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October 4, 2013

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

Dear Ms. Walli:

Re: Oshawa PUC Networks Inc. (ED-2002-0560) Response to Interrogatories (EB-2013-0162)

Enclosed with this letter are Oshawa PUC Networks Inc.'s responses to Board Staff's interrogatories received as part of the above mentioned rate case. The responses have been filed using the RESS online submission system. Copies of the electronic files have been sent to Board Staff. Two (2) paper copies of these responses will be delivered to your office shortly.

If you have any questions about this submission please contact the undersigned.

Yours truly

Philip Martin, VP Finance and Regulatory Compliance Email: pmartin@opuc.on.ca (905) 723-4626 ext 5250

Oshawa PUC Networks Inc. 2014 Electricity Distribution Rates EB-2013-0162 Response to Board Staff Interrogatories October 1, 2013 Page 1 of 8

Oshawa PUC Networks Inc. ("Oshawa PUC") 2014 IRM Rate Application EB-2013-0162 Board Staff Interrogatories

2014 RTSR Adjustment Work Form

1. Ref: A portion of Sheet 4 "RRR Data" is reproduced below

Rate Class	Unit	Non-Loss Adjusted Metered kWh	Non-Loss Adjusted Metered kW	Applicable Loss Factor	Load Factor	Loss Adjusted Billed kWh	Billed kW
Residential	kWh	493,324,280		1.0430		514,537,224	-
General Service Less Than 50 kW	kWh	131,590,801		1.0430		137,249,205	
General Service 50 to 999 kW	kW	150,168,957	406.523	6.	50.63%	150,168,957	406,523
General Service 50 to 999 kW - Interval Metered	kW	188,173,549	439,936	i	58.63%	188,173,549	439,936
General Service 1,000 to 4,999 kW	kW	76,828,137	182,189	L	57.80%	76,828,137	182,189
Large Use	kW	40,812,737	89,554		62.46%	40,812,737	89,554
Unmetered Scattered Load	kWh	2,745,701		1.0430		2,863,766	
Sentinel Lighting	kW	38,567	115		45.97%	38,567	115
Street Lighting	kW	10,101,141	27,605		50.15%	10,101,141	27,605

 a) Please confirm that the amounts entered into the columns "Non-Loss Adjusted Metered kWh" and "Non-Loss Adjusted Metered kW" have not been adjusted by Oshawa PUC's Board-approved loss factor.

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OPUCN Response:

a) Confirmed.

