West Perth Power – EB-2010-0121

Board Staff Interrogatories

Exhibit 1 – Administration

1. Ref: Letters of Comment

Following publication of the Notice of Application, did West Perth receive any letters of comment? If so, please confirm whether a reply was sent from the applicant to the author of the letter. If confirmed, please file that reply with the Board. If not confirmed, please explain why a response was not sent and confirm if West Perth intends to respond.

- ***No West Perth Power Customers provided letters of comment from any customers.***

2. Ref: E1/T1/S12

a) Please confirm whether West Perth is embedded (i.e. is provided power by another distributor) at low voltage (below 50 kV).

- ***West Perth Power is embedded in Hydro One below 50kV.***

b) Please confirm if Hydro One Networks Inc. is West Perth's host distributor. If not, please identify the host distributor providing low voltage services to West Perth.

- ***Yes Hydro One is West Perth Power's host distributor.***

3. Ref: E1/T2/S13 and E1/T2/S14 – Corporate Structure

Please update these exhibits reflecting the MAADs transaction approved by the Board in its Decision under Board File No. EB-2009-0156 and EB-2009-0157. Please also show any affiliated or subsidiary firms as defined under the *Ontario Business Corporations Act*.

- ***Provided electronically as ERTH Reorganized Corporate Chart_22March2010.pdf.***

4. Ref: EB-2009-0156 and EB-2009-0157 – Share Purchase by ERTH of West Perth Power Inc. and Clinton Power Corporation

In its Decision with Reasons[1] approving the applications by ERTH Corporation to purchase the share interest in West Perth and Clinton Power, the Board stated:

[1] Ontario Energy Board, Decision with Reasons, EB-2009-0156/EB-2009-0157, October 8, 2009, pp. 4-5.

The Applicant's response to Board Staff Interrogatory #2 as to whether any of the parties intend to seek recovery of the transaction costs through rates is not clear. Consistent with the Board's other MAADs decisions[2], the Board expects that all transaction costs are to be borne by the shareholder of the acquirer and are not recoverable through rates.

Neither the Applicant nor any other party acting under its direction or control shall make an application to recover any portion of acquisition premiums paid in connection with these transactions. Similarly, neither the Applicant nor any other party acting under its direction or control shall make an application to recover any portion of any of the transactions costs incurred in connection with these transactions.

THE BOARD ORDERS THAT:

3. ERTH Corporation shall file a report on the costs borne by the ratepayer for these acquisitions with the next Cost of Service rate applications for West Perth Power Inc. and Clinton Power Corporation, delineating any acquisition premiums paid, and transaction costs incurred in connection with these acquisitions.

a) Please confirm whether or not ERTH Corporation filed this report. If no, please file the report from ERTH Corporation as directed by the Board in the Decision with Reasons EB-2009-0156/EB-2009-0157. In the absence of such a report, please provide a detailed explanation.

- ***ERTH Corporation will be filing this report shortly. The report will state that no costs will be borne by the ratepayer for the acquisitions of West Perth Power Inc. and Clinton Power Corporation.***
- ***Due to the fact that only shares (and no monetary compensation) were exchanged in connection with these transactions, no acquisition premiums were paid.***
- ***Pursuant to section 10.7 of the West Perth Power Inc. purchase agreement and the Clinton Power Corporation purchase agreement, ERTH Corporation agreed to pay the transaction costs of West Perth Power Inc., Clinton Power Corporation and their respective shareholders. Accordingly, no***

[2] EB-2009-0282 (Application by FortisOntario Inc. for leave to acquire shares of Great Lakes Power Distribution Inc.) EB-2008-0339 (Application by Town of Cochrane for leave to acquire shares of Northern Ontario Wires Inc.)

EB-2008-0339 (Application by Town of Cochrane for leave to acquire shares of Northern Ontario Wires Inc.)

transaction costs were incurred by West Perth Power Inc. or Clinton Power Corporation.

b) Please confirm that no transaction costs or purchase price premium related to the share purchase by ERTH of West Perth or Clinton Power is being sought for recovery through distribution rates in these applications.

- ***As stated in the answer to a) above, no acquisition premiums were paid in connection with these transactions and no transaction costs were incurred by West Perth Power Inc. or Clinton Power Corporation. Therefore, we can confirm that no transaction costs or purchase price premium related to the share purchase by ERTH Corporation of West Perth Power Inc. or Clinton Power Corporation is being sought for recovery through distribution rates in these applications.***

5. Ref: E1/T2/S1/pg. 1

Please explain West Perth's statement: "West Perth is also presenting the historical actual information for fiscal 2006, 2007, 2008, and 2009 information for the **current approved test year (2006)**." [Emphasis added]

- ***The current approved test year is from the 2006 EDR process which utilized 2002 to 2004 trial balance data. The statement was meant to explain that the current approved test year was during the 2006 EDR process.***

6. Ref: E1/T2/S1/pg. 2

In this exhibit, West Perth states:

> The proposed changes to Residential are summarized below.

	2009 Board Approved	2010 Proposed	% change
Service Charge	$13.37	$14.27	9.25%
Distribution Volumetric Rate	$0.0101	$0.0192	11.11%

> In order to adjust the fixed cost recovery through the monthly fixed charge, West Perth proposing to increase the monthly customer charge by $1.2370 in the 2010 test year.

The table shows an increase of $0.90 ($14.27 - $13.37) between the current Board-approved fixed monthly charge of $13.37 and the proposed fixed monthly charge of $14.27. Please reconcile this with the subsequent statement that West Perth is proposing to increase the monthly customer charge by $1.2370.

- ***The proposed rate in the Table of $14.27 was incorrectly referenced. It should be $14.6070 which then ties to the increase in the fixed charge by $1.2370.***
- ***The proposed rate is $13.6070 plus $1.00 for smart meters as referenced in Exhibit 8 tab 1 Schedule 5***

Service Quality and Reliability

7. Ref: E1/T2/S5 – Service Quality and Reliability Indicators

Please provide annual service quality and reliability performance data for each of the years 2006 to 2008.

2006

Month	Total Customer Hours of Interruptions (i.e., 15 mins interruption = .25X200 Customer = 50 hours of interruption)	Total Customer Interruptions (i.e., 100 customers interrupted 2 times = 200 customers interrupted)	Total # of Customers (i.e., Not just affected customer, total customers served for the month)	SAIDI (1)/(3)	SAIFI (2)/(3)	CAIDI (4)/(5)
January	0	0	2,032	0	0	0
February	0	0	2032	0	0	0
March	6412.5	02042	2032	3.15	1.004	3.13
April	0.5	1	2032	0.0002	0.004	0.5
May	99.5	156	2032	0.048	0.076	0.631
June	40.5	15	2032	0.019	0.007	2.7
July	0	0	2032	0	0	0
August	37	2181	2032	0.018	0.027	0.66
September	512	105	2032	0.251	1.07	0.234
October	51.5	1	2032	0.025	0.051	0.49
November	1.75	0	2032	0.0008	0.0004	2
December	32	16	2032	0.015	0.007	2.14

2007

Month	Total Customer Hours of Interruptions (i.e., 15 mins interruption = .25X200 Customer = 50 hours of interruption)	Total Customer Interruptions (i.e., 100 customers interrupted 2 times = 200 customers interrupted)	Total # of Customers (i.e., Not just affected customer, total customers served for the month)	SAIDI (1)/(3)	SAIFI (2)/(3)	CAIDI (4)/(5)
January	0	0	2,032	0	0	0
February	0	0	2,032	0	0	0
March	6,412	2,042	2,032	3.16	1	3.14
April	0	1	2,032	0	0	0
May	99	156	2,032	0.05	0.08	0.63
June	40	15	2,032	0.02	0.01	2.67
July	0	0	2,032	0	0	0
August	37	56	2,032	0.02	0.03	0.66
September	512	2,181	2,032	0.25	1.07	0.23
October	51	105	2,032	0.03	0.05	0.49
November	1	1	2,032	0	0	1
December	32	16	2,032	0.02	0.01	2

2008

Month	Adjusted Customer Hours of Interruptions (i.e., 15 mins interruption = .25X200 Customer = 50 hours of interruption)	Adjusted Customer Interruptions (i.e., 100 customers interrupted 2 times = 200 customers interrupted)	Total # of Customers (i.e., Not just affected customer, total customers served for the month)	SAIDI (1)/(3)	SAIFI (2)/(3)	CAIDI (4)/(5)
January	0	0	2,037	0	0	0
February	0	0	2,037	0	0	0
March	0	1	2,037	0	0	0
April	0	0	2,037	0	0	0
May	72	23	2,037	0.04	0.01	3.13
June	651	604	2,037	0.32	0.3	1.08
July	52	30	2,037	0.03	0.01	1.73
August	76	27	2,037	0.04	0.01	2.81
September	0	0	2,037	0	0	0
October	0	0	2,307	0	0	0
November	16	11	2,037	0.01	0.01	1.45
December	70	40	2,037	0.03	0.02	1.75

8. Ref: E1/T2/S5 – 2009 Reliability Performance

a) It appears from the table shown that 2009 CAIDI was calculated as the sum of the monthly CAIDI, rather than as the ratio of annual SAIDI to annual SAIFI. Board staff has performed a calculation. Please confirm or correct the following table.

