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BY E-MAIL

October 5, 2017

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

Dear Ms. Walli:

**Re: Oshawa PUC Networks Inc. (Oshawa PUC)
Application for Rates
OEB Staff Interrogatories
OEB File Number EB-2017-0069**

In accordance with Procedural Order No. 1, please find attached OEB staff's interrogatories in the above noted proceeding. Oshawa PUC and all intervenors have been copied on this filing.

Oshawa PUC's responses to interrogatories are due by October 27, 2017.

Yours truly,

Original Signed By

Donald Lau
Project Advisor – Rates Major Applications

Attach.

OEB Staff Interrogatories
2018 and 2019 Electricity Distribution Rates Application
Oshawa PUC Networks Inc. (Oshawa PUC)
EB-2017-0069
October 5, 2017

1-Staff-1

Capital Expenditure – Enfield TS

Ref: Exhibit A attachment 1 – Hydro One CCRA

Ref: Exhibit A - page 16

Oshawa PUC stated that the revised capital contribution to Hydro One is \$4 million but the capital contribution in Hydro One's CCRA dated May 31, 2017 still appears to total \$13.5 million. Oshawa PUC also stated that there is an additional investment of \$6.5 million to build a feeder array to integrate the Enfield TS connection to Oshawa PUC's system.

- a) Please provide an explanation on what basis the \$4 million is calculated.
- b) Please explain why the \$6.5 million for the feeder construction was not identified in the original Custom Incentive Regulation (Custom IR) application.
- c) Please provide the business case or plans for the feeder array.

1-Staff-2

Capital Expenditures – MS9

Ref: Exhibit A – Page 17

Oshawa PUC stated that the forecast for the MS9 substation remains unchanged at \$7 million. This station also required distribution feeder construction as proposed in Oshawa PUC's Custom IR.

- a) Please provide a status update on the MS9 feeder project and whether the forecast remains unchanged.

1-Staff-3

Capital Program

Ref: EB-2014-0101 – Decision and Order, November 12, 2015 page 20

The OEB directed Oshawa PUC to report annually on the status of its capital program, including an analysis of variance from the plan.

- a) Please provide a list of all capital projects approved in EB-2014-0101, separated by investment categories, compared to a list of completed projects. Please

provide an explanation for all projects not completed in the approved year and all material variances between forecast costs to actual costs.

1-Staff-4

Load Forecast

Ref: Exhibit A - Table 5 – 10

Oshawa PUC used a multiple regression analysis in its Custom IR application to forecast kWh purchases based on weather data, calendar variables, and economic activities. In the updated forecast Oshawa PUC has stated that the expected total customer growth for 2018 and 2019 is 1.8%.

- a) Please provide the load forecast model for both 2018 and 2019.
- b) On table 6, please explain how the growth rates are calculated for GS>1000kW, street lighting, sentinel light, and unmetered scattered load in 2018 and 2019.
- c) Please confirm if the total growth rate of 1.8% is solely based on the Durham Regional Official Report. If so, why has Oshawa PUC not updated the multiple regression model with the latest actual data to revise its forecast?
- d) If the multiple regression model was not used to calculate the load forecast for 2018 and 2019 please update the models as in the Custom IR and produce a variance analysis to the load forecast in this application.
- e) Please confirm if the Conservation Demand Management forecast was updated. If so, please provide the updated forecast in the load forecast model.
- f) Please explain how the average billable consumption per customer in 2018 and 2019 was calculated.

1-Staff-5

Cost of Power

Ref: Exhibit A - Table 11, 12, and 13

Oshawa PUC provided the expected kWh cost of power for both 2018 and 2019 taking into consideration the Fair Hydro Plan by a 25% reduction to 2017 base regulated price plan (RPP) prices.

- a) Please provide the cost of power calculation broken down into the following costs: Commodity RPP/non-RPP, Global Adjustment non-RPP, Transmission – Network, Transmission – Connection, Wholesale Market Service, Rural or Remote Electricity Rate Protection, and Smart Meter Entity Charge.
- b) Please provide a reference to where the Jan 17 – April 17 average price in Table 11 is from.

- c) Please update the cost of power calculation with the latest RPP prices from “Regulated Price Plan Prices and the Global Adjustment Modifier for the Period July 1, 2017 to April 30, 2018”, issued on June 22, 2017.

1-Staff-6

Deferral and Variance Accounts

Ref: Exhibit A – Table 16

Ref: 2018 DVA continuity schedule – Tab 5

Oshawa PUC had requested the disposition of Group 1 deferral and variance accounts (DVA) as at December 31, 2015 but has not included Account 1551 – Smart Meter Entity Charge Variance Account.

- a) Please provide an explanation why Account 1551 was not included in the Group 1 disposition on tab 5.
- b) Were audited Group 1 DVA balances as at December 31, 2016 available and if so why did Oshawa PUC not request disposition?

1-Staff-7

Retail Transmission Service Rates (RTSRs)

Ref: OPUCN APPL 2018 RTSR Workform 20170707

Oshawa PUC used the 2017 RTSR work form and 2017 Uniform Transmission Rates (UTRs) to calculate the RTSRs.

- a) Please update the RTSR work form to the 2018 RTSR Work Form.
- b) Please update the 2017 UTRs when they become available.
- c) Please explain for line and transformer connection why the kW load for kW billing determinate rate classes increased by approximately 3% from the previous year but the total kW billed by the IESO increased by 10%.

