ontario Energy Board.
- (d) The Business is at all times subject to such licences, codes, policies, rules, orders, interim orders, approvals, consents and other actions of any Regulator.
- (e) The Distribution Company will provide its services with an emphasis on customer satisfaction, addressing the customer service indicators and service reliability indicators accepted from time to time by the Ontario Energy Board.
- (f) The Corporations will operate in a safe and environmentally responsible manner.
- (g) The Distribution Company will promote energy conservation and environmental responsibility.
- (h) The Board is responsible for determining and implementing the appropriate balance among the foregoing principles and for causing the Corporations to conduct its affairs in accordance with the same.

ARTICLE 3 - BUSINESS OF THE CORPORATIONS

3.1 Business of the Corporations

Subject to the ongoing ability of the Corporations to meet the financial objectives of the Shareholder set out in this Direction and Declaration and the ability of the Board to demonstrate the same, the Corporations may engage in any of the following business activities:

(a) the Distribution Company may engage only in the following business activities:

- (i) selling (i) directly, (ii) through a third party, (iii) through a Subsidiary, or (iv) through a combination of the foregoing, electricity to every person connected to the distribution system of the Distribution Company;
- (ii) distributing electricity;
- (iii) business activities, the principal purpose of which is to use more effectively the assets of the distribution system of the Distribution Company;

(b) the Retail Company may engage only in the following business activities:

- (i) retailing electricity, subject to the approval of the Board of the Corporation;
- (ii) owning, operating or having an ownership interest in one or more electricity generation facilities;
- (iii) renting or selling, water heaters, plenum heaters and lights;
- (iv) **providing telecommunication and metering-related services;**
- (v) providing services relating to improving energy efficiency;
- (vi) other customer services, subject to the approval of the Board of the Corporation;
- (vii) other business activities which are subject to the approval of the Shareholder;"

SHAREHOLDER DIRECTION AND UNANIMOUS
SHAREHOLDER DECLARATION (As Last Amended February 8, 2010)

- (c) the Services Company may engage only in the following business activities:
- (i) provide accounting, **engineering, collection**, human resources, information services, customer services, billing and maintenance and operation to the Distribution Company, the Peterborough Utilities Commission, the Retail Company and to other utilities, generators, municipalities and third parties;
 - (ii) business activities that develop or engage the ability of the Services Company to carry on any of the activities contemplated by subsection 3.1(c)(i).
 - iii) other business activities which are subject to the approval of the Shareholder

SHAREHOLDER DIRECTION AND UNANIMOUS
SHAREHOLDER DECLARATION (As Last Amended February 8, 2010)

ARTICLE 4 - OPERATION AND CONTROL

4.1 Board of Directors and Responsibilities

Subject to any matters requiring approval of the Shareholder pursuant to this Direction and Declaration, the Board will supervise the management of the business and affairs of the Corporation, including the following specific matters:

- (a) approving any dividend payment or distribution of capital in excess of the payments provided for in Section 7.2;
- (b) approving the dividend payments by the Subsidiaries;
- (c) appointing the officers of the Corporation and the Subsidiaries;
- (d) approving the remuneration of senior management of the Corporation and the Subsidiaries (for this purpose, "senior management" means the President and Vice-Presidents of each such company);
- (e) finally determining any dispute or disagreement which may occur between any two or more of the Subsidiaries.

4.2 Board of Directors

The Corporation shall be managed by the Board, which shall consist of eleven (11) directors, including the Mayor or designate from Council and one (1) other member of Council, and the directors are to be elected by the Shareholder. At least one-third of the directors of the Distribution Company are to be independent from the Corporation and the other Subsidiaries (for this purpose, independent means an individual who is not a councillor or employee of the Shareholder or an officer, director or employee of the Corporation or any of the other Subsidiaries). In selecting directors, the Shareholder shall consider candidates nominated by the nominating committee of the Board (the "Nominating Committee"), but shall not be obliged to select such candidates. It is expected that the Nominating Committee will develop a process to identify and evaluate potential Board candidates in order to recommend a slate of candidates acceptable to the Shareholder.

SHAREHOLDER DIRECTION AND UNANIMOUS
SHAREHOLDER DECLARATION (As Last Amended February 8, 2010)

Board of Directors of Subsidiaries

Subject to any matters requiring approval of the Shareholder pursuant to this Direction and Declaration and subject to matters to be approved by the Board of the Corporation pursuant to Section 4.1, the business and affairs of the Subsidiaries will be managed or supervised by their respective boards of directors. The Corporation will elect the directors of the Subsidiaries from among the directors of the Corporation.