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IESO		Network		Line Line	Connec	tion	Transform	nation C	onnection	Total Line
Month	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January	198.266	\$3.57	\$ 707,810	212,443	\$0.80	\$ 169,954	212,443	\$1.86	\$ 395,144	\$ 565,09
February	175,360	\$3.57	\$ 626,035	193,529	\$0.80	\$ 154,823	193,529	\$1.86	\$ 359,964	\$ 514,78
March	181,531	\$3.57	\$ 648,066	183, 148	\$0,80	\$ 146,518	183, 148	\$1.86	\$ 340,655	\$ 487,17
April	148,962	\$3.57	\$ 531,794	167,686	\$0,80	\$ 134,149	167,685	\$1.86	\$ 311,895	\$ 446.04
May	175,609	\$3.57	\$ 626,924	184,861	\$0.80	\$ 147,889	184,861	\$1.86	\$ 343,841	\$ 491.73
June	214,432	\$3.57	\$ 765,522	235,423	\$0,80	\$ 188,338	235,423	\$1.86	\$ 437,887	\$ 626,22
july	230,384	\$3.57	\$ 822,471	232,159	\$0.80	\$ 185,727	232, 159	\$1.86	\$ 431,816	\$ 617,54
August	202,815	\$3.57	\$ 724,050	212,948	\$0.80	\$ 170,358	212,947	\$1.86	\$ 396,081	\$ 566,43
September	191,407	\$3.57	\$ 683,323	194,323	\$0.80	\$ 155,458	194,322	\$1.86	\$ 361,439	\$ 516,89
October	159,817	\$3.57	\$ 570,547	170,216	\$0,80	\$ 136,173	170,216	\$1.86	\$ 316,602	\$ 452,77
November	173,222	\$3.57	\$ 618,403	182,689	\$0.80	\$ 146,151	182,689	\$1.86	\$ 339,802	\$ 485,95
December	179,529	\$3,57	\$ 640,919	197,854	\$0.80	\$ 158,283	197,854	\$1.86	\$ 368,008	\$ 526,29
Total						A 4000 004	2,367,276	\$ 1.86	\$ 4,403,134	\$ 6,296,95
1 otal	2,231,334 \$	3.5	7 \$ 7,965,864	2,367,276	\$ 0.80	\$ 1,893,821	2,301,210	\$ 1.00	\$ 4,403,134	\$ 0,230,30
Hydro One		3.: Network	\$7 \$ 7,965,864		Connec		Transform			Total Lin
			Amount		-					Total Lin
Hydro One		Network		Line	Connec	tion	Transform	nation C	onnection	Total Lin Amount
Hydro One Month	Units Billed	Network Rate	Amount	Line Units Billed	Connec Rate \$0.64	tion Amount	Transform Units Billed	nation C Rate	onnection Amount	Total Lin Amount
Hydro One Month January	Units Billed 115	Network Rate \$2.65	Amount \$ 304	Line Units Billed 111	Connec Rate \$0.64	Amount \$ 71	Transform Units Billed 111	Rate \$1.50	Amount \$ 166	Total Line Amount \$ 23 \$ 23
Hydro One Month January February March	Units Billed 115 115	Network Rate \$2.65 \$2.65	Amount \$ 304 \$ 304	Units Billed 111 111	Connec Rate \$0.64 \$0.64	tion Amount \$ 71 \$ 71	Transform Units Billed 111 111	Rate \$1.50 \$1.50	Amount \$ 166 \$ 166	Total Line Amount \$ 23 \$ 23 \$ 23
Hydro One Month January February	Units Billed 115 115 115	Network Rate \$2.65 \$2.65 \$2.65	Amount \$ 304 \$ 304 \$ 304	Units Billed 111 111 111	Connec Rate \$0.64 \$0.64 \$0.64	Amount \$ 71 \$ 71 \$ 71 \$ 71 \$ 71	Transform Units Billed 111 111 111	Rate \$1.50 \$1.50 \$1.50 \$1.50	Amount \$ 166 \$ 166 \$ 166 \$ 166	Total Lin Amount \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23
Hydro One Month January February March April	Units Billed 115 115 115 115	Network Rate \$2.65 \$2.65 \$2.65 \$2.65	Amount \$ 304 \$ 304 \$ 304 \$ 304 \$ 304	Units Billed 111 111 111 111	Connec Rate \$0.64 \$0.64 \$0.64 \$0.64	Amount \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71	Transform Units Billed 111 111 111 111	Rate \$1.50 \$1.50 \$1.50 \$1.50 \$1.50	Amount \$ 166 \$ 166 \$ 166 \$ 166 \$ 166	Total Line Amount \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23
