



Westario Power Inc.

24 East Ridge Road
R.R. #2
Walkerton, ON
N0G 2V0
Tel: (519) 507-6937
Fax: (519) 507-6887

February 5, 2009

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: EB-2008-0250
Westario Power Inc. – 2009 Electricity Distribution Rate Application

Please find attached Westario Power Inc.'s responses to the Supplementary Interrogatories from Board Staff and the Vulnerable Energy Consumers Coalition.

I trust this meets with your satisfaction. Should you require additional information, please feel free to contact me at 519-507-6666 ext-216 or lisa.milne@westario.com.

Yours truly,

Lisa Milne, CGA
President/CEO

Encl.

Staff Interrogatory #1

1 **Ref: E4/T2/S3 – Materiality Analysis on OM&A costs table**
2 **Board staff IR #6**

3
4 **Question**

5 In response to Board staff IR #6, Westario identified \$327k in costs savings resulting from the
6 contracting out of underground cable locating in 2009. Westario provided the following table in
7 support:

2009 Call Centre Cost Estimate	\$	13,000.00
2009 Locate Contractor Estimate		<u>100,700.00</u>
		113,700.00
2007 Total Westario Power Labour Costs		441,000.00
Potential Savings in 2009		327,300

8
9 At E4/T2/S3, Westario identifies \$469,400 in account 5040, Underground Distribution Lines and
10 Feeders. It is unclear if the savings identified by Westario are reflected in account 5040 given
11 the 45% increase identified by Westario in this account from 2008 to 2009.

- 12
13 a) Please identify how much of the “savings” is cable locate related and confirm
14 whether accounts other than 5040 are used to capture cable locating costs.

15
16 **Response**

17
18 The costs savings identified in Board staff IR #6 identify one element only of all costs allocated
19 to GL 5040. In 2008, costs allocated to GL 5040 were for Westario Power’s personnel to
20 perform the cable locates.

21
22 In 2009, there will be no direct labour costs for cable locates by Westario Power personnel. In
23 addition to cable locates, costs allocated to GL 5040 are costs associated with ongoing field
24 asset collection that includes inspection of underground distribution plant.

25
26 Please also refer to response to VECC IR #28.

27

Staff Interrogatory #1

1 **Question**

2 b) Please confirm whether or not the call centre and cable locating savings are already
3 reflected in the 2009 OM&A as filed by Westario

4

5 **Response**

6

7 Contracted cable locating and call centre costs are included the 2009 OM&A budget.

8

Staff Interrogatory #2

1 **Ref: E4/T2/S2/p8 – Variance Analysis of OM&A Costs,**
2 **Board staff IR #7**

3
4 **Question**

5 The evidence indicates that Westario is forecasting to spend approximately \$200k in 2008 and
6 \$350k in 2009 on Maintenance of OH Conductors and Devices, Services and Underground
7 Services (accounts 5125, 5130 and 5155). In response to Board Staff IR #7, Westario stated
8 that 10% of the increase of \$150k is due to an increase in direct labour hours of approximately
9 10%, with the balance of the increase attributable to the proportionate Engineering Burden.

10
11 Based on the aforementioned explanation it appears that at least 40% (\$135k/\$350k) of the
12 2009 forecast is related to engineering burden.

13
14 Please elaborate on the reasonableness of the allocation given that the overall 2009 amount is
15 just \$350k. Based on the aforementioned explanation it appears that at least 40% of the 2009
16 forecast is related to engineering burden.

17
18 **Response**

19
20 Included in Engineering Burden are indirect costs associated with the safe and efficient
21 operation of the System Reliability Department. Items accounted for in Engineering Burden
22 include items such as costs associated with the payroll of operational staff (engineering
23 technician, draft designer, clerks and management), safety meetings and training, conferences,
24 safety apparel, on call costs, vacation and sick leave costs for operational staff and operational
25 items such as small tools.

26
27 Engineering Burdens are applied to GL accounts as a percentage of labour hours directly
28 charged to individual accounts for both maintenance and capital costs. In 2009 it was projected
29 that Engineering Burden costs would be allocated to GL accounts at a rate of 100% of direct
30 labour accounts. Based on a 100% allocation of Engineering Burden on direct labour costs, it is
31 reasonable that 40% of costs related to Accounts 5125, 5130, 5155 are related to Engineering

Staff Interrogatory #2

- 1 Burden as approximately 40% of the costs associated with these same accounts are direct
- 2 labour costs.
- 3

Staff Interrogatory #3

1 **Ref: E4/T2/S1 – OM&A Variance Analysis Table, E4/T2/S2/p4 – Variance**
2 **Analysis of OM&A Costs, E4/T2/S3/p3 – Materiality Analysis of OM&A Costs**
3 **Board staff IR #11**

4
5 **Question**

6 In response to Board Staff IR #11, Westario indicates that there are no non recurring
7 expenditure items (in excess of \$10k) that are included in the 2009 OM&A forecast.

8
9 Regarding Account 5040 (UG Dist Lines and Feeders- operations labour), in E4/T2/S3/p3 and
10 E4/T2/S2/p4, Westario explains that the \$100k escalation in the account from 2007 to 2008 is
11 due to the increase of underground cable locates because of telephone company fibre optic
12 cable activity and the \$140k escalation from 2008 to 2009 is due to the on-going field asset
13 program.

14
15 It is unclear though whether the telephone company activity will continue at the forecasted 2009
16 levels into future years leading up to Westario's next re-basing.

17
18 Please confirm or elaborate on whether the funding at 2009 levels for these activities will be
19 required in 2010, 2011 and 2012. Have the telephone companies confirmed their fibre optic
20 activity plans for the 2010-2011 period?

21
22 **Response**

23
24 Beginning late in 2007 and continuing through 2008, a number of local telecom companies
25 began large scale rebuilding of their infrastructure.

26
27 The work involved directional drilling new fibre optic cables, and required large area locates.
28 These are unlike a simple locate for a specific construction project. Generally, Westario has
29 had to schedule locating entire blocks and neighbourhoods. These locates are time consuming,
30 difficult to coordinate, and occasionally require the cable locates to be performed a second time
31 when the excavation contractor did not meet their schedule.

Staff Interrogatory #3

1 Although some works are completed, the largest telecom company has begun extensive rebuild,
2 with works in Wingham, Port Elgin, Walkerton, and Hanover; with preliminary plans of the
3 rebuild into the year 2010.

4

5 Westario Power has experienced increases in the quantity of locate requests on an annual
6 basis; however, is unable to project the trend for future years.

7

8 See also response to VECC IR #28; which identifies \$356,000 allocated to GL 5040 for costs
9 related to the field asset collection program, with the balance (approximately \$113,000) related
10 to cable locates.

11

Staff Interrogatory #4

- 1 **Ref: E1/T4/S1 – Annual Report**
2 **E2/T2/S2 – Gross Assets Table**
3 **E3/T3/S1 – Other Distribution Revenue**
4 **E3/T3/S2 – Materiality Analysis of Other Distribution Revenue**
5 **Board staff IR #17, 18**
6 **VECC IR #4**

7

8 **Question**

9 According to the application, Westario was the lessee, with lease payments showing up as
10 operating expenses. However, it is not clear whether the landlord was Westario Power Holdings
11 or Westario Power Services or even the municipalities.

12

13 Please identify who was (were) the owner(s) of the buildings and properties that Westario
14 and/or its parent or subsidiary leased to house its staff and inventory and from which Westario
15 conducted its distribution businesses prior to occupancy of the new Walkerton centre.

16

17 **Response**

18

19 Please see the attached table.

20

21

Staff Interrogatory #4

1

All facilities listed below were leased by Westario Power Services Inc.

<u>Landlord</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Hanover - Town of Hanover	Operational	Operational	Operational	Operational	Operational	Operational	Operational	Operational
Kincardine - Municipality of Kincardine	Administration	Administration	Administration	Administration	Administration	Administration	Administration	Administration
Harriston - Town of Minto	Operational	Operational	Operational	Operational				
Port Elgin - Town of Saugeen Shores	Operational	Operational	Operational	Operational	Operational	Operational		
Wingham - Township of North Huron	Operational	Operational	Operational	Operational	Operational	Operational		
Lucknow - Township of Huron Kinloss	Operational	Operational						
Walkerton - Municipality of Brockton	Operational	Operational						
Mildmay - Municipality of South Bruce	Operational	Operational						

Operational Facilities
 Administration Facilities

Includes the facilities in which the Line Supervisors, Linemen and Storeskeeper reported. Also housed the inventory and fleet.
 Includes the facilities in which all Administrative Staff reported and storage of some inventory items.

2

Staff Interrogatory #5

1 **Ref: E4/T2/S4 – Master Services Agreement**
2 **Board staff IR #19**

3
4 **Question**

5 In response to Board staff IR#19 b), Westario states that no capital-related costs (with the
6 exception of depreciation expense) were recovered for assets owned by Westario Power
7 Services Inc. during the “virtual utility” period that the Master Services Agreement (“MSA”) was
8 in effect. Board staff understands that the following sections of the MSA would probably bear
9 on this matter:

- 10 • Section 1.01 – definition of “Capital cost”
11 • Section 1.10 – definition of OM&A cost
12 • Section 3.03 – requirement on Westario Power Services Inc. (the “Servco”) to expand and
13 upgrade Westario Power Inc.’s (Wiresco’s) electrical distribution system (“Capital Works”).
14 • Section 4.01 and Appendix A –requirement for Wiresco to pay Servco fees and charges for
15 OM&A costs, with Appendix A showing the fees as being the annual OM&A expenses of all
16 of Wiresco’s predecessor MEUs in 1999 plus the annual budgeted depreciation expense.
17 • Section 4.03 – requirement for Wiresco to reimburse Servco for actual Capital Works costs.
18 • Section 4.05 allows for adjustments of the OM&A, Capital and Extraordinary Costs within 90
19 days upon renewal.

20 The following questions are meant to assist Board staff in understanding how the MSA was
21 applied in practice up to December 31, 2007.

- 22
23 **a)** Please explain whether section 4.05 was invoked (periodically or annually) to update the
24 fees paid to reflect inflation (changes in labour, equipment and material costs).

25
26 **Response**

27
28 Section 4.05 was not invoked at any time prior to amalgamation on December 31, 2007.
29

Staff Interrogatory #5

1 **Question**

2 **b)** If section 4.05 was not invoked, please explain why not. If not, would this mean that Servco
3 was not recovering all of its costs to provide the services to maintain and operate Wiresco's
4 distribution system?
5

6 **Response**

7
8 Section 4.05 of the Master Service Agreement was not invoked as the existing charges were
9 considered to be reasonable at that time and therefore did not require adjustment, particularly
10 when costs were expected to change as a result of the pending merger. We now know based
11 on this application that the previous charges were not sufficient for Servco to recover all of the
12 costs required to maintain and operate Westario's distribution system. As a result of this
13 unintentional undercharging, ratepayers benefitted by paying less than they otherwise would be
14 required to pay for the same distribution services under cost of service rates.
15

16 **Question**

17 c) It is clear from the evidence that office equipment, tools, and vehicles were owned by
18 Servco, as these were transferred upon amalgamation. Board staff provides the
19 following hypothetical example in order to try and understand how the MSA was applied.
20 Consider a scenario where the Servco bought a pickup truck with fixtures in 2004 for
21 \$50,000. Assume further that the truck was purchased with \$25,000 down and a
22 \$25,000 bank loan at 6.00%. How would Servco's OM&A and capital costs for that truck
23 be recovered in the fees per the relevant sections of the MSA? Please address each of
24 the following cost components:
25

- 26 i A market-based return on the equity in the truck (the \$25,000 down payment)
27 ii Interest on the truck loan.
28 iii Annual depreciation expense.
29

30 If Board staff understands the MSA and the response to Board staff IR#19, only the
31 actual depreciation expense would be recovered, and that there would be no return on
32 equity or recovery of interest paid on the truck loan. Please confirm or explain
33 Westario's response.

Staff Interrogatory #5

1 **Response**

2

3 Westario confirms that under the MSA, there would be no return on equity on the vehicle, there
4 would be no recovery of actual interest expense; however, there would be a recovery of the
5 annual depreciation expense.

6

Staff Interrogatory #6

1 **Ref: E2/T2/S2 /Attachment – Gross Assets Table**
2 **E1/ T4/S1 – Annual Report**
3 **E3/T3/S1 – Other Distribution Revenue**
4 **E3/T3/S2 – Materiality Analysis of Other Distribution Revenue**
5 **Board staff IR #18**

6
7 **Question**

8 Westario constructed a new centralized operations centre that was placed in service in 2007
9 with an overall capital cost of \$2,443,787. Board staff understands that this replaces about
10 \$220,000 annual lease payments. (2007 actuals in account 5670[rent] total \$221k while no
11 costs are forecasted in 2008 and 2009.)

12
13 Staff conducted a “back of the envelope” calculation for 2008 that would show the annual costs,
14 including depreciation expense, carrying costs and return, and PILs, as being about \$270,000.
15 This ignores other operating expenses (heating, landscaping, etc.) that Westario incurs on an
16 on-going basis to operate and maintain the centre.

17

Gross amount for Walkerton operations centre	\$2,443,787
Depreciation expense	\$49,196
Interest expense (@6.00%) for 53.3%	\$75,930.98
return on equity (@8.57%) for 46.7%	\$96,994.00
<i>PILs (at 33.5%)</i>	<i>\$32,492.99</i>
Grossed up PILs	\$48,861.64
Total plus grossed up PILs	\$270,982.61

18
19 It appears that, absent any operational savings or other benefits, Westario’s construction and
20 ownership of the centralized Walkerton operations centre is more expensive, by at least
21 \$50,000, than were its previous lease arrangements.

22
23 It is not readily apparent from the evidence or responses to the interrogatories that Westario has
24 identified efficiency savings in either OM&A or capital that have resulted from the opening and
25 use of the new operational centre.