4.3 Qualifications of Directors

A majority of the Board and the board of directors of each Subsidiary will be residents of Canada. In electing directors to the Board the Shareholder will give due regard to the qualifications of candidates, including experience or knowledge with respect to:

- (a) public utility commissions or boards of major corporations or other commercial enterprises;
- (b) corporate finance and financial services;
- (c) corporate governance;
- (d) market development;
- (e) large system operation and management;
- (f) urban energy industries;
- (g) information services;
- (h) engineering;
- (i) public policy issues and laws relating to the Corporations and the electricity industry; and
- (j) environmental matters, labour relations and occupational health and safety issues.

Preference may be given to qualified candidates for the Board who are residents within the distribution area of the Distribution Company.

**SHAREHOLDER DIRECTION AND UNANIMOUS
SHAREHOLDER DECLARATION (As Last Amended February 8, 2010)**

Standards of Governance

The Shareholder expects the Board to observe substantially the same standards of corporate governance as may be established from time to time by the Toronto Stock Exchange or any other applicable regulatory or governmental authority in Canada for publicly traded corporations, with any appropriate modification to reflect the fact that the Corporation is not itself a public corporation.

4.4 Vacancies

If a member of the Board ceases to be a director for any reason, the Shareholder will fill the vacancy created thereby as soon as reasonably possible. If a member of the board of directors of any Subsidiary ceases to be a director for any reason, the Corporation will cause the vacancy to be filled by another director of the Corporation as soon as reasonably possible.

4.5 Term

The term of office for a director who is not a member of the City of Peterborough Council will be three years or until his or her successor is elected. The term of office for a director who is a member of the City of Peterborough Council will be equal to the term of Council or until his or her successor is elected. For greater certainty, any director may stand for re-election to the Board at the expiry of his or her term.

4.6 President and Chief Executive Officer

The President and Chief Executive Officer of the Corporation and any Subsidiary may not be a director of the Corporation or a Subsidiary.

4.7 Committees

The Board may establish committees of the Board at the Board's discretion. It is anticipated that the Board will establish a Joint Advisory Committee consisting of the Chair of CoPHI, a representative from each of the Subsidiaries (preferably the Chairs), one of who will have Human Resource expertise, as well as the Mayor (or designate), representing the Shareholder."

4.8 Conflict of Interest Policy

The directors and officers of the Corporation and the Subsidiaries will strictly abide by the requirements of the OBCA and the Corporation in respect of conflicts of interest, including any requirements in respect of disclosure and abstention from voting. A detailed conflict of interest

SHAREHOLDER DIRECTION AND UNANIMOUS
SHAREHOLDER DECLARATION (As Last Amended February 8, 2010)

policy will be established by the Corporation within six (6) months of the date hereof and will form a part of the Bylaws of the Corporation.

4.9 Confidentiality

The Shareholder and the directors and officers of the Corporation and the Subsidiaries (each a "Receiving Party") will ensure that no confidential information of the Shareholder or the Corporations is disclosed or otherwise made available to any person, except to the extent that:

- (a) disclosure to a Receiving Party's employees or agents is necessary for the performance of any Receiving Party's duties and obligations under this Direction and Declaration;
- (b) disclosure is required in the course of judicial proceedings or pursuant to law; or
- (c) the confidential information becomes part of the public domain (other than through unauthorized disclosure by the Receiving Party).

A detailed confidentiality policy consistent with the practices of corporate governance will be established by the Corporation within six (6) months of the date hereof and will form a part of the Bylaws of the Corporation.

4.10 Remuneration

- (a) The remuneration of the members of the Board for their respective services as directors will be as determined by the Shareholder from time to time. Each director the Corporation, excluding the "one (1) other member of Council" referenced in article 4.2, and the two directors appointed directly to Peterborough Distribution Inc. will be paid \$6,000 per annum for his or her services.
- (b) The Chair of the Corporation will also be paid an additional \$4,000 per annum and the chairs of each of the subsidiaries and committees will be paid an additional \$2,000 per annum. Each director of the Corporation and a Subsidiary will be paid \$400 for each meeting of the Board attended, and that director remuneration be reviewed every two years."

