

**EB-2015-0090**

**Niagara Peninsula Energy Inc.**

**Application for electricity distribution rates and other  
charges effective May 1**

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

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**November 27, 2015**

**NIAGARA PENINSULA ENERGY INC.  
2016 RATES CASE  
EB-2015-0090**

**ENERGY PROBE RESEARCH FOUNDATION  
INTERROGATORIES**

**Energy Probe-1**

**Ref: Pages 30-31**

The evidence states that the difference between the Bill Date and the Bill to Date was calculated to obtain the number of bill days and that these bill days were then weighted over all billing journals queried to obtain a weighted number of bill days. The evidence also indicates that this information was obtained by rate class.

- a) What weighting was used to obtain the number of bill days for each rate class shown in Table 2?
- b) Please provide the weighted number of days between the Bill Date and the Due Date using the total dollars billed as the weights using the same format as shown in Table 2.
- c) Does the billing system also record the date that payment is received? If yes, please provide the weighted number of days between the Bill Date and the date payment is received, again using total dollars billed as the weights and in the same format as shown in Table 2.
- d) If the pricing information is received from the IESO on the 10th business day after the read date, and taking into consideration weekends, this would imply that the pricing information is received between 12 to 14 days after the read date. Please explain why the number of days between the billing date and the meter read is 4 to 6 days greater than this figure.

**Energy Probe-2**

**Ref: Pages 31-32**

Please explain the link between the total dollar figures shown in Table 2 (\$164,532,857), Table 3 (\$10,665,171) and Table 4 (\$190,117,768).

### **Energy Probe-3**

**Ref: Page 31**

- a) **Does NPEI have a finer break down of the aging category of 0 to 30 days, such as 0 to 16 days and 17 to 30 days? If yes, please provide the average accounts receivable for these periods.**
- b) **What is NPEI's policy with respect to the write-off of bad debts? For example, how often does NPEI write off bad debts?**
- c) **How has the average accounts receivable for > 180 days been adjusted to reflect the removal of bad debts?**
- d) **Please explain why 16 days was used as the midpoint of the 1 to 30 aging category rather than 15 days?**

### **Energy Probe-4**

**Ref: Page 32**

- a) **Does the Brinks Deposit amount shown in Table 4 include payments received in cash and by cheque?**
- b) **What efforts has NPEI made to switch customers from payments by cash and cheque to the other form of payments shown in Table 4?**

### **Energy Probe-5**

**Ref: Page 33**

- a) **Please explain why the collection lag for pole rental revenue is 55.01 days.**
- b) **Please explain why the collection lag for the apprenticeship tax credit is 182.5 days. In particular, when does NPEI file its PILs tax return?**
- c) **Please confirm that NPEI only bills for pole rental once a year, following the end of the fiscal year. If this cannot be confirmed, please explain when NPEI bills for pole rental and for what period this bill is for.**

### **Energy Probe-6**

**Ref: Page 34**

- a) **Please show the calculation of the cost of power expense lead in Table 8 assuming the use of the 30.39 days for the IESO.**
- b) **Please provide all the data and analysis used to calculate the IESO expense lead times of 30.39 days and 28.99 days noted in the evidence.**
- c) **Please explain why the IESO reduced NPEIs trading limit by \$1.7 million.**
- d) **What happens when a margin call warning is issued? Is NPEI required to make a payment?**
- e) **Does the reduction in the trading limit by \$1.7 million primarily affect NPEI in the summer months?**
- f) **Based on the analysis that reduced the IESO expense lead days from 30.39 to 28.99, please indicate which months were impacted and which months were not.**
- g) **Please update the IESO expense lead to reflect the most recent 12 months that are now available. Please show all calculations and assumptions used.**

### **Energy Probe-7**

**Ref: Page 35**

- a) **Please provide all the calculations and assumptions used for each of the debt instruments used to calculate the 4.38 days for interest on long term debt, including the payment frequency of each loan and the amount of interest for each loan.**
- b) **Please provide a copy of each of the loan agreements that shows the payment frequency. Please highlight this part of each of the loan agreements.**
- c) **Is the interest that is paid monthly, quarterly, etc., paid on past balances or paid in advance for the following periods? Please explain fully.**

### **Energy Probe-8**

**Ref: Pages 35-36**

- a) **Please explain why NPEI has not requested a refund of the credit balance associated with the PILs with the Ministry of Finance.**
- b) **Please calculate the expense lead days associated with PILs if NPEI did not have a credit balance with the Ministry of Finance.**
- c) **Please confirm that if NPEI received a refund of the credit balance on deposit at the Ministry of Finance, it would have more cash on hand to deal with its working capital requirements.**

### **Energy Probe-9**

**Ref: Page 37**

**Please show the calculation of the payment lead of -29.91 days for Benefits - Mearie. In particular, please provide the payment dates to Mearie for each of the 12 months used in the analysis that result in the payment lead of -29.91 days.**

### **Energy Probe-10**

**Ref: Page 37**

- a) **Please provide the dates and amounts paid for property taxes for the 2015 calendar year.**
- b) **Please provide the dates and amounts paid for OEB cost assessments. Please explain why this is a prepaid expense.**

### **Energy Probe-11**

**Ref: Pages 37-38**

**With respect to the annual prepaid expenses:**

- a) **Please break down the \$1,147,164 amount shown in Table 11 into each of the components noted on page 37.**

- b) Please confirm that each of the annual prepaid expenses is based on annual costs that begin on May 1, and do not reflect any annual costs that are based on a calendar year. If this cannot be confirmed, please explain which expenses are based on pre-payment of annual costs that start to be incurred on January 1.
- c) Please provide all the data and calculations used to calculate the expense lead of -292.67 for annual prepaids shown in Table 11, including, but not limited to, the amount of the expense and the payment dates for each of the items noted on page 37.

### **Energy Probe-12**

**Ref: Pages 38-39**

- a) Please confirm that payroll and benefits have not been included in the calculation of the HST lag days.
- b) Please confirm that the negative weighted lead days shown in Table 12 indicate that NPEI receives its revenue on average 20.28 days before it has to submit it to Revenue Canada at the end of the following month. If this cannot be confirmed, please explain fully.
- c) Please confirm that the negative weighted lead days shown in Table 13 indicate that NPEI has to pay the HST on these expenses on average 18.60 days prior to receiving credit for these payments when it remits the net HST balance owing to Revenue Canada at the end of the following month. If this cannot be confirmed, please explain fully.

### **Energy Probe-13**

**Ref: Pages 33 & 39**

**Please explain why the Amounts shown in Table 12 do not match the Amounts shown in Table 7.**

### **Energy Probe-14**

**Ref: Page 40**

- a) Please explain why the HST associated with receivables results in an increase in the working capital allowance for NPEI.

- b) Has Elenchus reviewed other lead lag studies, and if so, is it aware of any other electricity distributors in Ontario where the HST on receivables increases the working capital allowance?**
- c) Why is the HST receivables which is based on revenues received, shown as expense in Table 14? In other words, shouldn't the receivables amount of \$22,603,800 be shown as a negative number since it is a revenue and not an expense?**

**Energy Probe-15**

**Ref: Appendix A**

- a) Please provide the CV's associated with the author(s) of the Elenchus lead lag study.**
- b) For each author, please indicate their relevant experience in preparing lead lag studies, including any testimony provided in front of regulatory agencies.**