26

Staff Interrogatory #6

1 Can Westario describe, and identify the relevant parts of its application evidence, that
2 demonstrate ongoing savings and/or benefits due to the ownership of the new centralized
3 operations centre?
4

5 **Response**
6

7 The operational savings and benefits related to the new operations centre are summarized in
8 Exhibit 2/Tab 3/Schedule 4. Pages 5 to 11 describe the history and justification for the new
9 facility and provide an explanation of the safety, customer and financial benefits. Since the
10 financial benefits of owning one centralized building far exceed the cost of leasing and operating
11 eight separate locations, Westario did not undertake a detailed measurement of the savings for
12 all of the operational benefits. This would have been very costly and time consuming, and
13 would not have been a prudent use of resources given the apparent facility cost savings. One
14 example of a recorded efficiency is the savings on inventory. The average annual inventory
15 write off for the years 2003 to 2006 was \$54,605 compared to the average write off for the years
16 2007 to 2008 of \$17,266, representing an annual savings of \$37,339. Operational
17 improvements and efficiencies from customer service, health & safety training, reduced travel
18 time and improved communications were viewed as additional benefits to the cost savings that
19 ratepayers would realize from the new building.
20

21 The question of whether operational benefits exceed \$50,000 per annum is not appropriate as it
22 represents the difference between owning and leasing in the first year. The appropriate criterion
23 is whether over time the financial benefits of ownership exceed the leasing costs. Leasing costs
24 can be expected to rise due to inflation while the financing costs recovered through rates will
25 decline in tandem with the net book value of the owned building. As shown in the attached
26 table, the cost of leasing the old facilities are almost double the amount recovered from
27 ratepayers for the new building, resulting in a \$2.64 million net present value savings to
28 ratepayers. The calculations assume the lease expenses increase by 2.5% per year, but even
29 if the annual increases are set to zero, ownership still costs less than leasing on a NPV basis.
30 So rather than having a \$50,000 shortfall there is actually a significant financial benefit to
31 ratepayers from the new building which is further augmented by the operational savings.

Year	OWNERSHIP VALUE ANALYSIS									LEASING VALUE ANALYSIS			
	Depreciation Expense	Net Book Value	Interest Component	6.00% Interest Expense	Equity Component	8.57% Return On Equity	33.50% Grossed-up PILs	Total Cost for Recovery	Mid-year PV Factor	\$3,236,143 Net Present Value	2.50% Lease Expense	Mid-year PV Factor	\$5,878,562 Net Present Value
2009	49,196	2,345,395	56.67%	79,743	43.33%	87,100	43,878	259,917	1.035568	250,990	226,525	1.035568	218,745
2010	49,196	2,296,199	60.00%	82,663	40.00%	78,714	39,653	250,226	1.108776	225,677	232,188	1.108776	209,409
2011	49,196	2,247,003	60.00%	80,892	40.00%	77,027	38,803	245,919	1.184114	207,682	237,993	1.184114	200,988
2012	49,196	2,197,807	60.00%	79,121	40.00%	75,341	37,954	241,612	1.262098	191,436	243,943	1.262098	193,283
2013	49,196	2,148,611	60.00%	77,350	40.00%	73,654	37,104	237,304	1.342823	176,721	250,041	1.342823	186,206
2014	49,196	2,099,415	60.00%	75,579	40.00%	71,968	36,255	232,997	1.426385	163,348	256,292	1.426385	179,680
2015	49,196	2,050,219	60.00%	73,808	40.00%	70,282	35,405	228,690	1.512883	151,162	262,700	1.512883	173,642
2016	49,196	2,001,023	60.00%	72,037	40.00%	68,595	34,555	224,383	1.602420	140,028	269,267	1.602420	168,038
2017	49,196	1,951,827	60.00%	70,266	40.00%	66,909	33,706	220,076	1.695104	129,831	275,999	1.695104	162,821
2018	49,196	1,902,631	60.00%	68,495	40.00%	65,222	32,856	215,769	1.791045	120,471	282,999	1.791045	157,952
2019	49,196	1,853,435	60.00%	66,724	40.00%	63,536	32,007	211,462	1.890357	111,864	289,971	1.890357	153,395
2020	49,196	1,804,239	60.00%	64,953	40.00%	61,849	31,157	207,155	1.993159	103,933	297,220	1.993159	149,120
2021	49,196	1,755,043	60.00%	63,182	40.00%	60,163	30,308	202,848	2.099573	96,614	304,651	2.099573	145,101
2022	49,196	1,705,847	60.00%	61,410	40.00%	58,476	29,458	198,541	2.209727	89,849	312,267	2.209727	141,315
2023	49,196	1,656,651	60.00%	59,639	40.00%	56,790	28,608	194,234	2.323752	83,586	320,074	2.323752	137,740
2024	49,196	1,607,455	60.00%	57,868	40.00%	55,104	27,759	189,927	2.441783	77,782	328,076	2.441783	134,359
2025	49,196	1,558,259	60.00%	56,097	40.00%	53,417	26,909	185,620	2.563962	72,396	336,278	2.563962	131,155
2026	49,196	1,509,063	60.00%	54,326	40.00%	51,731	26,060	181,313	2.690435	67,392	344,685	2.690435	128,115
2027	49,196	1,459,867	60.00%	52,555	40.00%	50,044	25,210	177,006	2.821352	62,738	353,302	2.821352	125,224
2028	49,196	1,410,671	60.00%	50,784	40.00%	48,358	24,361	172,699	2.956869	58,406	362,134	2.956869	122,472
2029	49,196	1,361,475	60.00%	49,013	40.00%	46,671	23,511	168,392	3.097148	54,370	371,188	3.097148	119,848
2030	49,196	1,312,279	60.00%	47,242	40.00%	44,985	22,662	164,085	3.242357	50,607	380,467	3.242357	117,343
2031	49,196	1,263,083	60.00%	45,471	40.00%	43,298	21,812	159,777	3.392668	47,095	389,979	3.392668	114,948
2032	49,196	1,213,887	60.00%	43,700	40.00%	41,612	20,962	155,470	3.548261	43,816	399,728	3.548261	112,655
2033	49,196	1,164,691	60.00%	41,929	40.00%	39,926	20,113	151,163	3.709322	40,752	409,722	3.709322	110,457
2034	49,196	1,115,495	60.00%	40,158	40.00%	38,239	19,263	146,856	3.876042	37,888	419,965	3.876042	108,349
2035	49,196	1,066,299	60.00%	38,387	40.00%	36,553	18,414	142,549	4.048621	35,209	430,464	4.048621	106,324
2036	49,196	1,017,103	60.00%	36,616	40.00%	34,866	17,564	138,242	4.227264	32,703	441,225	4.227264	104,376
2037	49,196	967,907	60.00%	34,845	40.00%	33,180	16,715	133,935	4.412185	30,356	452,256	4.412185	102,502
2038	49,196	918,711	60.00%	33,074	40.00%	31,493	15,865	129,628	4.603604	28,158	463,562	4.603604	100,696
2039	49,196	869,515	60.00%	31,303	40.00%	29,807	15,016	125,321	4.801750	26,099	475,151	4.801750	98,954
2040	49,196	820,319	60.00%	29,531	40.00%	28,121	14,166	121,014	5.006858	24,170	487,030	5.006858	97,273
2041	49,196	771,123	60.00%	27,760	40.00%	26,434	13,316	116,707	5.219174	22,361	499,206	5.219174	95,648
2042	49,196	721,927	60.00%	25,989	40.00%	24,748	12,467	112,400	5.438950	20,666	511,686	5.438950	94,078
2043	49,196	672,731	60.00%	24,218	40.00%	23,061	11,617	108,093	5.666450	19,076	524,478	5.666450	92,559
2044	49,196	623,535	60.00%	22,447	40.00%	21,375	10,768	103,786	5.901944	17,585	537,590	5.901944	91,087
2045	49,196	574,339	60.00%	20,676	40.00%	19,688	9,918	99,479	6.145713	16,187	551,030	6.145713	89,661
2046	49,196	525,143	60.00%	18,905	40.00%	18,002	9,069	95,172	6.398048	14,875	564,806	6.398048	88,278
2047	49,196	475,947	60.00%	17,134	40.00%	16,315	8,219	90,865	6.659250	13,645	578,926	6.659250	86,936
2048	49,196	426,751	60.00%	15,363	40.00%	14,629	7,370	86,558	6.929631	12,491	593,399	6.929631	85,632
2049	49,196	377,555	60.00%	13,592	40.00%	12,943	6,520	82,251	7.209513	11,409	608,234	7.209513	84,365
2050	49,196	328,359	60.00%	11,821	40.00%	11,256	5,670	77,943	7.499230	10,394	623,440	7.499230	83,134
2051	49,196	279,163	60.00%	10,050	40.00%	9,570	4,821	73,636	7.799128	9,442	639,026	7.799128	81,936
2052	49,196	229,967	60.00%	8,279	40.00%	7,883	3,971	69,329	8.109564	8,549	655,002	8.109564	80,769
2053	49,196	180,771	60.00%	6,508	40.00%	6,197	3,122	65,022	8.430909	7,712	671,377	8.430909	79,633
2054	49,196	131,575	60.00%	4,737	40.00%	4,510	2,272	60,715	8.763546	6,928	688,161	8.763546	78,525
2055	49,196	82,379	60.00%	2,966	40.00%	2,824	1,423	56,408	9.107872	6,193	705,365	9.107872	77,446
2056	49,196	33,183	60.00%	1,195	40.00%	1,138	573	52,101	9.464298	5,505	722,999	9.464298	76,392

Staff Interrogatory #7

- 1 **Ref: E2/T2/S2 /Attachment – Gross Assets Table**
2 **E1/ T4/S1 – Annual Report**
3 **E3/T3/S1 – Other Distribution Revenue**
4 **E3/T3/S2 – Materiality Analysis of Other Distribution Revenue**
5 **Board staff IR #18**
6

7 **Question**

8 Westario's evidence shows that in 2006 and 2007 it received revenues, for the rental of its CIS
9 system, from Westario Power Services Inc. Westario states that the original costs of the CIS
10 system were not in rate base but were included in Account 1570, Transition Costs. However,
11 Westario shows amounts of \$267k for gross assets in account 1925 – Computer Software for
12 2006 and 2007. These assets would have been factored into Westario's rate base in 2006 and
13 have associated costs (return, interest expense, depreciation expense, and PILs) recovered in
14 distribution rates.
15

16 A review of the 2004 and 2006 rate applications indicates that the original CIS system had a
17 cost of about \$4 million. In response to Board staff IR#18, Westario identified \$180k as
18 revenues for rental property related to use of its CIS system by Servco. It is not clear if the
19 \$180,000 per year is for non-Dx usage of the system.
20

21 Westario Notes: As per 2006 EDR (RP-2005-0020/EB-2005-0434) the principal amount
22 included in Account 1570 Transition Costs was \$1,750,000.

23 **Question**

- 24 a. Please confirm whether the software assets recorded in account 1925 are separate from the
25 CIS system recorded in account 1570. If so, please provide further explanation on the
26 purpose of these software assets.
27

28 **Response**

29
30 Up to and including December 31, 2007; all amounts included in Account 1925 Computer
31 Software include costs incurred for a version upgrade to the existing CIS system.

Staff Interrogatory #7

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Question

b. Please confirm whether Westario received revenues from Westario Power Services Inc. or any other party, affiliated or third-party, for the rental and usage of these software assets recorded in account 1925, in 2006 and 2007. If so, please provide further information.

Response

Westario Power Inc. received revenues in the amount of \$180,000 from Westario Power Services Inc. for the rental of the CIS system for 2006 and 2007; consistent to what had been charged in previous years. There was no additional rent charged by Westario Power Inc. for software assets recorded in Account 1925.

Question

c. If the cost of the original CIS system was recorded in account 1570, were the costs not recovered through the regulatory asset rate riders approved for Westario from 2004 to 2008? If so, please explain the purpose for the rental revenues received from Westario Power Services Inc. in 2006 and 2007.

Response

Costs associated with the original CIS system were recovered through the regulatory asset rate riders as approved in the 2006 EDR (RP-2005-0020/EB-2005-0434) and Board Decision EB-2007-0591.

Also included in the approved 2006 EDR application as quoted above were rental revenues of \$180K and rental expenses of \$180K. Because these amounts were approved by the Board, Westario Power Inc. continued to charge rent to Westario Power Services Inc. The net impact to the ratepayer was zero, as described further in response e).

Staff Interrogatory #7

1 **Question**

2 d. Were the revenues of \$180,000 received from Westario Power Services Inc. in each of 2006
3 and 2007 solely for its usage of the CIS for non-distribution system purposes?

4 **Response**

5

6 The revenues received were not for sole use of the CIS system for non-distribution system
7 purposes.

8

9 **Question**

10 e. If the answer to d) is no, then it would seem that Westario Power Services Inc. would have
11 used the CIS system in its daily operations of Westario's system to provide electricity
12 distribution services to Westario's customers. In such a case, please provide a detailed
13 explanation of how the cost (i.e the \$180k) would have been recovered from ratepayers.
14 Would this cost have been recovered through the MSA as OM&A?

15

16 **Response**

17

18 The cost that Westario Power Services Inc. incurred (\$180K) was recovered through the MSA
19 as OM&A. This cost would have been included in the OM&A expenses to be recovered from
20 ratepayers. Alternatively, the rental income (\$180k) received by Westario Power Inc. from
21 Westario Power Services Inc. was included as 'Other Distribution Revenue' and reduced the
22 Revenue Requirement as a revenue offset. Because the rental costs are offset by the rental
23 income, the net impact to the ratepayer was zero.

24

25 **Question**

26 f. Please identify if there would have been any mark up or return for the use of the rented CIS
27 system on the charges back to Westario to be recovered in Westario's rates.

28

29

Staff Interrogatory #7

1 **Response**

2

3 There was no markup or return on the use of the rented CIS system, and as identified in
4 response (e) above; the net impact to the ratepayer was zero.

5

Board Staff Interrogatory #8

1 **Ref: E10/T2/S39/Attachment A - Information Filing EB-2007-0003**
2 **Board staff IR #39 b), c)**
3

4 **Question**

5 Westario is proposing a monthly service rate for USL that is nearly triple the existing approved
6 rate, even though the existing rate is equal to the floor value from the Informational Filing cost
7 allocation. Westario appears to have allocated billing costs to USL on a per-connection basis
8 instead of per-customer. The default weighting factor in the cost allocation model is a weighting
9 factor equivalent to five residential customers.

10
11 a. Assuming that the number of connections is larger than the number of customers in the
12 USL class, please prepare a version of the cost allocation model in which either:

13 i. billing costs are allocated to USL on a per-customer basis, or

14 ii. if billing costs are allocated per USL connection then the billing weighting factor per
15 connection is set at 1.0 or lower

16 (Please provide only Sheets I6, O1 and O2)
17

18 b. Please provide a suggested monthly service rate for USL that would yield revenues
19 consistent with the class revenue requirement derived in part a).
20

21 **Response**

22
23 Westario has not allocated billing costs to USL on a per-connection basis.
24

25 At the time the Westario 2006 Cost Allocation Information Filing was prepared, Westario had 70
26 USL customers that received separate bills. As of December 31, 2008, the number of USL
27 customers receiving separate bills had declined to 68.
28

29 Westario may have an unusually large number of USL customers compared to other LDCs of
30 similar size because of its history and geographic area. Westario serves 15 separate

Board Staff Interrogatory #8

- 1 communities that were formerly served by their own distributors. On average, there are less
- 2 than 5 USL customers per community.

