

**Ontario Energy Board**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*,  
S.O. 1998, c. 15, (Schedule B);

**AND IN THE MATTER OF** an application by Orangeville  
Hydro Limited for an order approving just and reasonable rates  
and other charges for electricity distribution to be effective  
May 1, 2014.

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**INTERROGATORIES OF  
ENERGY PROBE RESEARCH FOUNDATION  
("ENERGY PROBE")**

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**January 15, 2014**

**ORANGEVILLE HYDRO LIMITED  
2014 RATES REBASING CASE  
EB-2013-0160**

**ENERGY PROBE RESEARCH FOUNDATION  
INTERROGATORIES**

**1. Foundation**

**1.1 Does the planning (regional, infrastructure investment, asset management etc.) undertaken by the applicant and outlined in the application support the appropriate management of the applicant's assets?**

**1.1-Energy Probe-1**

**Ref: Exhibit 2, Tab 5, Schedule 5**

- a) The capital expenditures (net of contributions) appear to be significantly lower in 2015 through 2018 (Table 28) than the levels recorded in 2010 through 2013. Please explain.
- b) What is the source of the 5% annual escalator used to increase the operating and maintenance expenses between 2014 and 2018 shown in Tables 29 and 30?

**1.2 Are the customer engagement activities undertaken by the applicant commensurate with the approvals requested in the application?**

**1.2-Energy Probe-2**

**Ref: Exhibit 1, Tab 2, Schedule 1**

- a) Please provide the dates of and any notes from meetings between the shareholders and residential ratepayers in each of 2012 and 2013.
- b) Please provide the dates of and any notes from meetings between the shareholders and non-residential ratepayers in each of 2012 and 2013.
- c) What feedback did the shareholders receive from residential customers in terms of capital budgets, OM&A budgets, etc.?
- d) What feedback did the shareholders receive from non-residential customers in terms of capital budgets, OM&A budgets, etc.?

## **1.2-Energy Probe-2**

**Ref: Exhibit 1, Tab 2, Schedule 1**

- a) Please provide the dates of and any notes from meetings between the distributor and residential ratepayers in each of 2012 and 2013.**
- b) Please provide the dates of and any notes from meetings between the distributor and non-residential ratepayers in each of 2012 and 2013.**
- c) What feedback did the distributor receive from residential customers in terms of capital budgets, OM&A budgets, etc.?**
- d) What feedback did the distributor receive from non-residential customers in terms of capital budgets, OM&A budgets, etc.?**

## **2. Performance Measures**

**2.1 Does the applicant's performance in the areas of: (1) delivering on Board-approved plans from its most recent cost of service decision; (2) reliability performance; (3) service quality, and (4) efficiency benchmarking, support the application?**

### **2.1-Energy Probe-4**

**Ref: Most Recent Cost of Service Decision**

- a) Please provide a list of all Board-approved plans from the most recent cost of service decision.**
- b) Please provide the evidence references in the current application that illustrates that the distributor is delivering on these approved plans.**

### **2.1-Energy Probe-5**

**Ref: All Exhibits**

- a) Please provide the references to any performance efficiency benchmarking undertaken by the distributor.**
- b) Has the distributor considered benchmarking in relation to other distributors and/or to its own past historical performance? Please indicate where in the evidence this information has been provided for capital expenditures and OM&A expenses.**

## **2.1-Energy Probe-6**

**Ref: Exhibit 2, Tab 1, Schedule 2**

- a) Please provide more details on the reduction in capital expenditures of \$573,017 from the Board approved level, including a breakdown of this amount into the projects noted on page 1.**
- b) Please provide the amount of approved capital expenditures in 2010 that were carried forward to 2011.**

## **3. Customer Focus**

### **3.1 Are the applicant's proposed capital expenditures and operating expenses appropriately reflective of customer feedback and preferences?**