Hydro One Month January February ' March April May	Units Billed 115 115 115 115 115 115	Network Rate \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65	Amount \$ 304 \$ 304 \$ 304 \$ 304 \$ 304	Units Billed 111 111 111 111 111	Connec Rate \$0.64 \$0.64 \$0.64 \$0.64 \$0.64	Amount \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71	Transform Units Billed 111 111 111 111 111	Rate \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50	Amount \$ 166 \$ 166 \$ 166 \$ 166 \$ 166 \$ 166 \$ 166 \$ 166	Total Lin Amount \$ 22 \$ 22 \$ 22 \$ 22 \$ 22 \$ 22 \$ 22 \$ 22 \$ 22 \$ 22 \$ 22 \$ 22 \$ 22 \$ 22 \$ 22 \$ 22
Hydro One Month January February March April May June	Units Billed 115 115 115 115 115 115 115	Network Rate \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65	Amount \$ 304 \$ 304 \$ 304 \$ 304 \$ 304 \$ 304	Units Billed 111 111 111 111 111 111	Connec Rate \$0.64 \$0.64 \$0.64 \$0.64 \$0.64 \$0.64 \$0.64	Amount \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71	Transform Units Billed 111 111 111 111 111 111	Rate \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50	Amount \$ 166 \$ 166 \$ 166 \$ 166 \$ 166 \$ 166 \$ 166	Total Lin Amount \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23
Hydro One Month January February March April May June July	Units Billed 115 115 115 115 115 115 115 115	Network Rate \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65	Amount \$ 304 \$ 304 \$ 304 \$ 304 \$ 304 \$ 304 \$ 304 \$ 304	Units Billed 111 111 111 111 111 111 111	Rate \$0.54 \$0.64 \$0.64 \$0.64 \$0.64 \$0.64 \$0.64 \$0.64 \$0.64	Amount \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71	Transform Units Billed 111 111 111 111 111 111 111	Rate \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50	Amount \$ 166 \$ 166 \$ 166 \$ 166 \$ 166 \$ 166 \$ 166 \$ 166 \$ 166	Total Lin Amount \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23
Hydro One Month January February March April May June July August	Units Billed 115 115 115 115 115 115 115 115 115	Network Rate \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65	Amount \$ 304 \$ 304 \$ 304 \$ 304 \$ 304 \$ 304 \$ 304 \$ 304 \$ 304	Units Billed 111 111 111 111 111 111 111 111	Rate \$0.54 \$0.64 \$0.64 \$0.64 \$0.64 \$0.64 \$0.64 \$0.64	Amount \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71	Transform Units Billed 111 111 111 111 111 111 111 111	Rate \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50	Amount \$ 166 \$ 166	Total Lim Amount \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23
Hydro One Month January February ' March April May June July August September	Units Billed 115 115 115 115 115 115 115 115 115 11	Network Rate \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65	Amount \$ 304 \$ 304	Units Billed	Connec Rate \$0.54 \$0.64 \$0.64 \$0.64 \$0.64 \$0.64 \$0.64 \$0.64 \$0.64 \$0.64	Amount \$ 71 \$ 71	Transform Units Billed 111 111 111 111 111 111 111 111 111	Rate \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50	Amount \$ 166 \$ 166	Total Lin Amount \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23
Hydro One Month January February March April May June July August September October	Units Billed 115 115 115 115 115 115 115 115 115 11	Network Rate \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65 \$2.65	Amount \$ 304 \$ 304	Units Billed 111 111 111 111 111 111 111 111 111 1	Connec Rate \$0.54 \$0.64 \$0.64 \$0.64 \$0.64 \$0.64 \$0.64 \$0.64 \$0.64 \$0.64	Amount \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71 \$ 71	Transform Units Billed 111 111 111 111 111 111 111 111 111	Rate \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50 \$1.50	Amount \$ 166 \$ 166 \$ 166 \$ 166 \$ 166 \$ 166 \$ 166 \$ 166 \$ 166 \$ 166	Total Lin Amount \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23 \$ 23

