

# AIRD & BERLIS LLP

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## VIA COURIER, EMAIL AND RESS

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Oshawa PUC Networks Inc. ("Oshawa PUC")  
Interrogatories of Greater Oshawa Chamber of Commerce ("GOCC")  
Board File No.: EB-2014-0101**

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We are counsel to the Intervenor, Greater Oshawa Chamber of Commerce ("GOCC"), in the above noted proceeding.

Pursuant to Procedural Order No. 1 dated March 20, 2015, please find attached the Interrogatories of GOCC for the Applicant, Oshawa PUC.

If there are any questions, please contact the undersigned.

Yours very truly,

**AIRD & BERLIS LLP**



Scott Stoll

SAS/bm

cc: Case Manager, Harold Thiessen (via email)  
Board Counsel, Jennifer Lea (via email)  
Counsel to the Applicant, Ian Mondrow (via email)  
All Parties (via email)  
GOCC, Bob Malcolmson (via email)

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**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 Oshawa PUC Networks Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective January 1, 2015 and for each following year through to December 31, 2019.

**INTERROGATORIES OF GOCC FOR THE  
APPLICANT, OSHAWA PUC**

**1.0 Administration**

1.0-GOCC-1

Oshawa PUC originally requested a January 1, 2015 effective date.

- a) Is Oshawa PUC amending its application to request a different effective date as it is now April 2015?
- b) If Oshawa PUC is not revising the effective date, please explain the basis for such a request given the late filing of the Application.
- c) Has Oshawa PUC considered the potential rate impacts on customers if it continues its request for a January 1, 2015 effective date.

1.0-GOCC-2

Exhibit 1, Tab 2, Schedule D.

- a) Did Oshawa PUC meet with any GS>50 to 999 kW customers in 2014 as part of its customer engagement process? If so, describe the concerns expressed and how the Application addresses such concerns.
- b) Did Oshawa PUC consult with any GS>50 to 999 kW customers regarding the rate increases proposed in the Application?

- c) Was there any difference between GS>50 to 999 kW customers and the responses from other rate classes? Please explain the basis for the answer.

## **2.0 Rate Base & Capital Expenditures**

### 2.0-GOCC-3

Exhibit 2, Tab A, page 7 provides a list of forecasted expected capital expenditures for each of the years from 2011 to 2015 which is higher than the actual capital expenditures provided in Table 2-3.

- a) Please provide an explanation as to why Oshawa PUC has consistently underspent on capital relative to its forecast capital spending?
- b) Does Oshawa PUC have typical annual capital spending cycle? If so, please provide a description of the typical cycle?
- c) Is Oshawa PUC still on plan for its 2015 capital expenditures?

### 2.0-GOCC-4

Exhibit 2, Tab A, page 10. Oshawa PUC has noted an increased capital expenditure program and 3.0% new customer growth.

- a) What is the impact to rate base and revenue requirement if the forecast growth rate is 2.0% rather than 3.0% for each year from 2015 to 2019? Please provide the calculation to substantiate the response.
- b) What impact would such a change have on the revenue requirement?

### 2.0-GOCC-5

Exhibit 2, Tab A, page 62. The Application makes several statements regarding the payment to HONI including the capital contribution to purchase 2 feeder breaker positions.

- a) Has Oshawa PUC committed to a capital contribution to HONI for 2015? Please provide any available details regarding the proposed capital expenditure.
- b) Please provide an update of any discussions with HONI in respect of the forecasted capital contributions during the term of the Application.

## 2.0-GOCC-6

Oshawa PUC has forecast an increase from \$17.26million to \$18.08million in working capital allowance. Table 2-13 shows OM&A per customer increasing from \$168 to \$208 per customer or 4.7%. Tables 2-17 to Table 2- 21 shows cost of power forecast for working capital allowance calculations.

- a) What sources did Oshawa PUC use for the cost of power forecast for 2015 to 2019?
- b) If customer growth is occurring at 3% why is cost of power not similarly increasing?
- c) Confirm Oshawa PUC is proposing to use actual cost of power for normalized or actual volumes of power for the period of this Application?
- d) Why does Oshawa PUC believe it can achieve 2.0% total increase and flat OM &A per customer at \$208 over the duration of the Application period when the historical increases have been double that increase?
- e) Please explain why Oshawa completed a lead/lag study showing 12.7% working capital, yet has proposed a 13.0% working capital allowance.

## 2.0-GOCC-7

Exhibit 2, Tab B, page 83, Table 37 shows that Oshawa PUC will be installing MIST meters at a rate of \$150,000 for each of 2015 and 2016 and \$125,000 for the remaining years.

