

EB-2015-0061

Entegrus Powerlines Inc.

**Application for electricity distribution rates and other
charges beginning May 1, 2016.**

**CLARIFICATION QUESTIONS OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

January 6, 2016

**ENTEGRUS POWERLINES INC.
2016 RATES REBASING CASE
EB-2015-0061**

**ENERGY PROBE RESEARCH FOUNDATION
CLARIFICATION QUESTIONS**

EXHIBIT 2 – RATE BASE

1. Ref: 2-Energy Probe-3 & 2-Energy Probe-9

Is all of the fully allocated depreciation expense of \$407,582 (updated) included in OM&A or is part of it capitalized? If the latter, please show the amount capitalized and the amount included in OM&A for 2016.

2. Ref: 2-Energy Probe-6 & 9-Energy Probe-44 & 9-Energy Probe-46

- a) **If directed by the Board, would EPI be able to calculate and collect separate rate riders for the stranded meters in the former Chatham-Kent Hydro and Middlesex Power Distribution?**
- b) **What would be the rate rider if it was calculated separately for each rate zone based on the costs shown by rate zone in Table 64 in 9-Energy Probe-64?**

3. Ref: 2-Energy Probe-10

Is the net book value of \$372,626 shown in Table 8 the year end net book value or the average net book value for 2016? If the former, please provide the corresponding year end net book value at the end of 2015.

4. Ref: 2-Energy Probe-12

The response indicates that the pole rentals are billed annually and collected in mid-June of the following year. When does EPI actually invoice the customers for pole rentals?

5. Ref: 2-Energy Probe-17

Please explain why the HST benefit days shown in Table 18 are not dollar weighted similar to the HST lead times shown in Tables 20 through 22.

EXHIBIT 3 – OPERATING REVENUE

6. Ref: 3-Energy Probe-21

The link provided in the response does not appear to correspond to the figures for the manufacturing variable used in the regression. Please reconcile.

7. Ref: 3-VECC-27 & IRR3-B Appendix 2-H

- a) Are the revenues shown in account 4375 for water/sewer billing the net revenues or the gross revenues associated with this service?
- b) How and where are the depreciation expenses associated with the assets used to provide water/sewer billing of \$240,170 recovered by EPI?

EXHIBIT 4 – OPERATING EXPENSES

8. Ref: 4-Energy Probe-33

What is driving the increase of \$45,000 in OEB and intervenor expenses shown in Table 40? What was the basis or source for this increase?

9. Ref: 4-Energy Probe-27

The response to part (d) is not clear.

- a) Is it standard practice by distributors to clear the net OM&A, depreciation and revenue from the deferral account upon clearance to OM&A?
- b) Please confirm that the treatment of the depreciation expense noted in the response has not affected the accumulated depreciation for the smart meters.
- c) Would it be correct to state that from a pure OM&A basis, OM&A would have been \$71,788 higher in 2010 and \$90,502 higher in 2011 (as examples) had these costs been accounted for in the years they were incurred?
- d) With respect to the clerical error noted in the response to the \$107,662, is this still the amount of the increase in Table 4-6 as a cost driver in 2012, and if not, what is the revised figure?

EXHIBIT 5 - COST OF CAPITAL AND CAPITAL STRUCTURE

10. Ref: 5-SEC25

- a) Are all of the debt instruments held by EPI with affiliates variable rate debt with no fixed term?
- b) Why has EPI not considered using 5 or 10 year term debt?

EXHIBIT 7 – COST ALLOCATION

11. Ref: 7-Energy Probe-40

- a) Please explain why EPI has increased the proposed ratio for the residential class from 99.0% to 99.9% in Scenario EP-40A and Scenario EP-40D updated Table 7-14.
- b) The response to part (a) indicates that revenue neutrality is not maintained. Is there too much or too little revenue based on the proposed ratios?
- c) Please explain why in the response to part (d) the updated Table 7-14 continues to show a proposed ratio of 62.9% for the large use class when the question asked for that ratio to be increased to 85%.