2. Ref: A portion of Sheet 6 "Historical Wholesale" is reproduced below

a) Sheet 6 of Oshawa PUC's RTSR Workform shows most units billed are to the IESO with a very small number billed to Hydro One. Please confirm that Oshawa PUC is partially embedded to Hydro One. If this is not the case, please explain the units shown as billed by Hydro One and Board staff will make the necessary corrections.

OPUCN Response:

a) Hydro One is billing Oshawa PUC Networks Inc for LTLT (Long Term Load Transfer) customers. These customers are in Oshawa PUC territory but are using Hydro One distribution system and vice versa. They are not considered Partially Embedded.

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2014 IRM Rate Generator

3. Ref: A portion of Sheet 3 "Rate Class Selection" from the Rate Generator is reproduced below

	Rate Class Classification
1	RESIDENTIAL
2	GENERAL SERVICE LESS THAN 50 KW
3	GENERAL SERVICE 50 TO 999 KW
4	GENERAL SERVICE INTERMEDIATE 1,000 TO 4,999 KW
5	LARGE USE
6	UNMETERED SCATTERED LOAD
7	SENTINEL LIGHTING
8	STREET LIGHTING
9	microFIT

a) Board staff notes that the rate class classification for "Large Use" does not match Oshawa PUC's current Tariff of Rates and Charges. Staff believes the correct rate class classification is "Large Use >5,000 KW". If this is an error, Board staff will make the necessary correction.

OPUCN Response:

a) The correct rate class classification is "Large Use > 5000 KW". Please, make the necessary correction.

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Smart Metering Entity Charge ("SMEC")

4. Ref: A portion of Sheet "4. Current Tariff Schedule" from the Rate Generator Model is reproduced below

RESIDENTIAL Service Classification

MONTHLY RATES AND CHARGES - Delivery Component (If applicable, Effective Date MUS Service Charge	T be inc	luded in rate description 8.34
Rate Rider for Disposition of Residual Historical Smart Meter Costs - effective until December 31, 2015		
tate rates for proposition of residual rationeal other weter COSIS - effective until December 31, 2015	\$	0.10
Rate Rider for Recovery of Stranded Meter Assets - effective until December 31, 2015	\$.	0.57
Distribution Volumetric Rate	\$/kWh	0.0118
Rate Rider for Disposition of Deferral/Variance Accounts (2012) - effective until December 31, 2015	\$/kWh	0.0004
Rate Rider for Recovery of Lost Revenue Adjustment Mechanism (LRAM) (2013) - effective until December 31, 2013	\$/kWh	0.0002
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0072
	\$/kWh	0.0057

GENERAL SERVICE LESS THAN 50 KW Service Classification

ONTHLY RATES AND CHARGES - Delivery Component (If applicable, Effective Date MUST be included in rate de	scription)
irvice Charge \$ 8.25	,
ite Rider for Disposition of Residual Historical Smart Meter Costs - effective until December 31, 2015 \$ 0.43	
ite Rider for Recovery of Stranded Meter Assets - effective until December 31, 2015. \$ 2.49	
stribution Volumetric Rate	
stribution Volumetric Rate \$/kWh 0.0167 ite Rider for Disposition of Deferral/Variance Accounts (2012) - effective until December 31, 2015 \$/kWh 0.0003	
ite Rider for Recovery of Lost Revenue Adjustment Mechanism (LRAM) (2013) - effective until December 31, 2013 \$//Wh 0.0011	
	I
tall Transmission Rate - Network Service Rate	
tail Transmission Rate - Line and Transformation Connection Service Rate	

Board staff notes that the Board's Decision (EB-2012-0211)¹ dated March 28, 2013 stated that effective May 1, 2013 the SMEC to be levied and collected by Distributors identified in the Board's annual *Yearbook of Electricity Distributors* from Residential and General Service <50kW customers shall be \$0.79 per month.

Board staff further notes that the current tariff schedule in Oshawa PUC's Rate Generator Model does not list the SMEC for Residential and General Service <50kW customers.

a) If the omission of the SMEC in the Rate Generator Model is an error, Board

¹ <u>http://www.ontarioenergyboard.ca/OEB/_Documents/EB-2012-0100/dec_order_IESO-SME_20130328.pdf</u>

staff will make the relevant correction.

OPUCN Response:

a) Please make the necessary corrections to include SMEC in the Rate Generator Model.

2014 Tax Sharing Work Form

5. Ref: A portion of Sheet 3 "Re-Based Bill Det and Rates" is reproduced below

Rate Group	Rate Class	Fixed Metric	Vol Metric	Rate ReBal Base Service Charge D	Rate ReBal Base Distribution Volumetric Rate kWh E	Rate ReBal Base Distribution Volumetric Rate kW F
RES Resi	dential	Customer	kWh	8.25	0.0117	
GSLT50 Gen	eral Service Less Than 50 kW	Customer	kWh	8.16	0.0165	
GSGT50 Gen	aral Service 50 to 999 kW	Customer	kW	42.02		3,6141
GSGT50 Gen	eral Service 1,000 to 4,999 kW	Customer	kW	1,190.07		2.5254
LU Larg	e Use	Customer	kW	8,057.37		2:0002
USL Unm	etered Scattered Load	Connection	kWh	3.25	5	
Sen Sent	inel:Lighting	Connection	kW	4.22		6.0512
SL Stre	et Lighting	Connection	kW	1.14	1	17,6374

Board staff notes that the data entered in columns D, E and F do not reconcile to Oshawa PUC's current Tariff of Rates and Charges.