- a) Please confirm this expenditure is for replacement of existing meters prior to end of life.
- b) Why did Oshawa PUC front load this capital program?
- c) Is Oshawa PUC on target for this expenditure?

## 2.0-GOCC-8

Oshawa PUC has stated there is considerable uncertainty regarding the capital relocation program resulting from municipal projects.

- a) Please confirm that the existing forecast of capital projects has not changed. If it has changed, specify which projects have changed and why.

### **3.0 Operating Revenue**

3.0-GOCC- 9

Please provide actual customer connections and energy consumption for 2014 by rate class.

3.0-GOCC-10

Customer connections for GS>50 to 999kW are increasing by 3% but the historical trend from 2009 to 2013 was a reduction in the number of customers.

- a) Please provide the basis for 3% growth in this rate class.
- b) Please provide the 2014 actual customer count for this rate class.
- c) Please provide year to date additions for this rate class.

3.0-GOCC-11

Table 3-18 shows billed energy for the GS>50 to 999kW rate class increasing by more than 3% during the application.

- a) Please advise why the average use per customer for the GS>50 to 999kW rate class is increasing while residential and GS>50kW are decreasing?
- b) Has Oshawa PUC targeted any CDM programs to the GS>50 to 999kW rate class? If so, please provide details and the intended benefits for the customers.

### **4.0 Operating Costs**

4.0-GOCC-12

Exhibit 4, pages 41, 48, 61.

- a) Does Oshawa PUC include in its labour cost forecasts the progression of employees within pay ranges? Please explain.

- b) Please explain the need for an increase in management FTEs when non-management FTEs are decreasing.
- c) Who has Oshawa PUC entered into Joint Use pole agreements with?
- d) Please explain the Unamortised 2012 Rate Application Costs of \$47,686 and the basis for recovery through this Application.
- e) Is the switch to MIST metering impacting the meter reading and billing costs? If so, please specify.

## **5.0 Cost of Capital and Capital Structure**

### 5.0-GOCC-13

Tables 5-13, 5-14, 5-15, 5-16, 5-17 indicate a 7 year debt instrument from 2012 at a rate of 3.57% and new debt of \$12.2 million in 2015 in two tranches. The first tranche is dated Mar-2015 and the second is forecasted for September 2015.

- a) Has Oshawa PUC procured the first tranche of long-term debt for 2015? If so, please provide details including a copy of the agreement. If not, when will such debt be procured?
- b) Has Oshawa PUC procured the second tranche of long-term debt for 2015? Please provide an update as to the status of the debt?
- c) Please provide a list of any sources considered by Oshawa PUC for the forecasted long-term debt rate of 4.77%?
- d) Please explain the rationale as to why Oshawa PUC used the current weighted average of rates applicable to debt funded for Oshawa PUC.
- e) What would be the impact on the revenue requirement if the forecasted long-term debt was 4.25%?
- f) Does Oshawa PUC complete a competitive process prior to awarding new long-term debt?

## **8.0 Rate Design**

8.0-GOCC- 14

Given the Board's announcement of fixed distribution charges for residential customers, does Oshawa PUC intend to move the revenue to cost ratio for the residential rate class to 100%?

8.0-GOCC-15

Table 8-2 Class Revenue Requirement. The revenue requirement for the GS>50 to 999 kW class is increasing from \$4,184,292 (2015) to \$5,557,299 (2019) which is proportionately larger increase than is to be experienced by the Residential rate.

- a) Please explain the basis for the disproportionate increase in revenue requirement for the GS>50 to 999 kW rate class.

8.0-GOCC-16

Table 8-21. Oshawa PUC has used a 5 year average loss factor ending in 2013.

- a) Please add an additional column to Table 8-21 for the year 2014.
- b) Does Oshawa PUC anticipate any performance improvement in respect of losses given the increased capital spending? Please explain

## **9.0 Deferral and Variance Accounts**

9.0-GOCC-17

Table 9-1 provides balances as of September 2014. Accounts 1584 and 1588 balances are increasing year over year.

- a) Please provide balances as at December 31, 2014.
- b) Are these balances audited?
- c) Does Oshawa intend to dispose of the deferral and variance accounts? If not why not?

d) Please explain the reason for the increase in the balances for Accounts 1584 and 1588.

**10.0 Benchmarking**

10.0-GOCC-18

Exhibit 10, Tab B, page 2.

- a) What benefit rate was used for estimating costs?
  
- b) What industry standards were used in developing the estimates?

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