

3-Energy Probe-22

Ref: Exhibit 3, Tab 3, Schedule 1

- a) Please update Tables 1, 2 and 3 to reflect actual data for all of 2012, if required.
- b) Where are the SSS Admin charges shown in Table 2 for 2012 and 2013? What is the actual SSS Admin charge revenue for 2012 and what is the forecast amount for 2013?
- c) Please explain the significant reduction in Late Payment Charges between 2012 and 2013 despite bad debt expenses remaining stable over these two years.
- d) Please provide the 2011 and 2012 amounts included in Late Payment Charges associated with the large customer noted on page 1 of Exhibit 3, Tab 3, Schedule 2.
- e) What is the difference in the Specific Service Charges shown in Table 2 and the amounts shown in Table 3?
- f) Please provide the most recent year-to-date revenues for 2013 in the same level of detail as shown in Table 2. Please also provide the year-to-date revenues for the corresponding period in 2012 in the same level of detail.
- g) Please explain why there is no gain on disposition of property forecast for 2013 given that Collus PowerStream is replacing a number of vehicles in 2013. In particular, are the vehicles being replaced in 2013 per the capital expenditure forecast fully depreciated? If not, please provide the remaining net book value of the vehicles being replaced in 2013, along with the expected salvage value of the vehicles being replaced.
- h) Where are the revenues associated with the MicroFit rate class included? What is the forecast of revenues for 2013?

Response

- a) Tables 1, 2 and 3 reflect actual data for all of 2012 as indicated by the column heading in the charts.
- b) The SSS Admin charges for Table 2 for 2012 and 2013 should be as follows:

	2009 Actual	2010 Actual	2011 Actual?	Bridge Year	Bridge Year	Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS
SSS Charge	-	-	-	48,853	48,853	82,080

The actual SSS Admin charge revenue for 2012 is 48,853 and the forecast amount for 2013 is \$82,080. However, the actual results thus far in 2013 indicate that the forecast should have been about \$48,000. This revenue category for 2013 has been over budgeted by \$33,080.

- c) There is a significant reduction in Late Payment Charges between 2012 and 2013 despite bad debt expenses remaining stable over these two years. In 2012 we had an industrial customer that was constantly behind paying their invoices, but they did always pay. This situation is now resolved, all amounts were eventually paid and the customer closed down. The 2013 late payment charges forecast reflects a return to more normal levels such as seen in 2009 and 2010. The forecast of 84,000 for late payment charges for 2013 is reasonable based on actual year-to-date revenues as at June 30th 2013 of \$45,322, which is almost exactly half the budget at the 6 month point.

Bad debt expense was \$58,406 in 2011, \$82,323 in 2012 and has been forecasted as \$84,000 for 2013. This estimate is reasonable and reflective of recent history. The actual write-offs recorded in 2011 and 2012 do not include anything from the one industrial customer mentioned above. Excess late payment charges and bad debt expense are not necessarily always co-related.

- d) The 2011 and 2012 amounts included in Late Payment Charges associated with the large customer noted on page 1 of Exhibit 3, Tab 3, Schedule 2 is provided below:

Total 2011	41,115.77
Total 2012	<u>79,965.26</u>
	<u>121,081.03</u>

- e) There is a difference in the Specific Service Charges shown in Table 2 and the amounts shown in Table 3. In addition to the specific service charges on table 3, we earn other service charges related to performing the billing for water and sewer. Table 2 reflects the combination of these charges.
- f) Please provide the most recent year-to-date revenues for 2013 in the same level of detail as shown in Table 2. Please also provide the year-to-date revenues for the corresponding period in 2012 in the same level of detail.

	<u>June 2013</u>	<u>June 2012</u>
Other Revenue:		
4080-0000-01 SSS Charge - Distribution Service Revenue	22,375.94	22,880.66
4082-0000-00 Retail Service Revenues	8,050.00	8,881.90
4084-0000-00 Service Transaction Requests	204.25	211.75
4210-0000-00 Rent From Electric Property	52,500.00	52,700.30
4225-0000-00 Late Payment Charges	45,322.11	94,172.32
4235-0000-00 Miscellaneous Service Revenues	26,853.13	47,118.85
4235-0000-01 Change Of Occupancy Charge Rev	27,950.00	30,580.00
4235-0000-02 Disconnect/Reconnect Revenue	22,574.00	10,599.00
4355-0000-00 Gain on Disp of Util & Propert		645.00
4375-0000-00 Revenues from Non-Utility Operation	5,451.88	1,686.92
4380-0000-00 Expenses of Non-Utility Operations		(899.98)
4390-0000-00 Misc Non Operating Income	7,684.50	4,748.06
4405-0000-00 Interest & Dividend Income	23,412.78	11,793.86
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Total Other Revenue	242,378.59	285,118.64
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- g) There is no gain on disposition of property forecast for 2013 even though Collus PowerStream is replacing a number of vehicles in 2013. It is rare to have a gain on disposal of a vehicle.

We are purchasing six vehicles in 2013. Two of these are not replacements, but rather new equipment. Two of them are scrap value only of \$200 - \$300 each. The other two possibly may have a \$1,500 -

\$2,000 value. Based on the ages of the vehicles, they are fully depreciated. The salvage value of the vehicles being replaced is insignificant.

- h) Where are the revenues associated with the MicroFit rate class included? What is the forecast of revenues for 2013?

See 3.0-VECC-21 a)

Total forecasted MicroFit revenue for 2013 is \$2,205.