#### **3.1-Energy Probe-7**

**Ref: Exhibit 1, Tab 2, Schedule 1**

- a) Please provide all customer feedback and preferences received from residential customers with respect to capital expenditures in the bridge and test years.**
- b) Please provide all customer feedback and preferences received from non-residential customers with respect to capital expenditures in the bridge and test years.**
- c) Please provide all customer feedback and preferences received from residential customers with respect to OM&A expenses in the bridge and test years.**
- d) Please provide all customer feedback and preferences received from non-residential customers with respect to OM&A expenses in the bridge and test years.**
- e) Did the distributor ask customers (residential or non-residential) for feedback and preferences on employee compensation, including, but not limited to salary levels, salary increases, benefits and pensions? If yes, please provide the feedback received.**

#### **4. Operational Effectiveness**

##### **4.1 Does the applicant's distribution system plan appropriately support continuous improvement in productivity, the attainment of system reliability and quality objectives, and the level of associated revenue requirement requested by the applicant?**

##### **4.1-Energy Probe-8**

**Ref: Exhibit 2, Tab 5, Schedule 5**

- a) Does the distributor agree that system reliability has to be attained, or does it have to be maintained? Please explain fully.**
- b) How has the distributor determined that its distribution system plan will result in continuous improvement in productivity? Please explain fully.**
- c) Does the distributor believe that its current level of system reliability and quality objectives need to be improved or that they are already high and need to be maintained?**
- d) What component or percentage of the associated revenue requirement does the distributor believe is directly related to the continuous improvement in productivity, the attainment of system reliability and quality objectives?**

##### **4.2 Are the applicant's proposed OM&A expenses clearly driven by appropriate objectives and do they show continuous improvement in cost performance?**

##### **4.2-Energy Probe-9**

**Ref: Exhibit 4, Tab 2, Schedule 1**

**Please explain how the changes shown in Appendix2-L for each of the following illustrates continuous improvement in cost performance between actual 2010 and forecast 2014:**

- a) OM&A cost per customer;**
- b) customers per FTE; and**
- c) OM&A cost per FTE.**

#### **4.2-Energy Probe-10**

**Ref: Exhibit 4, Tab 4, Schedule 1**

- a) Please provide the actual amount of bonus or incentive payments made in each of 2010 through 2012, along with the forecast for 2013 and 2014 included in Appendix 2-K.**
- b) Please provide the total potential amount of bonus or incentive payments that were available in each of 2010 through 2012, along with the forecast for 2013 and 2014.**
- c) Based on the response to parts (a) and (b) above please provide a table that shows the ratio of actual to potential bonus or incentive payments for each of 2010 through 2014.**

#### **4.2-Energy Probe-11**

**Ref: Exhibit 4, Tab 4, Schedules 1 & 3**

- a) Are the premiums paid by the distributor to OMERS equal to the employee contributions to OMERS? If not, please provide a table, similar to Table 4.2 that shows the distributors contributions to OMERS in one line and the contribution of all employees in aggregate to OMERS in a separate line.**
- b) Have there been any changes in post-retirement benefits since the 2010 cost of service application? If yes, please provide details, including any change in costs.**
- c) Have there been any changes in the benefits provided to employees since the 2010 cost of service application? If yes, please provide details, including any change in costs.**

#### **4.2-Energy Probe-12**

**Ref: Exhibit 4, Tab 1, Schedule 1**

**The current collective agreement expired on September 30, 2013. Has a new collective agreement been reached? If yes, please provide details and compare the new agreement with the forecast assumptions used in forecasting the 2014 wages, salaries and benefit costs.**

#### **4.2-Energy Probe-13**

**Ref: Exhibit 4, Tab 1, Schedule 1**

- a) What inflation rate did OHL use for the general OM&A expenses?**
- b) What is the dollar impact in 2014 of the 3% assumption used for union wages?**
- c) What CPI assumption did OHL use for the 2013 and 2014 forecast of management increases?**
- d) What is the corresponding dollar impact in each of 2013 and 2014 of the CPI forecasts used in (c) above?**
- e) When did the Board of Directors approve the forecasts included in the cost of service application?**
- f) When is the upcoming retirement, noted on page 2 at line 22, expected to occur?**