Board Staff Interrogatory #9

1 **Ref: E9/T1/S9 – Rate Impacts**
2 **Board staff IR # 41**
3

4 **Question**

5 The cost allocation filings show a revenue to cost ratio for sentinel lights of nearly 100%.
6 However, in response to Board staff IR# 41, Westario proposes to nearly triple the percentage
7 of revenue derived from this class (\$246 to \$618). The proposed volumetric rates for Sentinel
8 Lights is over \$20 per kW, and for Streetlighting less than \$4 per kW.
9

10 This proposal will result in an increase in the proportion of its distribution revenues derived from
11 Sentinel Lights from 0.003% to 0.01%, largely by increasing the volumetric rate from less than
12 \$7 per kW to over \$20 per kW. The reason for this increase does not appear to be based on
13 Westario's cost allocation results.
14

15 Please provide a more complete explanation of why the increase to this class is warranted, or
16 alternatively please propose a rate that would be more equal to the rate change proposed for
17 other classes whose revenue to cost ratio is currently close to 100%.
18

19 **Response**
20

21 The apparently large increase in the percentage of revenue derived from the sentinel lighting
22 class is a result of an error in the 2006 EDR filing that was approved by the OEB.
23

24 The 2006 EDR filing was based on a Sentinel Lighting customer count of 16. The
25 corresponding usage of the Sentinel Lighting class was 39 kW. In fact, Westario has never had
26 more than 6 Sentinel Lighting customers. The source of the error in the 2006 EDR filing is not
27 known. The correct usage level for the 6 customers was 19 kW.
28

29 The 2006 EDR approved revenue that was used in the 2006 Cost Allocation filing was based on
30 a customer count of 16 and resulted in a revenue-to-cost-ratio of 99.35. The actual revenue
31 received from the 6 customers would have been approximately 37.5% (i.e., 6/16). The large

Board Staff Interrogatory #9

1 increase in percentage of revenue derived from the class is necessary to correct for the error in
2 the 2006 EDR filing and achieve the intended revenue-to-cost ratio.

3

4 The correct level of revenue was achieved by increasing the fixed and variable rates so as to
5 maintain the same fixed:variable split. Both were increased by a factor of close to 3 to increase
6 the recovery from roughly 37.5% to roughly 100%.

7

8 The significant difference between the proposed volumetric charges for Sentinel Lighting and
9 Streetlighting is attributable to the fact that the fixed:variable split for Sentinel Lighting is
10 45.09:54.91 whereas the fixed:variable split for Streetlighting is 88.64:11.36. Westario is
11 proposing to maintain the existing fixed:variable splits for both classes rather than aligning them.
12 Westario believes that the existing fixed:variable splits are appropriate for each class at this
13 time.

14

Staff Interrogatory #10

1 **Ref: E3/T5/S1 – Calculation of LV Charges**
2 **Board Staff IR #37 c)**
3 **E10/T2/S37c**
4

5 Westario has provided in Exhibit 10 (response to Board staff IR #37 c) a projection of 2009 LV
6 costs at the rates recently approved for use by the host distributor.
7

8 **Question**

9 a. Please provide a breakdown of the cost for each class, similar to that provided in the table
10 on the second page of E3/T5/S1, but totalling \$620,444 consistent with the information
11 provided in Exhibit 10.
12

13 **Response**

14
15 Due to the information provided in response to VECC IR #38, Westario respectfully submits the
16 following table with an amended amount totalling \$601,861.
17

Customer Class	Test Year Revenues Transmission - Connection	Class Share	Low Voltage Charges
Residential	1,151,411	47.9%	\$288,220
General Service Less Than 50 kW	364,944	15.2%	\$91,352
General Service 50 to 4,999 kW	868,873	36.1%	\$217,495
Unmetered Scattered Load	2,598	0.1%	\$650
Sentinel Lighting	26	0.0%	\$7
Street Lighting	16,526	0.7%	\$4,137
	2,404,377	100.0%	\$601,861

18
19 **Question**

20 b. Please provide 2009 LV rate adders, comparable to the column titled "Rate" in the table on
21 the first page of E3/T5/S1, that would be consistent with 2009 volumes and "Total Billed"
22 equal to \$620,444.
23
24

Staff Interrogatory #10

1 **Response**

2

3 Due to the information provided in response to VECC #38, Westario respectfully submits the
4 following table with "Total Billed" equal to \$601,861. Difference in table below of \$6,280
5 (\$608,141 - \$601,861) is due to rounding.

6

Customer Class	Volume		Rate	Total Billed
Residential	197,649,413	kWh	\$0.0015	\$292,109
General Service Less Than 50 kW	70,476,543	kWh	\$0.0013	\$92,247
General Service 50 to 4,999 kW	448,543	KW	\$0.4877	\$218,734
Unmetered Scattered Load	501,647	kWh	\$0.0013	\$672
Sentinel Lighting	17	kW	\$0.4073	\$7
Street Lighting	11,037	kW	\$0.3961	\$4,372
			TOTAL	\$608,141

7

Staff Interrogatory #11

1 **Ref: Board Staff IR #43 c), d) or**
2 **E10/T2/S43c,d and Board staff IR #44 or**
3 **E10/T2/S44/Attachment A**
4

5 **Question**

6 a. Westario has confirmed in Schedule 43 c) that its costs of transmission from the host
7 distributor are based on the interim rates, which have since been approved as final. In
8 Schedule 43 d) Westario has provided projected costs of \$2,339,188 and \$2,308,535 for
9 Network and Connection costs respectively. Looking at Network only, there would be a
10 projected shortfall in 2009 of \$344,291. In Schedule 44, Westario has shown that there was
11 a surplus added to account 1584 (RSVA Network Charges) in 2007. Considering that
12 Westario has proposed to apply the same retail rates whereas the Network rate charged to
13 Westario decreased as a result of Hydro One's application EB-2007-0681, please explain
14 why there would be a projected shortfall as shown in Schedule 43 d).
15

16 **Response**
17

18 As per Board Guideline issued on October 22, 2008; Westario Power has recalculated its
19 projected 2009 Network costs in the amount of \$2,339,188 as per Exhibit 10/Tab 2/Sch 43/page
20 6. Details of the calculation can be found in response to VECC #36.
21

22 The projected revenues for 2009 are based on the same volumetric rates as approved under
23 Westario Power Inc. Rate Order EB-2007-0865.
24

25 Because Westario is proposing no increase to its Network revenues and there is a
26 corresponding increase in its Network costs, there is an anticipated shortfall in the amount of
27 \$344,291 as per Exhibit 10/Tab 2/Sch 43/page 6.
28

29 Because Westario has accumulated a credit balance (surplus) in Account 1584 RSVA Network
30 Charges in the amount of \$429,564 as shown in Ex10/Tab2/Sch44/AttachA; Westario felt it

Staff Interrogatory #11

1 prudent to reverse the trend of over collecting Network charges by not increasing its Network
 2 charges for 2009.

3
 4 **Question**

5 b. In light of Westario confirming in Schedule 43 c) that it has used the Hydro One interim rates
 6 (that have since been confirmed as final) for its cost projections in E1/T3/S4, please provide
 7 RTSR – network rates that will recover network cost, ie such that account 4066 Billed NW
 8 will match account 4714, Charges NW, and show how the rates calculated in this way
 9 compare with the proposed network rates listed in Schedule 43 d) .

10
 11 **Response**

12
 13 In response to Board IR #43 c), Westario Power confirmed that it used cost projections based
 14 on interim rates effective May 1, 2008 which have since been approved as per Rate Order EB-
 15 2007-0681. In order to recover the projected costs, proposed rates would be as follows:

16

Customer Class Name	Volume	Rate		Amount
Residential	213,224,187	\$0.0044	kWh	\$938,186
General Service Less Than 50 kW	76,030,095	\$0.0040	kWh	\$304,120
General Service 50 to 4,999 kW	448,543	\$1.6425	kW	\$736,732
General Service 50 to 4,999 kW – TOU		\$1.7431	kW	
Unmetered Scattered Load	541,177	\$0.0040	kWh	\$2,165
Sentinel Lighting	17	\$1.2450	kW	\$21
Street Lighting	11,037	\$1.2388	kW	\$13,673
TOTAL	290,255,055			\$1,994,897

17
 18 The expenses projected in response to Board IR #43 d) are based on approved rates effective
 19 January 1, 2009 as per approved Rate Order EB-2008-0013. In order to recover the projected
 20 costs, proposed rates would be as follows:

21

Customer Class Name	Volume	Rate		Amount
Residential	213,224,187	\$0.0052	kWh	\$1,100,104
General Service Less Than 50 kW	76,030,095	\$0.0047	kWh	\$356,607
General Service 50 to 4,999 kW	448,543	\$1.9260	kW	\$863,881
General Service 50 to 4,999 kW - TOU			kW	
Unmetered Scattered Load	541,177	\$0.0047	kWh	\$2,538
Sentinel Lighting	17	\$1.4599	kW	\$25
Street Lighting	11,037	\$1.4526	kW	\$16,032
TOTAL	290,255,055			\$2,339,188

Staff Interrogatory #11

1 **Question**

2 c. Similarly, please provide RTSR – connection rates that will recover connection cost, ie such
 3 that account 4068 Billed CN will match account 4716, Charges CN, and show how the rates
 4 calculated in this way compare with the proposed connection rates listed in Schedule 43 d).
 5

6 **Response**

7
 8 In response to Board IR #43 c), Westario Power confirmed that it used cost projections based
 9 on interim rates effective May 1, 2008 which have since been approved as per Rate Order EB-
 10 2007-0681. In order to recover the projected costs, proposed rates would be as follows:
 11

Customer Class Name	Volume	Rate		Amount
Residential	213,224,187	\$0.0054	kWh	\$1,151,411
General Service Less Than 50 kW	76,030,095	\$0.0048	kWh	\$364,944
General Service 50 to 4,999 kW	448,543	\$1.9371	kW	\$868,873
General Service 50 to 4,999 kW – TOU		\$2.1233	kW	
Unmetered Scattered Load	541,177	\$0.0048	kWh	\$2,598
Sentinel Lighting	17	\$1.5286	kW	\$26
Street Lighting	11,037	\$1.4973	kW	\$16,526
TOTAL	290,255,055			\$2,404,377

12
 13 The expenses projected in response to Board IR #43 d) are based on approved rates effective
 14 January 1, 2009 as per approved Rate Order EB-2008-0013. In order to recover the projected
 15 costs, proposed rates would be as follows:
 16

Customer Class Name	Volume	Rate		Amount
Residential	213,224,187	\$0.0052	kWh	\$1,105,514
General Service Less Than 50 kW	76,030,095	\$0.0046	kWh	\$350,397
General Service 50 to 4,999 kW	448,543	\$1.8599	kW	\$834,238
General Service 50 to 4,999 kW – TOU			kW	
Unmetered Scattered Load	541,177	\$0.0046	kWh	\$2,494
Sentinel Lighting	17	\$1.4677	kW	\$25
Street Lighting	11,037	\$1.4376	kW	\$15,867
TOTAL	290,255,055			\$2,308,535

17

Staff Interrogatory 12

1 **Ref: E5/T1/S2/Attachments – Deferral / Variance Account Balances,**
2 **Board staff IR #44 - E10/T2/S44**

3
4 **Question**

5 Westario has provided the continuity schedule in response to Board staff IR #44 a). The
6 following questions concern the information in the continuity schedule and the account balances
7 used to calculate rate riders that would be consistent with disposing of the balances.

8
9 a. Account 1588 shows an average principal balance of about \$1.8 m in 2007, and a change in
10 the interest of more than \$200k. What interest rate is Westario using to calculate the
11 increase in the interest balance?

12
13 **Response**

14
15 Westario Power calculates carrying charges on the cash balances, not the accrual balances
16 consistent with previous rate orders (i.e., RP-2005-0020/EB-2005-0434). Westario Power used
17 the following rates as prescribed by the Board when calculating carrying charges for all Deferral
18 Account balances in 2007:

19

Q4 2007	5.14
Q3 2007	4.59
Q2 2007	4.59
Q1 2007	4.59

20
21 **Question**

22 b. The 2007 year-end principal balance of account 1508 in the continuity table is \$230,428,
23 and interest of \$23,081, totalling \$255,609. The projected total including interest to April
24 2009 is \$266,213. The total recovery amount proposed in E5/T1/S3 /Attachment 1/p.1 is
25 \$269,618. Please reconcile and/or correct the “total recovery amount” and the allocation
26 amounts to the rate classes to reflect the amount shown in the continuity table for account
27 1508.

Staff Interrogatory 12

1 **Response**

2

3 Please see Exhibit 10 Tab 2 Schedule 12 Attachment A.

4

5 **Question**

6 c. The 2007 year-end principal balance of account 1550 in the continuity table is \$785,813,
7 and interest of \$28,880, totalling \$814,693. The projected total including interest to April
8 2009 is \$854,662. The total recovery amount proposed in E5/T1/S3/Attachment 1/p.1 is
9 \$865,375. Please reconcile and/or correct the "total recovery amount" and the allocation
10 amounts to the rate classes to reflect the amount shown in the continuity table for account
11 1550.

12

13 **Response**

14

15 Please see Exhibit 10 Tab 2 Schedule 12 Attachment A.

16

17 **Question**

18 d. Similar to parts b) and c) above, please reconcile and/or correct the applicable balances
19 provided at E10/T2/S44/Attachment C and the allocation amounts to the rate classes to
20 reflect the amounts shown in the continuity table for the remaining accounts.

21

22 **Response**

23

24 Please see Exhibit 10 Tab 2 Schedule 12 Attachment B.

25

Westario Power Inc.

