OSHAWA PUC NETWORKS INC.

Response to Board Staff Interrogatory 8.0-Staff-37

Ref: Exhibit 8, Table 8-4, page 5

In this Table, OPUCN shows its proposed Fixed/Variable split for all classes from 2015 to 2019. In considering the OEB's April 2, 2015 announcement of its policy regarding fixed distribution charges for residential customers (EB-2012-0410), please provide OPUCN's plan to move toward the implementation of the Board's policy over the 2015 – 2019 period.

Response:

OPUCN will implement the Board's policy as required. For the purpose of its rate application, OPUCN is proposing to use the Board's current policy and will set out to transition rates accordingly once guidelines are more formerly developed.

OSHAWA PUC NETWORKS INC.

Response to Energy Probe Research Foundation (Energy Probe) Interrogatory 8.0-Energy Probe-62

Ref: Exhibit 8

a) Please provide a version of Tables 8-6 through 8-18 that reflects an increase in 2016 through 2019 for the residential fixed charge as described in the EB-2012-0410 Board Policy - A New Distribution Rate Design for Residential Electricity Customers dated April 2, 2015.

b) Based on the response to part (a), please provide a series of tables that shows the impact on residential rates for distribution rates only, and for the total bill, for monthly consumption levels of 200, 300, 500, 800, 1,000 and 1,500 kWh's, both with and without rate smoothing.

Response:

a) As noted in response to Board Staff interrogatory “8.0-Staff-37”, OPUCN has not confirmed its actual transition plan, but it will most likely involve beginning the transition in 2016 and being complete in 2019. The transition to 100% fixed rate from current percentage would be achieved in equal increments over the period 2016 to 2019.

OPUCN will finalize its proposed transition during this rate process and will produce updated Tables 8-6 through 8-18 at that time. This change is not expected to have a material impact on any aspect of this application.

b) Please refer to a) above. Note that OPUCN feels that provision of the Excel workbook as noted in response to interrogatory “8.0 –VECC -51” will be sufficient to address this request in the timeframe provided. The workbook allows the user to perform as many scenarios as required.

OSHAWA PUC NETWORKS INC.

Response to Energy Probe Research Foundation (Energy Probe) Interrogatory 8.0-Energy Probe-63

Ref: Exhibit 8, pages 14-15

a) Please show the calculation of the 2014 loss factor by either extending Table 8-21 to include another column or by providing a standalone table in the same level of detail as Table 8-21 for the 2014 calculations.

b) Does OPUCN propose to update the loss factor calculations as part of the annual adjustment process? If not, please explain why not.

Response:

a) Below is Table 8-21 updated for 2014 actual:

Appendix 2-R
Loss Factors

							5-Year Average
		2010	2011	2012	2013	2014	2010-2014
	Losses Within Distributor's System						
A(1)	"Wholesale" kWh delivered to distributor (higher value)	1,148,418,336	1,148,632,411	1,136,327,558	1,133,319,930	1,134,970,143	1,140,333,676
A(2)	"Wholesale" kWh delivered to distributor (lower value)	1,143,000,822	1,144,133,302	1,131,901,191	1,129,278,440	1,127,451,964	1,135,153,144
B	Portion of "Wholesale" kWh delivered to distributor for its Large Use Customer(s)	33,736,791	38,118,106	41,220,864	42,749,481	43,127,439	39,790,536
C	Net "Wholesale" kWh delivered to distributor = **A(2) - B**	1,109,264,031	1,106,015,196	1,090,680,327	1,086,528,959	1,084,324,525	1,095,362,608
D	"Retail" kWh delivered by distributor	1,098,722,649	1,094,629,803	1,081,946,683	1,083,491,344	1,082,328,815	1,088,223,859
E	Portion of "Retail" kWh delivered by distributor to its Large Use Customer(s)	33,402,763	37,740,699	40,812,737	42,326,219	42,700,435	39,396,571
F	Net "Retail" kWh delivered by distributor = **D - E**	1,065,319,886	1,056,889,104	1,041,133,946	1,041,165,125	1,039,628,380	1,048,827,288
G	Loss Factor in Distributor's system = **C / F**	1.0412	1.0465	1.0476	1.0436	1.0430	1.0444
	Losses Upstream of Distributor's System						
H	Supply Facilities Loss Factor	1.0045	1.0045	1.0045	1.0045	1.0045	1.0045
	Total Losses						
I	Total Loss Factor = **G x H**	1.0459	1.0512	1.0523	1.0483	1.0477	1.0491