#### **4.2-Energy Probe-14**

**Ref: Exhibit 4, Tab 1, Schedule 1**

- a) In addition to the meter reading and billing cost changes associated with smart meters, what are the operations and maintenance costs changes associated with the smart meters between 2010 and 2014? Please provide a table similar to Table 4.1 that shows the operations and maintenance costs changes due to smart meters.**
- b) Prior to the beginning of the changeover to smart meters, what was the average annual cost associated with the repair, operation and maintenance of meters?**

#### **4.2-Energy Probe-15**

**Ref: Exhibit 4, Tab 2, Schedule 1**

- a) Please update Appendix 2-JA to reflect the most recent year-to-date information in 2013 available along with a forecast for the remaining months in 2013, if necessary.**

- b) Please provide a table in the same level of detail as shown in Appendix 2-JA that shows the most recent year-to-date actuals for 2013 as are currently available, along with the corresponding figures for the same period in 2012.

#### **4.2-Energy Probe-16**

**Ref:** Exhibit 4, Tab 2, Schedule 3 &  
Exhibit 4, Tab 2, Schedule 1

- a) Are the one-time costs for 2013 shown in Appendix 2-M that total \$21,317 included in the 2013 forecast of costs shown in Appendix 2-JA?
- b) If the response to part (a) is yes, why isn't this double counting of this component of the one-time cost in 2013 and one-fifth of it in 2014?
- c) Please reconcile the figures in Appendix 2-M (One Time Costs) and the 5 year amortization of the costs with the figures shown in the 2014 column of Appendix 2-M (Regulatory Cost Schedule) for each of the costs shown in the One Time Costs table.

#### **4.2-Energy Probe-17**

**Ref:** Exhibit 4, Tab 3, Schedule 2

The evidence on pages 5-6 indicate that some of the 2012 increase in smart meter related costs were the result of the transfer of account 1556 balances to the appropriate OM&A accounts.

- a) Please confirm that this transfer was the result of the Board's decision in the smart meter disposition application in EB-2012-0039.
- b) Please provide the amount transferred from account 1556 to the OM&A accounts in 2012.
- c) Please disaggregate the amount in part (b) into the amount incurred in each of 2009, 2010, 2011 and 2012.



#### **4.2-Energy Probe-18**

Ref: Exhibit 4, Tab 3, Schedule 1, page 8

The evidence indicates that the distributor bills all customers monthly and issues approximately 140,000 bills annually. Please provide the average number of customers (not connections) by rate class in each of 2012, 2013 and 2014, based on the most recent information available for 2013.

**4.3 Are the applicant's proposed operating and capital expenditures appropriately paced and prioritized to result in reasonable rate increases for customers, or is any additional rate mitigation required?**

#### **5. Public Policy Responsiveness**

**5.1 Do the applicant's proposals meet the obligations mandated by government in areas such as renewable energy and smart meters and any other government mandated obligations?**

##### **5.1-Energy Probe-19**

Ref: Current Application

- a) Please provide a list of the obligations mandated by government in 2010 through to the current time.
- b) For each of the obligations noted in (a) above, please explain how the distributor has met those obligations.

#### **6. Financial Performance**

**6.1 Do the applicant's proposed rates allow it to meet its obligations to its customers while maintaining its financial viability?**

##### **6.1-Energy Probe-20**

Ref: Exhibit 1, Tab 5, Schedule 1

Please confirm that line 35 on page 2 should refer to May 1, 2014 rather than May 1, 2013.

**6.2 Has the applicant adequately demonstrated that the savings resulting from its operational effectiveness initiatives are sustainable?**

**6.2-Energy Probe-21**

**Ref: Exhibits 1, 2 & 4**

- a) Please describe, with references to the evidence, the operational effectiveness initiatives that the distributor has or is planning to undertake.**
- b) Please show how these initiatives have, or will result in savings to ratepayers.**
- c) Please explain how the savings identified in part (b) above are sustainable.**