EB-2008-0250

Filed: February 5, 2009

Exhibit 10

Tab 2

Schedule 12

Attachment A

Westario Power Inc. (ED-2002-0515)

2009 EDR Application (EB-2008-0250)

August 15, 2008

C7 Rate Riders

Allocate recoveries of deferral / variance account balances

Deferral / Variance Account	Total Recovery Amount	Allocation Basis	Residential	General Service Less Than 50 kW	General Service 50 to 4,999 kW	General Service 50 to 4,999 kW - TOU
1508-Other Regulatory Assets	266,213	Distribution Revenue (proposed rates)	164,839	37,935	52,509	
1550-LV Variance Account	854,662	Transmission Connection Revenue	409,282	129,724	308,850	
Sub-Total for recovery	1,120,875		574,121	167,659	361,359	
1590-Recovery of Regulatory Asset Balances (residual)						
Total Recoveries Required (2 years)	1,120,875		574,121	167,659	361,359	
Annual Recovery Amounts	560,438		287,060	83,829	180,680	
Annual Volume			197,649,413	70,476,543	448,543	
Proposed Rate Rider			\$0.0015	\$0.0012	\$0.4028	
per			kWh	kWh	kW	kW

¹ per sheet C6

Westario Power Inc. (ED-2002-0515)

2009 EDR Application (EB-2008-0250)

August 15, 2008

C7 Rate Riders

Allocate recoveries of deferral / variance account balances

Deferral / Variance Account	Total Recovery Amount	Allocation Basis	Unmetered Scattered Load	Sentinel Lighting	Street Lighting
1508-Other Regulatory Assets	266,213	Distribution Revenue (proposed rates)	929	18	9,983
1550-LV Variance Account	854,662	Transmission Connection Revenue	923	9	5,874
Sub-Total for recovery	1,120,875		1,852	27	15,857
1590-Recovery of Regulatory Asset Balances (residual)					
Total Recoveries Required (2 years)	1,120,875		1,852	27	15,857
Annual Recovery Amounts	560,438		926	13	7,929
Annual Volume			501,647	17	11,037
Proposed Rate Rider			\$0.0018	\$0.7940	\$0.7184
per			kWh	kW	kW

¹ per sheet C6

Westario Power Inc. (ED-2002-0515)

2009 EDR Application (EB-2008-0250)

August 15, 2008

C7 Rate Riders

Allocate recoveries of deferral / variance account balances

Allocators	Data Source	2009 □ Projection □ Total	Residential	General Service Less Than 50 kW	General Service 50 to 4,999 kW	General Service 50 to 4,999 kW - TOU
Customers / Connections	C1	27,644	18,875	2,365	252	
kWh's	C1	433,981,283	197,649,413	70,476,543	161,192,485	
Distribution Revenue (existing rates)	C4	8,126,204	5,031,902	1,158,373	1,719,309	
Distribution Revenue (proposed rates)	F4	9,263,909	5,736,213	1,320,107	1,827,256	
Transmission Connection Revenue	C2	2,404,377	1,151,411	364,944	868,873	
Approved Recoveries	C5	100.0%	75.5%	12.9%	11.0%	0.4%

Westario Power Inc. (ED-2002-0515)

2009 EDR Application (EB-2008-0250)

August 15, 2008

C7 Rate Riders

Allocate recoveries of deferral / variance account balances

Allocators	Data Source	2009 □ Projection □ Total	Unmetered Scattered Load	Sentinel Lighting	Street Lighting
Customers / Connections	C1	27,644	69	6	6,077
kWh's	C1	433,981,283	501,647	16,635	4,144,560
Distribution Revenue (existing rates)	C4	8,126,204	26,368	216	190,036
Distribution Revenue (proposed rates)	F4	9,263,909	32,319	618	347,397
Transmission Connection Revenue	C2	2,404,377	2,598	26	16,526
Approved Recoveries	C5	100.0%	0.1%	0.0%	0.0%

Westario Power Inc.

EB-2008-0250

Filed: February 5, 2009

Exhibit 10

Tab 2

Schedule 12

Attachment B

Westario Power Inc. (ED-2002-0515)

2009 EDR Application (EB-2008-0250)

August 15, 2008

C7 Rate Riders

Allocate recoveries of deferral / variance account balances

Deferral / Variance Account	Total Recovery Amount	Allocation Basis	Residential	General Service Less Than 50 kW	General Service 50 to 4,999 kW	General Service 50 to 4,999 kW - TOU
1508-Other Regulatory Assets	266,213	Distribution Revenue (proposed rates)	164,839	37,935	52,509	
1550-LV Variance Account	854,662	Transmission Connection Revenue	409,282	129,724	308,850	
Sub-Total for recovery	1,120,875		574,121	167,659	361,359	
1590-Recovery of Regulatory Asset Balances (residual)						
Total Recoveries Required (2 years)	1,120,875		574,121	167,659	361,359	
Annual Recovery Amounts	560,438		287,060	83,829	180,680	
Annual Volume			197,649,413	70,476,543	448,543	
Proposed Rate Rider			\$0.0015	\$0.0012	\$0.4028	
per			kWh	kWh	kW	kW

¹ per sheet C6

Westario Power Inc. (ED-2002-0515)

2009 EDR Application (EB-2008-0250)

August 15, 2008

C7 Rate Riders

Allocate recoveries of deferral / variance account balances

Deferral / Variance Account	Total Recovery Amount	Allocation Basis	Unmetered Scattered Load	Sentinel Lighting	Street Lighting
1508-Other Regulatory Assets	266,213	Distribution Revenue (proposed rates)	929	18	9,983
1550-LV Variance Account	854,662	Transmission Connection Revenue	923	9	5,874
Sub-Total for recovery	1,120,875		1,852	27	15,857
1590-Recovery of Regulatory Asset Balances (residual)					
Total Recoveries Required (2 years)	1,120,875		1,852	27	15,857
Annual Recovery Amounts	560,438		926	13	7,929
Annual Volume			501,647	17	11,037
Proposed Rate Rider per			\$0.0018 kWh	\$0.7940 kW	\$0.7184 kW

¹ per sheet C6

Westario Power Inc. (ED-2002-0515)

2009 EDR Application (EB-2008-0250)

August 15, 2008

C7 Rate Riders

Allocate recoveries of deferral / variance account balances

Allocators	Data Source	2009 □ Projection □ Total	Residential	General Service Less Than 50 kW	General Service 50 to 4,999 kW	General Service 50 to 4,999 kW - TOU
Customers / Connections	C1	27,644	18,875	2,365	252	
kWh's	C1	433,981,283	197,649,413	70,476,543	161,192,485	
Distribution Revenue (existing rates)	C4	8,126,204	5,031,902	1,158,373	1,719,309	
Distribution Revenue (proposed rates)	F4	9,263,909	5,736,213	1,320,107	1,827,256	
Transmission Connection Revenue	C2	2,404,377	1,151,411	364,944	868,873	
Approved Recoveries	C5	100.0%	75.5%	12.9%	11.0%	0.4%

Westario Power Inc. (ED-2002-0515)

2009 EDR Application (EB-2008-0250)

August 15, 2008

C7 Rate Riders

Allocate recoveries of deferral / variance account balances

Allocators	Data Source	2009 □ Projection □ Total	Unmetered Scattered Load	Sentinel Lighting	Street Lighting
Customers / Connections	C1	27,644	69	6	6,077
kWh's	C1	433,981,283	501,647	16,635	4,144,560
Distribution Revenue (existing rates)	C4	8,126,204	26,368	216	190,036
Distribution Revenue (proposed rates)	F4	9,263,909	32,319	618	347,397
Transmission Connection Revenue	C2	2,404,377	2,598	26	16,526
Approved Recoveries	C5	100.0%	0.1%	0.0%	0.0%

Staff Interrogatory #13

1 **Ref: E9/T1/S8 – Proposed Rate Schedule for 2009**
2 **Board’s December 17, 2008 Letter to All Licensed Electricity Distributors and**
3 **Retailers Re: Rural or Remote Electricity Rate Protection**

4
5 In its December 17, 2008 letter, the Board announced a change to the RRRP rate from 0.10
6 cents per kWh to 0.13 cents per kWh. The Board also directed all distributors that have current
7 rate applications before the Board to submit the Board’s December 17, 2008 letter as an update
8 to their evidence along with a request that the RRRP change in their tariff sheet be revised to
9 0.13 cents per kWh effective May 1, 2009. As of this date, Westario has not updated its
10 application for this change.

11

12 **Question**

13 Does Westario wish to update its application to reflect the change to the RRRP rate?

14

15 **Response**

16

17 Westario wishes to update its application to reflect the RRRP rate of 0.13 cents per kWh
18 effective May 1, 2009. Please see Exhibit 10 Tab 2 Schedule 13 Attachment A.

19

Westario Power Inc.

EB-2008-0250

Filed: February 5, 2009

Exhibit 10

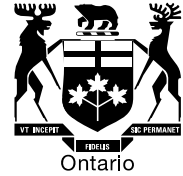
Tab 2

Schedule 13

Attachment A

Ontario Energy Board
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'Énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



December 17, 2008

To: All Licensed Electricity Distributors and Retailers

Re: Rural or Remote Electricity Rate Protection

Ontario Regulation 442/01, Rural or Remote Electricity Rate Protection (“RRRP”) (made under the *Ontario Energy Board Act, 1998*) requires the Ontario Energy Board (the “Board”) to calculate the amount to be charged by the Independent Electricity System Operator (“IESO”) with respect to the RRRP for each kilowatt-hour of electricity that is withdrawn from the IESO-controlled grid.

Amount to be charged by the IESO for RRRP

Based on the demand forecast provided by the IESO, the Board has determined that the amount to be charged by the IESO with respect to the RRRP shall remain at the current level of 0.1 cents per kilowatt-hour effective January 1, 2009. Effective May 1, 2009, the IESO’s RRRP charge shall be 0.13 cents per kilowatt-hour.

Amount to be Charged by Distributors and Retailers for RRRP

Effective January 1, 2009, the RRRP charge shall remain at the current level of 0.1 cents per kilowatt-hour.

Effective May 1, 2009, the RRRP charge shall be 0.13 cents per kilowatt-hour.

After May 1, 2009 the RRRP charge shall remain at 0.13 cents per kilowatt-hour until such time as the Board revises it.

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.

Where a distributor does not have a rate application before the Board, the distributor shall make an application to the Board to alter the RRRP charge in its tariff sheet effective May 1, 2009 to 0.13 cents per kilowatt-hour.

In the collection of this amount from customers, the customer's metered energy consumption shall be adjusted by the Total Loss Factor as approved by the Board.

The Board wishes to remind all distributors and retailers that in accordance with subsection 5(6) of the Regulation:

A distributor or retailer who bills a consumer for electricity shall aggregate the amount that the consumer is required to contribute to the compensation required by subsection 79(3) of the Act with the wholesale market service rate described in the Electricity Distribution Rate Handbook issued by the Board, as it read on October 31, 2001.

Yours Truly,

Original Signed By

Kirsten Walli
Board Secretary

VECC Supplementary Interrogatory #24

1 **Ref: VECC #3**

2 **Question**

3 a) The formatting of the response is such that the text does not all appear on the files
4 provided. Please reformat and re-file.

5

6 **Response**

7

8 Please see Exhibit 10 Tab 3 Schedule 24 Attachment A.

9

10 **Question**

11 b) Please ensure that the variable rate reported for each customer class represent the full
12 (unrounded) rate excluding LV charges.

13

14 **Response**

15

16 Westario Power confirms that the unrounded rate has been used and that LV charges have
17 been excluded. Please see Exhibit 10 Tab 3 Schedule 24 Attachment A.

2009 PROJECTED DISTRIBUTION REVENUE AT EXISTING RATES

Customer Class Name	Fixed Rate	Customers (Connections)	Fixed Charge Revenue	Variable Rate less LV Charges per	Volume	Variable Charge Revenue	TOTAL
Residential	\$10.61	18,875	2,403,165	\$0.0127 kWh	197,649,413	2,510,148	\$4,913,313
General Service Less Than 50 kW	\$19.46	2,365	552,275	\$0.0081 kWh	70,476,543	570,860	\$1,123,135
General Service 50 to 4,999 kW	\$239.89	252	725,427	\$1.9981 kW	448,543	896,234	\$1,621,661
General Service 50 to 4,999 kW - TOU	\$43.68	0	0	\$0.1083 kW	0	0	\$0
Unmetered Scattered Load	\$4.40	69	3,643	\$0.0447 kWh	501,647	22,424	\$26,067
Sentinel Lighting	\$1.35	6	97	\$6.8119 kW	17	116	\$213
Street Lighting	\$2.31	6,077	168,454	\$1.7662 kW	11,037	19,494	\$187,948
Gross Revenue (before Transformer Allowances)			<u>3,853,062</u>			<u>4,273,142</u>	<u>\$7,872,336</u>
Transformer Allowances				(\$0.6000) kW	116,200	-69,720	(\$69,720)
DISTRIBUTION REVENUE			<u>3,853,062</u>			<u>3,949,530</u>	<u>\$7,802,616</u>
							4080-Distribution Services Revenue \$56,625
							4082-Retail Services Revenues \$12,500
							4084-Service Transaction Requests (STR) Revenues \$2,000
							4210-Rent from Electric Property \$129,630
							4225-Late Payment Charges \$90,000
							4235-Miscellaneous Service Revenues \$330,800
							4325-Revenues from Merchandise, Jobbing, Etc. \$10,000
							4355-Gain on Disposition of Utility and Other Property \$500
							4390-Miscellaneous Non-Operating Income \$7,500
							4405-Interest and Dividend Income \$30,000
							<u>\$8,472,171</u>
							Per Exhibit 1/Tab 1/Schedule 9, page 1 \$8,472,147
							Difference (due to rounding) \$24

VECC Interrogatory #25

1 **Ref.: VECC #6 b)**
2 **Exhibit 3/Tab 2/Schedule 1, Attachment – page 11**
3

4 **Question 25**

5 a) The number of new service in 2008 (if pro-rated for balance of the year) and 2009
6 appears to exceed the number of new customers assumed in each year in Exhibit 3.
7 Please reconcile.
8

9 **Response**

10
11 The above noted difference is due to timing.

12
13 Westario has estimated the number of New Services as of the end of the period whereas the
14 number of Connections has been computed as the average of monthly average number of
15 connections.
16

VECC Interrogatory #26

1 **Reference: VECC #7 b)**

2

3 **Question**

4 a) Please reconcile the \$3,671,439 year 2000 asset value and the \$181,218 annual
5 depreciation charge with a 25 year service life (e.g., $\$3,671,439/25 = \$146,858$ and not
6 \$181,218).

7

8 **Response**

9

10 On November 1, 2000; Westario Power Holdings Inc. (holding company) and its affiliates
11 Westario Power Services Inc. (services company) and Westario Power Inc. (LDC) were
12 incorporated into new business entities. The shareholders of Westario Power Holdings Inc.
13 included eight municipal shareholders, and one private entity. The distribution assets of the
14 eight (8) former municipal entities were transferred to Westario Power Inc. at the date of
15 incorporation. Because the corporation was incorporated in November of 2000, the
16 depreciation charge for 2000 was prorated for the year.

17

18 Because the distribution assets that were transferred in 2000 were not all 'new' and had been
19 previously depreciated by the predecessor utilities, it was determined by management, and
20 verified by Westario's external auditor, that the distribution assets that were transferred from the
21 eight predecessor utilities had a remaining useful life of 20 years. As per schedules provided in
22 VECC #7 b) and IR #26 b), depreciation on distribution assets transferred at date of
23 amalgamation are depreciated over 20 years.

24

25 **Question**

26 b) As requested in the original IR, please provide similar schedule for Accounts #1845 and
27 #1850.