Notes

Jan 2015 Filing	1.0486

b) No. OPUCN does not feel the benefit of adding such an adjustment has sufficient value to merit doing annually.

OSHAWA PUC NETWORKS INC.

Response to Greater Oshawa Chamber of Commerce (GOCC)
Interrogatory 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%?

Response:

Yes, gradually over the 2016 to 2019 period. Please see response to similar interrogatory from Board Staff (ref. 8.0 –STAFF-37).

OSHAWA PUC NETWORKS INC.

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

Response:

a) The principal driver behind the difference is the relative change in total consumption/demand for each class. Both classes are forecast to grow customer numbers at 16% total over the five year period, but the Residential class total consumption is forecast to grow at only 0.6% compared to 23.0% for the GS 50 to 999 class.

OSHAWA PUC NETWORKS INC.

Response to Greater Oshawa Chamber of Commerce (GOCC)
Interrogatory 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

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Response:

a) Please see response to interrogatory ref : 8.0-ENERGY PROBE-63

b) OPUCN has not quantified any specific improvement in distribution system losses as a result of increased Capital spending. Qualitatively speaking, we expect Non-Technical losses to be reduced with improved and more accurate metrology. We also expect Technical losses to be reduced as well with installation of newer equipment and improvements driven by system reconfiguration to lower feeder loading and shorter feeder lengths. However, we also expect the appearance of losses to increase as a result of increased accuracy and system visibility. Therefore, OPUCN does not segment and itemize the various components to be able to accurately quantify and forecast the net impact.

OSHAWA PUC NETWORKS INC.

Response to School Energy Coalition (SEC)
Interrogatory 8.0-SEC-38

[Ex.8]

Please confirm that the following table correctly calculates the current and proposed distribution charges for a school in the GS>50-999 class with a 100 kW monthly demand. If not confirmed, please provide corrected calculations. Please confirm that the same school is being asked to pay an additional $6,055.20 over the five year test period, subject to any adjustments in the Applicant's annual filings.

Sample School Distribution Rate Calculations 2014-2019

GS>50 to 999 KW	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*
Monthly Fixed	$43.13	$49.73	$53.51	$54.49	$56.13	$56.36
Volumetric Rate	$3.7097	$4.2654	$4.5836	$4.6665	$4.8049	$4.8240
Smoothing Rider		-$0.3945	-$0.3555	-$0.0738	$0.1756	$0.5526
Net Volumetric Rate	$3.7097	$3.8709	$4.2281	$4.5927	$4.9805	$5.3766
Result at 100 KW	$370.97	$387.09	$422.81	$459.27	$498.05	$537.66
Total Monthly Distribution Changes	$414.10	$436.82	$476.32	$513.76	$554.18	$594.02
Annual Bill	$4,969.20	$5,241.84	$5,715.84	$6,165.12	$6,650.16	$7,128.24
Increase over Prior Year		$272.64	$474.00	$449.28	$485.04	$478.08
Percentage		5.49%	9.04%	7.86%	7.87%	7.19%
Five Year Increase						$2,159.04
Percentage						43.45%
Revenue at Current Rates	$24,846.00					
Proposed Revenue	$30,901.20					
Increased Charge	$6,055.20					

Response:

Confirmed

OSHAWA PUC NETWORKS INC.