4.11 Report and Annual Meeting

- (a) Within six (6) months after the end of each fiscal year, the Board shall report to a public meeting of City Council, and provide such information concerning the

**SHAREHOLDER DIRECTION AND UNANIMOUS
SHAREHOLDER DECLARATION (As Last Amended February 8, 2010)**

Corporation and its Subsidiaries as the Board considers appropriate.

- (b) Prior to the end of each fiscal year, the Shareholder shall consider candidates for the Board, as proposed by a Nominating Committee of the Board, and shall elect members of the Board for terms to be effective January 1st of the succeeding year; as required. Such election may be by resolution in writing signed by the Shareholder Representative in accordance with Section 5.5.
- (c) Within six (6) months after the end of each fiscal year, the Shareholder, by resolution in writing signed by the Shareholder Representative in accordance with Section 5.5, shall appoint the auditors for the Corporation and complete such other business as would normally be completed at an annual meeting of shareholders under the OBCA.

ARTICLE 5 - SHAREHOLDER MATTERS

5.1 Decisions of the Shareholder

The following will apply to any approvals or decisions that the Shareholder must provide:

- (a) all approvals and decisions will be made in writing signed by the Shareholder Representative; and
- (b) no approval will be given unless the Corporation has given reasonable advance notice in writing of the need for approval and has provided such information as is reasonably necessary for the Shareholder to make an informed decision regarding the subject matter requiring approval.

5.2 Matters Requiring Shareholder Approval under the OBCA

In accordance with the provisions of the OBCA, neither the Corporation nor any Subsidiary will, without the approval of the Shareholder:

- (a) amend its articles or make, amend or repeal any by-law;
- (b) amalgamate (except for an amalgamation with one or more Subsidiaries), apply to continue as a body corporate under the laws of another jurisdiction, merge, consolidate or reorganize, or approve or effect any plan of arrangement, in each case whether statutory or otherwise;

SHAREHOLDER DIRECTION AND UNANIMOUS
SHAREHOLDER DECLARATION (As Last Amended February 8, 2010)

- (c) take or institute proceedings for any winding up, arrangement, reorganization or dissolution;
- (d) create new classes of shares or reorganize, consolidate, subdivide or otherwise change its outstanding securities;
- (e) sell or otherwise dispose of, by conveyance, transfer, lease, sale and leaseback, or other transaction, all or substantially all of its assets or undertaking;
- (f) change the Auditor;
- (g) make any change to the number of directors comprising the Board;
- (h) enter into any transaction or take any action that requires shareholder approval pursuant to the OBCA.

5.3 Other Matters Requiring Shareholder Approval

Without first having obtained the approval of the Shareholder, the Corporation will not, either directly, or through a Subsidiary or any other entity in which the Corporation has a direct or indirect controlling interest:

- (a) enter into any transaction to sell or purchase assets with an aggregate value in excess of \$20 million;;
- (b) issue, or enter into any agreement to issue, any shares of any class, or any securities convertible into any shares of any class, of the Corporation or any of its Subsidiaries;
- (c) establish any requirement for capital contributions to the Corporation by the Shareholder;
- (d) take on or assume any financial obligation which would increase the debt/equity ratio of the Corporation and its Subsidiaries on a consolidated basis above the ratio of 60:40;
- (e) redeem or purchase any of its outstanding shares;
- (f) make any decision that would materially adversely affect the tax or regulatory status of the Corporation or any of its Subsidiaries;
- (g) materially alter the nature of or geographic extent of the business of the

SHAREHOLDER DIRECTION AND UNANIMOUS
SHAREHOLDER DECLARATION (As Last Amended February 8, 2010)

Corporation or any of its Subsidiaries in a manner which would have a financial impact equal to or greater than **\$20 million**;;

- (h) enter into any joint venture, partnership, strategic alliance or other venture, including ventures in respect of the generation or co-generation of electricity, which would require an investment of, or which would have a financial impact, equal to or greater than **\$20 million**;;
- (i) enter into any business activity not permitted under Section 3.1 hereof;
- (j) provide any financial assistance, whether by loan, guarantee or otherwise, to any director or officer of the Corporation or of any Subsidiary or Associate, save and except any computer purchase assistance plan which is generally available to all employees;
- (k) establish a new Subsidiary;
- (l) invest funds in publicly-traded securities other than government debt, Canadian chartered bank or Canadian corporate securities rated less than A/R-1 (low) (or its equivalent) by CBRS Inc. or Dominion Bond Rating Service Limited;
- (m) enter into agreements, commitments or investments that create any Lien or recourse in favour of any third party, in priority to the security given to the Shareholder by the Corporation and the Subsidiaries, to a value of more than, ; 25% of the book value of all of the assets of the Corporation, as reported at the end of its most recently completed fiscal year; and
- (n) change the remuneration for members of the Board as provided for in Section 4.10 hereof.