1-Staff-8

Bill Impacts

Ref: OPUCN APPL 2018-2019 Bill Impacts 20170707

Ref: EB-2014-0101 - OPUCN Chapter2 Appendices for 2015 to 2019 RUN 6 20151207

Oshawa PUC used 3.59% as the loss factor for the bill impact calculations in the Bill Impact model but in the bill impact in the Chapter 2 appendices from EB-2014-0101 show a loss factor of 4.86%.

- a) Please explain how Oshawa calculated the updated loss factor 3.59%.

- b) Please provide evidence that the loss factor was allowed to be updated as part of the Mid-term update.

1-Staff-9

Performance Report

Ref: OPUCN APPL Ex B 20170707

Oshawa PUC reported its reliability and noted that in 2016 there was a single significant event which is the cause of higher outage duration and frequency for 2016.

- a) Please provide additional information on the event and the OEB staff discussion to classify this event as controllable.

1-Staff-10

Deferral and Variance Accounts

Ref: DVA Continuity Schedule

- a) Please reconcile the December 31, 2015 Group 1 Deferral and Variance Account (DVA) balances that are being sought for disposition with the corresponding balances presented in the audited financial statements for the same period. Please explain and provide support for any differences.
- b) In regards to Interest rates applied to calculate the carrying charges for each regulatory deferral and variance account, please confirm that the applicant has used the rates established by the OEB by month or by quarter for each year. The rates that should be used are provided on the OEB's website.
- c) Were the audited December 31, 2016 Group 1 DVA balances available prior to the submission of this application to the OEB? If yes, then please explain why the applicant has elected to only dispose of its Group 1 DVA balances up to December 31, 2015?
- d) Does the applicant use the actual GA price to bill any entire rate classes of non-RPP Class B customers? If so, the applicant must make a proposal to exclude these customer classes from the allocation of the balance of Account 1589 and the calculation of the resulting rate riders.
- e) The applicant has used the 2017 Deferral and Variance Account Workform instead of the updated version released by the OEB on July 24, 2017, applicable to 2018 rates applications.

Did the applicant have Class A customers or have any customers that transitioned between Class A and Class B during the period that the Group 1 account balances accumulated (i.e. from the year the balances were last disposed)?

If the response to the above is “yes” then the applicant must complete and submit to the OEB the July 24, 2017 version of the Deferral and Variance Account Workform applicable to 2018 rates applications (including the new GA Analysis tab of that workform).

- f) If, from the above responses, the applicant is not required to complete and submit to the OEB the July 24, 2017 version of the Deferral and Variance Account Workform applicable to 2018 rates applications, then the applicant is still required to complete and submit to the OEB the stand-alone version of the GA Analysis Workform, which was released by the OEB July 24, 2017

1-Staff-11

Deferral and Variance Accounts

Ref: Ex A, Deferral & Variance Account Rate Rider (p. 24-25)

- a) Please provide a certification by the Chief Executive Officer (CEO), or Chief Financial Officer (CFO), or equivalent. that the applicant has robust processes and internal controls in place for the preparation, review, verification and oversight of the account balances being disposed, consistent with the certification requirements in Chapter 1 of the filing requirements.
- b) In support of its GA claim, the applicant must provide a description of the settlement process with the IESO or host distributor Please refer to section 2.5.1 of the Chapter 2 Filing Requirements For Electricity Distribution Rate Applications - 2017 Edition for 2018 Rate Applications (pg 67) for information on the level of detail that an applicant must include within the description they provide.

1-Staff-12

Deferral and Variance Accounts

Ref: GA Analysis Workform

- a) In booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice, please confirm which of the following approach is used:

- i) Charge Type 1142 is booked into Account 1588. Charge Type 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589, respectively
- ii) Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equalling RPP-HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142 equalling GA RPP is credited into Account 1589.
- iii) Another approach. Please explain this approach in detail.

With regards to the Dec. 31, 2015 balance in Account 1589,

- b) Please provide a statement confirming that the applicant pro-rates the IESO Global Adjustment Charge into RPP and non-RPP portions. If this is not the case, please provide an explanation as to why this is not being done.
- c) Please indicate whether the following items (see b. i, ii, and iii below) that flow into the account are based on estimates/accruals or actuals at year end.
- d) If there are reconciling items #1a, 1b in the GA Analysis Workform or if there are any proposed adjustments to Account 1589 in the DVA Continuity Schedule for the true up impacts, please quantify the adjustment that relate to each of the following items.
 - i) Revenues (i.e. is unbilled revenues trued up)
 - ii) Expenses - GA non-RPP (Charge Type 148) with respect to the quantum dollar amount and RPP/non-RPP pro-ratio percentages
 - iii) Credit of GA RPP (Charge Type 142) if the approach under IR 1b is used

With regards to the Dec. 31, 2015 balance in Account 1588:

- e) Please indicate whether the following items (see b. i, ii, iii, and iv below) that flow into the account are based on estimates/accruals or actuals at year end.
- f) If there are any proposed adjustments to Account 1588 in the DVA Continuity Schedule for the impacts of RPP settlement true up, please quantify the adjustment that relate to each of the following items.
 - i) Revenues (i.e. is unbilled revenues trued up)
 - ii) Expenses - Commodity (Charge Type 101)

- iii) Expenses - GA RPP (Charge Type 148) with respect to the quantum dollar amount and RPP/non-RPP pro-ration percentages
 - iv) RPP Settlement (Charge Type 1142 - including any data used for determining the RPP/HOEP/RPP GA components of the charge type)
- g) If no adjustment pertaining to impacts of RPP settlement true-up is proposed for Account 1588 or Account 1589, please explain why not.