Response to Vulnerable Energy Consumers Coalition (VECC) Interrogatory 8.0-VECC-48

Reference: E8/ pg. 4-8

a) Please provide a set of schedules that for each of the years 2015-2019 sets out the fixed-variable for each customer class based on the 2014 approved rates and the proposed load forecast for the year.

b) Contrary to the text preceding it, Table 8-3 does not compare OPUCN's fixed/variable ratios for Residential and GS<50 with those of its neighbouring LDCs. Please provide such a table.

c) In the materials presented at the April 2nd Technical Conference (Slide 20) OPUCN compared itself to a number of similar sized LDCs. Please provide a table comparing OPUCN's fixed-variable ratio for Residential and GS<50 with the ratios for each of these LDCs.

d) One of the reasons given for increasing the fixed charges (page 4) is to reduce the risk of revenue shortfall attributable to weather sensitive rate classes. Is OPUCN proposing to reduce its requested ROE in recognition of this reduced risk? If yes, by how much? If no, why not?

e) The text indicates OPUCN's plan to increase the fixed portion of the rate design for Residential and GS<50. How were the proposed fixed-variable ratios for the other customer classes, as set out in Table 8-4, established?

f) With respect to Table 8-12, can OPUCN explain why the floor and ceiling values for the GS>1000 class are both negative?

g) With respect to Table 8-13, please provide a schedule that for the GS 50-999 class compares the proposed fixed charges for 2016-2019 with the floor and ceiling values for that class per the CA model.

Response:

a) OPUCN is only proposing changing the recommended ratios for the Residential and GS < 50 customer classes. Given that revenue decoupling will be applied to the Residential class over the period 2015-2019, the question is moot in the case of the residential class [please refer to 8.0-Staff-37].

The table below shows the recommended ratios without any adjustment ie. the starting point is 2014 approved rates and 2015-2019 ratios driven only by 2015-2019 load forecast and cost allocation study model.

Customer Class	Distribution Charge - Fixed % Split					
	2012 Approved	2015 Proposed	2016 Proposed	2017 Proposed	2018 Proposed	2019 Proposed
Residential	45.9%	47.5%	48.1%	48.9%	49.6%	50.4%
GS Less Than 50 KW	15.1%	14.8%	14.9%	15.2%	15.4%	15.6%
GS 50 To 999 KW	7.5%	7.3%	7.2%	7.2%	7.1%	7.1%
GS Intermediate 1,000 To 4,999 KW	30.6%	35.8%	38.4%	41.2%	44.1%	47.0%
Large Use	48.9%	40.1%	39.3%	38.7%	38.1%	37.5%
Street Lighting	25.1%	35.1%	45.5%	45.5%	45.7%	45.7%
Sentinel Lighting	61.9%	65.4%	65.3%	65.2%	65.2%	65.1%
Unmetered Scattered Load	22.3%	24.5%	24.8%	25.0%	25.4%	25.6%

b) Please see table below. Non OPUCN ratios derived using applicable rates and 800kwh and 2,000kwh for Residential and GS<50 respectively.

TABLE 8-3 – FIXED RATE % COMPARISON

Customer Class	OPUCN Current 2014 Rates effective Jan 1	OPUCN Proposed 2015 Rates	Veridian Current 2014 Rates effective May 1	Whitby Hydro Current 2014 Rates effective Jan 1	Peterborough Current 2014 Rates effective May 1
Residential	45.9%	50.0%	50.1%	60.2%	56.0%
GS Less Than 50 KW	15.1%	27.0%	33.2%	33.8%	63.8%

c) The time and effort involved in creating the requested table is significant. OPUCN has provided similar information in part b) above and suggests the value of creating the requested table is low, particularly so given the OEB revenue decoupling initiative.

d) OPUCN is not proposing to reduce its requested ROE. The OEB methodology for ROE does not factor in R/C ratios, which are not consistent among LDCs.