For the purpose of paragraph (j) of this Section 5.3, the term "financial assistance" does not include remuneration paid in the normal course of business to directors, officers or employees,

SHAREHOLDER DIRECTION AND UNANIMOUS
SHAREHOLDER DECLARATION (As Last Amended February 8, 2010)

including honoraria, wages, salaries or bonuses, or any reimbursement for expenses arising from such persons' duties.

This Section 5.3 shall constitute a Unanimous Shareholder Declaration pursuant to the OBCA.

5.4 Decisions of the Shareholder

Approvals or decisions of the Shareholder required pursuant to this Direction and Declaration or the OBCA shall require a resolution or by-law of the City Council of the Shareholder which may be passed at a meeting of Council and shall be given in writing signed by the Shareholder Representative.

5.5 Shareholder Representative

The Shareholder hereby designates the Mayor or the individual designated by the Mayor from time to time as the legal representative of the Shareholder (the "Shareholder Representative") for purposes of providing, pursuant to Section 5.4, any consent or approval required by this Direction and Declaration or by the OBCA.

SHAREHOLDER DIRECTION AND UNANIMOUS
SHAREHOLDER DECLARATION (As Last Amended February 8, 2010)

ARTICLE 6 - REPORTING

6.1 Business Plan

- (a) Not later than one hundred and twenty days (120) days after the end of each fiscal year, the Board will approve and submit to the Finance Department of the Shareholder (the "Finance Department") a business plan for the Corporations for the next five (5) fiscal years (the "Business Plan"). The Business Plan will be prepared on a consistent basis with the Business Plan then in effect. The Corporation will carry on its business and operations in accordance with the Business Plan which will include, in respect of the period covered by such plan:
 - (i) the strategic direction and any new business initiatives which the Corporations will undertake;
 - (ii) an operating and capital expenditure budget for the next fiscal year and an operating and capital expenditure projection for each fiscal year thereafter, including the resources necessary to implement the draft business plan;
 - (iii) the projected annual revenues and profits for each fiscal year for the Corporation and each of the Subsidiaries;
 - (iv) pro forma consolidated and unconsolidated financial statements, including projected dividend payments to the Shareholder;
 - (v) an acquisition budget setting forth the nature and type of capital expenditures proposed to be made in the following fiscal year, supported by explanations, notes and information upon which the budget was based;
 - (vi) energy conservation programmes and environmental plans, including the level of commitment to renewable energy and co-generation;
 - (vii) any material variances in the projected ability of any business activity to meet or continue to meet the financial objectives of the Shareholder; and
 - (viii) any material variances from the Business Plan then in effect.

SHAREHOLDER DIRECTION AND UNANIMOUS
SHAREHOLDER DECLARATION (As Last Amended February 8, 2010)

6.2 Quarterly Reports

- (a) Within forty-five (45) days after the end of each fiscal quarter, except the last quarter of the fiscal year, the Board will prepare a quarterly report (on a consistent basis with the previous fiscal quarter), and submit it to the Finance Department a quarterly report. The quarterly report will include, in respect of the immediately preceding fiscal quarter:
- (i) quarterly unaudited consolidated and unconsolidated Financial Statements;
 - (ii) such explanations, notes and information as is required to explain and account for any variances between the actual results from operations and the budgeted amounts set forth in the current Business Plan, including any material variances in the projected ability of any business activity to meet or continue to meet the financial objectives of the Shareholder;
 - (iii) information that is likely to materially affect the Shareholder's financial objectives or energy policies;
 - (iv) information that is likely to materially affect customers' perceptions or opinions regarding the Corporations;
 - (v) information regarding any matter, occurrence or other event which is a material breach or violation of any law; and
 - (vi) any such additional information as the Shareholder may specify from time to time.

