EB-2013-0116

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 Cambridge and North Dumfries Hydro Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2014.

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

January 27, 2014

CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.
2014 RATES REBASING CASE
EB-2013-0116

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 4, Appendix 4-4

The actual 2010 OM&A expenses were about $450,000 below the Board approved level. Three programs account for almost $400,000 of the variance: $175,000 for overhead maintenance; $106,000 for tree trimming maintenance; and $106,000 for meter expense.

a) **Please explain, for each of the three programs, why the 2010 expenditures were significantly below the Board approved figures.**

b) **Please explain why for each of these three categories, the 2014 test year forecast is significantly higher than they have been in most of the preceding years.**

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

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-2

Ref: Exhibit 1, Tab 4, Schedule 1

As shown in Table 1-6, the actual net book value and average net book value for 2010 on an actual basis was significantly below the Board approved figure.

a) Please explain the significant variances in gross fixed assets and accumulated depreciation that accounts for this difference. In particular, please show the Board approved 2010 capital expenditures forecast to be closed to rate base in 2010 as compared to the actual capital expenditures closed to rate base in 2010 and explain any differences. Please separate out the impact due to the removal of stranded meters.

b) Please provide the year end net book value for 2009 as was forecast for the bridge year in the last cost of service application for 2010 rates. Please also provide the actual year end net book value for 2009. Please explain any significant differences.

2.1-Energy Probe-3

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-4

Ref: Exhibit 4, Tab 2, Schedule 1 &
EB-2009-0260 Decision

Please explain what steps and/or changes CNDHI has taken to respond to the Board Decision in EB-2009-0260 at paragraphs 75 through 77 of the Decision:

"The Board recognizes that the termination of the service agreements does not mean that all costs can be avoided. Postage, paper and envelope costs are largely unchanged, whether billing covers both electricity, and water and sewer, or is only done for electricity. However, the Board does not agree with the Applicant's proposed normalization, which assumes that the water and sewer billing revenues are solely a subsidization of fixed costs which remain invariant. The Board considers that at least some capacity in its billing system and in its workforce, was used to provide the water and sewer billing. In other words, there were costs to provide water and sewer billing under service agreements to the municipalities that will not be necessary to provide electricity distribution services. The Board finds that such costs should not be recovered from electricity ratepayers.

The Board accepts Board staff's submission that these are operating costs. They are not fixed or "sunk" as is the case with an investment in a capital asset, like poles, wires and transformers, which can often not be readily redeployed or salvaged. The Board also agrees with Board staff that, while the utility may not be able to fully offset any under-recovery by cost reductions immediately, it should be able to do so over time.

Accepting that some costs, such as for postage and envelopes, will remain, the Board accepts CND's concerns over Board staff's proposal. In the absence of specific evidence on the quantum of these costs, the Board will adopt a variation of the Board staff proposal, whereby $44,000 (10% of the annual amount of $440,000) represents recovery of unavoidable and invariant costs. The Board accepts Board staff's proposal that the remainder should be reduced over the four year period, and the cumulative adjustment to Other Revenues "normalized" for recovery in 2010 and the subsequent IRM period. The derivation of this is shown in the following table:

	Q1	Q2	Q3	Q4	Annual
2010				-$110,000	-$110,000
2011	-$85,250	-$85,250	-$85,250	-$85,250	-$341,000
2012	-$60,500	-$60,500	-$60,500	-$60,500	-$242,000
2013	-$35,750	-$35,750	-$35,750	-$35,750	-$143,000

Total (2010-2013)	-$836,000
Amortized over four years	-$209,000

The Board will thus allow a reduction to Revenue Offsets of $209,000 for determining 2010 distribution rates."

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-5

Ref: Exhibit 1, Tab 5, Schedule 2

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-6

Ref: Exhibit 1, Tab 4, Schedule 1

a) What was the stretch factor applicable to CNDHI in each of 2011, 2012 and 2013?

b) What stretch factor has been assigned to CNDHI for 2014?

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-7

Ref: Exhibit 4, Tab 2, Schedule 1

a) Please explain why the changes in accounting estimates which took place in 2012 has incremental impacts between 2012 and 2013 and between 2013 and 2014, when no accounting changes took place between those years.

b) Please confirm that in the 2014 test year, the impact of the accounting change is an increase of $1,348,363 from what the OM&A figures would have been under old CGAAP. If this cannot be confirmed, please indicate the difference.

c) The effect of the smart meter decision shows an increase of $1,325,414 in 2014. Please break down this amount into the amounts actually incurred in each of 2012 and the previous years in which the expenses were incurred.

