

OSHAWA PUC NETWORKS INC.

Response to Board Staff Interrogatory 4.0-Staff-27

Ref: Exhibit 4, page 20

Board staff notes that Operations and Maintenance costs grow by 11.5% in 2014, 25.6% in 2015 and 15.2% in 2016. The main driver of these increases appears to be the Succession Planning, with 8 positions identified for labour overlap to facilitate succession. Please provide more detail on these 8 positions and why overlap is needed for this number of positions.

Response:

The increases noted above are relative to 2012 Actual costs and are not year over year increases. As noted in the submission, the compound annual growth rate for the years 2015 to 2019 compared to 2012 Actual is 5.2%, 6.0%, 5.8%, 4.9% and 3.5% respectively.

Operations and Maintenance year over year growth is 4.6% in 2014, 12.7% in 2015 and 8.6% in 2016. The growth is driven both by a net increase in FTE's to accommodate customer and city growth in addition to overlap caused by succession planning for retirements.

The positions requiring overlap are primarily technical (PME, Linemen, etc) and some will be filled by apprentices at varying stages of qualification. This necessitates an overlap period in order to ensure appropriately trained and qualified staff available to perform required work safely and reliably.

OSHAWA PUC NETWORKS INC.

Response to Board Staff Interrogatory 4.0-Staff-28

Ref: Exhibit 4, page 20

Board staff notes that Billing and Collecting Expenses increase from \$2,462,900 in 2013 to \$2,594,600 in 2014, an increase of 5.3%. There are further increases above the rate of inflation from 2015 to 2019. Please provide additional detail on why these costs increased to such an extent in 2014 and why Billing and Collection Costs continue to rise in the test years. What steps has OPUCN taken to increase efficiency in their Billing and Collection operations and what steps will it take in the future (such as encouraging electronic billing) over the test year period?

Response:

The 2013 amount included an adjustment to the 2012 year end accrual, resulting in a total expense for 2013 that was \$25,000 lower than actual cash expense. Increases in 2014 for 3rd party provided services for notices, disconnections, reconnects etc of approximately \$20,000 plus \$25,000 higher bank charges related to credit card payments further added to the year over year increase. Adjusting for these items results in a 2.4% increase year over year.

In 2012, OPUCN initiated a concerted effort to migrate as many customers as possible to electronic billing with considerable success to date. As of August 2014, 19% of customers receive their bills electronically (one of the highest subscription rates in the Province), compared to below 8% in early 2012. This represents over 6,000 customers since the campaign began, or approximately \$60,000 in cost reductions on an annualised basis. This has, however, only managed to partially offset an average annual growth of 7% in postage costs from 2011 to 2014, with a 15% increase in 2014 alone. OPUCN will continue to focus on maximising the number of customers receiving bills electronically, but at this time does not expect significant net savings.

OSHAWA PUC NETWORKS INC.

Response to Board Staff Interrogatory 4.0-Staff-29

Ref: Exhibit 4, page 21

Administration & General costs increase by 8.4% in the 2015 test year, from \$5.1 million in 2014 to \$5.5 million in 2015, setting a base for continuous increases each year to 2019. This occurs in spite of the fall in Post Retirement Benefit costs of \$400,000. Please provide additional detailed rationale for the Administration and General increase in 2015.

Response:

The fall in Post Retirement Benefit costs of \$400,000 occurred in 2013. The 8.4% increase in 2015, amounting to \$428,000 is made up as follows:

- \$120,000 – increase in IT FTE and subcontractor costs to help manage the investments in various IT systems related to grid modernization
- \$160,000 – increased regulatory costs, primarily related to amortization of rate applications costs
- \$50,000 – new engineering position with supervisory duties for stores to be hired in 2nd half, partially offset by the reduction of one stores FTE through retirement.
- \$98,000 – inflation and other

OSHAWA PUC NETWORKS INC.

Response to Board Staff Interrogatory 4.0-Staff-30

Ref: Exhibit 4, page 21

Community Relations Costs are set to rise by 5.9% in 2015 and then an additional 12.7% in 2016 with inflationary level increases each year to 2019. While OPUCN has provided some reasons for the general increase, please provide additional rationale for the 2015 and 2016 increases.

- a) What additional activities will be undertaken?
 - b) How will those activities feed into OPUCN's plans?
 - c) What alternatives were considered and rejected in favour of the proposed spending on these areas?
-

Response:

- a) The principal activities include:
 - customer engagement
 - customer communications
 - compliance with privacy rules
- b) These activities will aid OPUCN in aligning its capital and operational planning and investments with the expectations of customers for reliable service at a reasonable price.
- c) OPUCN continues to evaluate the specifics on how to effectively address the outcomes outlined in the Board's report on RRFE, in particular customer focus and the need to identify customer preferences. OPUCN considered and rejected creating a full time in house position at this time in favour of using 3rd party services with established expertise.

OSHAWA PUC NETWORKS INC.

Response to Board Staff Interrogatory 4.0-Staff-31

Ref: Exhibit 4, page 24

Under 'Benefits', OPUCN indicates that post retirement benefit costs will be reduced in 2015 by a projected amount of \$400,000 from 2012 actual levels.

- a) Please provide these costs from 2010 to 2019 on an actual and forecast basis.
- b) OPUCN also indicates it will file an update of the actuarial report for 2014 and report any material differences. When will this report be filed and when will any updates occur?

Response:

a)

Employee Future Benefits Liability - Updated with Final Actuarial Report

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Opening Balance	9,684,100	10,196,920	10,755,700	11,380,000	11,648,800	11,894,866	12,064,708	12,252,149	12,464,921	12,669,539
Expense total	956,000	1,092,000	1,120,000	614,538	659,357	578,373	592,652	608,064	624,116	640,354
Cash expense	(443,180)	(533,220)	(495,700)	(345,738)	(413,291)	(408,531)	(405,211)	(395,292)	(419,498)	(434,118)
Net Increase	512,820	558,780	624,300	268,800	246,066	169,842	187,441	212,772	204,618	206,236
Closing Balance	10,196,920	10,755,700	11,380,000	11,648,800	11,894,866	12,064,708	12,252,149	12,464,921	12,669,539	12,875,775

The table below summarizes the increase in expense, or OM&A, based on the updated actuarial report.

	2014	2015	2016	2017	2018	2019
Per Filing Dated Jan 29, 2015	108,622	110,795	113,011	115,384	117,807	120,281
Per Updated Actuarial Valuation	246,066	169,842	187,441	212,772	204,618	206,236
Net increase in Expense	137,444	59,047	74,430	97,388	86,811	85,955

- b) The update is filed along with these interrogatory responses.

OSHAWA PUC NETWORKS INC.

Response to Board Staff Interrogatory 4.0-Staff-32

Ref: Exhibit 4, page 61

Under 'Regulatory Costs' OPUCN shows \$973,694 as the one-time regulatory cost total for this application.

- a) Please provide an explanation for the item, Unamortized 2012 Rate Application Costs of \$47,686.
 - b) Please provide additional detail for the item, Consultants Costs of \$434,500.
-

Response:

- a) The 2012 Rate Application costs are being amortised over the four year period 2012 to 2015. The \$47,686 refers to the unamortised balance at the end of 2014.
- b) Below is a list of the consultants covered under the \$434,500 amount, along with their primary contributions.

Pacific Economics Group LLC

- Benchmarking Analysis

Ernst & Young

- Lead Lag Study

METSCO Energy Solutions

- Depreciation Study
- Asset Condition Assessment Report and Asset Management Plan
- Distribution System Plan

BDR North America Inc. (Paula Zarnett)

- Technical Writing

Utiliworks

- Smart Grid Roadmap and Financial Analysis

Bruce Bacon (Borden Ladner Gervais)

- Cost Allocation and Load Forecast consulting

NBM Engineering Inc. (NBM)

- Independent view of OPUCN's System Renewal and System Service projects

Simul Corporation

- Electric Utility Customer Satisfaction Survey
- Large Customer Satisfaction Survey

OSHAWA PUC NETWORKS INC.

**Response to The Consumers Council of Canada (CCC)
Interrogatory 4.0-CCC-30**

(Ex./p.8/Table 4-3 modified)

OM&A - \$000s	2015	2016	2017	2018	2019
Total OM&A @IRM rates	11,967	12,152	12,341	12,532	12,726
OM&A requested	12,146	12,614	12,887	13,110	13,183
\$ difference	(179)	(462)	(546)	(578)	(457)
% difference	1.5	3.7	4.2	4.5	3.5

Please explain why OPUCN needs additional funds above the annual OM&A @ IRM rates when it is the expectation within the Custom IR criteria that keeping to the OM&A @ IRM rates demonstrates productivity efficiencies embedded within its forecast?

Response:

OPUCN is not aware that there is an expectation within the Custom IR criteria that keeping to the OM&A @ IRM rates demonstrates productivity efficiencies embedded within a utility's forecast.

Beginning on page 19 of the *Report of the Board - Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach*, the Board made the following statement:

"The allowed rate of change in the rate over the term will be determined by the Board on a case-by-case basis informed by empirical evidence including:

- The distributor's forecasts (revenues and costs, including inflation and productivity);
- The Board's inflation and productivity analyses; and
- Benchmarking to assess the reasonableness of distributor forecasts.

Expected inflation and productivity gains will be built into the rate adjustment over the term.”

In the statement above, the Board does not refer to IRM rates for demonstrating productivity efficiencies.

OPUCN outlined how it met the Board's criteria for a Custom IR in the presentation filed with the Board on April 1, 2015 beginning on page 14.

In response to the Board's statement noted above OPUCN provided the following which was copied from page 16 of the presentation:

OPUCN's forecast revenues and costs:

- Includes expected inflation, efficiencies and productivity gains.