- ***West Perth confirms that the table is correct.***

	All Outages						Excluding Loss of Supply					
	Customer	Total Cust	Number of	SAIDI	SAIFI	CAIDI	Customer	Total Cust	Number of	SAIDI	SAIFI	CAIDI
January	0	0	2037	0	0		0	0	2037	0	0	
February	5601.5	2045	2037	2.749877	1.003927	2.73912	5601.5	2045	2037	2.749877	1.003927	2.73912
March	25	53	2037	0.012273	0.026019	0.471698	25	53	2037	0.012273	0.026019	0.471698
April	10956	2235	2037	5.378498	1.097202	4.902013	160	198	2037	0.078547	0.097202	0.808081
May	23.25	22	2037	0.011414	0.0108	1.056818	23.25	22	2037	0.011414	0.0108	1.056818
June	76.25	70	2037	0.037432	0.034364	1.089286	76.25	70	2037	0.037432	0.034364	1.089286
July	148.5	167	2037	0.072901	0.081983	0.889222	148.5	167	2037	0.072901	0.081983	0.889222
August	3143.5	2198	2037	1.543201	1.079038	1.430164	88	161	2037	0.043201	0.079038	0.546584
Septembe	37.5	45	2037	0.018409	0.022091	0.833333	37.5	45	2037	0.018409	0.022091	0.833333
October	2009	2397	2037	0.986254	1.17673	0.838131	380	180	2037	0.186549	0.088365	2.111111
November	31	31	2037	0.015218	0.015218	1	31	31	2037	0.015218	0.015218	1
December	0	0	2037	0	0		0	0	2037	0	0	
									0			
Total	22051.5	9263	2037	10.82548	4.547374	2.3806	6571	2972	2037	3.225822	1.459008	2.210969

b) From the above table, there appear to have been major interruptions in power delivered to West Perth in April, August, and October of 2009.

i. Please provide further information on the service interruptions due to loss of supply in April, August and October 2009.

- ***All major interruptions were as a result of Hydro One losing service to West Perth Power.***

ii. What, if any, efforts has West Perth made with its host distributor to reduce the incidence and severity of "Loss of Supply" interruptions.

- ***Hydro One is aware of our issues.***

c) Please provide further information on the service interruptions excluding Loss of Supply that occurred in February 2009.

- ***See b) i above.***

d) The reliability statistics shown in the above table indicate that, including all causes, customers experienced about 4.5 service interruptions of at least 1 minute duration, and were out of service for 10 hours and 50 minutes during the year. Only considering service interruptions within West Perth's distribution system, customers experienced, on average about 1.5 interruptions in 2009 and were out of service about 3 hours and 12 minutes. The CAIDI statistic, as a proxy for restoration time, indicates that, on average, service restoration took over 2 hours.

i. Please provide any information, such as customer complaints, on whether West Perth's customers consider service reliability adequate or not.

- ***WPPI clients understand the issues with the loss of power which in most if not all cases are outside of the control of West Perth Power, in the cases where it is the LDC's issue the clients are supportive of the quick response time and the ability to see the staff working to resolve the outage***

ii. Please identify capital or operating projects that West Perth has undertaken, or is proposing in this application, to address service reliability within its distribution system.

- ***The continuing conversion to 27.6 system has reduced the outages or/and the number of clients effective on any given incident.***

Audited Financial Statements

9. Ref: E1/T3/S2 – Audited Financial Statements

In its application, West Perth included copies of its 2007 Audited Financial Statements, and a copy of 2009 Audited Financial Statements, marked "Draft. For discussion purposes only. Subject to Adjustment." Please provide copies of West Perth's Audited Financial Statements, as signed off by its external auditor, for the years ending December 31, 2008 and December 31, 2009.

- ***2009 audited statements are in the final stages of completion and will be provided prior to the completion of the next round of interrogatories.***

Revenue Requirement Work Form

10. Ref: E1/T3/S2 – Revenue Requirement Work Form

Please provide a copy of the Revenue Requirement Work Form in working Microsoft Excel format.

- ***Provided as WPPI 2009_Rev_Reqt_Work_Form.xls.***

Exhibit 2 – Rate Base

11. Ref: E2/T1/S2 – Rate Base Summary Table

Please update to reflect 2009 actuals.

- ***Updated and provided electronically as WPPI Interrogatory Responses Excel Tables.xls.***

12. Ref: E2/T1/S2 and E2/T2/S1 – Rate Base Summary Table

The table shows that the increase in accumulated depreciation (i.e. depreciation expense) in each of 2007 and 2008 was significantly higher in absolute terms compared to the increase in gross fixed assets (i.e. capital additions net of removals). As a result, net fixed assets decreased year over year.

a) Please confirm whether depreciation expense in 2006 was higher than capital additions in that year.
   - ***This is confirmed and is due to the fact that in this year West Perth Power received $170,694 in capital contributions essentially reducing the capital additions figure ahead of the depreciation.***

b) For 2006, West Perth shows additions of $207,141 and depreciation expense of ($102,756) for Account 1850 – Line Transformers. In

subsequent years, the depreciation expense for that account is less than $50,000 per year. Please explain the depreciation expense for 2006.

- ***Given that the data for 2006 is based on the change from the 2006 EDR numbers which is 2004 data and then compared to 2006 data then the depreciation expense is double what it should be for that time period.***

c) For 2007, for Account 1850 – Line Transformers, West Perth shows additions of ($18,389). Please explain this negative entry for additions. If a removal, please explain why it is not shown as an adjustment.

- ***The excel model cell referenced all additions or deletions as additions and should be moved to the adjustment section of the continuity statement.***

d) For the 2009 Bridge year, West Perth shows negative entries for Additions with respect to each of Account 1840 – Underground Conduit, Account 1860 – Meters and Account 1940 – Tools, Shop and Garage Equipment. Please explain these negative entries for additions.

- ***These negative entries are the change in the gl balances for each account year over year and will be updated by the final trial balance values for 2009 when complete.***

e) For Account 1845 – Underground Conductors and Devices, West Perth shows an annual depreciation expense of ($9,759) for each of 2007 actual, 2008 actual, 2009 Bridge and 2010 Test years, despite the fact that there are additions in each year. Please explain why depreciation expense remains constant.

- ***The depreciation expense remaining constant is an error and will need to be updated.***

f) For Account 1860 – Meters, West Perth shows depreciation expense increasing in magnitude each year, from ($8,174) in 2006 to ($30,353) in 2010 Bridge Year. The changes do not seem to match with additions to assets for this account. Please provide a detailed explanation for the changes in depreciation expense for this account.

- ***The calculation to the depreciation expense for this account is incorrect and will need to be updated.***

13. Ref: E2/T1/S2, E2/T4/S1 – Rate Base and Bucket Truck

West Perth states:

> "WPPI's forecasted test year net fixed assets is actually $2,385,746, however given to one time addition of a RBD [radial boom derrick bucket truck] with a value of $280,000 WPPI has adjusted this amount as the capital spend in the 2010 test year is not a sustainable amount and artificially inflates the rate base requested by $261,000 over the four years

that the rates will be in place. Details of this change to the rate base can be found in WPPI's rate base calculation table."

In E2/T4/S1, under project ID #7, West Perth states that the bucket truck will be ordered in 2010 for delivery in 2011.

a) Please confirm that the bucket truck is being ordered in the 2010 year, but is not expected to be in service until 2011.
   - ***WPPI is still negotiating with the supplier for delivery of the truck in 2010, however it remains possible that it may not be in service until the early 2011.***
   - ***For clarification purposes this vehicle is a RBD not a bucket truck as stated here and in the application.***
   - ***The bucket truck was purchased in 2009 at $257,000.***

b) If that is the case, please explain why West Perth includes the bucket truck in its rate base and capital asset continuity schedules, and does not treat it as CWIP?
   - ***WPPI has included the truck in its rate base and capital asset schedules in the event the supplier is successful in delivery and that the need for the truck in 2010 is necessary.***

c) If the bucket truck was being purchased and put into service in 2010, at a price of $280,000, then the addition to average net fixed assets in 2010 is $140,000 by application of the standard half-year rule. Please explain, and provide the calculations, supporting West Perth's statement that inclusion of the bucket truck results in an inflation of the rate base by $261,000 over four years.
   - ***By embedding the purchase of the bucket truck into the capital spend in the test year of 2010 when there would not be such an expense in most other year creates a lumpy capital spending plan.***
   - ***In order to smooth this pattern out West Perth Power has reduced its rate base by the aforementioned $261,000 which has essentially taken the capital spend of the bucket truck out of rate base.***

d) Please update E4/T2/S5 to show 2009 actual depreciation expense and to remove the bucket truck from 2010 if the bucket truck will not be in-service in the 2010 test year.
   - ***West Perth will update in the event it is determined that the bucket truck will not be in service.***

14. E2/T2/S1 – Capital Assets – Transportation

At page 5 of E2/T2/S1, West Perth shows capital additions in 2009 of $257,082 for Transportation Equipment. Please provide detailed explanations and prices

for vehicles and rolling stock put in service in 2009. Please identify if these vehicles were replacements for older in service vehicles.

- ***The capital additions of $257,082 are for the purchase of a bucket truck and is a replacement of an older in service vehicle.***

Amortization/Depreciation

15. E2/T2/S5 – Materiality Threshold on Accumulated Depreciation

West Perth states:

> For any rate base related variance exceeding the materiality threshold of 1%, a detailed explanation is required.
>
> The changes in the accumulated depreciation associated with all USOA accounts follow the spending pattern in the gross asset description. West Perth has utilized the same capitalization practices and the same depreciation rates year over year and the resulting impact is a function of the gross assets to be depreciated.
>
> A minor exception involves the purchase of 2 used vehicles in December 2008 from the Town. The vehicles are older than the normal depreciation life used. As a result these 2 vehicles have been depreciated over a 2 year period - 2009 and 2010.

a) Please confirm whether West Perth uses the depreciation rates and economic lives as documented in Appendix B of the 2006 Electricity Distribution Rate Handbook. For any deviations, please identify the rate(s) used and the basis for the deviation.
   - ***West Perth used the depreciation rates and economic lives as documented in Appendix B of the 2006 EDR Handbook***

b) Please provide further explanation of the exception noted of two used vehicles purchased from the Municipality. Please identify when they were purchased, age at purchase, purchase price, and how West Perth has depreciated these vehicles. Please provide an explanation for why West Perth purchased these vehicles if they were older than the normal depreciation life used.
   - ***These vehicles were purchased from the Municipality in 2008 at a price of $45,000. They were an RBD and a Bucket Truck.***
   - ***In November 2008 these vehicles were required to continue operating the distribution system and as part of the split between the water/sewer and hydro electric utility an asset realignment was required as these vehicles were owned by the municipality.***

- ***The price paid was a nominal amount that allowed WPPI staff to continue their work on the system until such a time as new vehicles could be purchased, delivered and put in service.***
- ***This amount was capitalized and amortized as any other vehicle of this class would be.***

Long Term Load Transfers

16. Ref: E2/T2/S3 – Long Term Load Transfer

Under 2009 capital projects, West Perth identifies Project ID #5 as relating to a long term load transfer ("LTLT"), and states that Hydro One Networks installed five poles allowing for joint use, while two poles were installed using new framing standards. West Perth indicates that it installed underground duct, one 50 kVA transformer, 60 meters of primary and secondary cable and 20 meters.