4.2-Energy Probe-8

Ref: Exhibit 4, Tab 2, Schedule 1

a) **Please confirm that Table 4-4 does not take into account the compounding effect of the annual increases shown in the cumulative columns.**

b) **Please provide a version of Table 4-4 that takes into account the compounding effect, but start the table with the change for 2011 rather than 2010.**

4.2-Energy Probe-9

Ref: Exhibit 4, Tab 2, Schedule 1

a) **Please provide the increase in the CPI for each of 2011 through 2013 and the forecast for 2014.**

b) **Please provide the increase in the average wages for all employees inflation measure that the Board adopted in the EB-2010-0379 Report of the Board corrected December 4, 2013 for 2011 and 2012 and the forecasts used in the report for 2013 and 2014.**

c) **What would be the impact on the 2014 wages and salaries costs if the increases in 2011 through 2014 shown in Table 4-4 were limited to the figures provided in the response to part (b) above?**

4.2-Energy Probe-10

Ref: Exhibit 4, Tab 2, Schedule 1 &
Exhibit 4, Appendix 4-4

a) **Do the figures shown in Appendix 4-4 include any FTE's where the cost associated with the positions is not included in OM&A, as explained on page 5 of Exhibit 4, Tab 2, Schedule 1?**

b) **If the response to part (a) is yes, please redo Appendix 4-4 to show only FTE's that are included in the OM&A cost figures.**

c) **Has CNDHI hired the 3 additional linesmen apprentices and the 3 SCO's noted on pages 7 and 8, respectively, of Exhibit 4, Tab 2, Schedule 1?**

d) **How many apprentices eligible for tax credits did CNDHI have at the end of 2013?**

e) **How many of the additional hires forecast for 2014 are eligible for tax credits?**

4.2-Energy Probe-11

Ref: Exhibit 4, Tab 2, Schedule 1

Do employees of CNDHI and CNDHI contribute equal amounts to OMERS? If not, please provide the relative contributions for each of 2011, 2012, 2013 and the forecast for 2014.

4.2-Energy Probe-12

Ref: Exhibit 4, Tab 2, Schedule 1

a) **What steps did CNDHI take to mitigate the impact of the loss of the water billing contract in 2011 shown in Appendix 2-JB?**

b) **Does CNDHI bill all customers monthly? If so, has CNDHI considered going to bi-monthly billing in order to reduce billing costs, especially in light of the announcement from Canada Post regarding postage rate increases? If not, why not?**

c) **When did CNDHI move all customers to monthly billing?**

d) **Table 4-3 shows an increase of more than $600,000 associated with the loss of the water billing contract in 2011. However, in the EB-2009-0260 proceeding, CNDHI expected the lost revenues due to this loss would be $440,000 per year. Please explain the additional $160,000 increase in OM&A associated with the loss of the water billing contract from what was forecast in EB-2009-0260.**

4.2-Energy Probe-13

Ref: Exhibit 4, Tab 2, Schedule 1

Please confirm that there are no costs associated with the $287,000 in regulatory costs incurred in 2013 shown in Table 4-12 included in the 2013 bridge year forecast of $14,871,399 shown in Table 4-3. If this cannot be confirmed, please indicate how much of the $287,000 is included in the 2013 total shown in Table 4-3.

<u>4.2-Energy Probe-14</u>

Ref: Exhibit 4, Tab 3, Schedule 1

Please update Table 4-17 to reflect actual data for 2013. If 2013 data is not yet available for all of 2013, please provide the most recent year-to-date figures available for 2013 in the same level of detail as shown in Table 4-17, along with the figures from the corresponding period in 2012. In providing the comparison, please exclude the smart meter decision related costs expenses in 2012 that were actually incurred in previous years.

<u>4.2-Energy Probe-15</u>

Ref: Exhibit 4, Tab 4, Schedule 1

a) For the STIP plan, please provide a table that shows the actual amount paid, the total potential amount that could have been paid and percentage of actual compared to potential for each of 2011, 2012 and 2013 (please specify if actual or forecast) and the 2014 forecast.

b) For the LTIP plan, please provide a table that shows the actual amount paid, the total potential amount that could have been paid and percentage of actual compared to potential for each of 2011, 2012 and 2013 (please specify if actual or forecast) and the 2014 forecast.