Metrics compiled by the Board and used to provide comparative data on distributor's performance (data sourced from annual OEB Yearbooks).

- Illustrate OPUCN's current efficiencies relative to comparable Ontario LDCs, and future OPUCN efficiencies relative to current efficiencies of comparable Ontario LDCs.

Benchmarking study by PACIFIC ECONOMICS GROUP RESEARCH LLC (“PEG”).

- Illustrates efficiencies and measures OPUCN's productivity gains over the plan period using an econometric total cost benchmarking approach.

OSHAWA PUC NETWORKS INC.

**Response to The Consumers Council of Canada (CCC)
Interrogatory 4.0-CCC-31**

Please list the productivity efficiency activities that are embedded in this application by year.

Response:

In the application, OPUCN's provides evidence of its productivity efficiencies through the following activities:

- An independent third-party econometric benchmarking study prepared by Pacific Economics Group LLC (PEG) based upon their model used by the Board to set x factors in IR price escalation formulas and to develop econometric total cost benchmarking models along with a study of trends in the productivity of Ontario power distributors in support of the Board's IR rate-setting framework. [Exhibit 10, Tab A]
- Metrics compiled by the Board and used to produce their annual *Yearbook of Electricity Distributors* which provides comparative data on distributor's performance.

As per page 12 from Exhibit 1, Tab C, Table 3 compares the productivity trends embedded in OPUCN's Custom IR application as assessed by PEG with the average trends for Ontario power distributors. Compared to both the nine-year 2003 through 2011 period and the ten-year 2003 through 2012 period, the forecasted 2015 through 2019 OM&A and total factor productivity trends of OPUCN are well above the average historical trends for the industry.

Table 3: OPUCN vs. Distributor Average Productivity Trends

	OPUCN vs. Distributor Average Productivity Trends		
	OPUCN Average	Ontario Distributor Averages	
	2015 – 2019	2003 – 2011	2003 – 2012
OM&A	2.17%	0.51%	- 0.40%
Capital	0.12%	0.01%	- 0.26%
Total Productivity Factor	0.87%	0.19%	- 0.33%

The PEG report provides independent evidence that OPUCN's proposed capital investments are efficient, fair and reasonable, and comparable to investment levels of other LDCs in the Province. In addition, the PEG report provides independent validation that the 2015 - 2019 OM&A cost levels embedded in this Custom IR application will remain among the most efficient in the province.

Utilizing metrics compiled by the Board, OPUCN provided a number of comparisons between its efficiencies and other utilities determined to peers of OPUCN in former Board benchmarking studies.

One example of OPUCN's use of Board's metrics to illustrate OPUCN's current efficiencies relative to comparable Ontario LDCs, and future OPUCN efficiencies relative to current efficiencies of comparable Ontario LDCs is copied from page 27 of the presentation referred to above.

Forecast 2019 metrics at forecast customer growth rate:

- OM&A per customer remains at \$208 – unchanged from 2013 levels. [Exhibit 1, Tab C, page 32]
- Net fixed assets per customer of \$1,818 is lower than average for comparable LDC's for 2013. [Exhibit 1, Tab C, page 30]
- Customers per FTE is expected to be 782 – the increase from 2013 (750 – lowest amongst comparable LDC's) is the equivalent of avoiding approximately 6 FTEs. [Exhibit 1, Tab C, page 33]

Net OM&A per customer is a metric reported by the Board in their annual Yearbook of Electricity Distributors and is calculated by dividing total operations, maintenance and administration expenses (net of expenditures capitalized) by the number of customers serviced in each territory.

Net fixed assets per customer is a metric reported by the Board in their annual Yearbook of Electricity Distributors and is calculated by dividing the net book value of fixed assets by the number of customers serviced in each territory.

Customers per FTE measures the number of customers served by one full-time equivalent employee.

These metrics are indicative of OPUCN's performance efficiencies over the term of the plan and reflect the activities required to achieve the associated savings attributed to these efficiencies.

OSHAWA PUC NETWORKS INC.

**Response to The Consumers Council of Canada (CCC)
Interrogatory 4.0-CCC-32**

Please provide copies of any compensation studies that the Applicant has undertaken since 2012.

Response:

None have been undertaken.

OSHAWA PUC NETWORKS INC.

**Response to The Consumers Council of Canada (CCC)
Interrogatory 4.0-CCC-33**

(Ex.4/p.24)

OPUCN has estimated 20 employees will be eligible to retire in the years 2014 to 2019. What is the basis of this estimation? From 2010 to 2014 how many employees were eligible to retire? Out of that number, how many actually retired?

Response:

This is based on a report from OMERS listing OPUCN employees with dates at which they become eligible for an unreduced pension. Please see report attached to response to interrogatory 4.0-VECC-35.

In 2011, 1 employee was eligible to retire in 2011 and did so. In 2014, 6 employees became eligible to retire; none have retired.

OSHAWA PUC NETWORKS INC.

**Response to The Consumers Council of Canada (CCC)
Interrogatory 4.0-CCC-34**

(Ex.4/p.47)

Please list the individual activities, services, etc. that OPUCN will receive from OPUC in return for a management fee of \$480,000 in 2015?

Response:

The management fees include the services of the Board of Directors, the CEO and CFO, along with sundry other legal and corporate costs - the costs of which are all held in the parent company.

OSHAWA PUC NETWORKS INC.

**Response to The Consumers Council of Canada (CCC)
Interrogatory 4.0-CCC-35**

(Ex.4 p.61)

“OPUCN estimates that it will incur incremental costs of \$973,694 in respect of this Application. This estimate includes special studies, reports, preparation, defence and Adjudication costs, as well as Board and intervenor costs.”

Please provide the detailed costs for each activity included in this estimate. Has OPUCN undertaken any benchmarking of these activities compared to other LDC’s?

Response:

The \$973,694 is made up as follows:

Consultants	434,500
Legal	350,000
Intervenors	92,047
OEB & Other	49,461
Unamortised 2012 Amount	47,686
	<u>973,693</u>

Further detail on consulting is included below:

- Pacific Economics Group LLC (Benchmarking Analysis)
- Ernst & Young (Lead Lag Study)
- METSCO Energy Solutions (Depreciation Study, Asset Condition Assessment Report and Asset Management Plan, Distribution System Plan)

- BDR North America Inc / Paula Zarnett (Technical Writing)
- Utiliworks (Smart Grid Roadmap and Financial Analysis)
- Bruce Bacon, Borden Ladner Gervais (Cost Allocation and Load Forecast consulting)
- NBM Engineering Inc. (Independent view of OPUCN's System Renewal and System Service projects)
- Simul Corporation (Electric Utility Customer Satisfaction Survey, Large Customer Satisfaction Survey)

OPUCN is one of the first utilities to file a Custom IR Application for rates. OPUCN's projected costs are well below the other utilities that filed similar applications.

OSHAWA PUC NETWORKS INC.

**Response to The Consumers Council of Canada (CCC)
Interrogatory 4.0-CCC-36**

Please provide the RFP's associated with each special study and report undertaken as part of this application.

Response:

OPUCN did not employ a formal RFP process. OPUCN carefully selected experts to assist in the preparation of its Custom IR rate application based upon their experience in providing such services. OPUCN believes their expertise would allow stakeholders to rely on their reports and findings and enable an efficient process that would produce fair and reasonable results.

OPUCN negotiated terms that it believes is fair and reasonable.

OSHAWA PUC NETWORKS INC.

**Response to Energy Probe Research Foundation (Energy Probe)
 Interrogatory 4.0-Energy Probe-40**

Ref: Exhibit 4

- a) Please update Table 4-4 to reflect actual data for 2014.
- b) Please update Table 4-6 to reflect actual data for 2014.
- c) Please update Table 4-7 to reflect actual data for 2014.
- d) Please confirm that the total OM&A figures for 2012 Board Approved are incorrect as it is equal to the 2012 Actual figure. Please provide the correct figures for the 2012 Board Approved volumes in the response to part (c).

Response:

- a) Below is Table 4-4 updated with 2014 Actuals and 2015 IRM rate changed to 1.45% to reflect current rate that would be applicable to OPUCN.

OM&A per Customer \$000's except per customer	2011 Actual	2012 Approved	2012 Actual	2013 Actual	2014 Actual	2015 Test	2016 Test	2017 Test	2018 Test	2019 Test
Number of Customers	53,071	54,410	53,395	53,925	54,671	56,251	57,939	59,677	61,467	63,311
OM&A Costs (\$000s)	10,323	11,480	11,240	11,210	11,208	12,146	12,614	12,887	13,110	13,183
OM&A per Customer	195	211	211	208	205	216	218	216	213	208
Inflation % (IRM Rate)				1.08%	1.55%	1.45%	1.45%	1.45%	1.45%	1.45%
OM&A Costs				11,090	10,919	11,664	11,940	12,024	12,057	11,952
OM&A per Customer	195	211	211	206	200	207	206	201	196	189

- b) Table 4-6 below includes updated actuals. A reassessment of 2013 rates resulted in an overall reduction 2014 rates and an adjustment to 2013. The forecast rates also change – the revised numbers are detailed below the main table.