Please provide further details on the LTLT. In particular:

a) Please confirm whether the LTLT involves the transfer of customers served by Hydro One Networks to be serviced by West Perth or vice versa. Please identify the number of customers involved.
   - ***This work was taken as per the directive by the OEB that all LTLT's issues were to be resolved. In this one case there was currently only one client on this service but the adjacent properties which are within our service territory are being developed.***

b) Does West Perth pay for support structure access on the Hydro One Networks poles? Please explain your response.
   - ***Yes as per the joint use agreements***

17. Ref: E2/T2/S1 – Asset Continuity Schedule – Account 1855 – Line Transformers

a) For 2006 Actuals, West Perth shows an opening balance for gross fixed assets of $1,014,732 and capital additions in the year of $207,541, and depreciation expense of ($102,756) in the year. Account 1850 assets would normally have an expected life of 25 years or a 4% depreciation rate, while the depreciation expense amounts to over 9% of Gross Book Value. Please explain the depreciation expense of ($102,756).
   - ***The continuity statement starting point was the 2006 EDR figures which are 2004 actual values and when compared to***

2006 actual values looks as though the depreciation has been doubled.

Working Capital Allowance

18. Ref: E2/T4/S1 – Working Capital Allowance

Please document the commodity price, wholesale market service charge and uniform transmission prices used to determine the cost of power for the 2009 bridge and 2010 test years. Please show the calculations to derive the cost of power.

- ***The commodity prices for 2009 and 2010 can be viewed in the following two tables.***

Rates 2009

	Network Service	Conncection Service	Wholesale Market	Rural Rate Protection	Commodity	SSS Admin	LV
RESIDENTIAL							
Regular	$0.0048	$0.0044	$0.0052	$0.0013	$0.0560	$0.2500	0.0012
GENERAL SERVICE					$0.0560		
Less than 50 kW	$0.0043	$0.0039	$0.0052	$0.0013	$0.0560	$0.2500	0.0008
Greater than 50 to 499 kW	$1.7537	$1.5761	$0.0052	$0.0013	$0.0560	$0.2500	0.2940
Unmetered Scattered Load	$1.3226	$0.7920	$0.0052	$0.0013	$0.0560	$0.2500	0.3236
Sentinel Lighting	$1.3294	$1.2439	$0.0052	$0.0013	$0.0560	$0.2500	0.3389
Street Lighting	$1.3226	$1.2184	$0.0052	$0.0013	$0.0560	$0.2500	0.3257

Rates 2010

	Network Service	Conncection Service	Wholesale Market	Rural Rate Protection	Commodity	SSS Admin	LV
RESIDENTIAL							
Regular	$0.0047	$0.0080	$0.0052	$0.0013	$0.0560	$0.2500	0.0000
GENERAL SERVICE							
Less than 50 kW	$0.0042	$0.0071	$0.0052	$0.0013	$0.0560	$0.2500	0.0000
Greater than 50 to 499 kW	$1.7820	$2.8421	$0.0052	$0.0013	$0.0560	$0.2500	0.0000
Unmetered Scattered Load	$1.3062	$1.4282	$0.0052	$0.0013	$0.0560	$0.2500	0.0000
Sentinel Lighting	$1.3129	$2.2431	$0.0052	$0.0013	$0.0560	$0.2500	0.0000
Street Lighting	$1.3062	$2.1971	$0.0052	$0.0013	$0.0560	$0.2500	0.0000

Exhibit 3 – Operating Revenues

Customer and Load Forecast

19. Ref: E3/T2/S2 – Load Forecast

a) In Table 2, are the monthly residential kWhs actuals? Please explain. If 2009 data are not actuals, please document the derivation of monthly amounts, showing all calculations.

- ***The monthly residential kWhs from 2007 to 2009 are actuals.***

b) Please document, showing all calculations, the derivation of the monthly kWhs for all months in the 2010 test year.

- ***The steps of the 2010 residential kWh forecast are shown below.***

1. ***Collect hourly temperature data from Environment Canada from 2005 to 2009. (Please see attached Excel File " Temperature Dist")***

2. ***Calculate the average temperature for each day from 2005 to 2009.***

Please see column "AB" of the Weather Data sheets of the attached Excel File "Temperature Dist".

3. ***Calculate HDD and CDD for each day from 2005 to 2009 using the following formula:***

HDD =18 ˚C minus average temperature of the day. If the value calculated is less than or equal to zero, that day has zero HDD. But if the value is positive, that number represents the number of HDD on that day.

CDD= Average temperature of the day minus 18 ˚C. If the value calculated is less than or equal to zero, that day has zero CDD. But if the value is positive, that number represents the number of CDD on that day.

Please see Columns AC and BH of the of the Weather Data sheets of the attached Excel File "Temperature Dist".

4. ***Calculate the annual HDD from 2005 to 2009. The HDD for the year is calculated by summing the daily HDD from January to May and from October to December.***

Please see Column H of the sheet "HDD CDD data" of the attached Excel File "Temperature Dist".

5. ***Calculate the annual CDD from 2005 to 2009. The HDD for the year is calculated by summing the daily HDD from January to May and from October to December.***

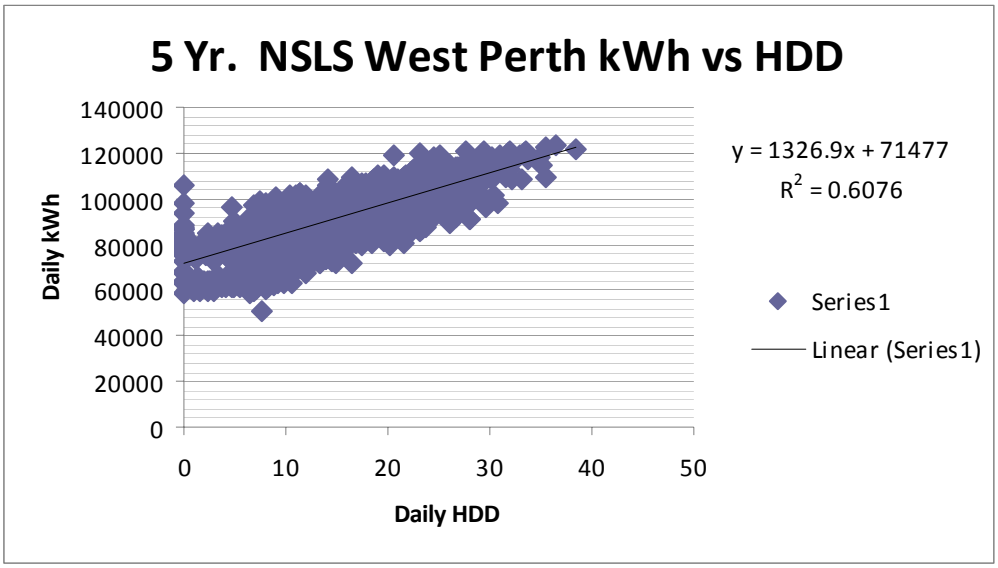
Please see Column Q of the sheet "HDD CDD data" of the attached Excel File "Temperature Dist".

For easy reference the Annual HDD and CDD from 2005 to 2009 is shown below.

	2005	2006	2007	2008	2009	5 yr Average
HDD	3,719	3,257	3,597	3,705	3,657	3,587
CDD	525	356	395	280	196	351

6. ***Collect Daily KWh of the NSLS from West Perth Power Inc. from 2005 to 2009.***

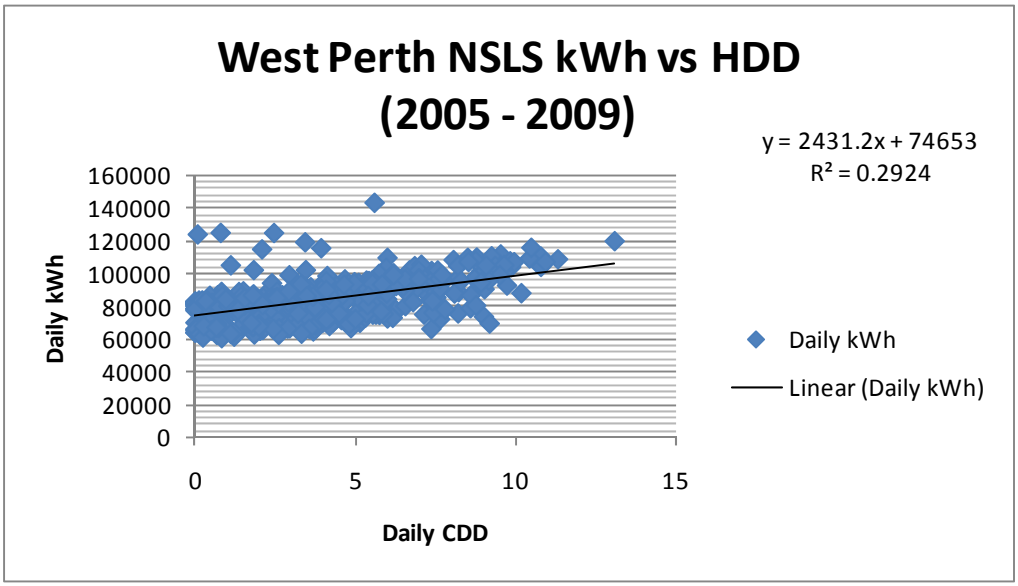
7. ***Using the Scatter plot features of Excel 2007, plot the daily kWh of the NSLS against the daily HDD for the months from January to May and from October to December for the years from 2005 to 2009. Insert a trend line. The plot is shown below. The slope is 1326.9 kWh/HDD. The 5 year average daily kWh is 91,357 kWh. The relationship between the daily kWh and HDD is 1.5% daily kWh demand per HDD.***



5 yr average	91,357	kWh
Slope	1326.9	kWh/HDD
%/HDD	1.5%	

8. ***Using the Scatter plot features of Excel 2007, plot the daily kWh of the NSLS against the daily CDD for the summer months from June to September for the years from 2005 to 2009. Insert a trend line. The plot is shown below. The slope is 2431.2 kWh/CDD. The 5 year average summer daily kWh is 83,798 kWh.***

The relationship between the daily kWh and CDD is 2.9% daily kWh demand per CDD.



