Board Staff Interrogatories
2009 Incentive Regulation Mechanism Rate Application
Oshawa PUC Networks Inc.
EB-2008-0205

Revenue to Cost Ratios

Ref.: 2009 3rd Gen. IRM Supplementary Filing Model, Sheet C2.1

1. In EB-2007-0710, the Board directed Oshawa PUC Networks Inc. ("Oshawa"),to adjust its revenue to cost ratios and the methods to adjust them up to the boundaries of the target ranges set out in the Board Report, *Application of Cost Allocation for Electricity Distributors*, issued on November 28, 2007 (the "Cost Allocation Report").

   In column A of Table 3 on page 11 of the Board Decision (re: EB-2007-0710), the Unmetered Scattered Load rate class ("USL") was shown as having a revenue to cost ratio of 132%. Based on the methodology set out on page 13 of the Decision, Board staff understands that the USL revenue to cost ratio was expected to be adjusted to 126% in 2008. However, the 3rd Generation IRM Supplementary Filing Model indicates (Sheet C2.1, cell K27) that the actual 2008 revenue to cost ratio for the USL increased to 161.6%.

   a) Please explain why this increase occurred.

   b) Please explain how this result is consistent with the Board's directions in EB-2007-0710.

Ref.: 2009 3rd Gen. IRM Supplementary Filing Model, Sheet C3.1

2. Sheet C3.1 of the 3rd generation IRM Supplementary Filing Model indicates a decrease in the expected 2009 revenue to cost ratio for the USL from 161.6% to 141.0%. The Cost Allocation Report indicates that the target range for the USL is 80% to 120%.

   a) Please explain Oshawa's methodology to determine the magnitude of the proposed 2009 adjustment for the USL's revenue to cost ratio.

   b) Does Oshawa intend to make further adjustments to the USL revenue to cost ratio? If so, when does Oshawa plan to make these adjustments and what will be their magnitude? If not, please explain why.

Total Revenue After Revenue to Cost Ratio Adjustments

Ref.: 2009 3rd Gen. IRM Supplementary Filing Model, Sheet C4.3

3. The difference between the estimated total revenues before the proposed revenue to cost ratio adjustments and after those adjustments is $13,873 (cell H43 in the Supplementary Filing Model, Sheet C4.3).

   Were Oshawa's proposed revenue to cost ratio adjustments derived in a way that minimized this difference? If so, please provide an explanation for the size of this difference. If not, please submit new revenue to cost ratios adjustments that would minimize this difference.

Retail Transmission Service Rates (RTSR)

Ref.: Manager's Summary, page 2 and 3

4. Oshawa proposes to increase its RTSR – Network Service Rates by 11.3% and its RTSR – Line and Transformation Connection Service Rates by 19.2%.

   Please provide a detailed explanation on how the proposed adjustments were calculated.

Rural or Remote Electricity Rate Protection ("RRRP")

5. By letter dated December 17, 2008, the Board informed the electricity distributors of the approval it has given to the IESO regarding the level of charge the IESO may apply to its Market Participants for the Rural or Remote Electricity Rate Protection (RRRP) program. In that letter, the Board stated: "Distributors that currently have a rate application before the Board shall file this letter as an update to their evidence along with a request that the RRRP charge in their tariff sheet be revised to 0.13 cents per kilowatt-hour effective May 1, 2009."

   If Oshawa has not done so, please file the required addition to the evidence as outlined in the December 17th letter.