28

29 **Response**

30

31 Please see Exhibit 10, Tab 3, Schedule 26, Attachments A and B.

32

DEPRECIATION SCHEDULE														A/C 184500 co 920	
UNDERGROUND LINES / CONDUCTORS & DEVICES															
25 YEARS															
210504	2000	2001	2002	2002	2003	2003	2004	2004	2005	2006	2007	2008	2009	TOTAL	ACCUM DEPR
YEAR	3,059,665.82	31,287.77	168,137.62	(31,823.39)	366,288.90	(123,982.27)	675,823.66	(194,697.47)	534,833.66	1,077,620.15	695,407.76	375,075.00	505,500.00	7,139,137.21	TO DATE
			ADJUSTMENT	ADJUSTMENT		ADJUSTMENT		ADJUSTMENT							
2000	39,225.82													39,225.82	39,225.82
2001	151,022.00	1,287.23												152,309.23	191,535.05
2002	151,022.00	1,251.00	6,737.62	(1,295.39)										157,715.23	349,250.28
2003	151,022.00	1,251.00	6,725.00	(1,272.00)	14,664.90	(4,966.27)								167,424.63	516,674.91
2004	151,022.00	1,251.00	6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,055.66	(7,809.47)						186,664.19	703,339.10
2005	151,022.00	1,251.00	6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,032.00	(7,787.00)	10,705.16					197,368.16	900,707.26
2006	151,022.00	1,251.00	6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,032.00	(7,787.00)	21,393.00	21,547.65				229,603.65	1,130,310.91
2007	151,022.00	1,227.54	6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,032.00	(7,787.00)	21,393.00	43,105.00	13,915.76			265,053.30	1,395,364.21
2008	151,022.00	1,251.00	6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,032.00	(7,787.00)	21,393.00	43,105.00		7,501.50		286,478.50	1,681,842.71
2009	151,022.00	1,251.00	6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,032.00	(7,787.00)	21,393.00	43,105.00	27,816.00	15,003.00	10,110.00	304,090.00	1,985,932.71
2010	151,022.00	1,251.00	6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,032.00	(7,787.00)	21,393.00	43,105.00	27,816.00	15,003.00	20,220.00	314,200.00	2,300,132.71
2011	151,022.00	1,251.00	6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,032.00	(7,787.00)	21,393.00	43,105.00	27,816.00	15,003.00	20,220.00	314,200.00	2,614,332.71
2012	151,022.00	1,251.00	6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,032.00	(7,787.00)	21,393.00	43,105.00	27,816.00	15,003.00	20,220.00	314,200.00	2,928,532.71
2013	151,022.00	1,251.00	6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,032.00	(7,787.00)	21,393.00	43,105.00	27,816.00	15,003.00	20,220.00	314,200.00	3,242,732.71
2014	151,022.00	1,251.00	6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,032.00	(7,787.00)	21,393.00	43,105.00	27,816.00	15,003.00	20,220.00	314,200.00	3,556,932.71
2015	151,022.00	1,251.00	6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,032.00	(7,787.00)	21,393.00	43,105.00	27,816.00	15,003.00	20,220.00	314,200.00	3,871,132.71
2016	151,022.00	1,251.00	6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,032.00	(7,787.00)	21,393.00	43,105.00	27,816.00	15,003.00	20,220.00	314,200.00	4,185,332.71
2017	151,022.00	1,251.00	6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,032.00	(7,787.00)	21,393.00	43,105.00	27,816.00	15,003.00	20,220.00	314,200.00	
2018	151,022.00	1,251.00	6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,032.00	(7,787.00)	21,393.00	43,105.00	27,816.00	15,003.00	20,220.00	314,200.00	
2019	151,022.00	1,251.00	6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,032.00	(7,787.00)	21,393.00	43,105.00	27,816.00	15,003.00	20,220.00	314,200.00	
2020	151,022.00	1,251.00	6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,032.00	(7,787.00)	21,393.00	43,105.00	27,816.00	15,003.00	20,220.00	314,200.00	
2021		1,251.00	6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,032.00	(7,787.00)	21,393.00	43,105.00	27,816.00	15,003.00	20,220.00	163,178.00	
2022		1,251.00	6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,032.00	(7,787.00)	21,393.00	43,105.00	27,816.00	15,003.00	20,220.00	163,178.00	
2023		1,251.00	6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,032.00	(7,787.00)	21,393.00	43,105.00	27,816.00	15,003.00	20,220.00	163,178.00	
2024		1,251.00	6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,032.00	(7,787.00)	21,393.00	43,105.00	27,816.00	15,003.00	20,220.00	163,178.00	
2025		1,251.00	6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,032.00	(7,787.00)	21,393.00	43,105.00	27,816.00	15,003.00	20,220.00	163,178.00	
2026			6,725.00	(1,272.00)	14,651.00	(4,959.00)	27,032.00	(7,787.00)	21,393.00	43,105.00	27,816.00	15,003.00	20,220.00	161,927.00	
2027					14,651.00	(4,959.00)	27,032.00	(7,787.00)	21,393.00	43,105.00	27,816.00	15,003.00	20,220.00	156,474.00	
2028							27,032.00	(7,787.00)	21,393.00	43,105.00	27,816.00	15,003.00	20,220.00	146,782.00	
2029									21,393.00	43,105.00	27,816.00	15,003.00	20,220.00	127,537.00	
2030									10,696.50	43,105.00	27,816.00	15,003.00	20,220.00	116,840.50	
2031										21,552.50	27,816.00	15,003.00	20,220.00	84,591.50	
2032											13,908.00	15,003.00	20,220.00	49,131.00	
2033												7,501.50	20,220.00	27,721.50	
2034													10,110.00	10,110.00	
2035														-	
TOTAL	3,059,665.82	31,287.77	168,137.62	(31,823.39)	366,288.90	(123,982.27)	675,823.66	(194,697.47)	534,833.66	1,077,620.15	695,407.76	375,075.00	505,500.00	7,139,137.21	

DEPRECIATION SCHEDULE													
TRANSFORMERS OVERHEAD													
25 YEARS													
210506													
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	TOTAL	ACCUM DEPR	
YEAR	2,986,055.69	86,854.02	132,562.09	407,084.09	423,914.20	498,132.48	1,362,386.01	624,934.13	200,040.00	536,000.00	7,257,962.71	TO DATE	
2000	38,283.69										38,283.69	38,283.69	
2001	147,388.60	3,526.02									150,914.62	189,198.31	
2002	147,388.60	3,472.00	5,338.10								156,198.70	345,397.01	
2003	147,388.60	3,472.00	5,302.00	16,292.09							172,454.69	517,851.70	
2004	147,388.60	3,472.00	5,302.00	16,283.00	16,970.20						189,415.80	707,267.50	
2005	147,388.60	3,472.00	5,302.00	16,283.00	16,956.00	9,969.98					199,371.58	906,639.08	
2006	147,388.60	3,472.00	5,302.00	16,283.00	16,956.00	19,925.00	27,258.51				236,585.11	1,143,224.19	
2007	147,388.60	3,472.00	5,302.00	16,283.00	16,956.00	19,925.00	54,495.00	12,507.63			276,329.23	1,419,553.42	
2008	147,388.60	3,472.00	5,302.00	16,283.00	16,956.00	19,925.00	54,495.00	24,997.00	4,015.50		292,834.10	1,712,387.52	
2009	147,388.60	3,472.00	5,302.00	16,283.00	16,956.00	19,925.00	54,495.00	24,997.00	8,001.00	10,720.00	307,539.60	2,019,927.12	
2010	147,388.60	3,472.00	5,302.00	16,283.00	16,956.00	19,925.00	54,495.00	24,997.00	8,001.00	21,440.00	318,259.60	2,338,186.72	
2011	147,388.60	3,472.00	5,302.00	16,283.00	16,956.00	19,925.00	54,495.00	24,997.00	8,001.00	21,440.00	318,259.60	2,656,446.32	
2012	147,388.60	3,472.00	5,302.00	16,283.00	16,956.00	19,925.00	54,495.00	24,997.00	8,001.00	21,440.00	318,259.60	2,974,705.92	
2013	147,388.60	3,472.00	5,302.00	16,283.00	16,956.00	19,925.00	54,495.00	24,997.00	8,001.00	21,440.00	318,259.60	3,292,965.52	
2014	147,388.60	3,472.00	5,302.00	16,283.00	16,956.00	19,925.00	54,495.00	24,997.00	8,001.00	21,440.00	318,259.60	3,611,225.12	
2015	147,388.60	3,472.00	5,302.00	16,283.00	16,956.00	19,925.00	54,495.00	24,997.00	8,001.00	21,440.00	318,259.60	3,929,484.72	
2016	147,388.60	3,472.00	5,302.00	16,283.00	16,956.00	19,925.00	54,495.00	24,997.00	8,001.00	21,440.00	318,259.60	4,247,744.32	
2017	147,388.60	3,472.00	5,302.00	16,283.00	16,956.00	19,925.00	54,495.00	24,997.00	8,001.00	21,440.00	318,259.60	4,566,003.92	
2018	147,388.60	3,472.00	5,302.00	16,283.00	16,956.00	19,925.00	54,495.00	24,997.00	8,001.00	21,440.00	318,259.60	4,884,263.52	
2019	147,388.60	3,472.00	5,302.00	16,283.00	16,956.00	19,925.00	54,495.00	24,997.00	8,001.00	21,440.00	318,259.60	5,202,523.12	
2020	147,388.60	3,472.00	5,302.00	16,283.00	16,956.00	19,925.00	54,495.00	24,997.00	8,001.00	21,440.00	318,259.60	5,520,782.72	
2021		3,472.00	5,302.00	16,283.00	16,956.00	19,925.00	54,495.00	24,997.00	8,001.00	21,440.00	170,871.00	5,691,653.72	
2022		3,472.00	5,302.00	16,283.00	16,956.00	19,925.00	54,495.00	24,997.00	8,001.00	21,440.00	170,871.00	5,862,524.72	
2023		3,472.00	5,302.00	16,283.00	16,956.00	19,925.00	54,495.00	24,997.00	8,001.00	21,440.00	170,871.00	6,033,395.72	
2024		3,472.00	5,302.00	16,283.00	16,956.00	19,925.00	54,495.00	24,997.00	8,001.00	21,440.00	170,871.00	6,204,266.72	
2025		3,472.00	5,302.00	16,283.00	16,956.00	19,925.00	54,495.00	24,997.00	8,001.00	21,440.00	170,871.00	6,375,137.72	
2026			5,302.00	16,283.00	16,956.00	19,925.00	54,495.00	24,997.00	8,001.00	21,440.00	167,399.00	6,542,536.72	
2027				16,283.00	16,956.00	19,925.00	54,495.00	24,997.00	8,001.00	21,440.00	162,097.00	6,704,633.72	
2028					16,956.00	19,925.00	54,495.00	24,997.00	8,001.00	21,440.00	145,814.00	6,850,447.72	
2029						19,925.00	54,495.00	24,997.00	8,001.00	21,440.00	128,858.00	6,979,305.72	
2030							9,962.50	54,495.00	24,997.00	8,001.00	21,440.00	118,895.50	7,098,201.22
2031								27,247.50	24,997.00	8,001.00	21,440.00	81,685.50	7,179,886.72
									12,498.50	8,001.00	21,440.00	41,939.50	7,221,826.22
										4,000.50	21,440.00	25,440.50	7,247,266.72
											10,720.00	10,720.00	7,257,986.72
											-	-	-
TOTAL	2,986,055.69	86,854.02	132,586.10	407,084.09	423,914.20	498,132.48	1,362,386.01	624,934.13	200,040.00	536,000.00	7,257,986.72		

VECC Interrogatory #27

1 **Ref: VECC #9 f)**

2

3 **Question**

4 a) With respect to part (f), what was the source of the implied 19% loss factor for
5 Residential (i.e., did Hydro One actually calculate the 235,715,541 kWh value for actual
6 purchased Residential kWhs or did WPI provide the 19% value to Hydro One
7 Networks?)

8 • If Hydro One calculated the Residential actual purchased value, how was this
9 accomplished?

10 • If WPI provided the 19% value to Hydro One Networks, what was the basis for the
11 value?

12

13 **Response**

14

15 The information referred to in the response to VECC #9 f) was provided to Westario by Hydro
16 One. Westario is not aware of the methodology used by Hydro One in deriving these values.

17

18 Westario notes that the information provided to VECC in the response was not included in or
19 used in Westario's Application; hence, the implied loss factor has no impact on the rates
20 proposed by Westario.

21

VECC Interrogatory #28

1 **Ref: VECC #11**

2

3 **Question**

4 a) With respect to part (b), how much of the 2008 and 2009 budget for Account #5040 is
5 attributable to the on-going field asset collection program? When will this program be
6 complete?

7

8 **Response**

9

10 In 2008, there were no costs allocated to GL 5040 attributed to field asset collection.

11

12 In 2009, there are costs of approximately \$356,000 allocated to GL 5040 for costs related to the
13 field asset collection program which includes plant inspection of underground distribution plant.

14

15 Westario Power anticipates that the field data collection shall be completed by the end of 2012.

16 In addition to collecting accurate field asset information, the project also serves to fulfill the plant
17 inspection requirement of the Distribution System Code.

18

19 **Question**

20 b) With respect to part (c), please explain more fully what is included in Engineering Burden
21 and why the 2009 costs have increased by \$34,000.

22

23 **Response**

24

25 Included in Engineering Burden are indirect costs associated with the safe and efficient
26 operation of the System Reliability Department. Items accounted for in Engineering Burden
27 include items such as costs associated with the payroll of operational staff (engineering
28 technician, draft designer, clerks and management), safety meetings and training, conferences,
29 safety apparel, on call costs, vacation and sick leave costs for operational staff and operational
30 items such as small tools. The increase of \$34,000 is due to increased costs in the above
31 mentioned costs.

VECC Interrogatory #28

1 **Question**

2 c) With respect to part (f), please revise the cost of the “rate application” assuming there is no
3 oral component to the proceeding.

4

5 **Response**

6

7 Although there is no oral component to Westario Power Inc.’s “rate application”; there will be
8 additional Legal and consulting costs incurred for Supplemental Written
9 Interrogatories. It is unknown at this time if the additional costs incurred for Supplemental
10 Interrogatories will be less than that incurred in an oral component; therefore, the amount
11 supplied in response to part (f) remains unchanged.

12

VECC Interrogatory #29

1 **Ref: VECC #19 b)**

2

3 **Question**

4 a) Please break down the \$763,316 as between estimated recovery of Regulatory Assets and
5 2009 interest on Regulatory Assets.

6

7 **Response**

8

9 Please note the following breakdown:

10

11	Proposed Recovery of Regulatory Assets	\$567,496
12	Proposed Interest on Regulatory Assets	<u>\$195,820</u>
13	Total	\$763,316

14

15 **Question**

16 b) The Board, in a number of EDR 2008 decisions denied increasing regulatory taxable income
17 through the addition of movements, or recoveries, in regulatory assets, e.g Brantford Power,
18 PUC. For instance in the Brantford Power Decision (EB-2007-0698) the Board stated that
19 “The appropriate forum for the issues raised by the Company is the Board’s pending
20 proceeding on account 1562. Until that proceeding is concluded, there is no basis for the
21 Board to deviate from the findings it has made in other cases where the same issue has
22 been identified.” Please explain why, in light of these decisions, Westario believes that the
23 Board should approve its request to include this item in its regulatory taxable income.