Average kWh	83797.78
kWh/CDD	2431.2
% kWh/CDD	2.9%

9. ***Collect actual monthly kWh for the residential class from 2007 to 2009.***

	2007	2008	2009
Jan	1,340,369	1,458,677	1,384,096
Feb	1,501,506	1,742,826	1,683,122
Mar	1,649,206	1,578,304	1,636,930
Apr	1,612,839	1,329,015	1,358,848
May	1,092,102	1,200,925	1,303,827
Jun	984,381	1,196,658	1,105,215
Jul	1,162,832	1,060,503	962,322
Aug	1,281,213	1,182,128	1,320,135
Sep	1,285,105	1,320,031	1,339,331
Oct	1,134,884	1,149,144	1,234,971
Nov	1,128,249	1,215,803	960,132
Dec	1,294,098	1,151,717	1,050,744
Annual	15,466,784	15,585,731	15,339,673

10. Calculate the HDD variation from the 5 year average.

	2007	2008	2009
Heating Degree Days	3,597	3,705	3,657
Five Year Average HDD	3,587	3,587	3,587
Average minus Actual HDD	(10)	(118)	(70)

11. Calculate the daily average kWh of the residential class excluding summer months (June to September) from 2007 to 2009 for the residential class by adding the actual monthly kWh averages of the non summer months and divide the total by the total number of days of the non-summer months.

	2007	2008	2009
Average Daily kWh (excluding Summer months)	44,252	44,553	43,674

12. Calculate the kWh adjustment for the residential class due to HDD by multiplying the average daily kWh (excluding the summer months) with the "Average minus Actual HDD" with the "% kWh/HDD" calculated in step 7.

	2007	2008	2009
Heating Degree Days	3,597	3,705	3,657
Five Year Average HDD	3,587	3,587	3,587
Average minus Actual HDD	(10)	(118)	(70)
Average Daily kWh (excluding Summer months)	44,252	44,553	43,674
% daily kWh/HDD	1.50%	1.50%	1.50%
kWh HDD adjustment	(6,474)	(78,830)	(45,889)

13. Calculate the CDD variation from the 5 year average.

	2007	2008	2009
Summer Cooling Degree Days	395	280	196
Five Year Average CDD	351	351	351
Average minus Actual CDD	(44)	70	154

14. Calculate the summer (June to September) daily kWh of the residential class from 2007 to 2009 by adding the actual monthly

kWh averages of the summer months and divide the sum by the total number of days of the summer months.

	2007	2008	2009
Average Summer Daily kWh	38,636	39,011	38,746

15. ***Calculate the kWh adjustment for the residential class due to CDD by multiplying the average daily kWh of the summer months with the "Average minus Actual CDD" with the "% kWh/CDD" calculated in step 8.***

	2007	2008	2009
Summer Cooling Degree Days	395	280	196
Five Year Average CDD	351	351	351
Average minus Actual CDD	(44)	70	154
Average Summer Daily kWh	38,636	39,011	38,746
% daily kWh/CDD	2.90%	2.90%	2.90%
kWh CDD adjustment	(49,383)	79,434	173,512

16. ***Calculate the annual weather adjusted kWh of the residential class by adding the kWh HDD adjustment (step 12) and the kWh CDD adjustment (step 15) to the actual annual kWh.***

Residential Customers kWh	2007	2008	2009
Annual kWh (actual)	15,466,784	15,585,731	15,339,673
kWh HDD adjustment	(6,474)	(78,830)	(45,889)
kWh CDD adjustment	(49,383)	79,434	173,512
Annual (Weather adjusted)	15,410,926	15,586,335	15,467,296

17. ***Calculate the average kWh/customer/month for both actual and weather adjusted from 2007 to 2009.***

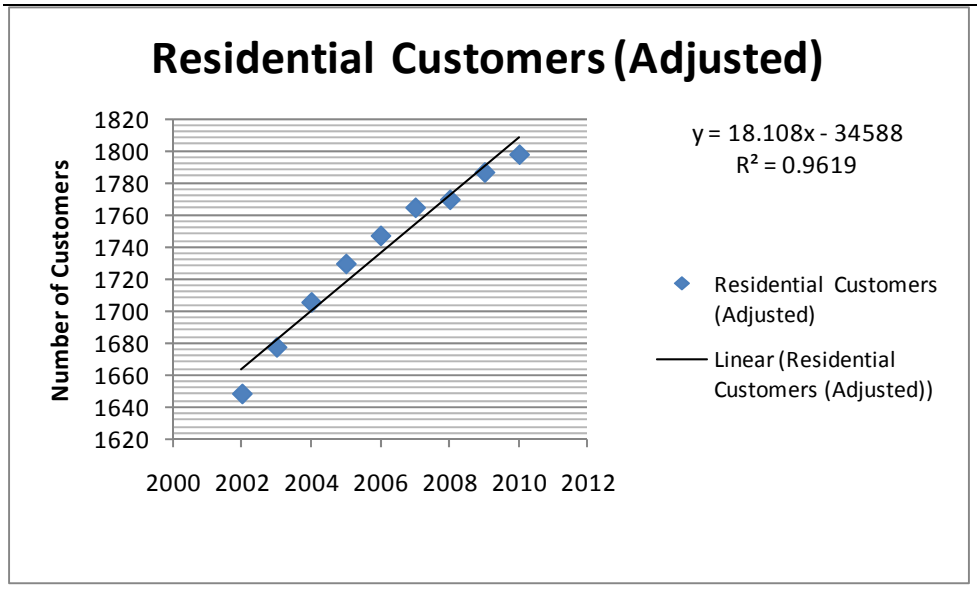
Residential Customers kWh	2007	2008	2009
Annual kWh (actual)	15,466,784	15,585,731	15,339,673
Annual (Weather adjusted)	15,410,926	15,586,335	15,467,296
Number of customers	1,764	1,769	1,786
kWh/customer/month (actual)	731	734	716
kWh/customer/month (weather adjusted)	728	734	722

18. Collect the number of residential customer data from 2002 to 2009. The number of customer in 2006 was adjusted because of suspected data error. Calculate the annual growth rate and the average of 2008 and 2009 growth rate.

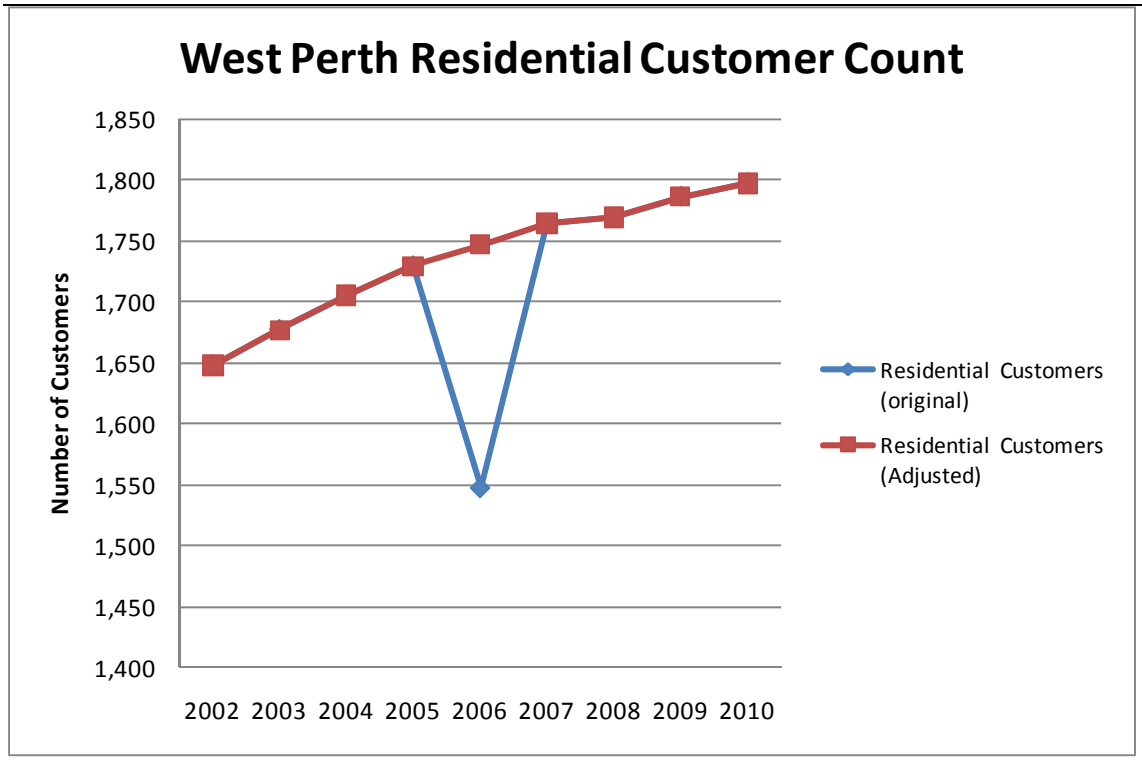
	2002	2003	2004	2005	2006	2007	2008	2009
Residential Customers (original)	1,648	1,677	1,705	1,729	1,547	1,764	1,769	1,786
Residential Customers (Adjusted	1,648	1,677	1,705	1,729	1,747	1,764	1,769	1,786
Annual Growth Rate		1.0176	1.0167	1.01408	1.01	1.0202	1.0028	1.0096
Average of 2008 and 2009 growth rate								1.0062

The number of customers in 2010 was estimated by multiplying the actual number of customers in 2009 by the average growth rate of 2008 and 2009.