- a) Please provide an explanation for the data entered in columns D, E and F.
- b) If this is an error, Board staff will make the necessary corrections to the model.

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Summary - Sharing of Tax Change Forecast Amounts			
For the 16 August 2013 year, enter any Tax Credits from the Cost of Service Tax Calculation (Positiv	e	56000	
1. Tax Related Amounts Forecast from Capital Tax Rate Changes		2012	2014
Taxable Capital	\$	80,817,479	\$ 80,817,479
Deduction from taxable capital up to \$15,000,000	\$	15,000,000	\$ 15,000,000
Net Taxable Capital	\$	65,817,479	\$ 65,817,479
Rate		0.000%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	\$		\$ •
2. Tax Related Amounts Forecast from Income Tax Rate Changes Regulatory Taxable Income	\$	2012 1,288,510	\$ 2014 1,288,510
Corporate Tax Rate		23.63%	23.78%
Tax Impact	\$	248,484	\$ 250,455
Grossed-up Tax Amount	\$	325,371	\$ 328,611
Tax Related Amounts Forecast from Capital Tax Rate Changes	\$	-	\$
Tax Related Amounts Forecast from Income Tax Rate Changes	\$	325,371	\$ 328,611
Total Tax Related Amounts	\$	325,371	\$ 328,611

a) Ref: A portion of Sheet 5"Z-Factor Tax Changes" is reproduced below

a) Board staff has been unable to confirm the amount entered in for "Regulatory Taxable Income", "Corporate Tax Rate" and "Tax Impact" with the Board approved amount from Oshawa PUC's 2012 cost of service revenue requirement Work Form (EB-2011-0073). Please provide evidence supporting this amount. If this amount was entered in error, Board staff will make any necessary updates to the model.

OPUCN Response:

a) The amounts referenced in the above question are taken from the 2012 Test year Income Tax PILs Workform, a copy of which is attached. This file reconciles with the final settlement agreement. Tab "T. PILs,Tax Provision" of this file is reproduced below.

Note that the 20.16% (from the revenue requirement Work Form) is a derived rate based on an input rate of 23.63% combined with tax credits of \$56,000 – see table below. No updates to the model are necessary.

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Oshawa PUC Netwo PILs Tax Provision - T			LS/INCOM	o Energy Board 1E TAXES WORK ORM
Regulatory Taxable Income				\$ 1,288,510 A
Ontario Income Taxes				
Income tax payable	Ontario Income Tax	11.25% B	\$ 144,957	C = A * B
Small business credit	Ontario Small Business Threshold Rate reduction	\$ 500,000 D -6.75% E	-\$ 33,750	F=D·E
Ontario Income tax				\$ 111,207 J = C + F
Combined Tax Rate and PILs	Effective Ontario Tax Rate Federal tax rate Combined tax rate			K = J / A L 23.63% M = L + L
Total Income Taxes				\$ 304,484 N = A * M
Investment Tax Credits Miscellaneous Tax Credits Total Tax Credits	· · · ·			0 \$ 56,000 P \$ 56,000 Q = 0 + P
Corporate PiLs/income Tax Prov	rision for Test Year			\$ 248,484 R = N - Q
Corporate PILs/Income Tax Provisio	on Gross Up ¹		76.37%	S = 1 - M \$ 76,888 T = R / S - N
Income Tax (grossed-up)				\$ 325,371 U = R + T

Note:

1. This is for the derivation of revenue requirement and should not be used for sufficiency/deficiency calculations.