24

25 **Response**

26

27 Westario Power Inc. acknowledges that the OEB has initiated a proceeding with respect to the
28 Deferred PILS account 1562, and is prepared to remove the above amount from the PILS
29 calculation until such time as the Board provides direction on the treatment of the same.

30

VECC Interrogatory #30

1 **Ref: VECC #20 a)**

2

3 **Question**

4 a) Please provide the derivation of the test year Transmission Connection revenues for each
5 customer class.

6

7 **Response**

8

Customer Class Name	Volume	Rate		Amount
Residential	213,224,187	\$0.0054	kWh	\$1,151,411
General Service Less than 50 kW	76,030,095	\$0.0048	kWh	364,944
General Service Greater than 50 to 4,999 kW	448,543	\$1.9371	kW	868,873
Unmetered Scattered Load	541,177	\$0.0048	kWh	2,598
Sentinel Lighting	17	\$1.5286	kW	26
Street Lighting	11,037	\$1.4973	kW	16,526
Total				\$2,404,377

9

VECC Interrogatory #31

- 1 **Ref:** i) VECC #21 c)
2 ii) OEB Staff #39
3

4 **Question**

5 a) Please confirm whether Output Sheet O1 provided in Exhibit 10/Tab 2/Schedule
6 30/Attachment A is the response to OEB Staff #39 or VECC #21 c). (Note: The
7 responses to both IRs make reference to this Attachment. However, the Staff IR
8 requested a copy of the Cost Allocation used in the filing while the VECC IR
9 requested an alternative run). Please provide Output Sheet O1 for which ever
10 question has not been responded to.
11

12 **Response**

13
14 Exhibit 10/Tab 2/Schedule 30/Attachment A filed December 22, 2008 responds to VECC
15 interrogatory #21 c). The attached Output sheet O1 of Westario Power's CAR-IF responds to
16 Board Staff interrogatory 39 and is attached as Exhibit 10/Tab 3/Schedule 31/Attachment A.
17

18 **Question**

19 b) Please explain why, in Attachment A, total revenues do not equal the total revenue
20 requirement. What adjustments were made when applying the results to the 2009
21 Application to account for this?
22

23 **Response**

24
25 Westario's CAR-IF shows that Total Revenues do not match the Total Revenue Requirement
26 because revenues recovered through Late Payment Charges were not included in Total
27 Revenues. Westario has amended the CAR-IF so that Late Payment Charges are included in
28 Total Revenues and has re-calculated the Revenue:Cost ratios.
29

30 Because the residential customer class Revenue:Cost ratio continues to be well within the
31 Board approved range Westario has not had to adjust the proportion of the Base Revenue

VECC Interrogatory #31

1 Requirement recovered through residential rates, being 61.92%. Since Westario is not
2 changing the 2009 Base Revenue Requirement and is not changing the proportion of the Base
3 Revenue Requirement recovered through residential rates the computed residential rates do not
4 change.

5

6 **Question**

7 c) If Attachment A is the response to the OEB Staff #39, why don't the revenue to cost
8 ratios match those at Exhibit 8/Tab 1/Schedule 1, page1? If it is not, please identify
9 the Cost Allocation run and provide the Output Sheet O1 that is the basis for the
10 revenue to cost ratios reported in the Application at this reference.

11

12 **Response**

13

14 Please see the response to part a).

15

2006 COST ALLOCATION INFORMATION FILING

Westario Power Inc.
EB-2005-0434 EB-2007-0003
Friday, April 13, 2007

Sheet 01 Revenue to Cost Summary Worksheet - Second Run

Class Revenue, Cost Analysis, and Return on Rate Base

		1	2	3	7	8	9	
		Total	Residential	GS <50	GS>50-Regular	Street Light	Sentinel	Unmetered Scattered Load
Rate Base								
Assets								
crev	Distribution Revenue (sale)	\$7,776,630	\$4,852,504	\$1,099,132	\$1,606,590	\$190,244	\$523	\$27,637
mi	Miscellaneous Revenue (mi)	\$563,220	\$394,105	\$98,609	\$51,293	\$13,798	\$26	\$5,389
	Total Revenue	\$8,339,850	\$5,246,609	\$1,197,741	\$1,657,883	\$204,042	\$549	\$33,026
	Expenses							
di	Distribution Costs (di)	\$1,066,417	\$678,522	\$163,181	\$143,047	\$80,099	\$100	\$1,468
cu	Customer Related Costs (cu)	\$1,388,039	\$930,481	\$319,223	\$125,039	\$480	\$22	\$12,794
ad	General and Administration (ad)	\$2,058,126	\$1,348,688	\$396,129	\$227,613	\$74,470	\$109	\$11,117
dep	Depreciation and Amortization (dep)	\$1,271,615	\$830,399	\$193,073	\$160,490	\$85,822	\$108	\$1,723
INPUT	PILs (INPUT)	\$723,062	\$471,115	\$109,844	\$92,523	\$48,580	\$61	\$938
INT	Interest	\$637,092	\$415,102	\$96,784	\$81,523	\$42,804	\$54	\$826
	Total Expenses	\$7,144,351	\$4,674,307	\$1,278,236	\$830,234	\$332,254	\$454	\$28,866
	Direct Allocation	\$181,017	\$131,578	\$34,055	\$12,723	\$81	\$4	\$2,575
NI	Allocated Net Income (NI)	\$1,122,850	\$731,600	\$170,578	\$143,680	\$75,441	\$94	\$1,456
	Revenue Requirement (includes NI)	\$8,448,218	\$5,537,485	\$1,482,870	\$986,638	\$407,776	\$552	\$32,897
	Revenue Requirement Input equals Output							
	Rate Base Calculation							
	Net Assets							
dp	Distribution Plant - Gross	\$25,043,439	\$16,361,102	\$3,807,634	\$3,075,384	\$1,763,809	\$2,205	\$33,304
gp	General Plant - Gross	\$368,800	\$240,993	\$56,020	\$45,188	\$26,072	\$33	\$494
accum dep	Accumulated Depreciation	(\$3,969,726)	(\$2,590,428)	(\$606,561)	(\$493,305)	(\$273,995)	(\$341)	(\$5,095)
co	Capital Contribution	(\$1,774,197)	(\$1,196,452)	(\$269,172)	(\$111,064)	(\$194,073)	(\$241)	(\$3,195)
	Total Net Plant	\$19,668,316	\$12,815,216	\$2,987,922	\$2,516,203	\$1,321,813	\$1,655	\$25,507
	Directly Allocated Net Fixed Assets	\$145,054	\$105,437	\$27,289	\$10,195	\$65	\$4	\$2,064
COP	Cost of Power (COP)	\$30,363,546	\$14,244,900	\$4,934,989	\$10,807,482	\$337,584	\$926	\$37,666
	OM&A Expenses	\$4,512,582	\$2,957,690	\$878,534	\$495,699	\$155,049	\$231	\$25,379
	Directly Allocated Expenses	\$166,551	\$121,063	\$31,334	\$11,706	\$74	\$4	\$2,370
	Subtotal	\$35,042,679	\$17,323,653	\$5,844,857	\$11,314,887	\$492,707	\$1,161	\$65,415
	Working Capital	\$5,256,402	\$2,598,548	\$876,728	\$1,697,233	\$73,906	\$174	\$9,812
	Total Rate Base	\$25,069,772	\$15,519,201	\$3,891,939	\$4,223,631	\$1,395,784	\$1,833	\$37,384
	Rate Base Input equals Output							
	Equity Component of Rate Base	\$12,534,886	\$7,759,600	\$1,945,970	\$2,111,815	\$697,892	\$916	\$18,692
	Net Income on Allocated Assets	\$1,014,482	\$440,725	(\$114,550)	\$814,926	(\$128,293)	\$91	\$1,584
	Net Income on Direct Allocation Assets	\$6,542	\$4,755	\$1,231	\$460	\$3	\$0	\$93
	Net Income	\$1,021,024	\$445,480	(\$113,320)	\$815,385	(\$128,290)	\$91	\$1,677
	RATIOS ANALYSIS							
	REVENUE TO EXPENSES %	98.72%	94.75%	80.77%	168.03%	50.04%	99.35%	100.39%
	EXISTING REVENUE MINUS ALLOCATED COSTS	(\$108,368)	(\$290,876)	(\$285,129)	\$671,245	(\$203,734)	(\$4)	\$128

VECC Interrogatory #32

1 **Ref: VECC #22**

2

3 **Question**

4 a) If Attachment A is the response to the OEB Staff #39, why don't the revenue requirement
5 proportions match the percentages shown in the response to this IR?

6

7 **Response**

8

9 Attachment A is not the response to OEB Staff #39. Please see response to IR #31 a).

10

11 **Question**

12 b) Please identify the Cost Allocation run and provide the Output Sheet O1 that supports the
13 percentages provided in VECC #22.

14

15 **Response**

16

17 The Cost Allocation run that supports VECC #22 is Run #2 as submitted under Cost Allocation
18 Information Filing (EB-2007-003).

19

20 Output Sheet O1 is filed as Exhibit 10 Tab 3 Schedule 31 Attachment A. Please see attached
21 table that supports the percentages as provided in VECC #22.

22

VECC Interrogatory #32

Customer Class Name	REVENUE ALLOCATION (sheet O1)					
	Service Revenue Requirement	%	Miscellaneous Revenue (mi)	%	Base Revenue Requirement *	%
Residential	5,537,485	65.55%	394,105	69.97%	5,143,380	65.23%
General Service Less Than 50 kW	1,482,870	17.55%	98,609	17.51%	1,384,261	17.56%
General Service 50 to 4,999 kW	986,638	11.68%	51,293	9.11%	935,345	11.86%
Unmetered Scattered Load	32,897	0.39%	5,389	0.96%	27,508	0.35%
Sentinel Lighting	552	0.01%	26	0.00%	526	0.01%
Street Lighting	407,776	4.83%	13,798	2.45%	393,978	5.00%
TOTAL (from Column C of sheet O1)	8,448,218	100.00%	563,220	100.00%	7,884,998	100.00%

1
2

VECC Interrogatory #33

1 **Ref:** VECC #23 a) and c)
2

3 **Question**
4

5 a) Please provide as response to the original question as posed, i.e., provide a table setting
6 out:

- 7 • 2009 billing parameters by class
8 • 2008 rates by class, excluding the smart meter adder and LV adders by class
9 • 2009 revenues at 2008 rates – showing the total as well as fixed and variable revenues
10 separately by class
11

12 **Response**
13

14 Please see Exhibit 10/Tab 3/Schedule 33/Attachment A attached.
15

16 **Question**
17

18 b) What is the basis for the fixed and variable rates of \$12.10 and \$0.0152 respectively
19 reported in the current response to VECC #23, part (a) for Residential?

20 **Response**
21

22 When allocating costs in the 2009 rate application, Westario Power proposed to leave the
23 revenue requirement allocated to the Residential Customer class unchanged at 61.92%. With a
24 base revenue requirement (excluding LV charges) of \$9,265,283; the revenues allocated to the
25 Residential Customer class total \$5,737,063 (\$9,265,283 x 61.92%).
26

27 In keeping the fixed/variable split or 47.76%/52.24% unchanged from 2008 to 2009, the
28 following rates were determined:
29
30

VECC Interrogatory #33

1 Residential revenue requirement

2 Fixed: \$2,740,021 (47.76%)

3 Variable: \$2,997,042 (52.24%)

4 \$5,737,063

5

6 Fixed Rate Calculation

7 \$2,740,021/ 12months/18,875 customers = \$12.10

8

9 Variable Rate Calculation

10 \$2,997,042/ 197,649,413 kWh = \$0.0152/kWh

11 * Number of Residential Customers and Residential consumption as per Load Forecast
12 submitted as evidence in Attachment of Exhibit 3, Tab 2, Schedule 1.

13

14 **Question**

15 c) Please explain why the fixed portion of the fixed variable split is not applied to the Allocated
16 Revenues set out at Exhibit 9/Tab 1/Schedule 3, page 1, line 11 (i.e. before adding in the LV
17 and TOA charges).

18

19 **Response**

20

21 The fixed portion is applied to the Allocated Revenues as set out in the reference above. The
22 Residential Allocated Revenues in the table show an amount of \$5,737,063 as detailed in
23 response to IR #33 b).

24

2009 PROJECTED DISTRIBUTION REVENUE AT EXISTING RATES

Customer Class Name	Fixed Rate	Customers (Connections)	Fixed Charge Revenue	Variable Rate	Less LV Charges (*embedded in Distribution Rates)	Net Variable Charge per	Volume	Variable Charge Revenue	TOTAL
Residential	\$10.61	18,875	2,403,165	\$0.0133	\$0.0006	\$0.0127 kWh	197,649,413	2,510,148	\$4,913,313
General Service Less Than 50 kW	\$19.46	2,365	552,275	\$0.0086	\$0.0005	\$0.0081 kWh	70,476,543	570,860	\$1,123,135
General Service 50 to 4,999 kW	\$239.89	252	725,427	\$2.2158	\$0.2177	\$1.9981 kW	448,543	896,234	\$1,621,661
General Service 50 to 4,999 kW - TOU	\$43.68	0	0	\$0.3324	\$0.2241	\$0.1083 kW	0	0	\$0
Unmetered Scattered Load	\$4.40	69	3,643	\$0.0453	\$0.0006	\$0.0447 kWh	501,647	22,424	\$26,067
Sentinel Lighting	\$1.35	6	97	\$6.9632	\$0.1513	\$6.8119 kW	17	116	\$213
Street Lighting	\$2.31	6,077	<u>168,454</u>	\$1.9554	\$0.1892	\$1.7662 kW	11,037	<u>19,494</u>	<u>\$187,948</u>
Gross Revenue (before Transformer Allowances)			3,853,062					4,273,142	\$7,872,336
Transformer Allowances				-\$0.6000		(\$0.6000) kW	116,200	-69,720	(\$69,720)
Total Revenue			<u><u>3,853,062</u></u>					<u><u>4,203,422</u></u>	<u><u>\$7,802,616</u></u>

VECC Interrogatory #34

1 **Ref: OEB Staff #4**

2

3 **Question**

4 a) What portion (i.e., %) of the total 2009 OM&A expenses of \$4,811,825 (excludes taxes) was
5 estimated using a 3% inflation rate?

6

7 **Response**

8

9 Approximately \$160,000 (3.3%) of expenses were estimated using a 3% inflation rate.

10

11 **Question**

12 b) Please provide the most recent year over year inflation rate (e.g., November 2007 to
13 November 2008).

14

15 **Response**

16

17 The most recent Ontario Consumer Price Index as published by Statistics Canada for the period
18 November 2007 to November 2008 is 2.1%; and for the period of December 2007 to December
19 2008 1.5%.