	2002	2003	2004	2005	2006	2007	2008	2009	2010 forecast
Residential Customers (original)	1,648	1,677	1,705	1,729	1,547	1,764	1,769	1,786	1,797
Residential Customers (Adjusted)	1,648	1,677	1,705	1,729	1,747	1,764	1,769	1,786	1,797.0
Annual Growth Rate		1.0176	1.0167	1.0141	1.0101	1.0202	1.0028	1.0096	1.0062



The annual growth rates from 2003 to 2007 were higher than 1% but less than 1% in 2008 and 2009. The average growth rate of 2008 and 2009 was used for the forecast instead of using the linear model shown above.



19. ***Calculate the 2010 annual kWh by multiplying the forecast number of residential customers with the weather adjusted kWh/customer per month and multiply by 12. The forecast annual 2010 residential kWh is 15,569,208 (1797 customers x 722 kWh/customer/moth x12).***

20. ***Calculate the monthly kWh in 2010 by multiplying the 2010 annual kWh with the ratio of 2009 monthly kWh to 2009 annual kWh. For example the 2010 December kWh is 1,066,467 (15,569,208 x 1,050,744/15,339,673).***

Residential Customers kWh				
	2007	2008	2009	2010 forecast
Jan	1,340,369	1,458,677	1,384,096	1,404,807
Feb	1,501,506	1,742,826	1,683,122	1,708,307
Mar	1,649,206	1,578,304	1,636,930	1,661,424
Apr	1,612,839	1,329,015	1,358,848	1,379,181
May	1,092,102	1,200,925	1,303,827	1,323,337
Jun	984,381	1,196,658	1,105,215	1,121,753
Jul	1,162,832	1,060,503	962,322	976,722
Aug	1,281,213	1,182,128	1,320,135	1,339,889
Sep	1,285,105	1,320,031	1,339,331	1,359,372
Oct	1,134,884	1,149,144	1,234,971	1,253,450
Nov	1,128,249	1,215,803	960,132	974,499
Dec	1,294,098	1,151,717	1,050,744	1,066,467
Annual	15,466,784	15,585,731	15,339,673	15,569,208

20. Ref: E3/T2/S2 – Load Forecast

For each customer class:

a) Please provide a detailed explanation outlining how the "% daily kWh/HDD" and "% daily kWh/CDD" are calculated.

- ***Residential Class : Please see answerers in 17 b above. GS < 50 kW: Similar to residential class. All Other Classes: Not Applicable***

b) Please explain the significance of this percentage.

- ***This percentage was used to calculate the kWh adjustment due to HDD and CDD. Please see #12 and #15 in the answers to 17 b above. For the residential customers, both the actual kWh/customer/month and the weather adjusted kWh/customer/month are shown below.***

Residential Customers kWh	2007	2008	2009
Annual kWh (actual)	15,466,784	15,585,731	15,339,673
Annual (Weather adjusted)	15,410,926	15,586,335	15,467,296
Number of customers	1,764	1,769	1,786
kWh/customer/month (actual)	731	734	716
kWh/customer/month (weather adjusted)	728	734	722

- ***For the GS < 50 kW customers both the actual kWh/customer/month and the weather adjusted kWh/customer/month are shown below.***

	2007	2008	2009	2010
Actual kWh	7,521,417	8,159,292	8,116,277	8,245,459
Weather adjusted kWh	7,495,081	8,155,243	8,177,595	8,245,459
change from previous yr		8.8%	0.3%	0.8%
Actual kW	1,419	1,534	1,550	1,575
Peak Demand kW weather adjusted	1,414	1,533	1,562	1,575
Annual LF	61%	61%	60%	60%
# of Customers	235	239	241	243
kWh/customer/month (Actual)	2,667	2,845	2,806	2,828
kWh/customer/month (Weather Adjusted)	2,658	2,844	2,828	2,828

21. Ref: E3/T2/S2 – Load Forecast

Please identify the source from which West Perth obtained the five year average HDD and CDD.

- ***The hourly outside temperature was obtained from Environment Canada. The calculation of the HDD and CDD are described in 17 b.***

22. Ref: E3/T2/S2 – Load Forecast

West Perth has stated that the projected growth in 2010 for the General Service > 50 kW class is 2%.

Please explain the derivation of the 2%.

- ***The annual growth rate for the kWh/customer/month for GS > 50 kW in 2008 and 2009 are -2.3% and -3.4% respectively. The Ontario real GDP Growth rates (updated on May 7 2010) were -0.5% and -3.4% respectively. The Ontario 2010 real GDP growth was predicted as 2.7% (updated on May 7 2010). By comparing the trends of the kWh/customer/month and the Ontario Real GDP growth rate, the projected 2010 kWh/customer/month would be around 2.7%. However, the IESO 18 month outlook forecast for 2010 energy growth showed only 1.3 %. The forecast 2010 kWh/customer/month was adjusted down from 2.7% to 2.0%***

	2007	2008	2009	2010 (forecast)
Weather adjusted kWh	6,092,680	6,374,610	6,157,898	6,281,056
Actual kWh	6,092,680	6,374,610	6,157,898	6,281,056
# of GS>50kW customers	14	15	15	15
kWh/customer/month	36,266	35,415	34,211	34,895
kWh/customer/month growth		-2.3%	-3.4%	2.0%
Real GDP Growth % (Updated: May 7 2010)	2.30%	-0.5%	-3.4%	2.7%
IESO 18 month outlook (May 2010)				1.30%

23. Ref: E3/T2/S2 – Load Forecast

West Perth identifies the IESO 18 month outlook as of May 2010 as 1.3%.

Please explain how this was used in determining West Perth's load forecast.

- ***Please see ans. to #20 above.***

24. Ref: E3/T2/S2 – Load Forecast

West Perth's kW load for 2008 and 2010 are 103,559 and 91,651 respectively.

Please provide the major drivers of the 11.5% decrease in load from 2008 to 2010.

- ***The kW reduction from 2008 to 2010 is mainly due to the reduction in demand from the GI> 50 kW customer class.***

	2008	2010	Difference
GI > 50 kW	73,885	65,030	8,855
G> 50 kW	26,389	25,541	848
Total	100,274	90,571	9,703

- ***The main drivers include energy conservation incentives offered by OPA which West Perth has been very active and successful at promoting and delivering.***
- ***The economic downturn has drastically impacted small town Ontario and especially the farming and automotive industry around which the community of West Perth has been built.***

25. Ref: E3/T3/S4/P2 – Unmetered Scattered Load (USL)

In the Board's 2006 Cost of Service Decision for West Perth, the Board stated the following:

> "… West Perth Power has based its unmetered scattered load rate on a kilowatt billing determinant, in contrast to other distributors which use a kilowatt-hour billing determinant. The Board will accept the kilowatt billing determinant for determining 2006 rates but is concerned that this practice represents an unnecessary inconsistency in the application of rates among distributors. The Board seeks to minimize such inconsistencies, and therefore directs West Perth Power to structure an unmetered scattered load rate based on a kilowatt-hour billing determinant for its next rate application."

In West Perth's current application, rates for the USL class are based on kilowatts. Please provide an equivalent kilowatt-hour billing determinant for this application and update the relevant schedules to ensure that USLs rates are based on this.

Unmetered Loads

Distribution Revenue			$ 187.23				
Fixed component							
	Customers	**Rate**		**Months**		**Annual $**	**%**
	5	$ 0.27		12	$	16.20	8.7%
Variable							
	kWh's	**Rate**	**Annual $**				
	16,368	$ 0.0104	$ 171.03				91.3%

Unmetered Scattered Load		
Service Charge	$	$0.2700
Distribution Volumetric Rate	$/kWh	$0.0104
Low Voltage Rate	$/kWh	$0.0009
Regulatory Asset Recovery two years- Expires May 1st, 2012	$/kWh	$0.0005
Retail Transmission Rate – Network Service Rate	$/kWh	$1.2520
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	$1.1302
Wholesale Market Service Rate	$/kWh	$0.0052
Rural Rate Protection Charge	$/kWh	$0.0013
Regulated Price Plan – Administration Charge	$	$0.2500

26. 18. Ref: E3/T2/S2 – Residential Customer Forecast

E3/T2/S2/Table 1 shows a forecasted residential customer count of 1797 for the 2010 test year. E3/T2/S2/Figure 4 shows a graph of customer count against a

linear regression model. The model is above the 2010 data point. Please provide the derivation of the forecasted residential customer count for 2010, showing all calculations.

- ***Please see item 18 in Ans. to 17 b above.***

27. 19. Ref: E3/T2/S2 – Residential Average Consumption

W3/T2/S2/Table shows the average monthly consumption per residential customer, ranging from 728 kWh/month for 2007, 734 kWh/month for 2008, to 722 kWh/month for each of the 2009 and 2010 test years.

a) Board staff assesses these numbers as the annual weather-adjusted kWh shown in Tables 1 and 2, divided by the number of customers in the year multiplied by 12 months. Please confirm if this is the methodology used. In the alternative, please explain the derivation of the average kWh monthly consumption, showing all calculations.

- ***The Board staff assessment is correct. Please also see the detailed calculation shown in item 18 in Ans. to 17 b above.***

b) Please provide any documentation or data that West Perth is aware of supporting reductions in average consumption.

- ***The reductions are related to the Energy Conservation Initiatives from the Ontario Government.***

28. Ref: E3/T2/S4 – Actual and Projected Customer Count

West Perth states:

> 2009 Bridge Year
>
> Comparison to Fiscal 2008 Actual
>
> West Perth has experienced an increase of 19 customers in the 2009 counts as well. The residential class is forecast to increase 17 customers, the GS < 50 class is to add 42 customers and the GS > 50 class is contributing no additional customers.

E3/T2/S2/page 4 shows an increase in the GS < 50 kW class of 2 customers for 2009 relative to 2008. Please confirm that 2009 increase is 2 and not 42 per the above quote.

