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OCT 10 2007

Michael Buonaguro
Counsel for VECC

October 9, 2007

Ms. Kirsten Walli *Oct 10/07*
Board Secretary
Ontario Energy Board
P.O. Box 2319
26th Floor
2300 Yonge Street
Toronto, ON
M4P 1E4

ONTARIO ENERGY BOARD VIA COURIER AND EMAIL

Dear Ms. Walli:

Re: EB-2007-0723

Please find enclosed VECC's interrogatories of PUC Distribution Inc. with respect to the above noted proceeding.

Yours truly,


Michael Buonaguro
Counsel for VECC
Encl.

OEB BOARD SECRETARY	
File No:	SubFile:
Panel	
Licensing	PS/PJ/NM
Other	
00/04	

IN THE MATTER OF the *Ontario Energy Board Act*
1998, S.O.1998, c.15, (Schedule B);

AND IN THE MATTER OF an application by PUC
Distribution Inc., pursuant to section 78 of the Ontario
Energy Board Act, seeking approval to amend
electricity distribution rates.

**VULNERABLE ENERGY CONSUMERS COALITION'S
INFORMATION REQUESTS
TO
PUC DISTRIBUTION INC. (PUC)**

Question #1

Reference: August 15th, 2007 Application Letter, page 2

Preamble:

On page 2 of its Application PUC uses an "Accounting Income (2007 budgeted) Before Interest" of \$2,312,907. Similarly, the Application uses a Depreciation value of \$2,870,000 and a 2007 interest expense of \$1,679,120 (\$623,068 + 1,056,052)

Question:

- a) Please provide the details supporting the values used in the Application for the following items:
 - Account Income Before Interest;
 - Depreciation and
 - Actual Interest Expense (January 1st – March 22nd)
- b) Is the Accounting Income Before Interest value used in the Application a projection of the that PUC expects to earn in 2007?
- c) Is the Depreciation value used in the Application the depreciation expense PUC expects to incur in 2007?
- d) If the responses to part (b) and/or part (c) are yes, then why hasn't PUC filed its application based on the Board's November 2006 Filing

Requirements for Electricity Transmission and Distribution Companies'
Cost of Service Rate Application Based on a Forward Test Year?

Question #2

Reference: August 15th, 2007 Application Letter, page 2

Question:

- a) Please provide a copy of PUC's 2006 audited financial statements.
- b) With reference to the 2006 audited financial statements, please indicate the source for:
 - The \$35,539,125 value for Net Fixed Assets
 - The \$7,892,864 value for Working Capital

Question #3

Reference: August 15th, 2007 Application Letter, pages 2 and 3

Question:

- a) Please provide a copy of PUC's 2006 tax return.
- b) Please provide a reference for the \$255,942 Loss Carry-forward value.

Question #4

Reference: August 15th, 2007 Application Letter, pages 2 and 3-4

Question:

- a) Please provide details regarding the basis for the "Recovery of Regulatory Assets" value (\$1,450,000) included in the Application.
- b) Please explain why the Regulator Asset Recovery has been treated as income when the 2006 EDR Handbook Report of the Board issued May 11, 2005 (page 61: states: "A PILS or tax provision is not needed for the recovery of deferred regulatory asset costs, because the distributors have deducted, or will deduct, these costs in calculating taxable income in their returns".

Question #5

Reference: August 15th, 2007 Application Letter, page 3
PUC's 2006 Rate Application, Tax Model, Test Year PILs/Tax
Provision Sheet

Preamble:

In its determination of PILS recovery for 2007, PUC has added back in and grossed up its Capital Taxes of \$135,000.

Question:

- a) What is the basis for the \$135,000 capital tax value used in the Application?
- b) What does the notation following the Capital Tax value (i.e., "included in accounting income above) mean? If Capital Tax has already been included as an "expense" in the determination of "Accounting Income Before Interest" why is it appropriate to add it back in?
- c) Why has PUC grossed up the Capital Tax provision in the calculation of its 2007 PILs when the OEB's 2006 Tax Model does not gross-up capital taxes?

Question #6

Reference: August 15th, 2007 Application Letter, page 3

Preamble:

In its Application PUC assumes the approved rate change will be effective September 1, 2007.

Question:

- a) If a rate change is approved by the OEB for 2007, is it PUC's intent to issue revised bills to customers for any consumption after September 1st, 2007?

Question #7

Reference: August 15th, 2007 Application Letter, pages 2 and 4

Preamble:

In its Application PUC uses its deemed interest costs for the period March 23rd to December 31st 2007.

Question:

- a) Please provide the relevant provisions from the March 2007 Provincial Budget and confirmation of its effective date.

Question #8

Reference: August 15th, 2007 Application Letter, pages 2-3 and PUC's 2007 PILs Rate Adjustment Model
PUC's 2006 Rate Application, Tax Model
Enwin's 2007 IRM Application, EB-2007-0522
(See http://www.oeb.gov.on.ca/html/en/consumers/understanding/2007edr_decisions.htm#enwin)

Preamble:

In its 2007 IRM Application, Enwin adjusted its 2006 Tax Model to determine the impact of the change in its Loss Carry Forward position.

Question:

- a) Please provide a revised version of PUC's 2006 Tax Model (as filed with its 2006 EDR Application), incorporating the revised values for:
 - Loss Carry Forward (based on amount available following 2006);
 - Regulatory Asset Recovery (based on actual values) and
 - Interest Expense (based on 81 days of actual and 284 days of deemed interest expense for 2004).(Note: Please clearly highlight all changes made to the 2006 Tax Model calculations)
- b) Based on the results for part (a) and the resulting change in taxes payable, please recalculate and provide Sheets 7 through 13 of PUC's 2007 PILs Rate Adjustment Model.

Question #9

Reference: August 15th, 2007 Application Letter, page 5

Preamble:

In its Application PUC notes that it has relatively low distribution rates in comparison to other Ontario LDCs and requests that this be taken into account in making an assessment of Bill Impacts.

Question:

- a) Please provide the rate comparison that PUC has used in concluding that it has relatively low distribution rates relative to other LDCs.
- b) Has PUC undertaken any analysis to determine why its rates are low relative to other Ontario LDCs? If yes, please provide.