20

VECC Interrogatory #35

1 **Ref.: General**

2 Various responses make reference to a "RateMaker" model "submitted as evidence with the
3 Application". This model does not appear to be posted on the OEB web-site. Please provide a
4 copy.

5

6 **Response**

7

8 A copy of RateMaker has been filed with the Board.

VECC Interrogatory #36

1 **Ref: OEB Staff #43 d)**

2

3 **Question**

4 a) Please explain more fully how the projected revenues and expenses values for Connection
5 and Network were derived.

6

7 **Response**

8

9 The projected revenues for Connection and Network were derived based on volume of weather
10 adjusted load with no change to the existing rates. Please see response to IR #37 for detailed
11 calculation by rate category.

12

13 In calculating the projected expenses for Connection and Network charges, the following
14 approach was utilized:

15

16 When Westario filed its application and evidence, the actual Connection and Network charges
17 for calendar year 2007 were utilized in forecasting charges for the 2009 Test Year.

18

19 In projecting Connection charges for 2009, Westario utilized the following:

20

21 2007 Connection Charges \$2,079,671 (per Exhibit 10/Tab 2/Sch 43/page 4 of 6)

22 Increase in rates from 2007 to 2009 11.00% $((\$2.32-\$2.09)/\$2.09)$ (see below)

23 Projected 2009 Connection Charges \$2,308,535 $(\$2,079,671 \times (1+.11))$

24 (per Exhibit 10/Tab 2/Sch43/page 6 of 6)

25

26 In projecting Network charges for 2009, Westario utilized the following:

27

28 2007 Network Charges \$2,293,679 (per Exhibit 10/Tab 2/Sch 43/page 4 of 6)

29 Increase in rates from 2007 to 2009 1.98% $((\$2.57-\$2.52)/\$2.52)$ (see below)

30 Projected 2009 Connection Charges \$2,339,188 $(\$2,293,679 \times (1+.0198))$

31 (per Exhibit 10/Tab 2/Sch43/page 6 of 6)

VECC Interrogatory #36

1 The following rates were utilized in calculating the Connection and Network charges from Hydro
2 One Networks Inc.

	Connection	Network	
5 2007	\$2.09/kW	\$2.52/kW	(per approved Rate Order EB-2007-0542)
6 2008	\$1.88/kw	\$2.01/kW	(per approved Rate Order EB-2007-0681)
7 2009	\$2.32/kW	\$2.57/kW	(per approved Rate Order EB-2008-0013)

8
9 **Question**

10 b) Was the same 9.2% increase assumed for both Connections and Networks and, if so, what
11 was the basis for this assumption?

12

13 **Response**

14

15 Westario Power did not assume a 9.2% increase in either Connection or Network charges. In
16 calculating the projected Network and Connection expenses, the proposed rates of Hydro One
17 Networks Inc. (EB-2008-0013) as detailed in response (b) above were used.

18

19 **Question**

20 c) Please explain why the expenses reported here for Connection and Network don't reconcile
21 with the values shown at Exhibit 2/Tab 4/Schedule 2/Attachment 1, page 1.

22

23 **Response**

24

25 When preparing its application, Westario Power assumed that Power Supply Expenses would
26 equal Power Supply Revenues. Westario Power did not project that any differences in
27 projected revenues and expenses for Power Supply accounts be transferred to RSVA Deferral
28 Accounts.

29

30 The net impact on the Working Capital Allowance is as follows:

31

VECC Interrogatory #36

	Per Ex 2/Tab 4/Sch 2/Att 1	Per Ex 10/Tab 2/Sch 43/Pg 6	Difference	Working Capital Allowance	
Connection	\$2,404,377	\$2,308,535	\$95,842	\$14,376	Overstatement
Network	\$1,994,897	\$2,339,188	(\$344,291)	(\$51,643)	Understatement
Net Difference	\$4,399,274	\$4,647,723	(\$248,449)	(\$37,267)	Understatement

VECC Interrogatory #37

1 **Ref.: OEB Staff #23**

2

3 **Question**

4 Please provide the actual deviation of each Power Supply Expense as requested (i.e., rates and
5 volumes assumed).

6

7 **Response**

8

9 Please see Exhibit 10 Tab 3 Schedule 37 Attachment A.

Westario Power Inc.

EB-2008-0250

Filed: February 5, 2009

Exhibit 10

Tab 3

Schedule 37

Attachment A

Westario Power Inc. (ED-2002-0515)

2009 EDR Application (EB-2008-0250)

August 15, 2008

C2 Pass-through Charges

Enter rates for pass-through charges and estimated Low Voltage revenues

Electricity (Commodity)	Customer Class Name	Revenue USA #	Expense USA #	2008 rate (\$/kWh):		Amount
				Volume	Rate	
					\$0.05450	
kWh	Residential	4006	4705	212,911,084		11,603,654
kWh	General Service Less Than 50 kW	4035	4705	75,918,451		4,137,556
kWh	General Service 50 to 4,999 kW	4010	4705	173,639,103		9,463,331
kWh	General Service 50 to 4,999 kW - TOU	4010	4705			
kWh	Unmetered Scattered Load	4035	4705	541,177		29,494
kWh	Sentinel Lighting	4030	4705	17,946		978
kWh	Street Lighting	4025	4705	4,457,779		242,949
	TOTAL			467,485,539		25,477,962
Transmission - Network	Customer Class Name	Revenue USA #	Expense USA #	2008		Amount
				Volume	Rate	
kWh	Residential	4066	4714	212,911,084	\$0.0044	936,809
kWh	General Service Less Than 50 kW	4066	4714	75,918,451	\$0.0040	303,674
kW	General Service 50 to 4,999 kW	4066	4714	447,885	\$1.6425	735,651
kW	General Service 50 to 4,999 kW - TOU	4066	4714		\$1.7431	
kWh	Unmetered Scattered Load	4066	4714	541,177	\$0.0040	2,165
kW	Sentinel Lighting	4066	4714	17	\$1.2450	21
kW	Street Lighting	4066	4714	11,004	\$1.2388	13,632
	TOTAL			289,829,618		1,991,951

Westario Power Inc. (ED-2002-0515)

2009 EDR Application (EB-2008-0250)

August 15, 2008

C2 Pass-through Charges

Volumes from sheet C1, Account #s from sheet Y4

Enter rates for pass-through charges and estimates

Electricity (Commodity)	Customer Class Name	2009 rate (\$/kWh): \$0.05450		
		Volume		Amount
kWh	Residential	213,224,187		11,620,718
kWh	General Service Less Than 50 kW	76,030,095		4,143,640
kWh	General Service 50 to 4,999 kW	173,894,453		9,477,248
kWh	General Service 50 to 4,999 kW - TOU			
kWh	Unmetered Scattered Load	541,177		29,494
kWh	Sentinel Lighting	17,946		978
kWh	Street Lighting	4,471,151		243,678
	TOTAL	468,179,008		25,515,756
Transmission - Network	Customer Class Name	2009		
		Volume	Rate	Amount
kWh	Residential	213,224,187	\$0.0044	938,186
kWh	General Service Less Than 50 kW	76,030,095	\$0.0040	304,120
kW	General Service 50 to 4,999 kW	448,543	\$1.6425	736,732
kW	General Service 50 to 4,999 kW - TOU		\$1.7431	
kWh	Unmetered Scattered Load	541,177	\$0.0040	2,165
kW	Sentinel Lighting	17	\$1.2450	21
kW	Street Lighting	11,037	\$1.2388	13,673
	TOTAL	290,255,055		1,994,897

Westario Power Inc. (ED-2002-0515)

2009 EDR Application (EB-2008-0250)

August 15, 2008

C2 Pass-through Charges

Enter rates for pass-through charges and estimated Low Voltage revenues

Transmission - Connection		Customer Class Name	Revenue USA #	Expense USA #	2008		
					Volume	Rate	Amount
kWh		Residential	4068	4716	212,911,084	\$0.0054	1,149,720
kWh		General Service Less Than 50 kW	4068	4716	75,918,451	\$0.0048	364,409
kW		General Service 50 to 4,999 kW	4068	4716	447,885	\$1.9371	867,598
kW		General Service 50 to 4,999 kW - TOU	4068	4716		\$2.1233	
kWh		Unmetered Scattered Load	4068	4716	541,177	\$0.0048	2,598
kW		Sentinel Lighting	4068	4716	17	\$1.5286	26
kW		Street Lighting	4068	4716	11,004	\$1.4973	16,476
		TOTAL			289,829,618		2,400,826
Wholesale Market Service		Customer Class Name	Revenue USA #	Expense USA #	2008 rate (\$/kWh):		\$0.00520
					Volume		Amount
kWh		Residential	4062	4708	212,911,084		1,107,138
kWh		General Service Less Than 50 kW	4062	4708	75,918,451		394,776
kWh		General Service 50 to 4,999 kW	4062	4708	173,639,103		902,923
kWh		General Service 50 to 4,999 kW - TOU	4062	4708			
kWh		Unmetered Scattered Load	4062	4708	541,177		2,814
kWh		Sentinel Lighting	4062	4708	17,946		93
kWh		Street Lighting	4062	4708	4,457,779		23,180
		TOTAL			467,485,539		2,430,925

Westario Power Inc. (ED-2002-0515)

2009 EDR Application (EB-2008-0250)

August 15, 2008

C2 Pass-through Charges

Volumes from sheet C1, Account #s from sheet Y4

Enter rates for pass-through charges and estimates

Transmission - Connection		Customer	2009		
		Class Name	Volume	Rate	Amount
kWh		Residential	213,224,187	\$0.0054	1,151,411
kWh		General Service Less Than 50 kW	76,030,095	\$0.0048	364,944
kW		General Service 50 to 4,999 kW	448,543	\$1.9371	868,873
kW		General Service 50 to 4,999 kW - TOU		\$2.1233	
kWh		Unmetered Scattered Load	541,177	\$0.0048	2,598
kW		Sentinel Lighting	17	\$1.5286	26
kW		Street Lighting	11,037	\$1.4973	16,526
		TOTAL	290,255,055		2,404,377
Wholesale Market Service		Customer	2009	rate (\$/kWh):	\$0.00520
		Class Name	Volume		Amount
kWh		Residential	213,224,187		1,108,766
kWh		General Service Less Than 50 kW	76,030,095		395,356
kWh		General Service 50 to 4,999 kW	173,894,453		904,251
kWh		General Service 50 to 4,999 kW - TOU			
kWh		Unmetered Scattered Load	541,177		2,814
kWh		Sentinel Lighting	17,946		93
kWh		Street Lighting	4,471,151		23,250
		TOTAL	468,179,008		2,434,531

Westario Power Inc. (ED-2002-0515)

2009 EDR Application (EB-2008-0250)

August 15, 2008

C2 Pass-through Charges

Enter rates for pass-through charges and estimated Low Voltage revenues

	Customer Class Name	Revenue USA #	Expense USA #	2008 rate (\$/kWh):	
				Volume	Amount
Rural Rate Protection					\$0.00100
kWh	Residential	4062	4708	212,911,084	212,911
kWh	General Service Less Than 50 kW	4062	4708	75,918,451	75,918
kWh	General Service 50 to 4,999 kW	4062	4708	173,639,103	173,639
kWh	General Service 50 to 4,999 kW - TOU	4062	4708		
kWh	Unmetered Scattered Load	4062	4708	541,177	541
kWh	Sentinel Lighting	4062	4708	17,946	18
kWh	Street Lighting	4062	4708	4,457,779	4,458
	TOTAL			467,485,539	467,486
Debt Retirement Charge					\$0.00070
	Customer Class Name	Revenue USA #	Expense USA #	Volume	Amount
	TOTAL				
Low Voltage Charges				2008	
	Customer Class Name	Revenue USA #	Expense USA #	Volume	Amount
	TOTAL (Input amount)	4075	4750		253,892
GRAND TOTAL					33,023,042

Westario Power Inc. (ED-2002-0515)

2009 EDR Application (EB-2008-0250)

August 15, 2008

C2 Pass-through Charges

Volumes from sheet C1, Account #s from sheet Y4

Enter rates for pass-through charges and estimates

	Customer	2009	
		rate (\$/kWh):	Amount
Rural Rate Protection	Class Name	Volume	Amount
kWh	Residential	213,224,187	213,224
kWh	General Service Less Than 50 kW	76,030,095	76,030
kWh	General Service 50 to 4,999 kW	173,894,453	173,894
kWh	General Service 50 to 4,999 kW - TOU		
kWh	Unmetered Scattered Load	541,177	541
kWh	Sentinel Lighting	17,946	18
kWh	Street Lighting	4,471,151	4,471
	TOTAL	468,179,008	468,179
Debt Retirement Charge	Class Name	Volume	Amount
	TOTAL		
Low Voltage Charges	Class Name	Volume	Amount
	TOTAL (Input amount)		733,477
GRAND TOTAL			33,551,217

VECC Interrogatory #38

1 **Ref.: OB Staff #37**

2

3 **Question**

4 Please reconcile the difference between the projected 2007 LV cost of \$620,444.40 shown in
5 the response (page 10) and the LV cost included in the Application of \$733,477.

6

7 **Response**

8

9 In December 2008, Westario Power was notified by Retail Settlement of Hydro One Networks
10 Inc.; that they had erroneously charged Westario Power for LVDS charges to the Palmerston TS
11 as opposed to the Clifford TS.

12

13 Please note the following copy of an internal email from HONI. Although correspondence
14 indicates the 'Harriston' PME, the account number is in fact for the Palmerston TS and has been
15 confirmed with HONI.

16 **From:** RETAIL SETTLEMENTS

17 **Sent:** Wednesday, November 26, 2008 2:01 PM

18 **To:** LINDSAY Susan

19 **Cc:** RETAIL SETTLEMENTS ; KNIGHT Carla

20 **Subject:** adjustment to Westario at Palmerston TS

21 **Importance:** High

22 **Susan:**

23 ***RS Adjustment Calculation Details***

24

25 ***Customer's Name*** Westario Power Inc.

26 ***Account #*** 42713-82000 & 20796-19008

27 ***From: (start date of first invoice)*** April 7, 2006

VECC Interrogatory #38

To: (stop date of last invoice) October 9, 2008

Background: Per William Cheng, LVDS charge should be applied to Clifford PME (42713-82000) instead of Harriston PME (20796-19008) so adjustment is required.

Adjustment Instructions: Incremental change forms will be printed on Nov 27/08 to reflect the correct LVDS set-up for both accounts above. No temp SPID will be created since usage data is not changing. Please calculate the difference in LVDS charges between both accounts and send to William for approval (after Carla has verified the calculation). Since the adjustment end date is for Oct 9/08, please make sure the account is put on hold or the correction to LVDS charges are done before you start billing the account.

T&D Settlement Approval required? *(prior to sending to the BCC)*

Please do not run the new invoices until the IC has been approved and returned to you.

Please do not approve the new invoices until you've received final approval for the adjustment.