- ***The 2009 increase is 2 and not 42 as per the above quote.***

Operating Revenues

29. E3/T3/S4 – Distribution Revenue

a) In the tables shown for each year, the right-most column is labelled as "Unit Revenues $/kWh". Distribution revenues are recovered based on a fixed monthly service charge and a volumetric rate per kWh or per kW of consumption/demand. The numbers shown in the right-most column do not appear to correspond to West Perth's Board-approved volumetric rates (or proposed rates for 2010) for each year. Please explain the unit revenues per kWh shown and the purpose of this.

- ***The unit revenues per kWh shown are for the total distribution revenue divided by the consumption and therefore would not match the approved or proposed variable rates.***
- ***The purpose is to provide a quick comparison year over year of the change in distribution revenue by class based on consumptions.***

b) On page 2, the label for 2008 is "2008 Actual – Normalized", while 2006 and 2007 Actuals are provided on page 1. Please explain what is meant by "2008 Actual – Normalized" and what is the purpose of presenting this data.

- ***The label should simply read 2008 Actual and not include the normalized description.***

c) Please update the tables showing 2008 Actual and 2009 Actual.

- ***See the updated table below.***

	2008 Actual Customers (Year-End)	Normalized Consumption (kWh / KW)	Normalized Distribution Revenues ($)	
Residential	1,769	15,597,514	$416,074.60	$0.0267
GS<50	239	8,160,379	$145,691.22	$0.0179
GS>50 to 499 kW	20	102,276	$280,311.19	$2.7407
Unmetered Scattered Load	5	46	$85.41	$1.8568
Sentinel Lighting	7	43	$73.66	$1.7130
Street Lighting	618	1,194	$3,777.19	$3.1635
TOTAL	2,658		$846,013.27	

	2009 Actual Customers (Year-End)	Consumption (kWh / KW)	Distribution Revenues ($)	Unit Revenues $/kWh
Residential	1,786	15,500,136	$416,720.46	$0.026885
GS<50	241	8,193,778	$146,549.87	$0.017886
GS>50 to 499 kW	20	88,591	$248,737.16	$2.807702
Unmetered Scattered Load	5	46	$85.41	$1.856774
Sentinel Lighting	7	47	$80.51	$1.713000
Street Lighting	618	1,196	$3,780.29	$3.160774
TOTAL	2,677		$815,953.69	

30. E3/T3/S1 – Other Distribution Revenues

a) Please explain the increase in Retail Services Revenues from $0 for 2006 Board-approved and $304 for 2006 Actuals to over $5,000 for each of 2007 and 2008 actual, 2009 Bridge and 2010 Test years.

- ***West Perth utilized historical 2006 EDR data to complete the 2006 Board approved data and actual trial balance data for 2006 actual data and onward.***
- ***Current management in uncertain as to why the 2006 approved figures are so different from actuals.***

b) Please explain the year-over-year variances for Other Utility Operating Income, which is $0 in 2006, $7935 in 2007, $2380 in 2008 and is forecast for $0 in the 2009 Bridge and 2010 Test Years.

- ***West Perth utilized historical 2006 EDR data to complete the 2006 Board approved data and actual trial balance data for 2006 actual data and onward.***

- ***Current management is uncertain as to why the 2006 approved figures are so different from the actuals.***

c) Please explain the year-over-year variances in Other Electric Revenues, from $0 in 2006, $19,525 in 2007, $0 in 2008, and around $17,000 per year for each of the 2009 Bridge and 2010 Test years.

- ***The other electric revenue amount of $0 in 2006 is directly from the 2006 Board approved EDR model. In 2008 it has been determined that a similar amount was collected in revenue to the prior and following and was most likely posted to a different general ledger account in error.***
- ***The amount for 2009 and projected in 2010 are correctly projected.***

d) Please provide an explanation of and detailed derivation of Miscellaneous Service Revenues, which vary from $2,688 Board-approved to over $40,000 for each of 2006, 2007 and 2008 actuals, and is forecast to increase to over $57,000 for 2009 Bridge and over $59,000 for the 2010 Test Year.

- ***This amount in the 2006 Board approved is directly from the 2006 EDR and the subsequent years are directly from the general ledger amounts.***
- ***The 2006 actual to 2010 Test amounts are accurate.***

e) Please update the table shown in E3/T3/S1 adding in 2009 actuals.

- ***Provided in electronic format as WPPI Interrogatory Responses Excel Tables.xls.***

Exhibit 4 – Operating Expenses

OM&A

31. Ref: http://www.oeb.gov.on.ca/OEB/_Documents/EB-2006-0268/Comparison_of_Distributors_with_2007_data.xls

The figures in Table 1 below are taken directly from the public information filing in the Reporting and Record-keeping Requirements ("RRR") initiative of the OEB. The figures are available on the OEB's public website.

Table 1

	2003	2004	2005
Operation	$79,979	$138,385	$51,257
Maintenance	$86,137	$132,328	$51,547
Billing and Collection	$155,442	$186,508	$67,420
Community Relations	$528	$0	$2,442
Administrative and General Expenses	$223,290	$34,233	$254,404
Total OM&A Expenses	**$ 545,376**	**$ 491,454**	**$ 427,070**

Please confirm that West Perth is in agreement with the numbers for Total OM&A Expenses that are summarized in Table 1. If West Perth does not agree with any figures in the table, please explain why not and provide amended tables with a full explanation of all changes.

- ***West Perth is in agreement with the numbers for total OM&A Expenses summarized in Table 1.***
- ***West Perth submits that the reason for the decline in OM&A Expense for 2004 and 2005 is related to the fact that its outside staff were predominantly occupied with the installation of water wells and sewer systems in the town, which resulted in maintenance on the electrical system being deferred. Consequently 2004 and 2005 are anomalies in WPPI's normal operations and are not reflective of a normal year of expenditures.***
- ***Secondly beginning at the end of 2008 the separation between the Municipality of West Perth (Water and Sewer) and West Perth Power Inc (Electricity Operations) occurred and both inside and outside staff labour could no longer be offset through water and sewer operations.***

32. Ref: E4/T1/S2/P1 – Operating Costs

Board staff took the figures from the evidence provided in Exhibit 4 of the application and prepared Tables 2 and 3 below as a summary of West Perth's OM&A expenses. Note that rounding differences may occur, but are not material to the questions that follow.

Table 2

	2006 Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Bridge Year	2010 Test
Operation	$138,357	$189,171	$155,933	$93,952	$123,327	$127,013
Maintenance	$132,328	$105,319	$199,234	$137,727	$102,872	$73,361
Billing and Collection	$186,507	$185,274	$176,543	$219,695	$176,420	$202,594
Community Relations	$0	$5,812	$0	$0	$2,912	$3,000
Administrative and General Expenses	$106,724	$67,116	$5,935	$155,210	$262,330	$395,236
Total OM&A Expenses	$563,916	$552,692	$537,645	$606,584	$667,861	$801,204

Table 3

West Perth Power Inc.

	2006 Board Approved	Variance 2006/2006	2006 Actual	Variance 2007/2006	2007 Actual	Variance 2008/2007	2008 Actual	Variance 2009/2008	2009 Bridge	Variance 2010/2009	2010 Test	Variance 2010/2006
Operation	138,357	50,814	189,171	-33,238	155,933	-61,981	93,952	29,375	123,327	3,686	127,013	-62,158
		36.7%		*-17.6%*		*-39.7%*		*31.3%*		*3.0%*		***-32.9%***
Maintenance	132,328	-27,009	105,319	93,915	199,234	-61,507	137,727	-34,855	102,872	-29,511	73,361	-31,958
		-20.4%		*89.2%*		*-30.9%*		*-25.3%*		*-28.7%*		***-30.3%***
Billing & Collections	186,507	-1,233	185,274	-8,731	176,543	43,152	219,695	-43,275	176,420	26,174	202,594	17,320
		-0.7%		*-4.7%*		*24.4%*		*-19.7%*		*14.8%*		***9.3%***
Community Relations	0	5,812	5,812	-5,812	0	0	0	2,912	2,912	88	3,000	-2,812
		N/A		*-100.0%*		*N/A*		*N/A*		*3.0%*		***-48.4%***
Administrative and General Expenses	106,724	-39,608	67,116	-61,181	5,935	149,275	155,210	107,120	262,330	132,906	395,236	328,120
		-37.1%		*-91.2%*		*2515.2%*		*69.0%*		*50.7%*		***488.9%***
Total OM&A Expenses	**563,916**	**-11,224**	**552,692**	**-15,047**	**537,645**	**68,939**	**606,584**	**61,277**	**667,861**	**133,343**	**801,204**	248,512
		-1.99%		-2.72%		12.82%		10.10%		19.97%		***45.0%***

a) Please confirm that West Perth agrees with the figures presented in Table 2 and Table 3. If West Perth does not agree with any figures in the table please explain why not and provide amended tables with a full explanation of all changes.

- ***West Perth Confirms that it agrees with the Board Staff's Tables.***

b) Please update the table to reflect 2009 Actuals.