<u>4.2-Energy Probe-16</u>

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

Please update Tables 4-20 and 4-25 to reflect actual data for year-end 2013.

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

<u>5. Public Policy Responsiveness</u>

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-17

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?

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

6.2-Energy Probe-18

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 now 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-19

Ref: Exhibit 2, Tab 1, Schedule 3

Please show the derivation of the non-RPP price of $0.08817 per kWh used in Table 2-12 based on the figures found in the Regulated Price Plan Price Report dated April 5, 2013.

7.1-Energy Probe-20

Ref: Exhibit 2, Tab 1, Schedule 3

Does CNDHI have any reason to believe that its billing lag, collection lag, payment processing lag, or expense leads (for OM&A, debt payments, payments to the IESO, etc.) are any different from those of the distributors where the Board approved lead-lag studies prior to it reducing the WCA from 15% to 13%? If yes, please explain.

7.1-Energy Probe-21

Ref: Exhibit 2, Tab 2, Schedule 1

Please update Tables 2-15 and 2-16 to reflect actual data for 2013. If actual data for 2013 is not yet available, please update the tables to reflect the most recent year-to-date actual data available, along with the current estimate for any remaining months in 2013.

7.1-Energy Probe-22

Ref: Exhibit 2, Appendix 2-5 & 2-6

a) Please provide an update to Exhibit 2, Appendix 2-5 to reflect the response to the previous interrogatory related to updating 2013 to reflect actual data.

b) Please provide an update to Exhibit 2, Appendix 2-6 to reflect any changes in the test years as a result of the changes in the 2013 bridge year.

c) What is the $3.8 million in WIP shown in both appendices related to?

d) What is the $28,694 shown for assets not in use related to?

7.1-Energy Probe-23

Ref: Exhibit 2, Appendix 2-6

The depreciation expense shown in Appendix 2-6 is reduced by $233,631 for the fully allocated depreciation expense associated with transportation equipment. Please indicate how much of this is allocated to capital expenditures and how much has been included in the OM&A forecast for the test year.

7.1-Energy Probe-24

Ref: Exhibit 2, Appendix 2-10

a) Please update the capital projects table to reflect actual expenditures for 2013 or, if 2013 actual expenditures are not yet available, the latest year-to-date figures for 2013 along with an estimate for the remainder of the year.

b) Please also update the 2014 column to reflect any changes that result from the changes to 2013 as well as the most recent information available for each of the projects listed for the test year.

7.1-Energy Probe-25

Ref: Exhibit 2, Appendix 2-10

a) Please explain why the 2012 contributions and grants were only $368,000 when the subdivision capital investment by the developer was more than $850,000 alone.

b) Please provide a table for 2010 through 2014 that shows the breakdown of the contributions and grants by program, along with the corresponding total gross cost of those programs (i.e. before the reduction due to the contributions and grants).

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?

7.3 Are the proposed levels of taxes appropriate?

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

7.1-Energy Probe-26

Ref: Exhibit 1, Tab 8, Schedule 4

Please explain how the salary and benefits associated with the President and CEO are allocated between CNDHI, Energy Plus and Energy Solutions.

7.1-Energy Probe-27

Ref: Exhibit 4, Tab 5, Schedule 1

a) **Does CNDHI include any markup on the costs for the services provided to affiliates? If yes, please specify what the markup is and how it was determined.**

b) **Are any of the costs shown for 2014 in Table 4-34 included in the OM&A expenditures?**

7.1-Energy Probe-28

Ref: Exhibit 1, Appendix 1-8

Are any of the Board of Director costs associated with the affiliates shown in the corporate entities chart included in the historical, bridge year or test year OM&A figures for CNDHI? If yes, please show the amount in each year.

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

7.5-Energy Probe-29

Ref: Exhibit 5, Tab 2, Schedule 1

Please update the Table 5-1 to reflect the updated cost of capital parameters applicable to 2014 cost of service applications, as issued by the Board on November 25, 2013.