**7. Revenue Requirement**

**7.1 Is the proposed Test year rate base including the working capital allowance reasonable?**

**7.1-Energy Probe-22**

**Ref: Exhibit 2, Tab 2, Schedule 3 &  
Exhibit 2, Tab 1, Schedule 1**

- a) Please explain why the additions shown for 2013 in both old CGAAP and new CGAAP are both \$1,562,109. In particular, because of the capitalization changes implemented effective January 1, 2013 (Exhibit 2, Tab 1, Schedule 1, page 1), please explain how the additions under the two versions of CGAAP can be identical.**
- b) How many months of actual data are reflected in the 2013 continuity schedules?**
- c) Please provide updated continuity schedules for 2012 in both old CGAAP and new CGAAP that reflect the most recent year-to-date information available for 2013, along with, if necessary, the estimate for the remainder of 2013.**
- d) Please provide a revised continuity schedule for 2014 based on the response to part (c) above.**
- e) Please provide details on the disposal of land in 2012 in the amount of \$270,589.**

- f) Please explain the disposals associated with accumulated depreciation in 2014 where there is no corresponding disposal of asset costs.

#### **7.1-Energy Probe-23**

**Ref:** Exhibit 2, Tab 2, Schedule 1

The continuity schedule for 2014 shows a reduction in the additions to accumulated depreciation of approximately \$72,000 for a number of line items. Please provide a breakdown of how much of this amount has been capitalized and how much has been expensed and included in the OM&A forecast.

#### **7.1-Energy Probe-24**

**Ref:** Exhibit 2, Tab 3, Schedule 1

- a) Please explain why the cost of power shown in Table 2:11 does not match the cost of power shown at the bottom of the table on page 4.
- b) Please explain why the sum of the RPP and non-RPP volumes shown in the table on page 4 do not match the volumes shown in table on the top of page 2 for the GS > 50 and streetlighting classes.

#### **7.1-Energy Probe-25**

**Ref:** Exhibit 2, Tab 3, Schedule 1

Do the OM&A costs shown in Table 2:11 include any fully allocated depreciation expense? If yes, please quantify the amount included in the OM&A forecast for 2014.

#### **7.1-Energy Probe-26**

**Ref:** Exhibit 2, Tab 3, Schedule 1

- a) Please explain how the RPP and non-RPP prices shown for 2014 in the table on page 4 have been calculated, including the source of the information used.
- b) Please update the 2014 cost of power table shown on page 4 to reflect any updates to the source of the information used, as identified in part (a) above, and show the calculations of the new figures used for the RPP and non-RPP prices.

### **7.1-Energy Probe-27**

**Ref: Exhibit 2, Tab 3, Schedule 1**

**For each of the components of the cost of power shown in the table on page 4, please indicate when OHL pays the corresponding invoices (i.e. on average how many days after the end of the month are the invoices paid).**

### **7.2 Are the proposed levels of depreciation/amortization expense appropriately reflective of the useful lives of the assets and the Board's accounting policies?**

### **7.2-Energy Probe-28**

**Ref: Exhibit 4, Tab 7, Schedule 1**

**Did OHL use the half year rule in the calculation of the depreciation expense in its last rebasing application for 2010 rates? If not, what methodology was used by OHL in that filing and decision?**

### **7.3 Are the proposed levels of taxes appropriate?**

### **7.3-Energy Probe-29**

**Ref: Exhibit 4, Tab 8, Schedule 1**

- a) Does OHL have any positions that qualify for the Ontario Co-operative Education Tax Credit?**
- b) Has OHL claimed any amounts associated with the Ontario Apprenticeship Training Tax Credit or the federal job creation tax credit associated with the apprentice lineman noted in Exhibit 4, Tab 1, Schedule 1? If not, why not?**

### **7.3-Energy Probe-30**

**Ref: Exhibit 4, Tab 8, Schedule 1, Appendix C**

- a) Please explain why OHL has included capital expenditures related to computer equipment in both 2013 and 2014 to CCA Class 10 (with a rate of 30%) rather than to CCA Class 50 (with a rate of 55%).**

- b) Please provide revised CCA schedules for 2013 and 2014 with the computer equipment added to CCA Class 50 instead of Class 10.
- c) What is the impact on the PILs payable based on the higher CCA deduction as calculated in part (b) above?