	2006 Board Approved	Variance 2006/2006	2006 Actual	Variance 2007/2006	2007 Actual	Varianc 2008/2007	2008 Actual	Variance 2009/2008	2009 Actual	Variance 2010/2009	2010 Test	Variance 2010/2006
Operation	138,357	50,814	189,171	- 33,238	155,933	- 61,981	93,952	29,375	123,327	3,686	127,013	- 62,158
		36.7%		-17.6%		-39.7%		31.3%		3.0%		-32.9%
Maintenance	132,328	- 27,009	105,319	93,915	199,234	- 61,507	137,727	- 41,979	95,748	- 22,387	73,361	- 31,958
		20.4%		89.2%		-30.9%		-30.5%		-23.4%		-30.3%
Billing & Collecting	186,507	- 1,233	185,274	- 8,731	176,543	43,152	219,695	- 99,070	120,625	81,969	202,594	17,320
		-0.7%		-4.7%		24.4%		-45.1%		68.0%		9.3%
Community Relations	-	5,812	5,812	- 5,812	-	-	-	78,703	78,703	- 75,703	3,000	- 2,812
		n/a		-100.0%		n/a		n/a		-96.2%		-48.4%
Admin & General	106,724	- 39,608	67,116	- 61,181	5,935	146,275	152,210	222,963	375,173	20,063	395,236	328,120
		-37.1%		-91.2%		2464.6%		146.5%		5.3%		488.9%
Total OM&A Expenses	**563,916**	**- 11,224**	**552,692**	**- 15,047**	**537,645**	**65,939**	**603,584**	**189,992**	**793,576**	**7,628**	**801,204**	**248,512**
		-1.99%		**-2.72%**		**12.26%**		**31.48%**		**1.0%**		**45.0%**

c) In E4/T2/S2/P8 West Perth has provided a cost driver table. However, the categories chosen are extremely high-level. Please complete Table 4 by identifying and listing the key cost drivers that are contributing to the overall increase of 45.0% in total 2010 OM&A expenses over 2006 historical actuals. Please add additional rows to Table 4 if there are more than four cost drivers. Some examples of specific cost drivers include items such as X% increase in staff compensation, hiring x staff, X% increase in cost of contractors, X% increase in inflation, etc.

For each year, a detailed explanation is required for each cost driver and associated amount.

- ***West Perth continues to work on the data and explanation for this request and will provide upon its completion.***

Table 4

OM&A	2006 Actual	2007 Actual	2008 Actual	2009 Bridge	2010 Test Year
Opening Balance	563,916	552,692	537,645	606,584	667,816
Cost Driver #1					
Cost Driver #2					
Cost Driver #3					
Cost Driver #4					
Etc….					
Closing Balance	552,692	537,645	606,584	667,816	801,204

d) Please provide a summary of OM&A expenses in the format of Table 5 below. ***Provided Electronically.***

Table 5

	Last Rebasing Year (Board Approved)	Last Rebasing Year (Actuals)	Variance BA - ACT	Year 1 Actuals	Y1 – LRY ACT	Year 2 Actuals	Variance Y2 – Y1	Year 3 Actuals	Variance Y3 – Y2	Bridge Year (BY)	Variance BY – Y3	Test Year (TY)	Variance TY - BY
Operation													
Maintenance													
Billing and Collecting													
Community Relations													
Administrative and General													
Total OM&A Expenses													
Variance from previous year													
Percent change (year over year)	**%**	**%**		**%**						**%**		**%**	
Percent Change Test year vs. Most Current Actuals				**%**									
Percent Change Test year vs. Last Board Approved Rebasing Year				**%**									
Average for Y1, Y2, Y3	**%**												
Compound Annual Growth Rate (for Y1, Y2, Y3)	**%**												

e) The increases from 2006 to 2010 appear to be largely concentrated in increases in Administrative and General Expenses. West Perth provides a general discussion of cost drivers for OM&A in E4/T2/S2, although the information is provided by different categories than the account categories shown in table XX above. Please provide a detailed description of the increases in Administrative and General Expenses for the 2008, 2009 bridge and 2010 test years.

f) Please provide an explanation for the following variances in Table 6.

Table 6

Account	Account Description	2006 Actual	2010 Test	Variance	Explanation
5005	Operation Supervision and Engineering	$ 1,676	$ 6,988	$ 5,312	
5065	Meter Expense	$ 18,033	$ 33,535	$ 15,502	
5085	Miscellaneous Distribution Expense	$ 77,564	$ 69,417	-$ 8,146	
5096	Other Rent	$ 86,505	$ -	-$ 86,505	
5114	Maintenance of Distribution Station Equipment	$ 9,560	$ 12,568	$ 3,008	
5120	Maintenance of Poles, Towers and Fixtures	$ 4,313	$ 11,431	$ 7,118	
5125	Maintenance of Overhead Conductors and Devices	$ 15,260	$ 11,390	-$ 3,870	
5130	Maintenance of Overhead Services	$ 17,533	$ 7,468	-$ 10,065	
5155	Maintenance of Underground Services	$ 20,725	$ 12,781	-$ 7,944	
5160	Maintenance of Line Transformers	$ 13,414	$ 2,317	-$ 11,097	
6105	Taxes other than Income Taxes	$ 4,168	$ 391	-$ 3,777	
5310	Meter Reading Expense	$ 40,966	$ 31,391	-$ 9,574	
5315	Customer Billing	$ 111,246	$ 125,179	$ 13,934	
5320	Collecting	$ 446	$ 10,013	$ 9,567	
5335	Bad Debt Expense	$ 23,535	$ 13,444	-$ 10,091	
5340	Miscellaneous Customer Accounts Expenses	$ 9,627	$ 22,566	$ 12,939	
5415	Energy Conservation	$ 5,276	$ -	-$ 5,276	
5605	Executive Salaries and Expenses	$ 136	$ 90,570	$ 90,434	
5610	Management Salaries and Expenses	-$ 2,832	$ 17,089	$ 19,922	
5615	General Administrative Salaries and Expenses	$ 404	$ 35,006	$ 34,602	
5620	Office Supplies and Expenses	$ 4,564	$ 30,340	$ 25,777	
5630	Outside Services Employed	$ 268	$ 128,520	$ 128,252	
5635	Property Insurance	-$ 1	$ 2,200	$ 2,201	
5675	Maintenance of General Plant	$ 339	$ 33,000	$ 32,661	

- ***Current management is not in position to provide these explanations. The historical general ledger systems are not in operation and current management had no control over the operations back in 2006.***
- ***West Perth will endeavour to obtain the detail required to explain the changes over time and provide detailed responses to this questions with the second round of interrogatories.***

33. Ref: E4/T2/S2/P8 – Cost Drivers

West Perth has provided the following table identifying key cost drivers from 2006 to 2010 test year.

	2006	2007	2008	2009	2010
Opening Balances	$ 563,934.88	$ 552,691.16	$ 537,643.71	$ 606,584.54	$ 719,903.73
Labour	$ 14,098.37	$ 13,817.28	$ 13,441.09	$ 60,164.61	$ 51,702.92
Materials	$ 5,889.79	$ 7,103.33	$ 4,633.58	$ 4,523.98	$ 4,007.48
Outside Services			$ 41,635.66	$ 18,885.33	$ 67,999.01
Office supplies				$ 29,745.27	$ 594.91
Other	$ (31,231.88)	$ (35,968.05)	$ 9,230.49	$ -	$ (43,004.10)
Total	**$ 552,691.16**	**$ 537,643.71**	**$ 606,584.54**	**$ 719,903.73**	**$ 801,203.95**

For each of the years in the table above, please provide a listing and explanation for the costs that are accounted for in the "other" category.

- ***In 2006 and 2007 the other category is difficult to quantify as historical gl detail was not made available by prior management and due to inconsistencies with coding of expenditures over the same time frame.***

34. Ref: E4/T2/S2/P8 – Economic Assumptions for Increases to OM&A

Please identify the inflation rate used for the 2010 OM&A forecast and the source document for the inflation assumptions.

- ***The inflation rate used was 2% and factored in a 3% increase in labour costs which has been a standard annual increase for staff and a 1% reduction in that number to recognize that material costs should not increase in the same manner as labour.***
- ***This conservative inflation rate was utilized knowingly due to the additional cost requirements in other aspects of the business that were necessary in 2009 and 2010.***
- ***There are no specific source documents that were utilized to support the inflation assumptions.***

35. Ref: E4/T2/S2/P8 – Water and Sewer Services

West Perth stated that, "In November 2008 WPPI ceased operations of the Water and Sewer department for the Municipality of West Perth. This initially increased overheads for WPPI in 2009."

a) Please identify the services performed for the Municipality of West Perth.
   - ***West Perth Power staff were employed to operate and manger the Water system in Mitchell, the staff looked after all aspects of the water operations including construction repairs and compliancy with regulatory bodies.***

b) Please identify the dollar amounts of any revenues received from the Town of Mitchell for these services.

- ***The Water and Sewer department paid for all purchases and equipment directly, the Municipality also paid 40% of all staff costs (wages, benefits etc., and general administration including rent, heat, telephones.)***

c) Please identify the OM&A amount ($) related to servicing the water billing business for the Municipality of West Perth for 2006, 2007 and 2008.

- ***The Water/Sewer paid 40% of these costs, the amount in 06.07 and 08 (till Nov) and are not included in the costs show in the application.***

d) With the cessation of the provisions of these services, please identify the new tasks that the designated employees will be assigned to.

- ***The staff was able to focus on conversion of our system from a capital aspect and was able to spend more time on general day to day maintenance of the electrical system.***

e) Please identify the OM&A increase ($) due to the change in West Perth's 2010 capital program.

- ***The OM&A increase due to the change in West Perth Power's 2010 capital program is $81,000.***

f) Please identify what capital projects were put on hold from 2006 to 2008 due to operation of the water and sewer department for the Municipality of West Perth.

- ***The conversion of the 27.6kW moved at a slower rate than we would have liked.***

g) Please explain why the cessation caused an initial increase in overheads for West Perth in 2009.

- ***It is a direct result of the 40% of all overheads were paid by the water and sewer department.***

36. Ref: E4/T2/S5/P1 – Purchase of Products and Services from Non-Affiliates

From 2006 through 2010, please identify the portion of total OM&A expenses that is related to contracted services.

a) For each of the years, 2006 through 2010 please identify the selection process for the contracted services.

- ***The billing process is the only portion of OM&A expenses that are related to contracted services.***
- ***These services were selected through a request for proposal process.***

b) For each contracted service, please identify the year in which the selection process was used to select a particular contractor.

- ***These services were initially selected through an RFP process prior to market opening and the services were provided by Enwin until they exited the business in approximately 2006.***
- ***In 2006 another RFP process was undertaken in which Erie Thames Services was the successful proponent and remains the service provider to this day under the same contractual agreement that began the relationship.***
- ***Erie Thames Services rebranded to become Ecaliber in 2008.***

c) Please provide examples of contracted services for the period of 2006 through 2010 in which West Perth negotiated cost savings or will contemplate to achieve costs savings.

