

August 12, 2020

Ms. Christine E. Long
Registrar and Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

RE: 2021 Cost of Service Application – EB 2020-0048

Dear Ms. Long

On August 7, 2020, Oshawa PUC Networks Inc (OPUCN) received an Incomplete Letter from the OEB after a preliminary review of the Application filed by OPUCN on July 24, 2020. OPUCN has reviewed the items noted in the letter and has updated its Application to reflect these amendments. The missing items are discussed below:

Section 2.1.4 p.7

The Filing Requirements state: “Identification of OEB directions from any previous OEB Decisions and/or Orders. The applicant must clearly indicate how these are being addressed in the current application.”

Per the OEB’s decision in Oshawa PUC’s 2015-2019 Custom IR2 application, with respect to outcomes, monitoring and reporting: “The OEB encourages Oshawa PUC to develop additional meaningful metrics and targets to demonstrate continuous improvement in its OM&A and capital programs, and *requires Oshawa PUC to file a revised set of metrics and targets as part of its first rate application after the completion of the term of this plan* [emphasis added].”

OPUCN acknowledges that this was not explicitly addressed in its original submission. OPUCN has addressed this requirement in the revised Exhibit 1 on pages 19 to 21.

With respect to Oshawa PUC’s Distribution System Plan and capital expenditures, the OEB noted: “The OEB encourages Oshawa PUC to continue to refine its investment optimization and prioritization tools and to develop appropriate metrics to measure the efficiency of capital projects planning and execution. It is Oshawa PUC’s responsibility to determine how this objective is accomplished. As mentioned earlier in this Decision, the OEB *requires Oshawa PUC to file a revised set of metrics and targets as part of its first rate application after the completion of the term of this plan* [emphasis added].”

OPUCN acknowledges that this was not explicitly addressed in its original submission. OPUCN has addressed this requirement in the revised Exhibit 1 on pages 21 to 24.

The OEB's decision in Oshawa PUC's 2015-2019 Custom IR application also approved Sub-Account 1508 - Revenue Requirement Differential Variance Account related to System Renewal Capital Additions effective January 1, 2016. The Accounting Order noted that the balance in this account will be refunded to Oshawa PUC's customers at the time of Oshawa PUC's next rebasing.

OPUCN acknowledges that this was not addressed in the original submission, and confirms there is no balance for disposition. Further detail is provided in the revised Exhibit 1 on pages 24 to 25.

Additionally, the OEB's decision in Oshawa PUC's 2020 Incentive Rate-setting Mechanism application approved Account 1508 - Other Regulatory Assets, Sub-Account Lost Revenue for Collection of Account and Reconnection Charges and noted that the account will be disposed at Oshawa PUC's next rebasing application, subject to a prudence review of the balance, including consideration on the appropriate approved charges used in the calculation of lost revenues. The account will be discontinued after Oshawa PUC's next rebasing application.

OPUCN acknowledges that this was not addressed in the original submission, and confirms there is no balance for disposition at this time. Further detail is provided in the revised Exhibit 1 on page 25.

Section 2.4.3 p.30

With respect to OM&A program delivery costs, the Filing Requirements state that the variance analysis should include "an explanation of whether the change was within or outside the applicant's control. In addition, for each significant change within the applicant's control, the applicant should describe the business decision that was made to manage the cost increase/decrease and the alternatives, including associated costs, assessed by the applicant and rejected in favour of the course of action taken or proposed to be taken."

It is unclear if Oshawa PUC has addressed the above requirement in its current application. Please identify the sections of the evidence where Oshawa PUC has addressed the requirement.

OPUCN acknowledges that this was missed in its original submission. OPUCN has addressed this requirement in the revised Exhibit 4 on pages 29 to 33.

Section 2.4.3.1 p.31

The Filing Requirements state the applicant must provide: "A breakdown of the pension and other post-employment retirement benefits amounts included in OM&A and capital must be provided for the last OEB-approved rebasing application, and for historical, bridge and test years."

Oshawa PUC has not provided a breakdown of the pension and other post-employment retirement benefits amounts (that are included in OM&A and capital) for each of the following: the last OEB-approved rebasing application, historical, bridge and test years.

OPUCN acknowledges that this table was missed in its original submission. This information has been included in the revised Exhibit 4 on page 46, Table 4-20.

Section 2.4.5.1 p.37

The Filing Requirements note that distributors must bring forward the balance tracked in Account 1592 - PILs and Tax Variances – CCA Changes for review and disposition in its current cost-based rate application, as well as future cost-based rate applications.

In Oshawa PUC's application, Account 1592 is not shown in the list of account balances available for disposition in Exhibit 9, page 7, table 9-4.

OPUCN confirms there is no balance in this account at the end of 2019. The calculation of the 2019 amount was done on filing of 2019 tax return, which was after financial statements for 2019 and related audit were

finalised. OPUCN will bring forward the balance for review and disposition in future cost-based rate applications. This explanation has been added to the revised Exhibit 4 on page 84.

Section 2.5.2 p.44

A distributor is required to provide any profit or loss on redemption of debt and/or preference shares, if applicable.

OPUCN confirms this requirement is not applicable.

Yours sincerely

A handwritten signature in black ink, appearing to read "David Savage". The signature is fluid and cursive, with a long horizontal stroke at the end.

David Savage
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