**SHAREHOLDER DIRECTION AND UNANIMOUS
SHAREHOLDER DECLARATION (As Last Amended February 8, 2010)**

6.3 Access to Records

The duly appointed representatives of the Shareholder (as approved by report to the Council of the City of Peterborough from time to time) shall have unrestricted access to the books and records of the Corporation and the Subsidiaries during normal business hours. Such representatives shall treat all information of the Corporations with the same level of care and confidentiality as any confidential information of the Shareholder.

6.4 Audit

The Corporation's consolidated and unconsolidated Financial Statements will be audited annually.

Accounting

The Corporation will, in consultation with the Auditor, adopt and use the accounting policies and procedures which may be approved by the Board from time to time and all such policies and procedures will be in accordance with generally accepted accounting principles and applicable regulatory requirements.

6.5 Annual Financial Statements

The Board will cause the Auditor to deliver, as soon as practicable and in any event within one hundred and twenty days (120) days after the end of each fiscal year, the audited consolidated Financial Statements of the Corporation for consideration by the Shareholder.

6.6 Reporting on Major Developments

In addition to the annual meeting described in Section 4.11(a), the Board shall report to the Shareholder on such major business developments, or material adverse results, as the Board, in its discretion, considers appropriate, and such reports may be considered by the Shareholder at a meeting of Council.

ARTICLE 7 - FINANCIAL PERFORMANCE

7.1 Financial Performance

The Board will be responsible for ensuring that the Corporations meets the financial performance standards set out in this Article 7.

7.2 Dividend Policy

Subject to the provisions of the OBCA, the Corporation will pay to the Shareholder, for the years 2007 to inclusive, an annual cash dividend equal to the difference between the amounts listed below and the interest paid to the Shareholder by the Corporation and/or its Subsidiaries during the year.

<u>Year</u>	<u>Amount</u>
2007	\$4,223,000
2008	\$4,349,700
2009	\$4,480,200
2010	\$4,614,600
2011	\$4,753,000

The annual cash dividend will be payable quarterly. The amount of the cash dividend paid by the Corporation to the Shareholder may be subject to adjustment by the Shareholder from time to time based on the financial requirements of the Shareholder and the Corporation.

7.3 Operation Policy

The Corporations will:

- (a) employ the most efficient cost structure available for like businesses;
- (b) mandate the creation and implementation of cost reduction programs to ensure that costs are minimized; and
- (c) maximize return on the Shareholder's equity.

**SHAREHOLDER DIRECTION AND UNANIMOUS
SHAREHOLDER DECLARATION (As Last Amended February 8, 2010)**

ARTICLE 8 - REVISIONS TO THIS DIRECTION AND DECLARATION

The Shareholder acknowledges that this Direction and Declaration may be revised from time to time as circumstances may require in the sole discretion of the Shareholder and that the Shareholder shall promptly provide the Board with copies of such revisions.

DATED at Peterborough this 26 day of AUGUST, 2010.

AND as last Amended this 8th day of February, 2010.

SIGNED, SEALED AND DELIVERED
in the presence of:

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)
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**CITY OF PETERBOROUGH
HOLDINGS INC.**

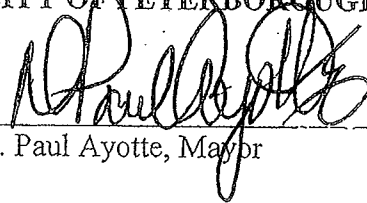


Larry Doran, President & CEO

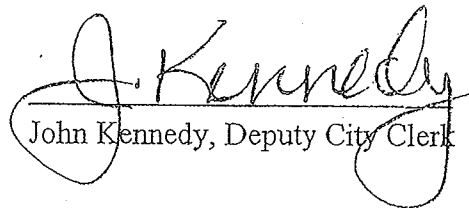
SIGNED, SEALED AND DELIVERED
in the presence of:

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**THE CORPORATION OF THE
CITY OF PETERBOROUGH**



D. Paul Ayotte, Mayor



John Kennedy, Deputy City Clerk

Appendix 4-1s

Revised Appendix 2-K
PDI Employee Costs

**Appendix 2-K
Employee Costs**

	Last Rebasings Year (2009 Board- Approved)	Last Rebasings Year (2009 Actuals)	2010 Actuals	2011 Actuals	2012 Actuals	2013 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
Number of Employees (FTEs including Part-Time)¹						
Executive	2.2	2.5	2.4	2.3	2.20	3.10
Management	11.7	11.7	12.1	11.5	11.30	11.72
Non-Union	5.6	4.8	5.4	4.2	3.8	5.7
Union	45.1	45.6	44.5	45.3	44.4	50.1
Total	64.6	64.6	64.4	63.3	61.7	70.6
Number of Part-Time Employees (Headcount)						
Executive						
Management						
Non-Union						
Union	2.7	1.2	2.5	3.2	1.0	1.6
Total	2.7	1.2	2.5	3.2	1.0	1.6
Total Salary and Wages						
Executive	\$ 254,833	\$ 334,004	\$ 347,795	\$ 364,880	\$ 336,844	\$ 436,927
Management	\$ 1,064,973	\$ 1,035,364	\$ 1,118,910	\$ 1,059,581	\$ 1,093,226	\$ 1,118,756
Non-Union	\$ 311,031	\$ 316,589	\$ 329,258	\$ 219,358	\$ 208,120	\$ 340,466
Union	\$ 2,909,600	\$ 3,105,612	\$ 3,046,591	\$ 3,283,156	\$ 3,115,925	\$ 3,696,641
Total	\$ 4,540,437	\$ 4,791,569	\$ 4,842,554	\$ 4,926,974	\$ 4,754,115	\$ 5,592,790
Current Benefits						
Executive	\$ 61,160	\$ 46,786	\$ 51,802	\$ 62,841	\$ 72,468	\$ 86,026
Management	\$ 255,594	\$ 196,069	\$ 210,239	\$ 224,634	\$ 245,150	\$ 226,123
Non-Union	\$ 74,647	\$ 64,649	\$ 72,241	\$ 45,733	\$ 45,759	\$ 113,055
Union	\$ 698,304	\$ 638,198	\$ 625,563	\$ 702,474	\$ 750,858	\$ 918,594
Total	\$ 1,089,705	\$ 945,702	\$ 959,845	\$ 1,035,682	\$ 1,114,235	\$ 1,343,799
Accrued Pension and Post-Retirement Benefits						
Executive						
Management						
Non-Union	\$ 39,255	\$ 33,828	\$ 41,138	\$ 34,052	\$ 49,213	\$ 36,233
Union	\$ 90,790	\$ 81,187	\$ 91,993	\$ 87,561	\$ 126,548	\$ 88,549
Total	\$ 130,046	\$ 115,015	\$ 133,131	\$ 121,613	\$ 175,761	\$ 124,782
Total Benefits (Current + Accrued)						
Executive	\$ 61,160	\$ 46,786	\$ 51,802	\$ 62,841	\$ 72,468	\$ 86,026
Management	\$ 255,594	\$ 196,069	\$ 210,239	\$ 224,634	\$ 245,150	\$ 226,123
Non-Union	\$ 113,903	\$ 98,477	\$ 113,379	\$ 79,785	\$ 94,972	\$ 149,288
Union	\$ 789,094	\$ 719,385	\$ 717,556	\$ 790,035	\$ 877,406	\$ 1,007,143
Total	\$ 1,219,750	\$ 1,060,717	\$ 1,092,976	\$ 1,157,295	\$ 1,289,996	\$ 1,468,580
Total Compensation (Salary, Wages, & Benefits)						
Executive	\$ 315,993	\$ 380,790	\$ 399,597	\$ 427,720	\$ 409,312	\$ 522,953
Management	\$ 1,320,567	\$ 1,231,433	\$ 1,329,149	\$ 1,284,215	\$ 1,338,376	\$ 1,344,879
Non-Union	\$ 424,933	\$ 415,066	\$ 442,637	\$ 299,143	\$ 303,092	\$ 489,754
Union	\$ 3,698,694	\$ 3,824,997	\$ 3,764,147	\$ 4,073,191	\$ 3,993,331	\$ 4,703,784
Total	\$ 5,760,187	\$ 5,852,286	\$ 5,935,530	\$ 6,084,269	\$ 6,044,112	\$ 7,061,370
Compensation - Average Yearly Base Wages						
Executive	\$ 110,424	\$ 123,305	\$ 127,766	\$ 138,774	\$ 138,127	\$ 133,202
Management	\$ 90,254	\$ 87,268	\$ 90,490	\$ 90,206	\$ 94,291	\$ 92,983
Non-Union	\$ 55,273	\$ 65,093	\$ 60,538	\$ 51,459	\$ 53,814	\$ 59,205
Union	\$ 57,312	\$ 60,995	\$ 61,308	\$ 63,795	\$ 62,505	\$ 66,739
Total	\$ 64,910	\$ 68,469	\$ 69,203	\$ 70,496	\$ 70,488	\$ 73,425
Compensation - Average Yearly Overtime						
Executive						
Management						
Non-Union						
Union	\$ 5,826	\$ 8,414	\$ 7,112	\$ 11,034	\$ 7,673	\$ 5,776
Total						
Compensation - Average Yearly Incentive Pay						
Executive	\$ 5,409	\$ 10,297	\$ 17,149	\$ 19,869	\$ 14,984	\$ 7,742
Management	\$ 769	\$ 1,224	\$ 1,982	\$ 1,931	\$ 2,455	\$ 2,474
Non-Union	\$ 268	\$ 863	\$ 436	\$ 769	\$ 955	\$ 526
Union	\$ -	\$ 265	\$ 5	\$ 485	\$ -	\$ -
Total	\$ 2,013	\$ 1,780	\$ 2,067	\$ 1,920	\$ 2,849	\$ 1,767
Compensation - Average Yearly Benefits						
Executive	\$ 27,800	\$ 18,714	\$ 21,584	\$ 27,322	\$ 32,940	\$ 27,750
Management	\$ 21,846	\$ 16,758	\$ 17,375	\$ 19,533	\$ 21,695	\$ 19,294
Non-Union	\$ 20,340	\$ 20,516	\$ 20,996	\$ 18,996	\$ 24,993	\$ 26,191
Union	\$ 17,497	\$ 15,776	\$ 16,125	\$ 17,429	\$ 19,761	\$ 20,103
Total	\$ 18,882	\$ 16,420	\$ 16,972	\$ 18,274	\$ 20,908	\$ 20,801
Total Compensation	\$ 5,760,187	\$ 5,852,286	\$ 5,935,530	\$ 6,084,269	\$ 6,044,112	\$ 7,061,370
Total Compensation Capitalized (CGAAP)	\$ 2,886,918	\$ 2,826,302	\$ 2,757,625	\$ 2,611,865	\$ 2,581,945	\$ 2,121,528
Total Compensation Charged to OM&A (CGAAP)	\$ 2,873,269	\$ 3,025,984	\$ 3,177,905	\$ 3,472,404	\$ 3,462,167	\$ 4,939,842
Total Compensation Capitalized (MIFRS)						
Total Compensation Charged to OM&A (MIFRS)						