7.5-Energy Probe-30

Ref: Exhibit 5, Tab 2, Schedule 2 &
Exhibit 5, Tab 4, Schedule 1

a) **Table 5-4 in Exhibit 5, Tab 4, Schedule 1 shows the calculation of the requested long term debt rate of 4.96% and is based on the two promissory notes shown. However, the amended evidence at page 2 of Exhibit 5, Tab 2, Schedule 2 indicates that the long term debt rate is calculated based on the two promissory notes as noted above, but also the application of the Board's deemed rate to the unfunded long term debt. Please reconcile.**

b) **Table 5-2 shows that there is a forecasted amount of deemed long term debt in excess of $36 million in the test year. Given the significant amounts of capital expenditures that have taken place and are forecast to take place, please explain why CNDHI is not forecasting the addition of any incremental third party long term debt.**

c) **How will CNDHI finance the increase in rate base?**

d) **Has CNDHI had any discussions with third party lenders, such as chartered banks or Infrastructure Ontario about obtaining additional long term financing? If yes, please provide all details and correspondence related to the discussions.**

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

7.6-Energy Probe-31

Ref: Exhibit 3, Tab 4, Schedule 1

a) **Please update Table 3-30 to reflect actual data for 2013. If complete data is not yet available for all of 2013, please update the table to reflect actual year-to-date data for the most recent period available, along with an estimate for the remainder of the year.**

b) **If complete data is not yet available for all of 2013, please provide the most recent year-to-date actual data available, along with the figures for the corresponding period in 2012 in the same level of detail as found in Table 3-30.**

c) **Please provide a version of Table 3-30, if necessary, that does NOT include any OPA related revenues and expenses, or any interest debits or credits associated with deferral and variance accounts.**

7.6-Energy Probe-32

Ref: Exhibit 3, Tab 4, Schedule 1

a) **Please show how the increase in SSS administration charges shown in Table 3-31 are explained by the rise in CNDHI`s customer growth between 2013 and 2014. In particular, please show the calculation used to increase the revenue forecast in relation to the increase in the average number of customers shown in Table 3-22 in Exhibit 3, Tab 3, Schedule 2.**

b) **What is the expected value of the fully depreciated vehicles that are being replaced in 2014?**

c) **Please explain why there is no markup associated with the provision of streetlight service to the affiliate, as shown in Table 3-39.**

d) **Please show the calculation of interest income (Table 3-41) for each of 2012, 2013 and 2014 including the average cash balance and the average interest rate for the year.**

e) **Please reconcile the 2014 figure of $52,712 in Table 3-41 with the figure of $81,680 shown in Appendix 2-H in Exhibit 3, Appendix 3-3.**

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-33

Ref: Exhibit 6

a) **Please update the RRWF found in Appendix 6-1 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 those results in the change.**

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-34

Ref: Exhibit 3, Tab 3, Schedule 2

a) Please update Table 3-10 to include actual customers for 2013. If actual data is not available for all of 2013, please update based on the most recent year-to-date information available and an estimate for the remainder of 2013.

b) Please update Table 3-13 to include actual usage per customer/connection for 2013. If actual data is not available for all of 2013, please update based on the most recent year-to-date information available and an estimate for the remainder of 2013.

8.1-Energy Probe-35

Ref: Exhibit 3, Tab 3, Schedule 2

a) Please explain why the average of the kW/kWh ratios was used for those rate classes where it appears to be clear that there is a trend to higher ratios.

b) Please update Tables 3-19 and 3-20 to reflect actual data for 2013.

c) For each rate class shown in Table 3-20 please provide a regression analysis that shows whether or not there is a statistically significant trend in the kW/kWh ratios by estimating an equation for each rate class that models the kW/kWh ratio as a function of the year (trend variable). Please provide the regression statistics for each equation and provide a live Excel spreadsheet with the data used and the regressions included.

d) For each equation that has a statistically significant trend variable at the 95% level of confidence, please provide the resulting forecast from the equation for 2014.

e) Based on the forecasts from part (d) please show the change in the kW forecast for each applicable rate class and show the impact on distribution revenues based on the existing rates in place.