Location	2011	2012	2012	2013	2014	2015	2016	2017	2018	2019
	Actual	Board Approved	Actual	Actual	Actual	Test Year	Test Year	Test Year	Test Year	Test Year
36 Keewatin	8,128	8,450	8,448	8,845	7,607	9,138	9,321	9,507	9,697	9,891
1427 Harmony Rd N	9,310	9,134	9,131	9,446	8,124	9,758	9,954	10,153	10,356	10,563
S/S 0 Wentworth St E	8,688	9,232	9,229	9,501	8,171	9,815	10,011	10,211	10,416	10,624
0 Stevenson Rd S	7,244	7,164	7,162	8,859	8,230	9,886	10,084	10,286	10,491	10,701
100 Simcoe St S	60,247	62,062	62,045	59,148	50,932	61,180	62,404	63,652	64,925	66,224
25 Taunton Rd E	7,568	8,109	8,107	8,354	7,185	8,630	8,803	8,979	9,159	9,342
0 Bloor St W	10,904	10,697	10,694	11,029	9,486	11,394	11,622	11,855	12,092	12,333
E/S Wilson Rd N	2,535	2,632	2,631	2,336	2,154	2,587	2,639	2,692	2,745	2,800
495 Stevenson Rd N	8,327	9,085	9,083	9,337	8,030	9,646	9,838	10,035	10,236	10,441
0 Emma St	9,631	10,419	10,416	10,651	9,160	11,003	11,223	11,448	11,677	11,910
124 Colborne St W	6,019	6,163	6,161	7,141	6,252	7,510	7,660	7,813	7,969	8,129
490 Trick Ave	5,838	6,204	6,202	7,644	6,574	7,897	8,055	8,216	8,380	8,548
Accrual Adjustment					(18,431)					
Total	144,439	149,350	149,309	152,292	113,473	158,445	161,613	164,846	168,143	171,506

2014 includes impact of revised assessments, processed end 2014.

Revised Forecast Amounts	134,543	137,233	139,978	142,778	145,633
Reduction in OM&A expense	23,902	24,380	24,868	25,365	25,873

- c) Below is Table 4-7 updated with 2014 Actuals
- d) The figures in the table are correct. The “2012 Board Approved (MIFRS)” column starts with 2012 Board Approved and then shows the variances resulting in 2012 Actual.

OSHAWA PUC NETWORKS INC.

**Response to Energy Probe Research Foundation (Energy Probe)
Interrogatory 4.0-Energy Probe-41**

Ref: Exhibit 4

Please confirm that the differences in each year between the figures in Table 4-7 and the sum of the figures in Tables 4-6 and 4-8 are related to the LEAP amounts. If this cannot be confirmed, please explain the noted difference.

Response:

Confirmed.

OSHAWA PUC NETWORKS INC.

**Response to Energy Probe Research Foundation (Energy Probe)
Interrogatory 4.0-Energy Probe-42**

Ref: Exhibit 4, Table 4-3 & pages 11-12

- a) What assumptions has OPUCN used to come up with the IRM% of 1.55% per year in each of 2014 through 2019?
 - b) Please provide the historical 2012 through 2014 percentage of total OM&A costs that are labour (including benefits) related that results in the 61% figure noted in the evidence.
 - c) Please provide a table for 2015 through 2019 that shows the labour (including benefits) related costs and the non-labour related costs for each year as a percentage of total OM&A costs, including property taxes. If these 2 figures do not add up to 100%, please indicate what other costs are missing.
 - d) Please explain fully what OPUCN means by "OPUCN has used its actual historical weightings for purposes of its forecast" (last sentence on page 11).
 - e) What is the date of the Conference Board of Canada forecast for the Ontario CPI noted on page 12?
 - f) What is the Conference Board of Canada forecast for the Ontario CPI based on the latest forecast available?
-

Response:

- a) The 1.55% is the 2014 IRM net price cap index adjustment that would apply to OPUCN (i.e.: Inflation Factor 1.7% - (Productivity Factor 0% + Stretch Factor 0.15%)).
- b) The OM&A total referred to here is Gross OM&A, before amounts allocated to capital etc. The numbers used to arrive at the 61% are shown below:

	Actual 2011	Actual 2012	Actual 2013	As Filed FC 2014
OM&A	10,151,749	11,067,089	11,033,491	11,069,735
Allocated Expenses	(3,902,774)	(3,680,553)	(4,000,531)	(3,799,659)
Gross OM&A (before Allocations) A	14,054,522	14,747,642	15,034,022	14,869,394
Labour	5,866,595	6,470,903	6,951,612	6,999,436
Benefits	2,310,835	2,608,585	2,303,649	2,207,084
Total Labour/Benefits B	8,177,430	9,079,488	9,255,262	9,206,521
B / A	58.2%	61.6%	61.6%	61.9%

c) Information as in b) above for years 2015 to 2019

	Forecast 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019
Labour Including Benefits	59.7%	61.4%	61.7%	62.1%	61.0%
Other	40.3%	38.6%	38.3%	37.9%	39.0%
Gross OM&A (before Allocations)	100.0%	100.0%	100.0%	100.0%	100.0%

- d) OPUCN is referring to the 61% above, being the historical weighting for labour cost.
- e) OPUCN obtained the information at the time of preparing its application.
- f) The following tables were obtained from the Conference Board of Canada on May 6th:

(Average Aggregation) (Simple Difference) Consumer Price Index - Oshawa (2002=1.0)/(Average Aggregation) (Simple Difference) Consumer Price Index - Ontario (Millions \$ 2007):

Year	Oshawa	Ontario
2015	2.5%	1.3%
2016	2.6%	2.8%
2017	2.7%	2.6%
2018	2.8%	2.7%
2019	2.8%	2.8%

(Average Aggregation) (Percentage Change) Consumer Price Index - Oshawa
(2002=1.0)/(Average Aggregation) (Percentage Change) Consumer Price Index -
Ontario (Millions \$ 2007):

Year	Oshawa	Ontario
2015	2.0%	1.1%
2016	2.1%	2.2%
2017	2.1%	2.0%
2018	2.1%	2.0%
2019	2.1%	2.1%

OSHAWA PUC NETWORKS INC.

**Response to Energy Probe Research Foundation (Energy Probe)
Interrogatory 4.0-Energy Probe-43**

Ref: Exhibit 4, Table 4-11

- a) Please update Table 4-11 to reflect actual data for 2014.
- b) Please confirm that the figures shown in the table are cumulative. For example, the increase in Other costs between 2014 and 2019 is the sum of the figures shown for 2015 through 2019 or \$327,376.

Response:

- a) Table 4-11 updated with 2014 Actuals

**Appendix 2-JB
Recoverable OM&A Cost Driver Table**

OM&A	2011 Actuals	2012 Actuals	Last Rebasing Year (2012 Approved)	2013 Actuals	2014 Bridge Year (Actual)	2015 Test Year	2016 Test Year	2017 Test Year	2018 Test Year	2019 Test Year
<i>Reporting Basis</i>	CGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Opening Balance	\$9,112,991	\$10,322,790	\$11,480,220	\$11,240,450	\$11,210,095	\$11,207,896	\$12,141,039	\$12,620,611	\$12,899,775	\$13,129,853
Labour inflation (including progression)	\$168,800	\$234,994	\$0	\$253,924	\$153,114	\$126,181	\$168,293	\$173,598	\$176,230	\$187,280
Succession Planning (Retirements)	\$0	\$0	\$0	\$0	\$0	\$93,752	\$165,561	\$23,728	\$(34,302)	\$(179,869)
New Hires	\$48,233	\$223,264	\$(69,723)	\$0	\$54,328	\$179,173	\$107,811	\$0	\$0	\$0
Overlap re Leavers/ Replacements	\$218,610	\$63,770	\$(32,084)	\$5,444	\$(96,190)	\$110,732	\$0	\$0	\$0	\$0
Overtime re Dec 2012 Ice Storm				\$184,609	\$(184,609)					
Labour Other (including overtime)	\$(50,732)	\$82,279	\$(1,626)	\$36,733	\$(50,968)	\$170,517	\$4,289	\$4,386	\$4,485	\$4,585
Labour sub-total	\$384,911	\$604,308	\$(103,433)	\$480,709	\$(124,326)	\$680,355	\$445,955	\$201,712	\$146,413	\$11,997
Benefits	\$225,216	\$297,750	\$6,308	\$(304,935)	\$(5,429)	\$(23,651)	\$72,740	\$36,815	\$42,115	\$26,848
Subcontractors	\$8,925	\$34,882	\$(29,049)	\$23,961	\$(214,881)	\$232,870	\$1,803	\$33,965	\$34,644	\$35,337
Legal & Consulting Fees	\$(216,255)	\$132,870	\$15,783	\$43,534	\$(187,504)	\$130,941	\$(13,994)	\$6,296	\$6,426	\$6,558
Provision for Doubtful Accounts	\$108,860	\$(269,641)	\$(140,092)	\$124,950	\$33,137	\$(14,550)	\$9,433	\$10,103	\$10,315	\$10,531
Capital Taxes	\$(61,959)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Materials (including Inventory Writedowns)	\$(7,328)	\$168,626	\$144,270	\$(129,507)	\$38,059	\$(21,410)	\$3,686	\$3,948	\$4,031	\$4,115
Insurance	\$20,701	\$(2,320)	\$(79,493)	\$57,004	\$(31,813)	\$9,332	\$5,920	\$6,341	\$6,474	\$6,610
Allocations to Capital and Jobbing Work	\$324,165	\$222,220	\$13,690	\$(319,978)	\$271,390	\$(216,130)	\$(119,064)	\$(96,180)	\$(98,344)	\$(100,557)
Regulatory Fees		\$24,062	\$10,361	\$(906)	\$(17,235)	\$130,054	\$3,783	\$4,052	\$4,137	\$4,224
IT Licensing costs (mainly Smart Meters)		\$40,965	\$(30,802)	\$24,013	\$30,367	\$19,755	\$3,842	\$4,115	\$4,202	\$4,290
SR&ED ITC's credited to OM&A				\$(111,362)	\$66,362					
Smart Meter OM&A Variance Ac Release	\$392,825	\$(469,739)								
Other	\$29,739	\$133,677	\$(47,312)	\$82,161	\$139,673	\$5,575	\$65,467	\$67,998	\$69,667	\$70,981
Closing Balance	\$10,322,790	\$11,240,450	\$11,240,450	\$11,210,095	\$11,207,896	\$12,141,039	\$12,620,611	\$12,899,775	\$13,129,853	\$13,210,788

- b) Confirmed.

