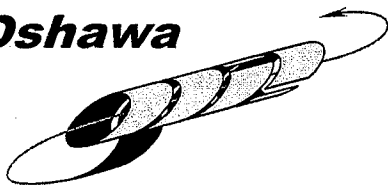


**Oshawa**



***PUC Networks Inc.***

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100 Simcoe Street South, Oshawa, Ontario L1H 7M7 • Tel. (905) 723-4623 • Fax (905) 723-7947 • E-mail [contactus@opuc.on.ca](mailto:contactus@opuc.on.ca)

October 4, 2013

Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
27<sup>th</sup> 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](mailto:pmartin@opuc.on.ca)  
(905) 723-4626 ext 5250

**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		50.63%	150,168,957	406,523
General Service 50 to 999 kW - Interval Metered	kW	188,173,549	439,936		58.63%	188,173,549	439,936
General Service 1,000 to 4,999 kW	kW	76,828,137	182,189		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.

**OPUCN Response:**

- a) Confirmed.

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

IESO	Network			Line Connection			Transformation Connection			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	\$ 565,098
February	175,360	\$3.57	\$ 626,035	193,529	\$0.80	\$ 154,823	193,529	\$1.86	\$ 359,964	\$ 514,787
March	181,531	\$3.57	\$ 648,066	183,148	\$0.80	\$ 146,518	183,148	\$1.86	\$ 340,655	\$ 487,173
April	148,962	\$3.57	\$ 531,794	167,686	\$0.80	\$ 134,149	167,685	\$1.86	\$ 311,895	\$ 446,044
May	175,609	\$3.57	\$ 626,924	184,861	\$0.80	\$ 147,889	184,861	\$1.86	\$ 343,841	\$ 491,730
June	214,432	\$3.57	\$ 765,522	235,423	\$0.80	\$ 188,338	235,423	\$1.86	\$ 437,887	\$ 626,225
July	230,384	\$3.57	\$ 822,471	232,159	\$0.80	\$ 185,727	232,159	\$1.86	\$ 431,816	\$ 617,543
August	202,815	\$3.57	\$ 724,050	212,948	\$0.80	\$ 170,358	212,947	\$1.86	\$ 396,081	\$ 566,439
September	191,407	\$3.57	\$ 683,323	194,323	\$0.80	\$ 155,458	194,322	\$1.86	\$ 361,439	\$ 516,897
October	159,817	\$3.57	\$ 570,547	170,216	\$0.80	\$ 136,173	170,216	\$1.86	\$ 316,602	\$ 452,775
November	173,222	\$3.57	\$ 618,403	182,689	\$0.80	\$ 146,151	182,689	\$1.86	\$ 339,802	\$ 485,953
December	179,529	\$3.57	\$ 640,919	197,854	\$0.80	\$ 158,283	197,854	\$1.86	\$ 368,008	\$ 526,291
<b>Total</b>	<b>2,231,334</b>	<b>\$ 3.57</b>	<b>\$ 7,965,864</b>	<b>2,367,276</b>	<b>\$ 0.80</b>	<b>\$ 1,893,821</b>	<b>2,367,276</b>	<b>\$ 1.86</b>	<b>\$ 4,403,134</b>	<b>\$ 6,296,955</b>

Hydro One	Network			Line Connection			Transformation Connection			Total Line
Month	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January	115	\$2.65	\$ 304	111	\$0.64	\$ 71	111	\$1.50	\$ 166	\$ 237
February	115	\$2.65	\$ 304	111	\$0.64	\$ 71	111	\$1.50	\$ 166	\$ 237
March	115	\$2.65	\$ 304	111	\$0.64	\$ 71	111	\$1.50	\$ 166	\$ 237
April	115	\$2.65	\$ 304	111	\$0.64	\$ 71	111	\$1.50	\$ 166	\$ 237
May	115	\$2.65	\$ 304	111	\$0.64	\$ 71	111	\$1.50	\$ 166	\$ 237
June	115	\$2.65	\$ 304	111	\$0.64	\$ 71	111	\$1.50	\$ 166	\$ 237
July	115	\$2.65	\$ 304	111	\$0.64	\$ 71	111	\$1.50	\$ 166	\$ 237
August	115	\$2.65	\$ 304	111	\$0.64	\$ 71	111	\$1.50	\$ 166	\$ 237
September	115	\$2.65	\$ 304	111	\$0.64	\$ 71	111	\$1.50	\$ 166	\$ 237
October	115	\$2.65	\$ 304	111	\$0.64	\$ 71	111	\$1.50	\$ 166	\$ 237
November	115	\$2.65	\$ 304	111	\$0.64	\$ 71	111	\$1.50	\$ 166	\$ 237
December	115	\$2.65	\$ 304	111	\$0.64	\$ 71	111	\$1.50	\$ 166	\$ 237
<b>Total</b>	<b>1,375</b>	<b>\$ 2.65</b>	<b>\$ 3,643</b>	<b>1,337</b>	<b>\$ 0.64</b>	<b>\$ 856</b>	<b>1,329</b>	<b>\$ 1.50</b>	<b>\$ 1,993</b>	<b>\$ 2,849</b>

- 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.