**7.4 Is the proposed allocation of shared services and corporate costs appropriate?**

**7.4-Energy Probe-31**

**Ref: Exhibit 4, Tab 5, Schedule 1**

- a) Do the labour costs include salary, wages, benefits, overtime, bonus or incentive payments, etc.?
- b) Do the vehicle costs include depreciation expenses, operating and maintenance expenses and the cost of capital associated with the assets?
- c) Do the material and contractor costs include costs associated with hiring contractors or procuring materials?
- d) Is any of the return on capital associated with the materials included in the building costs?
- e) Please confirm that the costs for the service are not recorded in OM&A accounts but rather included as offsetting costs in other revenues.
- f) Has OHL included in any costs such as depreciation, return on capital, operating and maintenance costs, etc., associated with the equipment used to read meters and process bills in the costs associated with water billing? If yes, please provide calculations showing the costs included.

**7.4-Energy Probe-32**

**Ref: Exhibit 4, Tab 2, Schedule 1**

**Appendix 2-JB shows a cost driver of \$38,400 for File Nexus costs in 2014. Please indicate the total File Nexus OM&A costs and the amount that has been allocated to the city and to other affiliates.**

**7.5 Are the proposed capital structure, rate of return on equity and short and long term debt costs appropriate?**

**7.5-Energy Probe-33**

**Ref: Exhibit 5, Tab 1, Schedule 2**

**Please update the 2014 table on page 3 to reflect the cost of capital parameters applicable to 2014 cost of service applications, as issued by the Board on November 25, 2013.**

**7.5-Energy Probe-34**

**Ref: Exhibit 5, tab 1, Schedule 1**

- a) What is the status of the new term loan of \$2,500,000 that is forecast to be available January 1, 2014?**
- b) Has OHL approached Infrastructure Ontario for either of the two new loans forecast for 2014? If not, why not?**

**7.6 Is the proposed forecast of other revenues including those from specific service charges appropriate?**

**7.6-Energy Probe-35**

**Ref: Exhibit 3, Tab 3, Schedule 1**

- a) Please update Appendix 2-H to reflect the most recent year-to-date actuals for 2013 along with a forecast for the remainder of the year.**
- b) Please provide the most recent year-to-date figures for 2013 in the same level of detail as shown in Appendix 2-H. Please also provide the corresponding figures for the same period in 2012.**

**7.6-Energy Probe-36**

**Ref: Exhibit 3, Tab 3, Schedule 4**

**The evidence states that OHL collected additional revenues from the Towns to pay for their portion of the capital investment of the new Harris CIS system in 2009 and for the File Nexus system purchase in 2012.**

- a) Does this mean that only the portion of these capital expenditures are included in the regulated rate base of OHL, given that the Towns paid for their portion of the capital investments? If not, please explain how the accounting was done from both an asset and revenue perspective.
- b) If all of the capital investments associated with these types of projects have been included in the regulated rate base, please provide the average net book value of these assets in the 2014 test year.
- c) What proportion of these assets was allocated to the Towns for each of these assets?

**7.7 Has the proposed revenue requirement been accurately determined from the operating, depreciation and tax (PILs) expenses and return on capital, less other revenues?**

**7.7-Energy Probe-37**

**Ref: Exhibit 6**

- a) Please update Table 6.1 and the RRWF found in Appendix 6A to reflect any changes or corrections resulting from the interrogatory responses, as well as the updated cost of capital parameters applicable to 2014 cost of service applications as issued by the Board on November 25, 2013.
- b) Please provide a tracking sheet showing the changes and/or corrections made to the revenue deficiency/sufficiency calculation as noted in part (a) above. For each change, please provide a reference to the associated interrogatory response that results in the change.