OSHAWA PUC NETWORKS INC.

**Response to Energy Probe Research Foundation (Energy Probe)
Interrogatory 4.0-Energy Probe-44**

Ref: Exhibit 4, page 41

- a) Please provide the annual wage increase for union employees for 2012 and 2013.
 - b) Please provide the forecasted wage increase for union employees for 2018 and 2019.
 - c) Please provide the actual and forecasted percentage increases for the executive/management/non-management category for each of 2012 through 2019.
-

Response:

- a) 3.0%
- b) 2.25%
- c) Actual 2012 - 3.00%
Actual 2013 - 3.00%
Actual 2014 - 2.00%
Actual 2015 - 1.75%
Forecast 2016 - 2.25%
Forecast 2017 - 2.25%
Forecast 2018 - 2.25%
Forecast 2019 - 2.25%

OSHAWA PUC NETWORKS INC.

**Response to Energy Probe Research Foundation (Energy Probe)
Interrogatory 4.0-Energy Probe-45**

Ref: Exhibit 4, page 47

Do any of the management costs paid by OPUCN to OPUC include an amount related to the OPUC Board of Directors? If yes, please provide a table that shows, for each of 2012 through 2019, including 2014 actual, the amount included in the management fee for the OPUC Board of Directors and the amount included in OM&A expenses for the OPUCN Board of Directors.

Response:

The management fees represent approximately 58% of the costs incurred by the parent company, Oshawa Power & Utilities Corporation.

The allocation of Parent Company (Oshawa Power & Utilities) expenditures is based on consideration of the amount of management and governance that was afforded to each affiliate by the Parent Company's staff and Board of Directors in the course of performing their duties. Oshawa PUC Energy Services Inc. owns and operates a 2.5 MW combined heat and power plant with one customer as its principal business activity. Oshawa PUC Services Inc. owns and operates a dark fibre telecommunications network with approximately ten subscribers. 2252112 Ontario Inc. owns and operates four solar energy generation projects under the OPA FIT program. These affiliates are well established businesses with mature management and control processes which have had limited or no growth in the past year or two. Neither affiliate has any direct employees and requires a minimum amount of focus from the Parent Company's staff and Board of Directors. Managing and operating services are provided by OPUCN staff and intercompany affiliate charges are charged under Affiliate Agreements to account for these services.

Based upon the above considerations, 58% of Parent Company's activities are considered to be a fair and reasonable allocation of its expenditures to OPUCN.

OSHAWA PUC NETWORKS INC.

**Response to Energy Probe Research Foundation (Energy Probe)
 Interrogatory 4.0-Energy Probe-46**

Ref: Exhibit 4, Table 4-38

- a) For each of the line items for one-time costs related to this application, please provide the most recent year-to-date amount invoiced to OPUCN.
- b) What was the Board approved one-time costs associated with the 2012 cost of service rebasing application? Please provide the breakdown in the same level of detail as shown in Table 4-38.
- c) What were the actual one-time costs associated with the 2012 cost of service rebasing application? Please provide the breakdown in the same level of detail as shown in Table 4-38.
- d) Please provide the amount amortized in each of 2012 through 2015.

Response:

a) OEB Annual Assessment

One-time Rate Application Costs	Forecast	Billed to Date
Expert Witness costs	20,000	
Legal costs	350,000	296,000
Consultants' costs	434,500	260,747
Unamortised 2012 Rate Application costs	47,686	
OEB costs	29,461	
Intervenor costs	92,047	
	973,694	556,747

b) & c) 2012 cost of service onetime costs:

One-time Rate Application Costs	2012	
	Approved	2012 Actual
Legal costs	175,000	145,335
Consultants' costs	120,000	86,630
OEB costs	25,000	28,058
Intervenor costs	80,000	87,663
	<u>400,000</u>	<u>347,686</u>

d) \$100,000 2012 to 2014, \$47,686 to be amortised 2015.

OSHAWA PUC NETWORKS INC.

**Response to Energy Probe Research Foundation (Energy Probe)
Interrogatory 4.0-Energy Probe-47**

Ref: Exhibit 4, page 62

Please confirm that there are no charitable or political donations, other than those that are LEAP related, included in the historical or bridge year OM&A costs shown in the evidence. If this cannot be confirmed, please provide the amount included in the historical and bridge year forecasts.

Response:

There are small amounts of \$11.8k, \$9.3k and \$10.5k respectively in the years 2012, 2013 and 2014. There are zero amounts in the Test Years.

OSHAWA PUC NETWORKS INC.

**Response to Energy Probe Research Foundation (Energy Probe)
Interrogatory 4.0-Energy Probe-48**

Ref: Exhibit 4, page 63

The evidence indicates that OPUCN charges six months of depreciation in the year of addition. Please confirm that OPUCN uses the half year rule for regulatory purposes and also uses the same rule for financial accounting purposes (i.e. both methods reflect six months of depreciation for additions in the current year). If this cannot be confirmed, please explain fully.

Response:

Confirmed.

OSHAWA PUC NETWORKS INC.

**Response to Energy Probe Research Foundation (Energy Probe)
Interrogatory 4.0-Energy Probe-49**

Ref: Exhibit 4, Table 4-40

- a) When did OPUCN adopt the useful lives recommended by Metsco for accounting purposes?
 - b) What is the estimated annual impact on the depreciation expense of using the Metsco useful lives in place of those from Kinetrics?
-

Response:

- a) OPUCN is proposing to adopt the Metsco useful lives effective January 1, 2012. From January 1, 2012 until December 31, 2014, OPUCN has proposed a deferral account to capture the difference in depreciation costs under the Metsco Study and the Board-Approved amount from OPUCN's last cost of service. This deferral concept was approved by the Board in 2011.

OPUCN is proposing to use the Metsco useful lives prospectively beginning in 2015.
- b) The estimated annual impact is an increase in depreciation cost of \$60,000.

OSHAWA PUC NETWORKS INC.

**Response to Energy Probe Research Foundation (Energy Probe)
Interrogatory 4.0-Energy Probe-50**

Ref: Exhibit 4, Table 4-54

- a) How has OPUCN treated the rate smoothing proposal and the associated rate riders in the calculation of the net income before income taxes?
 - b) Please explain how OPUCN has forecast investment tax credits for the 2015 through 2019 period.
 - c) Please explain how OPUCN has forecast miscellaneous tax credits for the 2015 through 2019 period.
 - d) Please provide the actual (or expected) investment tax credits for 2014 and the miscellaneous tax credits for 2014.
 - e) Please provide a table that shows for each of 2012 through 2019, including actual 2014, the number of employees eligible for the apprenticeship tax credit, the Ontario co-operative education tax credit and the federal job creation tax credit.
-

Response:

- a) OPUCN has ignored the rate smoothing proposal for tax purposes.
- b) OPUCN has used a conservative estimate based on history, but did not include any assumed SR&ED ITCs.
- c) As per b) above.
- d) 2014 SR&ED calculation has not been completed yet. No miscellaneous tax credits expected.

- e) 2012 to 2013 – 2
- 2014 – 2
- 2015 to 2019 - 4 per annum (estimate)

OSHAWA PUC NETWORKS INC.

**Response to Energy Probe Research Foundation (Energy Probe)
Interrogatory 4.0-Energy Probe-51**

**Ref: Exhibit 4, Table 4-56 & Appendix 4-5 (Schedule 8) &
Exhibit 2, Appendix 2-BA**

- a) What is included in CCA Class 95?
 - b) Please explain the difference in the CCA amount shown for 2013 of \$10,495,188 in Table 4-56 and the additions in Appendix 2-BA of \$10,747,504.
 - c) Please explain the difference in the CCA amount shown for 2012 of \$11,000,870 in Table 4-56 and the additions in Appendix 2-BA of \$11,092,013.
-

Response:

- a) This is work in progress, not eligible for CCA.
- b) and c)

	2012	2013
Additions per App 2-BA	11,092,013	10,747,504
Capitalised Interest	(90,821)	(107,078)
SRED ITCs		(115,907)
SRED Assets		(43,000)
Other	(322)	13,669
Additions per Table 4-56	11,000,870	10,495,188

OSHAWA PUC NETWORKS INC.

**Response to Energy Probe Research Foundation (Energy Probe)
Interrogatory 4.0-Energy Probe-52**

**Ref: Exhibit 4, Table 4-56 &
Exhibit 2, Appendix 2-BA**

- a) Please provide an updated Table 4-57 that reflects actual capital expenditures for 2014.
 - b) Please provide Schedule 8 (CCA) from the 2014 income tax filing, if available.
 - c) If the cost of acquisitions for CCA purposes (Schedule 8) is different than the net additions (Table 4-56), please explain and reconcile.
-

Response:

- a) Below is updated Table 4-57, reflecting actual expenditures in 2014 with \$1.06m delayed in 2014 showing as addition in 2015.