## 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.

## Smart Metering Entity Charge ("SMEC")

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

<b>RESIDENTIAL Service Classification</b>	
<b>MONTHLY RATES AND CHARGES - Delivery Component (If applicable, Effective Date MUST be included in rate description)</b>	
Service Charge	\$ 8.34
Rate Rider for Disposition of Residual Historical Smart Meter Costs - 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
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh 0.0057
<b>GENERAL SERVICE LESS THAN 50 KW Service Classification</b>	
<b>MONTHLY RATES AND CHARGES - Delivery Component (If applicable, Effective Date MUST be included in rate description)</b>	
Service Charge	\$ 8.25
Rate Rider for Disposition of Residual Historical Smart Meter Costs - effective until December 31, 2015	\$ 0.43
Rate Rider for Recovery of Stranded Meter Assets - effective until December 31, 2015	\$ 2.49
Distribution Volumetric Rate	\$/kWh 0.0167
Rate Rider for Disposition of Deferral/Variance Accounts (2012) - effective until December 31, 2015	\$/kWh 0.0003
Rate Rider for Recovery of Lost Revenue Adjustment Mechanism (LRAM) (2013) - effective until December 31, 2013	\$/kWh 0.0011
Retail Transmission Rate - Network Service Rate	\$/kWh 0.0066
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh 0.0052

Board staff notes that the Board's Decision (EB-2012-0211)<sup>1</sup> 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

<sup>1</sup> [http://www.ontarioenergyboard.ca/OEB/Documents/EB-2012-0100/dec\\_order\\_IESO-SME\\_20130328.pdf](http://www.ontarioenergyboard.ca/OEB/Documents/EB-2012-0100/dec_order_IESO-SME_20130328.pdf)

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	Residential	Customer	kWh	8.25	0.0117	
GSL750	General Service Less Than 50 kW	Customer	kWh	8.16	0.0165	
GSGT50	General Service 50 to 999 kW	Customer	kW	42.02		3.6141
GSGT50	General Service 1,000 to 4,999 kW	Customer	kW	1,190.07		2.5254
LU	Large Use	Customer	kW	8,057.37		2.0002
USL	Unmetered Scattered Load	Connection	kWh	3.25	0.0133	
Sen	Sentinel Lighting	Connection	kW	4.22		6.0512
SL	Street Lighting	Connection	kW	1.14		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.

**OPUCN Response:**

- a) The prior year's rates and charges were entered in error. The correct data is provided 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	Residential	Customer	kWh		8.34	0.0118	
GSLT50	General Service Less Than 50 kW	Customer	kWh		8.25	0.0167	
GSGT50	General Service 50 to 999 kW	Customer	kW		42.47		3.6531
GSGT50	General Service 1,000 to 4,999 kW	Customer	kW		1,202.92		2.5527
LU	Large Use	Customer	kW		8,144.39		2.0218
USL	Unmetered Scattered Load	Connection	kWh		3.29	0.0134	
Sen	Sentinel Lighting	Connection	kW		4.27		6.1166
SL	Street Lighting	Connection	kW		1.15		17.8279

- b) Please make the necessary corrections to the model.

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

<b>Summary - Sharing of Tax Change Forecast Amounts</b>		
For the 16 August 2013 year, enter any Tax Credits from the Cost of Service Tax Calculation (Positive 56000		
<b>1. Tax Related Amounts Forecast from Capital Tax Rate Changes</b>	<b>2012</b>	<b>2014</b>
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)	\$ -	\$ -
<b>2. Tax Related Amounts Forecast from Income Tax Rate Changes</b>	<b>2012</b>	<b>2014</b>
Regulatory Taxable Income	\$ 1,288,510	\$ 1,288,510
Corporate Tax Rate	23.63%	23.78%
Tax Impact	\$ 248,484	\$ 250,455
<b>Grossed-up Tax Amount</b>	<b>\$ 325,371</b>	<b>\$ 328,611</b>
Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ -	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 325,371	\$ 328,611
<b>Total Tax Related Amounts</b>	<b>\$ 325,371</b>	<b>\$ 328,611</b>

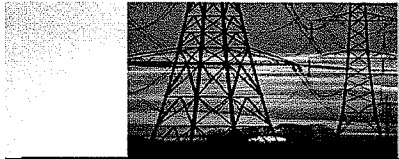
- a) Board staff has been unable to confirm the amount entered in for "Regulatory Taxable Income", "Corporate Tax Rate" and "Tax Impact" with the Board approved amount from Oshawa PUC's 2012 cost of service revenue requirement Work Form (EB-2011-0073). Please provide evidence supporting this amount.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

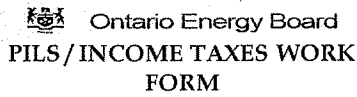
**OPUCN Response:**

- 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% 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.







**Oshawa PUC Networks Inc.**  
**PILs Tax Provision - Test Year**

<b>Regulatory Taxable Income</b>				\$ 1,288,510	A
<b>Ontario Income Taxes</b>					
<i>Income tax payable</i>	Ontario Income Tax	11.25%	B	\$ 144,957	C = A * B
<i>Small business credit</i>	Ontario Small Business Threshold	\$ 500,000	D		
	Rate reduction	-6.75%	E	-\$ 33,750	F = D * E
<b>Ontario Income tax</b>				\$ 111,207	J = C + F
<b>Combined Tax Rate and PILs</b>					
	Effective Ontario Tax Rate	8.63%	K = J / A		
	Federal tax rate	15.00%	L		
	Combined tax rate			23.63%	M = L + L
<b>Total Income Taxes</b>				\$ 304,484	N = A * M
<i>Investment Tax Credits</i>					O
<i>Miscellaneous Tax Credits</i>				\$ 56,000	P
<b>Total Tax Credits</b>				\$ 56,000	Q = O + P
<b>Corporate PILs/Income Tax Provision for Test Year</b>				\$ 248,484	R = N - Q
<b>Corporate PILs/Income Tax Provision Gross Up <sup>1</sup></b>				76.37%	S = 1 - M
				\$ 76,888	T = R / S - N
<b>Income Tax (grossed-up)</b>				\$ 325,371	U = R + T

Note:

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