

**OSHAWA PUC NETWORKS INC.**

**Response to Board Staff Interrogatory 7.0-Staff-34**

**Ref: Exhibit 7, page 3**

OPUCN indicates that it has used the customer and load forecast as provided in Exhibit 3 for its Cost Allocation evidence. Staff has questioned the customer and load forecast, implying that it is too optimistic. Please comment on the impact of a reduced customer and load forecast on OPUCN's Cost Allocation Model results from lower customer and load growth in the residential and GS 50 to 999 kW classes over the course of this plan.

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**Response:**

The impact of a reduced customer and load forecast on OPUCN's Cost Allocation Model results from lower customer and load growth in the residential and GS 50 to 999 kW classes over the course of this plan will be lower cost allocated to that class.

**OSHAWA PUC NETWORKS INC.**

**Response to Board Staff Interrogatory 7.0-Staff-35**

**Ref: Exhibit 7, Table 7-16, page 11**

In this Table, OPUCN provides a summary of the Proposed Revenue-to-Cost Ratios from 2015 to 2019. For both the GS Intermediate Class and the Sentinel Light Class, the R/C ratio is set to 120 (top of the policy range) in 2015 and continues at that level each year until 2019. As the Board indicated in its EB-2007-0667 Report dated November 28, 2007 on page 7:

“Distributors should endeavour to move their R/C ratios closer to one if this is supported by improved cost applications.... Distributors should not move their R/C ratios further away from one.”

Why does OPUCN not propose to move those classes more toward the middle of the range over the 2015 – 2019 period?

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**Response:**

We don't believe that the cost allocation process has improved and therefore have maintained existing R/C ratio assumptions.

**OSHAWA PUC NETWORKS INC.**

**Response to Board Staff Interrogatory 7.0-Staff-36**

**Ref: Exhibit 7, Table 7-16, page 11**

In this Table, OPUCN provides a summary of the Proposed Revenue-to-Cost Ratios from 2015 to 2019. For both the GS < 50kWh Class, the R/C ratio is set to 120 (top of the policy range) in 2015 and is proposed to move only slightly below 120 from 2017 to 2019. Why does OPUCN not propose to move this class more toward the middle of the range over the 2015 – 2019 period?

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**Response:**

Please see response to 7.0 –STAFF-35.

**OSHAWA PUC NETWORKS INC.**

**Response to Energy Probe Research Foundation (Energy Probe)  
Interrogatory 7.0-Energy Probe-61**

**Re: Exhibit 7, Table 7-6**

- a) Please explain why OPUCN is proposing to reduce the residential revenue to cost ratio from the status quo ratio of 96.7% to 95.7% in 2016.
  - b) If the residential revenue to cost ratio was maintained at the status quo ratio of 96.7%, what would be the required ratio for the street lighting and USL classes assuming they are equal to one another and all the other proposed ratios are as proposed?
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**Response:**

- a) Please see response 7.0 – VECC –47 (a) above.
- b) Please see response 7.0 – VECC –47 (a) above.

**OSHAWA PUC NETWORKS INC.**

**Response to Vulnerable Energy Consumers Coalition (VECC)  
Interrogatory 7.0-VECC-46**

**Reference: Cost Allocation Models**

- a) With respect to Tab I6.2, for each of the years 2015-2019 what is the ratio of Streetlight connections to Streetlight devices?
  - b) With respect to Tab I7.1, how were the meter costs by type established and do the costs used for smart meters reconcile to OPUCN's actual smart meter investments?
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**Response:**

- a) The ratio used is one to one, which is the historical norm for OPUCN.
- b) Costs by type are derived from current meter/item costs along with estimated labour etc. The costs used for smart meters won't reconcile to OPUCN's actual smart meter investments as the cost per meter changes over time.

**OSHAWA PUC NETWORKS INC.**

**Response to Vulnerable Energy Consumers Coalition (VECC)  
 Interrogatory 7.0-VECC-47**

**Reference: E7/pg.7-11**

- a) With respect to the 2016 R/C ratios, why is the Proposed Ratio for Residential (95.7%) farther from 100% than the Status Quo Ratio (96.7%)?
- b) With respect to the 2017 R/C ratios, why are the Proposed Ratios for GS>1000 and Streetlighting both farther from 100% than the Status Quo Ratios?

**Response:**

- a) On reviewing, we noted an error in the calculation and have corrected. The revised 2016 R/C ratios would be :

Class	Check Revenue Cost Ratios from 2017 Cost Allocation Model - Line 75 from O1 in CA	Proposed Revenue to Cost Ratio
Residential	96.7%	96.7%
GS Less Than 50 KW	120.5%	120.0%
GS 50 To 999 KW	101.2%	101.2%
GS Intermediate 1,000 To 4,999 KW	121.1%	120.0%
Large Use	109.6%	109.6%
Street Lighting	76.2%	78.3%
Sentinel Lighting	122.2%	120.0%
Unmetered Scattered Load	95.4%	95.4%

- b) Same issue as a) above, with revised R/C ratios presented below:

Class	Check Revenue Cost Ratios from 2017 Cost Allocation Model - Line 75 from O1 in CA	Proposed Revenue to Cost Ratio
Residential	96.5%	96.5%
GS Less Than 50 KW	119.3%	119.3%
GS 50 To 999 KW	99.1%	99.1%
GS Intermediate 1,000 To 4,999 KW	119.7%	119.7%
Large Use	102.6%	102.6%
Street Lighting	97.2%	97.2%
Sentinel Lighting	122.2%	120.0%
Unmetered Scattered Load	96.6%	96.5%