2014 Bridge Year

CCA Class	Description	UCC Opening Balance	Additions	Adjustments	Proceeds of Dispositions	50% Rule	Reduced UCC	CCA %	CCA	UCC Closing Balance
1	Buildings, distr equipment	38,589,207	0	0	0	0	38,589,207	4.0%	1,543,568	37,045,639
8	Office Equip, other machinery & Equip.	926,215	81,812	0	0	40,906	967,121	20.0%	193,424	814,603
10	Rolling stock, computer hardware	1,258,261	147,178	0	0	73,589	1,331,850	30.0%	399,555	1,005,884
10.1	Chevrolet Volt	13,119	0	0	0	0	13,119	30.0%	3,936	9,183
12	Computer software	188,686	83,001	0	0	41,500	230,186	100.0%	230,186	41,500
13	Leasehold Improvements - Straight Line	382,289	27,482	0	0	13,741	396,030	10.0%	39,603	370,168
42	Fibre optics	26,352	0	0	0	0	26,352	12.0%	3,162	23,190
45	Computer hardware- accelerated	3,470	0	0	0	0	3,470	45.0%	1,562	1,909
45.1	Computers-1921	1,622	0	0	0	0	1,622	55.0%	892	730
47	Transmission/Distribution equip	44,644,306	10,317,804	(92,058)	0	5,112,873	49,757,179	8.0%	3,030,574	51,839,477
50	Gen. Purpose DP equip/sw	218,712	0	0	0	0	218,712	55.0%	120,291	98,420
52	Gen. Purpose DP equip/sw (pre2009)	0	0	0	0	0	0	100.0%	0	0
Total		86,252,239	10,657,277	(92,058)	0	5,282,609	91,534,849		5,566,754	91,250,704

2015 Test Year

CCA Class	Description	UCC Opening Balance	Additions	Adjustments	Proceeds of Dispositions	50% Rule	Reduced UCC	CCA %	CCA	UCC Closing Balance
1	Buildings, distr equipment	37,045,639	0	0	0	0	37,045,639	4.0%	1,481,826	35,563,813
8	Office Equip, other machinery & Equip.	814,603	181,708	0	0	90,854	905,457	20.0%	181,091	815,220
10	Rolling stock, computer hardware	1,005,884	786,511	0	0	393,256	1,399,140	30.0%	419,742	1,372,654
10.1	Chevrolet Volt	9,183	0	0	0	0	9,183	30.0%	2,755	6,428
12	Computer software	41,500	939,565	0	0	469,782	511,283	100.0%	511,283	469,782
13	Leasehold Improvements - Straight Line	370,168	247,500	0	0	123,750	493,918	10.0%	49,392	568,276
42	Fibre optics	23,190	0	0	0	0	23,190	12.0%	2,783	20,407
45	Computer hardware- accelerated	1,909	0	0	0	0	1,909	45.0%	859	1,050
45.1	Computers-1921	730	0	0	0	0	730	55.0%	401	328
47	Transmission/Distribution equip	51,839,477	12,414,616	(73,333)	0	6,170,641	58,010,118	8.0%	4,640,809	59,539,950
50	Gen. Purpose DP equip/sw	98,420	0	0	0	0	98,420	55.0%	54,131	44,289
52	Gen. Purpose DP equip/sw (pre2009)	0	0	0	0	0	0	100.0%	0	0
Total		91,250,704	14,569,900	(73,333)	0	7,248,283	98,498,987		7,345,072	98,402,198

- b) 2014 filing is not yet complete.
- c) See parts b) and c) in response to interrogatory reference 4.0-ENERGY PROBE-51.

OSHAWA PUC NETWORKS INC.

**Response to Energy Probe Research Foundation (Energy Probe)
Interrogatory 4.0-Energy Probe-53**

**Ref: Exhibit 4, Table 4-57 &
Exhibit 2, Appendix 2-BA**

- a) Please provide an updated Table 4-57 that reflects actual capital expenditures for 2014.
 - b) Please provide Schedule 8 (CCA) from the 2014 income tax filing, if available.
 - c) If the cost of acquisitions for CCA purposes (Schedule 8) is different than the net additions (Table 4-57), please explain and reconcile.
-

Response:

- a) Interrogatory is a duplicate of 4.0-ENERGY PROBE-52.

OSHAWA PUC NETWORKS INC.

**Response to Energy Probe Research Foundation (Energy Probe)
Interrogatory 4.0-Energy Probe-54**

**Ref: Exhibit 4, Tables 4-57, 4-58 &
Exhibit 2, Appendix 2-BA**

- a) Please explain why OPUCN appears to have put computer equipment - hardware (account 1920) into CCA Class 10 instead of 50 in each of 2014 through 2019, whereas it was properly placed into CCA Class 50 in each of 2012 and 2013.
 - b) Please explain why the amounts included in CCA Class 8 for each of 2012 through 2019 is less than the sum of the amounts shown as additions in Appendix 2-BA for those accounts that are shown as CCA Class 8 assets (accounts 1915, 1935, 1940, 1945, 1950, 1955 and 1960).
 - c) Please provide a table that shows the sum of the amounts in Appendix 2-BA as being in CCA Class 8 as compared to the amounts in CCA Class 8 in Tables 4-56, 4-57 and 4-58) and the result difference. If any of the difference relates to contributions and grants (account 1995) please explain what assets in Class 8 attract the contributions. Please explain any remaining differences.
-

Response:

- a) This has been done in error and will be corrected.
- b) & c) The error is due to timing, with CCA calculations made on unfinished additions list. The corrected tables will be included with updated capital forecasts. The actual impact on CCA calculation is minimal, with annual differences in the CCA amount ranging from \$4,000 to \$9,500.

OSHAWA PUC NETWORKS INC.

**Response to Greater Oshawa Chamber of Commerce (GOCC)
Interrogatory 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.
-

Response:

- a) OPUCN, when building its cost forecast, does take into account wage progressions for apprentices. Pay scales by year are readily available and are used to do this. For most other job categories OPUCN does not include any amount for progression.
- b) Non-management FTE's are only decreasing relative to increases due to overlapping of positions as previously noted in succession planning discussion. Relative to 2012 Approved, and 2014 Actual, both non-management and management FTE's are increasing.
- c) Oshawa has Joint Use pole arrangements with Hydro One, Whitby Hydro, Rogers and Bell.
- d) The 2012 Rate Application costs are being amortised over the four year period 2012 to 2015. The \$47,686 refers to the unamortised balance at the end of 2014.

- e) The monthly meter reading cost increases by approx. \$6 per meter to reflect the cost of electronically collecting hourly data versus a single physical read per month. Billing costs are not affected.

OSHAWA PUC NETWORKS INC.

**Response to School Energy Coalition (SEC)
 Interrogatory 4.0-SEC-28**

[Ex.4, p.8]

Please revise Table 4-3 to show OM&A index at IRM for 2015-2019, using the proposed OM&A expenditures for 2015 as the base.

Response:

Table also adjusted for current IRM % that would be applicable to OPUCN in 2015 (2014 was 1.55%).

OM&A - at IRM Index Rates	2015	2016	2017	2018	2019
\$000's	Test	Test	Test	Test	Test
Total OM&A	11,967				
IRM %		1.45%	1.45%	1.45%	1.45%
Total OM&A @ IRM Rates	11,967	12,140	12,316	12,495	12,676
OM&A Requested	12,146	12,614	12,887	13,110	13,183
Difference	(179)	(474)	(571)	(615)	(507)

OSHAWA PUC NETWORKS INC.

**Response to School Energy Coalition (SEC)
Interrogatory 4.0-SEC-29**

[Ex.4, p.41]

For the purpose of forecasting costs for 2018 and 2019, what assumptions has the Applicant made regarding unionized wage increases after the expiry of the current collective agreement with the IBEW?

Response:

Have assumed continuation of 2017 rate of 2.25%.

OSHAWA PUC NETWORKS INC.

**Response to School Energy Coalition (SEC)
Interrogatory 4.0-SEC-30**

[Ex.4, p.43]

Over the past 10 years, what is the average time when an employee becomes eligible for retirement, and their actual retirement? Does this differ from what the Applicant is projecting for the test period? If so, please explain.

Response:

At end 2014, there were 10 retirements in the preceding 10 year period. 8 of those were 'early' retirements as part of a restructuring initiative in 2008 and 2 were normal retirements on date of eligibility.

The expectation in this application is that most retirements will occur on eligibility.

OSHAWA PUC NETWORKS INC.

**Response to School Energy Coalition (SEC)
Interrogatory 4.0-SEC-31**

[Ex.4, p.43]

For each new position the Applicant is forecasting adding during the test period, please provide a description and rationale.

Response:

The principal driver behind all the new positions proposed is the projected customer growth of approximately 15% from 2014 to the end of the rate period (2019). The comparable proposed growth in FTE's over the period is 8%.

Customer Service – 1 FTE

Additional CSR required to accommodate customer growth forecast at 3% per annum.

IT – 1 FTE

Additional resource required to accommodate increased requirements in IT to manage increasing use of advanced technologies and to support increased use of technology in the maintenance and support of the distribution system.

Grid Construction & Maintenance – 1 FTE

New Lineman to accommodate projected growth.

Technical Design – 2 FTE

One Design Technician required to accommodate projected growth. One Design Supervisor (added 2014) to manage increasing workload.

Metering – 1 FTE

New Meter Technician required to accommodate projected growth.

OSHAWA PUC NETWORKS INC.

**Response to School Energy Coalition (SEC)
Interrogatory 4.0-SEC-32**

[Ex.4, p.43]

With respect to Appendix 2-K (Table 4-20):

- a) Please add rows showing the total compensation capitalized, and total charged to OM&A.
 - b) Please provide a version of the Appendix 2-K for showing a split between union and non-union employees.
-

Response:

- a) See attached.