e) The current fixed/variable split in distribution revenue was approved in OPUCN's CoS Application (EB-2011-0073) and was calculated based on forecasted

customer and connection counts, consumption, and approved rates. The same process has been used in this application.

f) The instructions accompanying the Cost Allocation model note that a discrepancy remains in the model, and warns that the precise calculation of the ceiling should be used with appropriate caution. Users of the model have observed that for some classes, the ceiling comes out lower than the floor, or even negative. This occurs in situations where customer-related costs are relatively low compared to Demand-related costs, and appears to be a result of prorated depreciation on General Plant.

g)

GS 50 To 999 KW	**2016**	**2017**	**2018**	**2019**
Proposed Fixed Charges	$53.51	$54.49	$56.13	$56.36
Floor per CA Model	$40.76	$39.92	$39.78	$40.10
Celing per CA Model	$52.10	$51.07	$50.88	$51.21

OSHAWA PUC NETWORKS INC.

Response to Vulnerable Energy Consumers Coalition (VECC)
Interrogatory 8.0-VECC-49

Reference: E8/ pg. 11

Please update the proposed 2015 RTSR's to reflect the approved UTRs for 2015.

Response:

The proposed 2015 RTSR's have been updated to reflect the approved UTRs for 2015. The updated excel model is filed via RESS.

Proposed RTS Rates (Updated with 2015 UTR's)

Rate Class	Unit	Proposed RTSR Network	Proposed RTSR Connection
Residential	kWh	$ 0.0078	$ 0.0062
General Service Less Than 50 kW	kWh	$ 0.0072	$ 0.0057
General Service 50 to 999 kW	kW	$ 2.6140	$ 2.0181
General Service 50 to 999 kW - Interval Metered	kW	$ 3.3504	$ 2.5637
General Service 1,000 to 4,999 kW	kW	$ 3.3504	$ 2.5637
Large Use > 5000 kW	kW	$ 3.5699	$ 2.7973
Unmetered Scattered Load	kWh	$ 0.0072	$ 0.0057
Sentinel Lighting	kW	$ 1.8030	$ 2.3691
Street Lighting	kW	$ 1.7724	$ 2.3290

OSHAWA PUC NETWORKS INC.

Response to Vulnerable Energy Consumers Coalition (VECC) Interrogatory 8.0-VECC-50

Reference: E8/ pg. 30

Please confirm that OPUCN's rate mitigation rate riders will all be volumetric and explain why this is the case, particularly for the Residential and GS<50 classes where the emphasis on the fixed charge is proposed to increase.

Response:

Confirmed. At the time, revenue decoupling for residential customers had not been confirmed by OEB.

OSHAWA PUC NETWORKS INC.

Response to Vulnerable Energy Consumers Coalition (VECC) Interrogatory 8.0-VECC-51

Reference: E8/ pg. 101 and pg. 103-106

a) Based on OPUCN's most recent 12 months of actual billing data please indicate what percentage of its residential customers fall into each of the following averages monthly consumption ranges:

- 0-250 kWh
- >250-500 kWh
- >500-800 kWh
- >800-1000 kWh
- >1000-1500 kWh
- >1500-2000 kWh
- >2000 kWh

b) Please provide schedules similar to 8-49 and 8-50 for a Residential customer using:

- 250 kWh monthly
- 500 kWh monthly
- 1000 kWh monthly
- 1500 kWh monthly
- 2000 kWh monthly

Response:

a) OPUCN does not currently have any reporting that can provide this information. We have requested information from our billing service provider as to the feasibility and cost of creating such a report.

b) OPUCN has filed the excel model "OPUCN_APPL_Chapter2_Appendices_for_2015_to_2019_RUN_1_20150129.xlsm" with the application. Table 8-49 and 8-50 are derived from tabs "App.2-W_(Resi)" and "App.2-W_(Resi) No Mitigation" respectively. Changing the monthly kWh consumption amount in cell D19 (on both tabs) allows the user to see the bill impact under as many scenarios as desired.