**7.7-Energy Probe-38**

**Ref: Exhibit 6, Tab 1, Schedule 1**

**Please confirm that the reference to the 2013 Test Year on line 4 of page 1 should be to the 2014 Test Year.**

## **8. Load Forecast, Cost Allocation and Rate Design**

### **8.1 Is the proposed load forecast, including billing determinants an appropriate reflection of the energy and demand requirements of the applicant?**

#### **8.1-Energy Probe-39**

**Ref: Exhibit 3, Tab 1, Schedule 2**

- a) How many months of actual data are included in Table 3-27?**
- b) Please update Table 3-27 to reflect the most recent year-to-date information available for 2013 along with a forecast for the remaining months.**
- c) Are the customer/connections shown year-end figures or averages for the year or mid-year figures?**

#### **8.1-Energy Probe-40**

**Ref: Exhibit 3, Tab 2, Schedule 2**

- a) Please provide the number of customers in the same level of detail as shown in Table 3-3, but based on the average number of customers where the average is calculated as the average number of customers in each month.**
- b) Please confirm that the average use figures shown in Table 3.4 are based on total consumption and mid-year customers/connections.**
- c) Please provide a revised Table 3-4 that reflects total consumption divided by the average number of customers as calculated in part (a) above.**

#### **8.1-Energy Probe-41**

**Ref: Exhibit 3, Tab 2, Schedule 3**

- a) On page 2, a number of variables are said to be included in the multifactor regression model including population and an Intermediate class flag weather (page 2, lines 18-21), whereas the table on page 3 does not include these variables. Please reconcile.**
- b) The variables noted on page 2 and shown in the table on the top of page 3 are also not consistent with the variables included in Table 3-5. Please reconcile and provided corrected tables as necessary.**



### **8.1-Energy Probe-42**

**Ref: Exhibit 3, Tab 2, Schedule 3**

- a) What is the mean absolute percent error ("MAPE) based on the annual percentages shown in Table 3-6?**
- b) Please re-estimate the equation with the following two changes. First, add a trend variable that has a value of 1 in the first month and grows by 1 in each subsequent month. Second, split the spring fall variable into a spring variable and a fall variable. Please provide the regression coefficients (page 3), statistics (Table 3-5) and the resulting forecasts (Table 3-6).**
- c) What is the MAPE associated with the equation estimated in part (b)?**
- d) Based on the 2014 forecast that results from the equation requested in (b), and the methodology used by OHL to forecast billed kWh and kW, what is the impact on the revenue forecast based on existing rates (i.e. comparable to the \$5,045,019 in the RRWF).**

### **8.1-Energy Probe-43**

**Ref: Exhibit 3, Tab 2, Schedule 3**

- a) Please provide the average loss factor for 2003 through 2012 that would have been used had OHL included the 2003 figure in the calculation.**
- b) Does the exclusion of the 2003 loss factor, while using the 2003 actual purchases, bias the forecast downwards because the higher loss factor applied to the 2003 volumes results in a lower billed amount than actually took place in 2003?**

### **8.1-Energy Probe-44**

**Ref: Exhibit 3, Tab 2, Schedule 3**

- a) Please update Table 3-7 to include the mid-year number of customers/connections by rate class for 2013.**
- b) Did OHL reduce the actual energy purchases to reflect the loss of Plastiflex in its power purchases forecast? If not, how has OHL reflected the loss of this customer in the kWh and kW forecast?**

### **8.1-Energy Probe-45**

**Ref: Exhibit 3, Tab 2, Schedules 4 & 5**

**It appears that the total CDM adjustment made to the 2014 billed kWhs is 3,810,000 as shown in Table 3.29. In Appendix 2-I this figure includes 100% of the 2011 amount used for CDM, 50% of the 2012 amount, 100% of the 2013 amount and 50% of the 2014 amount. Given that the historical data used in the regression analysis included 2011 data, please explain why any 2011 adjustment should be included in the CDM adjustment proposed.**

### **8.2 Is the proposed cost allocation methodology including the revenue-to-cost ratios appropriate?**

### **8.2-Energy Probe-46**

**Ref: Exhibit 8, Tab 1, Schedule 3**

**Table 7.7 shows a column labelled "2014 Updated Cost Allocation Study", but the immediately preceding paragraph references an updated 2013 cost allocation study (line 7). Please confirm that Table 7.7 includes the 2014 updated cost allocation study results and not the 2013 updated cost allocation study.**

### **8.2-Energy Probe-47**

**Ref: Exhibit 8, Tab 1, Schedule 3**

**All of the revenue to cost ratios shown in the 2014 updated cost allocation study shown in Table 7.7 are within the Board's approved ranges.**