	2011 Actuals	Last Rebasing Year - 2012 Board Approved	Last Rebasing Year - 2012 Actual	2013 Actuals	2014 Bridge Year (Actual)	2015 Test Year	2016 Test Year	2017 Test Year	2018 Test Year	2019 Test Year
Number of Employees (FTEs including Part-Time)										
Management	17	18	18	18	18	19	20	20	20	20
Non-Management	52	57	56	56	56	61	65	64	63	61
Total	69	75	74	74	74	80	85	84	83	81
Total Salary and Wages including overtime and incentive pay (\$000's)										
Management	\$1,543	\$1,899	\$1,759	\$1,935	\$1,930	\$2,110	\$2,217	\$2,262	\$2,307	\$2,353
Non-Management	\$4,324	\$4,676	\$4,711	\$5,017	\$4,897	\$5,402	\$5,731	\$5,882	\$5,977	\$5,936
Total	\$5,867	\$6,574	\$6,471	\$6,952	\$6,827	\$7,512	\$7,948	\$8,144	\$8,284	\$8,290
Total Benefits (Current + Accrued) (\$000's)										
Management	\$601	\$718	\$710	\$641	\$631	\$652	\$685	\$698	\$713	\$727
Non-Management	\$1,709	\$1,885	\$1,899	\$1,663	\$1,667	\$1,622	\$1,662	\$1,684	\$1,711	\$1,722
Total	\$2,311	\$2,602	\$2,609	\$2,304	\$2,298	\$2,275	\$2,347	\$2,383	\$2,424	\$2,450
Total Compensation (Salary, Wages, & Benefits) (\$000's)										
Management	\$2,144	\$2,616	\$2,469	\$2,576	\$2,561	\$2,763	\$2,902	\$2,960	\$3,020	\$3,081
Non-Management	\$6,033	\$6,560	\$6,610	\$6,680	\$6,564	\$7,024	\$7,394	\$7,566	\$7,688	\$7,659
Total	\$8,177	\$9,177	\$9,079	\$9,255	\$9,126	\$9,787	\$10,296	\$10,526	\$10,708	\$10,740
Total Compensation Allocation (\$000's)										
OM&A	\$5,824	\$6,542	\$6,445	\$6,323	\$6,310	\$6,676	\$7,114	\$7,273	\$7,382	\$7,339
Capital	\$2,263	\$2,346	\$2,346	\$2,637	\$2,490	\$2,805	\$2,869	\$2,933	\$2,999	\$3,067
Other	\$90	\$288	\$288	\$295	\$325	\$306	\$313	\$320	\$327	\$334
Total	\$8,177	\$9,177	\$9,079	\$9,255	\$9,126	\$9,787	\$10,296	\$10,526	\$10,708	\$10,740

b) Appendix 2-K 'management' includes only non-union employees, and 'non-management' includes only union employees.

OSHAWA PUC NETWORKS INC.

**Response to School Energy Coalition (SEC)
Interrogatory 4.0-SEC-33**

[Ex.4, p.43]

How does the Applicant determine the reasonableness of its management, both executive and non-executive, compensation costs? Please provide copies of any compensation studies that the Applicant has undertaken since 2012.

Response:

For management and non-executive, OPUCN participates in the annual MEARIE Salary Survey which allows it to review compensation levels with industry trends.

OPUCN plans a compensation review with Hay Group for management and non-executive positions this year (2015).

OSHAWA PUC NETWORKS INC.

**Response to School Energy Coalition (SEC)
Interrogatory 4.0-SEC-34**

[Ex.4, p.47]

With respect to the management fee:

- a) What services does the Applicant receive in return for a management fee of \$480,000 in 2015?
 - b) What is the methodology in determining the management fee between OPUC and the Applicant?
 - c) How should the Board determine if the amount is reasonable?
-

Response:

- a) The management fees include a share of the services of the Board of Directors, the CEO and CFO, along with sundry other legal and corporate costs – the costs of which are all held in the parent company.
- b) Please see response to interrogatory 4.0-ENERGY PROBE-45.
- c) The management fee of \$480,000 was approved by the Board in OPUCN's 2008 Cost of Service, and again in 2012.

OSHAWA PUC NETWORKS INC.

**Response to Vulnerable Energy Consumers Coalition (VECC)
Interrogatory 4.0-VECC-34**

Reference: E4/pgs.23,29

- a) Please update Tables 4-11 and 4-15 for 2014 actuals.
 - b) Please explain what activities are included in Table 4-15 under the line entitled "*Smart Meter Program Incremental Costs.*"
-

Response:

- a) For Table 4-11, please see response to interrogatory 4.0-ENERGY PROBE-43. Table 4-15 updated with 2014 actuals follows after response to part b)
- b) Support and licensing for smart meter related infrastructure from companies such as Elster, Utilismart, Itron and Jomar as well as increased communications costs (wireless collectors in meter network).

Programs - PAGE 1 of 2 Table 4-15	2011 Actuals	Last Rebasng Year (2012 Board-Approved)	Last Rebasng Year (2012 Actuals)	2013 Actuals	2014 Bridge Year (Actual)	2015 Test Year	2016 Test Year	2017 Test Year	2018 Test Year	2019 Test Year	Variance (2015 Test Year vs. 2013 Actuals)	Variance (2015 Test Year vs. Last Rebasng Year (2012 Board-Approved))	Variance (2016 Test Year vs. 2015 Test Year)	Variance (2017 Test Year vs. 2016 Test Year)	Variance (2018 Test Year vs. 2017 Test Year)	Variance (2019 Test Year vs. 2018 Test Year)	
																	CGAAP
Reporting Basis																	
Operations																	
Operations Management	611,614	726,605	667,244	699,535	678,690	811,768	827,988	844,605	861,555	878,846	112,233	85,163	16,220	16,617	16,951	17,291	
Engineering	142,441	296,209	262,464	274,202	255,050	314,794	404,242	412,397	420,717	429,205	40,592	18,585	89,448	8,156	8,320	8,488	
Technical Design	569,011	664,458	741,561	777,664	793,413	910,923	979,248	1,025,563	1,015,533	993,836	133,259	246,465	68,325	46,315	(10,030)	(21,697)	
Grid Construction & Maintenance	2,990,755	3,406,588	3,296,708	3,560,112	3,403,149	3,674,622	3,830,004	3,970,145	4,044,708	3,978,482	114,510	268,034	155,381	140,141	74,563	(66,227)	
Underground Utility Locates (subcontracted)	258,420	269,000	269,493	384,057	305,254	297,156	303,099	309,161	315,344	321,651	(86,901)	28,156	5,943	6,062	6,183	6,307	
Tree Trimming (subcontracted)	143,889	147,000	147,360	146,936	136,311	135,732	138,447	141,216	144,040	146,921	(11,204)	(11,268)	2,715	2,769	2,824	2,881	
Sub-Total Operations	4,716,131	5,509,860	5,384,829	5,842,506	5,571,868	6,144,996	6,483,028	6,703,087	6,801,898	6,748,942	302,490	635,136	338,032	220,059	98,812	(52,956)	
Metering																	
Meter Reading & Data Management	395,434	366,214	457,777	364,839	341,166	411,386	420,129	429,086	438,234	447,578	46,547	45,173	8,743	8,957	9,148	9,344	
Meter Operations (installs etc)	283,364	287,150	265,605	275,215	269,190	331,140	387,408	396,082	404,950	414,016	55,925	43,990	56,268	8,674	8,868	9,067	
Smart Meter Program Incremental Costs	546,653	70,000	54,967	68,938	90,105	88,996	90,776	92,683	94,629	96,616	20,059	18,996	1,780	1,906	1,946	1,987	
Sub-Total Metering	1,225,451	723,363	778,350	708,992	700,461	831,523	898,313	917,850	937,813	958,211	122,531	108,159	66,791	19,537	19,963	20,398	
Facilities																	
Facilities Management	236,838	278,624	282,836	259,525	305,507	269,602	275,379	281,418	287,590	293,896	10,077	(9,023)	5,778	6,039	6,171	6,307	
Rent - Property	264,000	271,920	286,544	292,263	297,017	303,406	309,474	315,973	322,608	329,383	11,142	31,486	6,068	6,499	6,635	6,775	
Vehicle Expenses	341,876	378,340	349,104	335,749	388,161	349,314	356,300	363,782	371,422	379,221	13,564	(29,026)	6,986	7,482	7,639	7,800	
Utility Costs	101,544	100,297	94,920	106,833	98,378	111,149	113,372	115,753	118,184	120,666	4,316	10,852	2,223	2,381	2,431	2,482	
Maintenance, Janitorial & Security	286,785	262,786	294,518	249,465	251,680	258,021	180,095	183,697	187,370	191,118	8,556	(4,765)	(77,926)	3,602	3,674	3,747	
Sub-Total Facilities	1,231,044	1,291,967	1,307,923	1,243,835	1,340,743	1,291,491	1,234,620	1,260,623	1,287,174	1,314,284	47,656	(476)	(56,871)	26,003	26,551	27,111	
Customer Service																	
Customer Service Management	217,619	257,474	231,201	255,553	253,297	257,189	262,328	267,607	272,991	278,485	1,635	(286)	5,139	5,279	5,385	5,493	
Customer Service General	896,981	1,049,932	980,612	1,002,855	1,059,142	1,103,591	1,200,521	1,227,189	1,254,452	1,282,320	100,736	53,660	96,929	26,669	27,262	27,869	
Customer Billing	434,108	450,114	434,223	476,054	470,426	462,679	471,933	481,371	490,999	500,819	(13,375)	12,565	9,254	9,439	9,627	9,820	
Bad Debts	549,996	416,500	278,111	406,996	428,518	426,360	434,887	444,020	453,344	462,864	19,364	9,860	8,527	9,133	9,324	9,520	
Postage and Printing (Billing)	418,868	440,167	445,248	438,187	435,967	467,636	484,722	502,464	520,888	540,021	29,450	27,469	17,086	17,742	18,424	19,133	
Operations Reconnects & Notice Servng	58,335	56,362	69,640	71,688	87,271	84,164	85,848	87,565	89,316	91,102	12,476	27,803	1,683	1,717	1,751	1,786	
LEAP Programs	26,603	0	24,052	24,312	24,688	27,460	30,064	31,293	32,479	33,219	3,148	27,460	2,605	1,228	1,186	740	
Sub-Total Customer Service	2,602,509	2,670,549	2,463,086	2,675,645	2,759,308	2,829,080	2,970,303	3,041,509	3,114,468	3,188,830	153,434	158,531	141,223	71,206	72,960	74,361	

