Ontario Energy Board
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273

BY E-MAIL

November 27, 2015

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Niagara Peninsula Energy Inc. (NPEI)
2016 Distribution Rate Application
Board Staff Interrogatories
Board File No. EB-2015-0090 and EB-2015-0328

On November 27, 2015, the OEB issued a letter indicating that NPEI's EB-2015-0090 and EB-2015-0328 hearings would be combined. In accordance with Procedural Order #1 in EB-2015-0090 and the letter noted above, please find attached OEB Staff's interrogatories related to the above noted proceedings. NPEI and all intervenors have been copied on this filing.

Yours truly,

Original Signed By

Stephen Vetsis
Advisor – Electricity Rates and Prices

Encl.

Niagara Peninsula Energy Inc. ("NPEI")
EB-2015-0090 (IRM Application) and
EB-2015-0328 (LRAMVA Application)

Board Staff Interrogatories

Manager's Summary

Interrogatory #1
Ref: IRM Application, pages 6 and 7

NPEI states that it requests the OEB allow it to update its revenue requirement and current interim tariff of rates and charges to be effective November 1, 2015 on a final basis. NPEI notes that its revenue requirement, after PILs, will increase by $25,945 due to the adoption of a working capital allowance (WCA) percentage of 13.22%. NPEI also requested that the "current 2016 IRM Application [be] updated with the final 2015 tariff rates once approved."

OEB staff notes that NPEI has not provided a derivation of the base rates that would result from the adoption of a WCA percentage of 13.22%

a) Please provide a derivation of the base rates that result from the adoption of a WCA percentage of 13.22%, as well as, a revenue reconciliation.
b) Please clarify NPEI's request. Is NPEI seeking any lost revenues for the difference between interim rates and any final rates approved by the OEB? Is NPEI proposing that its customers would be charged the updated base rates, calculated in a), as of November 1, 2015?

Lead/Lag Study

Interrogatory #2
Ref: IRM Application, page 31

Table 3 from the Lead/Lag study, which shows the derivation of the collection lag of 30 days, is reproduced below.

Aging Categories	Mid Point	Average A/R $	Weight	Collection Lag
Current 0-30	16	$ 9,712,733	91.07%	14.57
Overdue 31-60	45	$ 220,467	2.07%	0.93
Overdue 61-90	75	$ 93,250	0.87%	0.66
Overdue > 91	135	$ 184,090	1.73%	2.33
Overdue > 180	270	$ 454,631	4.26%	11.51
		10,665,170.68	100.00%	30.00

a) Why were intervals of 30 days chosen for this analysis?
b) If possible, please provide an updated version of this table separated in to smaller bin sizes (e.g. 10 or 14-day increments). If not possible, please explain why NPEI is unable to update the table.
c) Was the collections lag determined using a sample of bills? If so, please show how the sample was statistically representative.
d) At what point (in number of days) does NPEI transition a bill from being overdue to becoming bad debt?
e) The mid-point for the “Overdue > 180” group is 270. This would imply that NPEI receives payments from some bills up to 540 days (1.5 years) after they are issued. Please explain the selection of the mid-point of 270 days.

Interrogatory #3
Ref: IRM Application, page 34

In its Lead/Lag study, NPEI states:

> NPEI obtained its daily exposure data from the IESO for the period of May 2014 to April 2015 and re-ran the study period data against the current updated trading limit to determine if there would have been an exposure to additional margin call warnings, which occur when the daily market exposure reaches 70% of the trading limit. This new trading limit is more reflective of the 2015 Test year and results in a weighted average expense lead time for the IESO of 28.99 days.

a) Please explain how the trading limit and margin call warnings would have an impact on the lead time for IESO cost of power expenses.
b) What would be the resulting working capital allowance if the actual IESO lead of 30.39 days was used to derive the weighted lead time for the cost of power?

Interrogatory #4
Ref: IRM Application, page 36

In its Lead/Lag study, NPEI states:

> As of June 30, 2013, NPEI has a credit balance with the Ministry of Finance related to its PILs. The credit arose from NPEI making tax installments in 2013 based on its 2012 tax return…
>
> The credit is being used to offset any PILs payments that NPEI would need to make to the Ministry of Finance during the study period. This is expected to continue for a few more years. As a result of this credit the PILs expense lead for the study period is -562.75 days.

a) For how many years does NPEI expect to continue to be in a credit position with the Ministry of Finance? Will there continue to be a credit in the 2015 test year?
b) What is the expense lead for PILs expenses if the credit balance is not considered?

Interrogatory #5
Ref: IRM Application, page 37

NPEI's Lead/Lag study has calculated an expense lead of -292.67 days for annual prepaid OM&A expenses. These expenses include "software maintenance, insurance and memberships" and "regulatory expenses relating to NPEI's 2015 COS Rate Application." NPEI states that the service period for these costs is the 2015 Test Year and the subsequent 4 year IRM period.

a) Which of the annual prepaid expenses are paid by NPEI each year and which are one-time expenses? Please provide a break-down in dollars that separates one-time costs from repeated annual expenses.
b) Using the dollar breakdown from a), please derive the weighted expense lead for annual prepaid expenses by applying a one year service period to annual costs and a 5 year service periods to one-time costs.
c) If an expense is paid annually, why would the service period for that expense last longer than one year?
d) What is the impact on the overall OM&A expense lead if annual prepaid expenses are assumed to have a one year service period?

LRAMVA Claim

Interrogatory #6
Ref: LRAMVA Application, page 7

On Table 2, NPEI shows the CDM savings for each class that were assumed in the load forecast for its 2011 cost of service application. Please provide an evidentiary reference from NPEI's cost of service application that confirms the amounts summarized in Table 2.

Interrogatory #7
Ref: LRAMVA Application, pages 33 – 51

OEB staff is unable to reconcile the total annual savings shown in the bottom row of Table A, including adjustments, with the annual savings shown in Table C.

a) Please explain how NPEI translated the kW and kWh savings in Table A in to the "Current year load losses" amounts shown per class in table C.
b) As an example, please provide a derivation showing the steps that were used to calculate the total 4,421,324 kWh savings for 2012.

Interrogatory #8
Ref: LRAMVA Application, pages 41 - 43

OEB staff notes that the percentage allocators for all applicable classes participating in the Retrofit initiative of the Business Program category do not sum to 100%. The allocators sum to 99% in 2011 and 2012, 114% in 2013, and 105% in 2014.

a) Please explain why the allocators do not add up to 100% for the Retrofit initiative.
b) Please explain how the final savings are allocated between the classes when the allocators sum to a value greater than 100%.

Interrogatory #9

Please provide a live Excel version of the model used to perform the calculations shown in Tables A, B and C of the IndEco report. If errors were identified in the review of interrogatories, please reflect any changes in the model that is provided.