- a) Please explain why OHL believes it is appropriate to adjust the ratios of any of the classes given that they are all within the approved ranges.**
- b) Please explain why OHL is proposing to increase the revenue to cost ratio for the residential class, which is already about 100%, while at the same time reducing the ratio for the GS<50 and USL classes, which are also over the 100% level.**
- c) Please explain why OHL is proposing to reduce the street lighting ratio even though it is already below 100%.**
- d) Doesn't the overall OHL proposal actually increase the level of cross-subsidization from the residential class?**

## **8.2-Energy Probe-48**

**Ref: Exhibit 7, Tab 1, Schedule 3 &  
Exhibit 8, Tab 6, Schedule 1**

**Please provide the bill impacts shown in Appendix C to Exhibit 8, Tab 6, Schedule 1 under each of the following 2 scenarios. For each scenario, please keep the proposed fixed/variable revenue proportions unchanged, as proposed by OHL.**

- a) Using the revenue to cost ratios that are shown in Table 7.7 under the "2014 Updated Cost Allocation Study" column, with no adjustments; and**
- b) Using revenue to cost ratios that are equal to 100% for all rate classes.**

**8.3 Is the proposed rate design including the class-specific fixed and variable splits and any applicant-specific rate classes appropriate?**

**8.4 Are the proposed Total Loss Adjustment Factors appropriate for the distributor's system and a reasonable proxy for the expected losses?**

**8.5 Is the proposed forecast of other regulated rates and charges including the proposed Retail Transmission Service Rates appropriate?**

**8.6 Is the proposed Tariff of Rates and Charges an accurate representation of the application, subject to the Board's findings on the application?**

## **9. Accounting**

**9.1 Are the proposed deferral accounts, both new and existing, account balances, allocation methodology, disposition periods and related rate riders appropriate?**

## **9.1-Energy Probe-49**

**Ref: Exhibit 1, Tab 1, Schedule 10 &  
Exhibit 1, Tab 5, Schedule 2**

**OHL proposes a 2 year recovery period for the stranded meter costs in Exhibit 1, Tab 1, Schedule 10. OHL proposes a 1 year recovery period for the stranded meter costs in Exhibit 1, Tab 5, Schedule 2 (page 2). Please reconcile.**

### **9.1-Energy Probe-50**

**Ref: Exhibit 9, Tab 2, Schedule 4**

- a) Please explain why OHL has used 2010 test year data to allocate costs and calculate rate riders.**
- b) Please update all the tables in this schedule to reflect the allocation of costs and the calculation of the rate riders based on the 2014 test year data.**

### **9.1-Energy Probe-51**

**Ref: Exhibit 9, Tab 3, Schedule 1**

- a) Has OHL sold the property in questions as of the current time? If yes, please provide details.**
- b) Based on the continuity schedule for 2012, it appears that OHL has reduced rate base by the net cost of \$270,589. Please confirm that this is correct.**
- c) What has OHL done for financial reporting purposes related to these expenses incurred to remediate the site?**
- d) Did OHL investigate any other uses for the property, such as storage for its own use, that would have involved lower mitigation costs?**
- e) What are the tax implications in the test year if the Board allows recovery of these expenses? Has OHL claimed tax reductions associated with the remediation expenses in 2013 or previous years? If yes, please quantify the reductions and the tax savings.**
- f) Who was the previous owner of the property? Was the previous owner related in any way to OHL or the city?**

### **9.1-Energy Probe-52**

**Ref: Exhibit 9, Tab 4, Schedule 1**

- a) What did OHL do with the stranded meters? In particular, were any sold for use, or sold as scrap?**
- b) If yes to either, please indicate where the proceeds were recorded and the year this took place.**

**9.2 Have all impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified, and is the treatment of each of these impacts appropriate?**

**9.2-Energy Probe-53**

**Ref: Exhibit 9, Tab 5, Schedule 1**

**Please explain why the additions to gross assets are the same under both old and new CGAAP in both 2012 and 2013. In particular, why hasn't the change in capitalization implemented for January 1, 2013 resulted in different additions in the bridge year?**