Programs - PAGE 2 of 2 Table 4-15	2011 Actuals	Last Rebasng Year (2012 Board-Approved)	Last Rebasng Year (2012 Actuals)	2013 Actuals	2014 Bridge Year (Actual)	2015 Test Year	2016 Test Year	2017 Test Year	2018 Test Year	2019 Test Year	Variance (2015 Test Year vs. 2013 Actuals)	Variance (2015 Test Year vs. Last Rebasng Year (2012 Board-Approved))	Variance (2016 Test Year vs. 2015 Test Year)	Variance (2017 Test Year vs. 2016 Test Year)	Variance (2018 Test Year vs. 2017 Test Year)	Variance (2019 Test Year vs. 2018 Test Year)
General & Administrative																
Finance & Regulatory Affairs	774,798	762,953	768,604	806,626	787,790	842,384	859,819	877,756	896,069	914,765	35,759	79,431	17,435	17,937	18,313	18,696
IT Operations	214,267	281,680	259,244	285,434	250,164	401,709	409,743	418,107	426,642	435,351	116,275	120,029	8,034	8,364	8,535	8,709
Community Relations	94,831	102,082	97,030	101,004	104,464	158,776	212,929	217,216	221,589	226,050	57,772	56,694	54,152	4,287	4,373	4,461
Employee Health & Safety	169,235	214,246	224,575	224,986	186,651	230,618	235,115	239,782	244,545	249,405	5,632	16,372	4,497	4,667	4,763	4,860
Human Resources	165,420	159,882	186,796	177,188	168,925	197,878	181,450	185,150	188,926	192,779	20,690	37,996	16,428	3,700	3,776	3,853
Stores	266,079	294,769	362,775	365,697	362,747	386,420	364,812	302,108	308,757	315,552	20,723	91,651	(21,608)	(62,704)	6,649	6,796
Sub-Total General & Administrative	1,884,630	1,815,613	1,899,023	1,960,935	1,860,740	2,217,706	2,283,868	2,240,119	2,286,527	2,333,902	256,851	402,173	46,082	(23,749)	46,408	47,375
Corporate																
Management Fees	480,000	480,000	480,000	480,000	480,000	489,600	499,392	509,879	520,587	531,519	9,600	9,600	9,792	10,487	10,707	10,932
Post Retirement Benefits expense	(470,880)	(1,184,205)	(1,135,166)	(724,420)	(732,120)	(610,426)	(622,635)	(635,710)	(649,060)	(662,690)	(113,994)	(573,779)	12,209	13,075	13,350	13,630
Insurance - General & Property	263,437	324,807	259,961	316,301	286,521	293,731	299,606	305,898	312,322	318,880	(22,569)	(41,075)	5,875	6,292	6,424	6,559
Regulatory Costs	212,191	246,613	236,253	235,346	218,112	348,166	351,949	356,001	360,138	364,362	112,820	101,553	3,783	4,052	4,137	4,224
Audit, Legal & Consulting Fees	175,207	290,337	276,360	340,756	176,192	258,175	263,339	268,764	274,300	279,951	(82,581)	(32,162)	5,164	5,425	5,536	5,651
Other Corporate Costs and Adjustments	428,431	477,798	550,746	529,598	697,499	617,554	629,872	642,757	655,906	669,325	87,956	139,755	12,318	12,885	13,149	13,419
Sub-Total Corporate	2,621,361	3,013,761	2,938,484	2,626,422	2,960,444	2,617,653	2,666,794	2,719,009	2,772,313	2,826,727	(8,768)	(396,108)	49,140	52,215	53,304	54,415
Allocations & Recoveries																
Grid Construction & Maintenance	(1,995,679)	(2,133,123)	(2,052,444)	(1,954,593)	(2,127,067)	(1,752,121)	(1,821,852)	(1,867,590)	(1,914,357)	(1,962,177)	202,473	381,003	(69,732)	(45,738)	(46,767)	(47,819)
Technical Design & Engineering	(470,880)	(337,056)	(337,005)	(408,517)	(354,106)	(472,940)	(483,581)	(494,462)	(505,587)	(516,963)	(64,423)	(135,885)	(10,641)	(10,881)	(11,125)	(11,376)
Meter Operations (installs etc)	(183,943)	(139,050)	(157,168)	(181,412)	(159,245)	(212,817)	(217,606)	(222,502)	(227,508)	(232,627)	(31,405)	(73,767)	(4,788)	(4,896)	(5,000)	(5,119)
Stores Recoveries	(693,426)	(259,207)	(206,187)	(260,543)	(220,355)	(269,742)	(275,811)	(282,017)	(288,362)	(294,850)	(9,199)	(10,535)	(6,069)	(6,206)	(6,345)	(6,488)
Vehicle Recoveries	(359,442)	(525,000)	(528,707)	(776,538)	(506,244)	(803,954)	(822,043)	(840,539)	(859,451)	(878,789)	(27,417)	(278,954)	(38,089)	(38,496)	(38,912)	(39,338)
OPA CDM Programs	(167,526)	(164,800)	(178,873)	(189,757)	(225,386)	(196,457)	(200,877)	(205,397)	(210,018)	(214,743)	(6,700)	(31,656)	(4,420)	(4,520)	(4,621)	(4,725)
Other Allocated Costs (inc. Shared Services)	(131,878)	(136,007)	(220,167)	(229,171)	(136,738)	(237,241)	(242,565)	(248,009)	(253,							

OSHAWA PUC NETWORKS INC.

**Response to Vulnerable Energy Consumers Coalition (VECC)
Interrogatory 4.0-VECC-35**

Reference: E4/pg. 35, 46

- a) Please provide the succession plan for 2015 -2019 showing the expected date of retirements, the expected date of hiring of replacement, cost of training, and any other relevant costs.
 - b) Please identify the number of retirements where notice has already been given and the number in which no notice has yet been received.
 - c) Please provide the number of retirements between 2012 and year end 2014.
 - d) Please provide the annual number of voluntary and involuntary employee separations positions during the period 2012 – 2014.
-

Response:

- a) The 'succession plan' is a part of the budgeting and forecasting process, not a distinct document. It is driven by known details of employee service along with a report from OMERS listing OPUCN employees with dates at which they become eligible for an unreduced pension. An extract of this report, with individual identifiers removed, follows at the end of this interrogatory response.

The table below summarises the positions for which some overlap is expected. All other positions are expected to be replaced on retirement with qualified 'ready to go' individuals. Incremental training and other costs have been added for these positions.

Overlap Position	Retirement Date	Overlap Start Date
Cableperson	01-Jan 2015	01-Jul 2015
Equipment Operator	30-Sep 2015	01-Sep 2014
Lineperson	31-Jan 2016	01-Sep 2014
Equipment Operator	31-Jul 2017	01-Jan 2016
Collector	30-Nov 2017	01-Jul 2016
System Operator	01-Jul 2018	01-Jan 2016
Lineperson	30-Nov 2018	01-Jul 2015
Lineperson	30-Nov 2018	01-Jul 2016

- b) Notice given – 3 (2 eligible 2015, 1 eligible 17 – all retired as of May 2015).
- c) 1
- d) 4 voluntary, 1 involuntary

OMERS

Retirement Forecasting Detail

Unreduced Pensions

Up To Retirement Date: Dec-31-2025

This report lists members in your group who are eligible for an **unreduced** pension as of the above retirement date. It's provided to help you help your members plan for retirement, forecast possible resource needs and determine eligibility for other benefits. Please keep in mind that this report is a planning tool only - members seriously considering retirement should request a Pension estimate from OMERS.

Important notes:

- . Members eligible for a reduced pension are not listed on this report.
- . If a member has a Supplemental Plan benefit, it has not been included in the forecasting of the member's retirement date.

. Projected Service:

- This is the credited and eligible service projected from the last service period reported to the retirement date.
- To project service, we assume there will no breaks, that is, 12 months of qualifying service per year for continuous full-time and other-than-continuous full-time members.

- If the member is purchasing service and hasn't finished paying for it, the period is not included in the credited service.

When a member's hire and enrolment dates are different and the period has not been purchased, the service will be included in the eligible service shown. (The member can purchase eligible service to turn it into credited service.)

. Retirement date: If the member is eligible for an unreduced pension when this report is produced, the Retirement date is the date the report is produced. Otherwise, the Retirement date is the date the member becomes eligible to retire with an unreduced pension.

. Retirement provision: Shows why the member qualifies for an unreduced pension:

- Reached NRA: the member has reached normal retirement age 60 or 65.
- Factor: the member is within 10 years of normal retirement age and has the required Factor.
 (In 2004, this is an 85 Factor for NRA 65 members and an 80 Factor for NRA 60 members.
 In 2005 and onwards, this is a 90 Factor for NRA 65 members and an 85 Factor for NRA 60 members.)
- 30-year: the member is within 10 years of normal retirement age and has 30 years of credited and eligible service.
- . If the member has service that hasn't yet been reported or updated on our records, the retirement date will be inaccurate.