Appendix 5-1s

Bank Correspondence
Fixed Long-Term Rate

Byron Thompson - RE: PDI - Committed reducing term facility

From: "Di Renzo, John" <John.DiRenzo@tdsecurities.com>
To: 'Byron Thompson' <BThompson@peterboroughutilities.ca>, "Laing, Andrew" <...>
Date: 6/28/2013 10:05 AM
Subject: RE: PDI - Committed reducing term facility

Hi Byron, I have provided an indicative swap rate including assumptions below.

Funding Date: Today
Notional: ~ 21.6 million
Swap Term: 20 years (with OES)
Amortization: 30 years

All in Fixed Rate: 4.64%

Thanks

John Di Renzo | Vice President | Derivative Origination
TD Securities | Debt Capital Markets
222 Bay Street, 7th Floor E&Y Tower
Toronto, Ontario M5K 1A2
T: 416-982-8772 | F: 416-983-4987 | E: john.direnzo@tdsecurities.com

From: Byron Thompson [mailto:BThompson@peterboroughutilities.ca]
Sent: Friday, June 28, 2013 8:44 AM
To: Laing, Andrew; Meringer, Rachel; Di Renzo, John
Subject: PDI - Committed reducing term facility

Good Morning

Further to our lending agreement, for our reducing term loan there are provisions which would allow PDI to convert the short term pricing structure via a swap to long term fixed rate. As you are aware we are planning to fix the rate on our debt. With the recent movement in the long end of the yield curve I was wondering if you could advise what the current rate available to PDI would be on a 20 year basis.

Thanks in advance and have a good long weekend.

Sincerely

Byron Thompson, CA
Peterborough Utilities Group
Phone 705-748-9301 x 1283
Cell 705-927-0671

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