Please e-mail the excel spreadsheet(s), the invoice summary reports (for new and approved invoices), and the e-mail instructions you received from RS.

Also, please print hard copies of everything and leave them in Carla's IC tray (and include with your hard copies the approved IC and these instructions).

Please remember to update the adjustment log. Once BCC has contacted the customer, please send revised statements.

Brian McCann / Capgemini / Toronto

Settlement Specialist, Retail Settlements / Inergi LP

This error results in a total reduction of approximately 15,140 kW and an overcharge of approximately \$32,000 for 2007 as detailed in the attached spreadsheet (Exhibit 10 Tab 3 Schedule 38 Attachment A).

VECC Interrogatory #38

1 Due to the above circumstance, Westario Power wishes to amend the figures previously
2 submitted to properly reflect the LV and LVDS charges projected for 2009.

3 In its original submission, Westario Power Inc. had projected an amount of \$733,477 for LV
4 charges based a projected decrease in load of 1.02% and no change to the existing LV rates
5 charged by HONI. Upon correction of the above noted billing error, the projected amount under
6 this scenario has been reduced to \$702,688.90 as per Exhibit 10 Tab 3 Schedule 38
7 Attachment A.

8

9 In response to Board Staff IR #37 d), Westario provided revised projected LV charges of
10 \$620,444.40 (per Exhibit 10/Tab 2/Schedule 37/page 10) based on rates of Board Order EB-
11 2007-0681. Upon correction of the above noted billing error, the projected amount has been
12 reduced to \$601,861.29 as per Exhibit 10 Tab 3 Schedule 38 Attachment A.

13

14 The difference between \$702,668.90 and \$601,861.29 is a result of applying the new HONI
15 rates as per Board Order EB-2007-0681.

16

LV -2007	08/29/07-09/27/07			09/28/07-10/29/07			10/30/07-11/27/07			11/28/07-12/28/07			Accrual 12/29/07-12/31/07			Total - 2007		Projected 2009 Based on EB-2007-0542 Rates (decrease of 1.02%)			Projected 2009 Based on EB-2007-0681 Rates (decrease of 1.02%)			
	Delivery Point	# of kw	Price per kw	Total	# of kw	Price per kw	Total	# of kw	Price per kw	Total	# of kw	Price per kw	Total	# of kw	Price per kw	Total	# of kw	Total	# of kw	Price per kw	Total	# of kw	Price per kw	Total
DOUGLAS POINT																								
917086009	8,655.52	\$0.633	\$ 5,478.94	8,297.32	\$0.633	\$ 5,252.20	14,223.65	\$0.633	\$ 9,003.57	15,368.10	\$0.633	\$ 9,728.01	1,487.24	\$0.633	\$ 941.42	156,011.72	\$ 98,525.62	154,420.40	\$0.633	\$ 97,748.11	154,420.40	\$0.580	\$ 89,563.83	
1169357001	1,726.22	\$0.633	\$ 1,092.70	1,694.17	\$0.633	\$ 1,072.41	1,990.95	\$0.633	\$ 1,260.27	2,569.06	\$0.633	\$ 1,626.21	248.62	\$0.633	\$ 157.38	26,600.00	\$ 16,802.22	26,328.68	\$0.633	\$ 16,666.06	26,328.68	\$0.580	\$ 15,270.64	
1475479005	9,190.58	\$0.633	\$ 5,817.64	8,529.81	\$0.633	\$ 5,399.37	10,634.41	\$0.633	\$ 6,731.58	13,813.86	\$0.633	\$ 8,744.17	1,336.83	\$0.633	\$ 846.21	138,342.37	\$ 87,378.54	136,931.28	\$0.633	\$ 86,677.50	136,931.28	\$0.580	\$ 79,420.14	
1835182003	801.04	\$0.633	\$ 507.06	793.28	\$0.633	\$ 502.15	911.55	\$0.633	\$ 577.01	1,206.34	\$0.633	\$ 763.61	116.74	\$0.633	\$ 73.90	12,456.68	\$ 7,868.27	12,329.62	\$0.633	\$ 7,804.65	12,329.62	\$0.580	\$ 7,151.18	
2231836009	2,058.96	\$0.633	\$ 1,303.32	2,068.60	\$0.633	\$ 1,309.42	2,136.14	\$0.633	\$ 1,352.18	2,792.27	\$0.633	\$ 1,767.51	270.22	\$0.633	\$ 171.05	30,563.84	\$ 19,306.86	30,252.09	\$0.633	\$ 19,149.57	30,252.09	\$0.580	\$ 17,546.21	
	22,432.32		\$14,199.66	21,383.18		\$13,535.55	29,896.70		\$18,924.61	35,749.63		\$22,629.52	3,459.64		\$ 2,189.95	363,974.61	\$229,881.50	360,262.07		\$ 228,045.89	360,262.07		\$ 208,952.00	
WINGHAM TS																								
749509000	732.67	\$0.633	\$ 463.78	717.83	\$0.633	\$ 454.39	1,029.44	\$0.633	\$ 651.64	1,290.29	\$0.633	\$ 816.75	124.87	\$0.633	\$ 79.04	12,247.57	\$ 7,735.12	12,122.64	\$0.633	\$ 7,673.63	12,122.64	\$0.580	\$ 7,031.13	
1445199003	1,497.24	\$0.633	\$ 947.75	1,454.56	\$0.633	\$ 920.74	1,788.12	\$0.633	\$ 1,131.88	2,209.01	\$0.633	\$ 1,398.30	213.78	\$0.633	\$ 135.32	22,685.25	\$ 14,328.03	22,453.86	\$0.633	\$ 14,213.29	22,453.86	\$0.580	\$ 13,023.24	
1691250004	4,406.84	\$0.633	\$ 2,789.53	4,052.52	\$0.633	\$ 2,565.25	4,495.76	\$0.633	\$ 2,845.82	5,008.44	\$0.633	\$ 3,170.34	484.69	\$0.633	\$ 306.81	58,237.56	\$ 36,790.02	57,643.53	\$0.633	\$ 36,488.36	57,643.53	\$0.580	\$ 33,433.25	
1931649009	1,049.28	\$0.633	\$ 664.19	1,000.09	\$0.633	\$ 633.06	1,428.11	\$0.633	\$ 903.99	1,729.89	\$0.633	\$ 1,095.02	167.41	\$0.633	\$ 105.97	16,205.24	\$ 10,235.64	16,039.95	\$0.633	\$ 10,153.29	16,039.95	\$0.580	\$ 9,303.17	
2255957005	833.99	\$0.633	\$ 527.92	834.28	\$0.633	\$ 528.10	843.02	\$0.633	\$ 533.63	918.27	\$0.633	\$ 581.26	88.86	\$0.633	\$ 56.25	10,147.31	\$ 6,411.34	10,043.80	\$0.633	\$ 6,357.73	10,043.80	\$0.580	\$ 5,825.41	
	8,520.02		\$ 5,393.17	8,059.28		\$ 5,101.52	9,584.45		\$ 6,066.96	11,155.90		\$ 7,061.68	1,079.60		\$ 683.39	119,522.92	\$ 75,500.15	118,303.79		\$ 74,886.30	118,303.79		\$ 68,616.20	
HANOVER TS																								
701280006	8,548.53	\$0.633	\$ 5,411.22	7,905.49	\$0.633	\$ 5,004.18	7,528.05	\$0.633	\$ 4,765.26	9,074.95	\$0.633	\$ 5,744.44	878.22	\$0.633	\$ 555.91	101,125.36	\$ 63,892.81	100,093.88	\$0.633	\$ 63,359.42	100,093.88	\$0.580	\$ 58,054.45	
2267692019	1,385.15	\$0.633	\$ 876.80	1,344.05	\$0.633	\$ 850.78	1,639.68	\$0.633	\$ 1,037.92	2,161.59	\$0.633	\$ 1,368.29	209.19	\$0.633	\$ 132.41	20,171.66	\$ 12,742.14	19,965.91	\$0.633	\$ 12,638.42	19,965.91	\$0.580	\$ 11,580.23	
2399897004	295.64	\$0.633	\$ 187.14	278.34	\$0.633	\$ 176.19	220.53	\$0.633	\$ 139.60	485.63	\$0.633	\$ 307.40	47.00	\$0.633	\$ 29.75	4,477.17	\$ 2,827.57	4,431.50	\$0.633	\$ 2,805.14	4,431.50	\$0.580	\$ 2,570.27	
3503825002	639.05	\$0.633	\$ 404.52	598.29	\$0.633	\$ 378.72	743.04	\$0.633	\$ 470.34	853.14	\$0.633	\$ 540.04	82.56	\$0.633	\$ 52.26	9,198.14	\$ 5,810.12	9,104.32	\$0.633	\$ 5,763.03	9,104.32	\$0.580	\$ 5,280.50	
7343683006	16,069.06	\$0.633	\$10,171.71	14,572.06	\$0.633	\$ 9,224.11	13,697.75	\$0.633	\$ 8,670.68	14,922.32	\$0.633	\$ 9,445.83	1,444.10	\$0.633	\$ 914.11	181,910.68	\$114,940.85	180,055.19	\$0.633	\$ 113,974.94	180,055.19	\$0.580	\$ 104,432.01	
	26,937.43		\$17,051.39	24,698.23		\$15,633.98	23,829.05		\$15,083.79	27,497.63		\$17,406.00	2,661.06		\$ 1,684.45	316,883.01	\$200,213.49	313,650.80		\$ 198,540.96	313,650.80		\$ 181,917.46	
PALMERSTON TS																								
584661003	3,257.00	\$0.633	\$ 2,061.68	3,215.71	\$0.633	\$ 2,035.54	2,942.30	\$0.633	\$ 1,862.48	2,921.52	\$0.633	\$ 1,849.32	282.73	\$0.633	\$ 178.97	34,964.83	\$ 22,095.75	34,608.18	\$0.633	\$ 21,906.98	34,608.18	\$0.580	\$ 20,072.75	
2079619008	2,144.24	\$0.633	\$ 1,357.30	2,114.63	\$0.633	\$ 1,338.56	2,359.52	\$0.633	\$ 1,493.58	2,831.75	\$0.633	\$ 1,792.50	274.04	\$0.633	\$ 173.47	29,310.82	\$ 18,516.79	29,011.85	\$0.633	\$ 18,364.50	29,011.85	\$0.580	\$ 16,826.87	
4271382000	913.93	\$0.633	\$ 578.52	941.99	\$0.633	\$ 596.28	1,103.08	\$0.633	\$ 698.25	1,366.57	\$0.633	\$ 865.04	132.25	\$0.633	\$ 83.71	14,158.74	\$ 8,943.10	14,014.32	\$0.633	\$ 8,871.06	14,014.32	\$0.580	\$ 8,128.30	
6943612008	3,058.86	\$0.633	\$ 1,936.26	2,980.03	\$0.633	\$ 1,886.36	3,273.93	\$0.633	\$ 2,072.40	3,753.19	\$0.633	\$ 2,375.77	363.21	\$0.633	\$ 229.91	40,455.71	\$ 25,557.50	40,043.07	\$0.633	\$ 25,347.26	40,043.07	\$0.580	\$ 23,224.98	
	9,374.03		\$ 5,933.76	9,252.36		\$ 5,856.74	9,678.83		\$ 6,126.70	10,873.03		\$ 6,882.63	1,052.23		\$ 666.06	118,890.10	\$ 75,113.14	117,677.42		\$ 74,489.80	117,677.42		\$ 68,252.90	
Total LV-2007	67,263.80		\$42,577.99	63,393.05		\$40,127.80	72,989.03		\$46,202.06	85,276.19		\$53,979.83	8,252.53		\$ 5,223.85	919,270.64	\$580,708.29	909,894.08		\$ 575,962.95	909,894.08		\$ 527,738.56	
LVDS -2007																								
WINGHAM TS																								
749509000	732.67	\$2.120	\$ 1,553.26	717.83	\$2.120	\$ 1,521.80	1,029.44	\$2.120	\$ 2,182.41	1,290.29	\$2.120	\$ 2,735.41	124.87	\$2.120	\$ 264.72	12,247.56	\$ 25,906.19	12,122.63	\$2.120	\$ 25,699.99	12,122.63	\$1.240	\$ 15,032.07	
HANOVER TS																								
2267692019	1,385.15	\$2.120	\$ 2,936.52	1,344.05	\$2.120	\$ 2,849.39	1,639.68	\$2.120	\$ 3,476.12	2,161.59	\$2.120	\$ 4,582.57	209.19	\$2.120	\$ 443.47	20,171.66	\$ 42,675.51	19,965.91	\$2.120	\$ 42,327.73	19,965.91	\$1.240	\$ 24,757.73	
2399897004	295.64	\$2.120	\$ 626.76	278.34	\$2.120	\$ 590.08	348.39	\$2.120	\$ 738.59	485.63	\$2.120	\$ 1,029.54	47.00	\$2.120	\$ 99.63	4,605.03	\$ 9,741.08	4,558.06	\$2.120	\$ 9,663.09	4,558.06	\$1.240	\$ 5,651.99	
3503825002	639.05	\$2.120	\$ 1,354.79	598.29	\$2.120	\$ 1,268.37	743.04	\$2.120	\$ 1,575.24	853.14	\$2.120	\$ 1,808.66	82.56	\$2.120	\$ 175.03	9,198.14	\$ 19,459.04	9,104.32	\$2.120	\$ 19,301.15	9,104.32	\$1.240	\$ 11,289.35	
	2,319.84		\$ 4,918.06	2,220.68		\$ 4,707.84	2,731.11		\$ 5,789.95	3,500.36		\$ 7,420.76	338.74		\$ 718.14	33,974.83	\$ 71,875.62	33,628.29		\$ 71,291.97	33,628.29		\$ 41,699.08	
PALMERSTON TS																								
2079619008	2,144.24	\$ 2.12	\$ 4,545.79	2,114.63	\$ 2.12	\$ 4,483.02	2,359.52	\$ 2.12	\$ 5,002.18	2,831.75	\$ 2.12	\$ 6,003.31	274.04	\$ 2.12	\$ 580.97	29,310.82	\$ 62,015.75	29,011.85	\$ 2.120	\$ 61,505.12	29,011.85	\$1.240	\$ 35,974.69	
Total LVDS-2007	5,196.75		\$ 11,017.11	5,053.14		\$ 10,712.66	6,120.07		\$ 12,974.55	7,622.40		\$ 16,159.49	737.65		\$ 1,563.82	75,533.21	\$ 159,797.56	74,762.77		\$ 158,497.08	74,762.77		\$ 92,705.84	
Sub-Total LV Charges	72,460.55		\$ 53,595.10	68,446.19		\$ 50,840.46	79,109.10		\$ 59,176.60	92,898.59		\$ 70,139.32	8,990.19		\$ 6,787.68	994,803.85	\$ 740,505.85</							