Employer Name: Oshawa Puc Networks Inc. **Group No:** 426591

Member's Name/Initials	Membership No	SIN / Employee Id	Hire Date	NRA	Credited Service	Eligible Service	Projected Service	Retirement Date
xxxx, xxx	yyyyyyyy	zzzzzz	mm/ddd/yy	65	31.5	0.0	1.1	Jan-31-2014
xxxx, xxx	yyyyyyyy	zzzzzz	mm/ddd/yy	65	30.9	0.0	1.1	Jan-31-2014
xxxx, xxx	yyyyyyyy	zzzzzz	mm/ddd/yy	65	20.3	12.8	1.1	Jan-31-2014
xxxx, xxx	yyyyyyyy	zzzzzz	mm/ddd/yy	65	29.8	0.0	1.1	Jan-31-2014
xxxx, xxx	yyyyyyyy	zzzzzz	mm/ddd/yy	65	23.6	0.0	1.3	Apr-04-2014
xxxx, xxx	yyyyyyyy	zzzzzz	mm/ddd/yy	65	28.0	0.0	2.0	Dec-31-2014

Membership Count for Year: 2014 6

xxxx, xxx	yyyyyyyy	zzzzzz	mm/ddd/yy	65	32.0	0.0	2.1	Jan-31-2015
xxxx, xxx	yyyyyyyy	zzzzzz	mm/ddd/yy	65	16.3	10.8	2.1	Jan-31-2015
xxxx, xxx	yyyyyyyy	zzzzzz	mm/ddd/yy	65	30.8	0.7	2.2	Feb-28-2015
xxxx, xxx	yyyyyyyy	zzzzzz	mm/ddd/yy	65	26.8	0.3	2.8	Oct-31-2015
xxxx, xxx	yyyyyyyy	zzzzzz	mm/ddd/yy	65	25.7	4.7	2.8	Oct-31-2015

Membership Count for Year:	2015	5							
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	23.6	0.3	3.9	Nov-30-2016	
Membership Count for Year:	2016	1							
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	17.3	0.0	3.6	Aug-02-2017	
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	21.4	0.0	4.9	Nov-30-2017	
Membership Count for Year:	2017	2							
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	24.7	0.0	5.3	Apr-30-2018	
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	25.6	1.1	5.6	Jul-31-2018	
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	24.0	0.2	5.8	Oct-31-2018	
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	24.1	0.0	5.9	Nov-30-2018	
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	23.8	0.3	5.9	Nov-30-2018	
Membership Count for Year:	2018	5							
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	19.2	5.0	6.4	May-31-2019	
Membership Count for Year:	2019	1							
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	22.8	0.0	7.3	Mar-31-2020	
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	20.2	0.0	7.6	Jul-31-2020	
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	21.9	0.5	7.8	Oct-31-2020	
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	18.7	3.3	8.0	Dec-31-2020	
Membership Count for Year:	2020	4							
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	22.2	0.0	8.6	Jul-31-2021	
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	19.7	0.0	8.8	Sep-30-2021	
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	20.6	0.5	8.9	Nov-30-2021	
Membership Count for Year:	2021	3							
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	20.8	0.3	9.2	Feb-28-2022	
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	23.8	0.0	9.3	Apr-30-2022	
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	15.2	1.1	9.3	Apr-30-2022	
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	7.6	0.0	9.6	Aug-03-2022	
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	23.9	0.0	9.7	Aug-31-2022	
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	21.6	1.3	9.8	Sep-30-2022	
Membership Count for Year:	2022	6							
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	0.0	0.0	9.0	Jan-17-2023	
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	20.3	2.4	10.1	Jan-31-2023	
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	13.9	3.1	10.3	Mar-31-2023	
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	13.2	0.9	10.3	Apr-27-2023	
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	21.5	1.1	10.8	Oct-31-2023	
xxxx, xxx	yyyyyyy	zzzzzz	mm/dd/yyyy	65	15.2	1.3	10.9	Nov-30-2023	

Membership Count for Year: 2023 6

xxxx, xxx	yyyyyyy	zzzzzz	mm/ddd/yy	65	14.9	0.0	11.4	May-31-2024
xxxx, xxx	yyyyyyy	zzzzzz	mm/ddd/yy	65	21.8	0.0	11.5	Jun-30-2024
xxxx, xxx	yyyyyyy	zzzzzz	mm/ddd/yy	65	22.4	0.0	11.8	Sep-30-2024
xxxx, xxx	yyyyyyy	zzzzzz	mm/ddd/yy	65	19.2	1.8	12.0	Dec-31-2024

Membership Count for Year: 2024 4

xxxx, xxx	yyyyyyy	zzzzzz	mm/ddd/yy	65	20.3	0.0	12.3	Mar-31-2025
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Membership Count for Year: 2025 1

Total Membership Count: 44

OSHAWA PUC NETWORKS INC.

**Response to Vulnerable Energy Consumers Coalition (VECC)
Interrogatory 4.0-VECC-36**

Reference: E4/pgs.23,29

- a) For each year beginning in 2012, please list all new (incremental) positions and provide the salary band for the position.
 - b) Please explain why it is necessary to add an FTE for community relations and regulatory affairs when presumably under the 5 year plan the Utility will be having less, not more regulatory interactions.
-

Response:

- a) Customer Service - CSR (2016) - \$60k-\$70k
IT – Support Analyst (2015) - \$60k-\$70k
Grid Construction & Maintenance – Lineman (2015) - \$55k-\$84k
Technical Design – Design Technician (2015) - \$69k-\$84k
Technical Design –Design Supervisor (2014) - \$85k-\$95k
Metering – Meter Technician (2015) - \$55k-\$84k
- b) There is 1 additional FTE forecast in community relations (a customer services rep) to help cope with projected customer growth of 3% per annum, of 15% from 2014 to 2019.

There is no additional FTE forecast for regulatory affairs. However, OPUCN does not believe there will be less regulatory interactions. As noted in the application, the Board's RRFE Report includes guidelines requiring LDC's fulfil additional requirements covering customer engagement, communications and privacy rules.

OSHAWA PUC NETWORKS INC.

**Response to Vulnerable Energy Consumers Coalition (VECC)
Interrogatory 4.0-VECC-37**

Reference: E4/pg. 32

- a) Please provide a list of services and positions that are provided for under the Management Fees.
 - b) Please explain why these fees are forecast to increase over the period of the plan.
-

Response:

- a) The management fees include the services of the Board of Directors, the CEO and CFO, along with sundry other legal and corporate costs - the costs of which are all held in the parent company.
- b) The fee increases are limited to inflation.

OSHAWA PUC NETWORKS INC.

**Response to Vulnerable Energy Consumers Coalition (VECC)
Interrogatory 4.0-VECC-38**

Reference: E4/pg. 32

- a) Please provide the EDA fees for each year in the period 2012 -2014.
 - b) Please provide the forecast EDA fees for the 2015 through 2019 period.
-

Response:

- a) 2012 \$68,200
2013 \$71,500
2014 \$74,600
- b) 2015 \$77,100
2016 \$78,642
2017 \$80,215
2018 \$81,819
2019 \$83,456

OSHAWA PUC NETWORKS INC.

**Response to Vulnerable Energy Consumers Coalition (VECC)
Interrogatory 4.0-VECC-39**

Reference: E4/pg. 32

- a) Please explain why OPUCN does not tender for its insurance but rather purchases via quote from the EDA affiliate, the MEARIE Group.
 - b) Please explain what steps OPUCN has taken to ensure that the MEARIE insurance it has purchased is competitive with alternative offerings.
-

Response:

- a) The following points address your question:
 - OPUCN believes its arrangement with MEARIE is consistent with its policies for procuring services in that we have had a long term partnership that has been proven to be cost effective and beneficial to OPUCN.
 - MEARIE provides liability, property and vehicle insurance for OPUCN.
 - OPUCN management is familiar with insurance and recently had insurance (property – up until June 2009; and D&O up until January 2009) in place with a broker/insurer other than MEARIE.
 - OPUCN's dealings in transitioning its property insurance to MEARIE specifically allowed us to conclude the MEARIE offering was more attractive from both a premium and coverage perspective.
 - Because MEARIE is a reciprocal insurance exchange, it operates on a no profit, income tax exempt basis.
 - In the event MEARIE overestimates exposures, it can provide Subscribers with premium reductions which are extended from time to time, as determined by the MEARIE Board of Directors.

- OPUCNs experience with MEARIE has shown it to be responsive to claims.
 - We have not experienced a disruption in coverage. MEARIE provides stability which is the goal of establishing Partnership Agreements.
 - The MEARIE Group is not an affiliate of the EDA. MEARIE Is a regulated property/casualty insurer owned by its members.
- b) The MEARIE Group, which is an electricity industry insurance reciprocal operates on a not for profit basis. It offers a full range of insurance solutions including comprehensive general liability, property, vehicle insurance and group benefits. The MEARIE Group purchases re-insurance and maintains reserve funds to manage risks to members of the Reciprocal.

As part of The MEARIE Group's 3 year underwriting cycle and program due diligence, MEARIE carries out a complete review of each Underwriting Group on a regular basis. In 2014, Underwriting Group I Liability was reviewed. In 2015 Underwriting Group III Property is being reviewed. The review includes comparison to commercial market for both coverage and pricing. Through this review and comparison, OPUCN ensures the policy purchases are competitive with similar offerings.

OPUCN has engaged an independent third party to provide a review of insurance coverage which will establish gaps if any, benchmark coverage against industry standards, assess counterparty risk and provide assurance that OPUCN is obtaining value for its premiums. The report will be used in part to determine whether OPUCN renews its three year subscriber agreement with Mearie.

OSHAWA PUC NETWORKS INC.

**Response to Vulnerable Energy Consumers Coalition (VECC)
Interrogatory 4.0-VECC-40**

Reference: E4/pg. 61

With respect to the cost of this application please provide the legal and (separately) the consultant costs incurred to date.

Response:

Legal \$296k, Consultants \$259k, Other \$1k.

OSHAWA PUC NETWORKS INC.

**Response to Vulnerable Energy Consumers Coalition (VECC)
Interrogatory 4.0-VECC-41**

Reference: E4/pg.29, Table 4-15

Please provide the name of OPUCN's LEAP partner.

Response:

Community Development Council Durham (Intake), United Way of Durham Region (Lead).