<u>8.1-Energy Probe-36</u>

Ref: Exhibit 3, Tab 3, Schedule 2

a) **Please confirm that the forecast for the levels of employment and unemployment in Kitchener-Waterloo-Barrie used in the purchased power model for 2013 and 2014 are simply set equal to the December, 2012 values. If this is not confirmed, please indicate how these figures have been forecast.**

b) **Please confirm that the number of days in month variable has a number of errors with respect to when February has 28 or 29 days.**

c) **Please provide a printout from Statistics Canada Table 282-0062 that has the monthly employment and unemployment variables used in the power purchased model. If necessary, please show the derivation of the unemployment figures from this source since in the Excel spreadsheet they appear to have been calculated.**

<u>8.1-Energy Probe-37</u>

Ref: Exhibit 3, Tab 3, Schedule 2

Please update the employment and unemployment figures for 2013 and keep the December, 2013 forecast as the forecast for each of the months in 2014 for these two variables. Based on this updated information, please indicate the change in the 2014 forecast of kWh and provide the impact of the change on distribution revenues at current rates using the same adjustments (loss factor, "normalizing", CDM, kW/kWh ratios, etc.) as CNDHI has used.

<u>8.1-Energy Probe-38</u>

Ref: Exhibit 3, Tab 3, Schedule 2

Please re-estimate the equation by adding the GDP variable that is included in the Excel spreadsheet, along with correcting the number of days in the month variable to reflect 29 days in February only in leap years and 28 days in all other years. Please provide a live Excel spreadsheet that shows the equation, regression statistics, etc. in the same level of detail as shown in the Excel spreadsheet originally filed.

8.1-Energy Probe-39

Ref: Exhibit 3, Tab 3, Schedule 2

a) **Based on the equation requested in the previous interrogatory, please use the live Excel spreadsheet, along with the updated actual levels for employment and unemployment levels in 2013 with the December, 2013 figure used as the forecast for each month in 2014 to forecast the kWh and kW billing determinants for 2014 using the adjustments as proposed by CNDHI for CDM, loss factor, normalization, etc. Please provide the change in distribution rates at current rates for the 2014 test year.**

b) **In providing the response to part (a) please also use actual GDP data for 2013 for the months for which it is available, and please indicate how the forecast for 2013 (if actual data for 2013 is not yet available) and for 2014 has been derived.**

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

8.2-Energy Probe-40

Ref: Exhibit 7, Tab 1, Schedule 1

a) **Please explain why the billing weighting factors for the USL and street lighting rate classes shown in Table 7-1 are less than 1.0 (i.e. less costs relative to the residential class).**

b) **The evidence indicates that CNDHI does not record costs in account 1855 (services). Where does CNDHI record costs associated with services? Do all customer classes pay the cost of their services?**

c) **Please explain why no meter capital or meter reading costs are allocated to the embedded distributor customers.**

8.2-Energy Probe-41

Ref: Exhibit 7, Tab 1, Schedule 1

a) **Please explain why CNDHI is not proposing to increase the revenue to cost ratios for the embedded distributors to, or at least, closer to 1.0.**

b) **Please confirm that the embedded distributors are being subsidized by CNDHI customers in the amount of approximately $360,000 because the revenue to cost ratios are not being increased to 1.0. If this cannot be confirmed, please indicate the level of subsidization that is occurring for both embedded distributor rates.**

c) **The evidence indicates that there is an approved direct allocation methodology for the embedded distributor rates. However, sheet O1 in the cost allocation model does not show any directly allocated costs or rate base. Please reconcile and provide details on the approved direct allocation methodology used.**

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

8.3-Energy Probe-41

Ref: Exhibit 8, Tab 1, Schedule 2

Please provide a version of Table 8-6 that reflects what the proposed fixed charges for 2014 would be if the fixed and variable revenue split was held at the levels shown in Table 8-4.

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-43

Ref: Exhibit 9, Tab 2, Schedule 1

a) **With respect to Account 2425, please explain why CNDHI believes the costs associated with the abandoned purchase and implementation charges associated SAP CIS Solution should be included in the variance account.**

b) **Please provide the account order associated with this account that was approved in the previous rebasing application.**

c) **Please show the calculation of the PILs related amount for each period shown in the letter in Appendix 9-8.**

***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-44

Ref: Exhibit 9, Tab 2, Schedule 1 &
Exhibit 9, Appendix 9-3

Please update Tables 9-9 and 9-10 and Appendix 2-ED based on the most recent year-to-date capital additions placed into service in 2013, along with the forecast for the remainder of year. If 2013 actuals are available for the entire year, please update the tables and Appendix 2-ED to reflect these figures for 2013.