- ***In 2010 we have negotiated for wireless communications with National Wireless for the MDMR project, these cost saving were achieved by using the buying power of group purchases. We have saved approximately $20,000 in the initial setup phase with ongoing saving for the next four years. We have also been able to negotiate a favourable contact with Utilismart for their services in collecting the MDMR data for WPPI. In this contact we were able to save $0.04 per customer per month.***

d) Regarding contracted services, please provide evidence, if any that demonstrates that West Perth has implanted cost efficiency initiatives or it is contemplating to undertake initiates that help West Perth achieve savings at some future time.

- ***WPPI uses contact services where:***
  - ***It is more cost effective to do so***
  - ***we do not have the internal expertise***
  - ***Because of this approach we have already achieved the cost efficiencies. On a go forward we will be able to obtain better pricing on product and services because of our increased volume when we add in CPC***

37. Ref: E4/T2/S3/P1 – Employee Compensation

Please complete Table 7 below and provide explanations and justifications for year over year variances (include month hired for newly hired employees, inflation rates, collective agreement rates, etc);

Note: Where there are three or fewer employees in any category, the applicant may aggregate this category with the category to which it is most closely related.

This higher level of aggregation may be continued, if required, to ensure that no category contains three or fewer employees.

- ***Provided Electronically.***

Table 7

	Last Rebasing Year	Historical Year (Bridge Year -1)	Bridge Year	Test Year
Number of Employees (FTEs including Part-Time)				
Executive				
Management				
Non-Union				
Union				
Total				
Number of Part-Time Employees				
Executive				
Management				
Non-Union				
Union				
Total				
Total Salary and Wages				
Executive				
Management				
Non-Union				
Union				
Total				
Total Benefits				
Executive				
Management				
Non-Union				
Union				
Total				
Total Compensation (Salary, Wages, & Benefits)				
Executive				
Management				
Non-Union				
Union				
Total				
Compensation - Average Yearly Base Wages				
Executive				
Management				
Non-Union				
Union				
Total				
Compensation - Average Yearly Overtime				
Executive				
Management				
Non-Union				
Union				
Total				
Compensation - Average Yearly Incentive Pay				
Executive				
Management				
Non-Union				
Union				
Total				
Compensation - Average Yearly Benefits				
Executive				
Management				
Non-Union				
Union				
Total				
Total Compensation				
Total Compensation Charged to OM&A				
Total Compensation Capitalized				

38. Ref: E1/T2/S1/P7 – Capitalization Policy

West Perth states that it continues to expand and reinforce its distribution system.

a) Please confirm that West Perth has not made changes to the company's accounting policies in respect of capitalization of operation expenses and/or has not made any changes to accounting estimates used in the allocation of costs between operations and capital expenses post fiscal year end 2004. If any accounting policy changes or any significant changes in accounting estimates have been made post 2004 fiscal year end, please explain the changes including the rationale. Provide all supporting documentation and a discussion highlighting the impact of the changes.

- ***West Perth has not made changes to its capitalization policy.***

b) Please explain West Perth's capitalization policy.

- ***West Perth capitalizes all direct costs associated with the building of new distribution assets.***

39. Ref: E4/T2/S2/P6 – Account 5655 - Regulatory Costs

West Perth has stated that it has increased account 5655 – Regulatory Expenses by $43,000 for 2010 rate year and the following three years to cover the cost of the 2010 Cost of Service rate application and additional increased regulatory costs and workload related amendments to the Distribution System Code, Conditions of Service and other new compliance requirements.

a) The total for 2010 and three years of IRM adjustments is $172,000 ($43,000 x 4). Please provide a breakout of the estimated regulatory expenses between: i) the 2010 Cost of Service Application; ii) Distribution System Code amendments; iii) Conditions of Service; and iv) other new compliance requirements.

- ***The cost to complete the 2010 Cos of Service Rate Application is estimated to be $140,000, plus $18,000 in intervener fees.***
- ***The remaining $4,000 covers all other costs for updates to conditions of service, distribution system code amendments and other new compliance requirements.***

b) Please identify what aspects of reviewing and/or revising its Conditions of Service is driving forecasted increases in regulatory expenses.

- ***A general review is completed annual and is required to keep pace with the continuing changes to the codes and requirements.***

c) Please identify what "other new compliance requirements" West Perth is referring to driving, in part, increased regulatory expenses

- ***At this point it is unclear what new requirements may be on the horizon, but the dollars in the $172,000 with respect to this comment are essentially nil.***

d) Please complete Table 8 below.

- ***West Perth is still in the process of completing this table and will file it upon its completion.***

Table 8: Regulatory Cost Schedule

Regulatory Cost Category	USoA Account	USoA Account Balance	Ongoing or One-time Cost?	2006 Actual	2007 Actual	2008 Bridge Year	% Change in bridge year vs. last year of actuals	2009 Test Year	% Change in Test Year vs. Bridge Year
1. OEB Annual Assessment									
2. OEB Hearing Assessments (applicant initiated)									
3. OEB Section 30 Costs (OEB initiated)									
4. Expert Witness cost for regulatory matters									
5. Legal costs for regulatory matters									
6. Consultants costs for regulatory matters									

Regulatory Cost Category	USoA Account	USoA Account Balance	Ongoing or One-time Cost?	2006 Actual	2007 Actual	2008 Bridge Year	% Change in bridge year vs. last year of actuals	2009 Test Year	% Change in Test Year vs. Bridge Year
7. Operating expenses associated with staff resources allocated to regulatory matters									
8. Operating expenses associated with other resources allocated to regulatory matters (please identify the resources)									
9. Other regulatory agency fees or assessments									
10. Any other costs for regulatory matters (please define)									
11. Intervenor Costs									

40. Ref: E4/T2/S2/P6 – OM&A Cost per Customer and FTEE

To better understand the overall costs of operations and related trends, Board staff would like expenses standardized to cost per customers, and cost per full time employee and equivalent ("FTEE"). Please complete the following table.

- ***Provided electronically.***

Table 9

	2006 Actual	2007 Actual	2008 Actual	2009 Bridge Year	2010 Test Year
Number of Customers					
Total OMA					
OMA cost per Customer					
Number of FTEEs					
FTEEs/Customer					
OMA cost per FTEE					

41. Corporate Cost Allocation

Corporate Cost Allocation is defined as an allocation of costs for corporate and miscellaneous shared services from the parent company to the utility (and vice versa). This is not to be confused with the allocation of the revenue requirement to rate classes for the purposes of rate design.

Note: The applicant must identify any Board of Director related costs for affiliates that are included in its costs.

a) For each year, from 2006 to 2010, please complete Table 10 below. (Additional rows may be added if required)

- ***No allocation of Corporate Costs has been completed in the operation of West Perth Power or included in this application.***

b) Please provide a variance explanation for each of the following:

i Test Year vs. Last Board Approved Rebasing Application; and

ii Test Year vs. Most Current Actuals.

Table 10 **YEAR_____**

Name of Company		Service Offered	Pricing Methodology	Price for the Service ($)	Cost for the Service ($)	% Allocation
From	To					

42. Ref: E4/T2/S2 – Billing and Collections

While Clinton Power's application documents its Billing and Collection services being handled by a service provider, Ecaliber, West Perth's application suggests that West Perth provides its Billing and Collection services in-house. Only meter reading services are provided by a non-affiliated third party.

a) Please confirm that West Perth's billing and collection services are provided in-house.

- ***West Perth's billing and collection services have always been provided by external resources.***

b) If West Perth's billing and collection services are provided in whole or part under a service contract with a service provider, please provide a detailed description of the arrangement, the services provided, when

this arrangement was established and the annual contract payments paid or to be paid for all historical years and the 2009 Bridge and 2010 Test years.

- ***West Perth Power has engaged Ecaliber to provide its billing and collections services.***
- ***The services that are provided are meter reading, billing, billing adjustments, and most other portions or the customer service procedures.***

c) If the service provider is affiliated with West Perth, please identify how the pricing of services is determined. Please confirm that the pricing of services complies with the Affiliate Relationships Code, and explain how compliance with ARC is achieved.

- ***The service provider is Ecaliber and became affiliated with West Perth on January 1st 2010.***
- ***Prior to that the entities had no affiliation and West Perth received request for quotations when they replaced their previous service provider in 2007.***
- ***The pricing has remained unchanged from the level that was in place when there was an arm's length relationship between the two entities.***

43. Ref: E4/T2/S2 – One Time Costs

Please identify all one-time costs included in the 2010 test year OM&A forecast.

- ***The only one-time costs included in the application are those costs included for the completion of the 2010 Cost of Service application and are detailed in question number 39 above.***

Depreciation Expense

44. Ref: E2/T2/S4 and E4/T2/S5 – Depreciation Expense

Board staff has prepared the table comparing the depreciation expense for each year as shown in E4/T2/S5 compared to that shown in E2/T2/S4, where the depreciation expense, allowing for adjustments or retirements, is the difference between opening and closing accumulated depreciation expenses.

The tables correspond, with the exception of 2006 Actuals. Please reconcile E2/T2/S4 and E4/T2/S5 with respect to 2006 Actuals.

- ***The values from E4/T2/S5 are the 2006 Actuals and the derived value from E2/T2/S4 is based on the 2006 EDR application***

which is 2004 data and therefore should not reconcile to E2/T2/S5.

	2006					2007					2008					2009 Bridge Year					2010 Test Year				
	E4/T2/S5	E2/T2/S4				E4/T2/S5	E2/T2/S4				E4/T2/S5	E2/T2/S4				E4/T2/S5	E2/T2/S4				E4/T2/S5	E2/T2/S4			
	Depreciation Expense	Accumulated Depreciation			Depreciation Expense	Depreciation Expense	Accumulated Depreciation			Depreciation Expense	Depreciation Expense	Accumulated Depreciation			Depreciation Expense	Depreciation Expense	Accumulated Depreciation			Depreciation Expense	Depreciation Expense	Accumulated Depreciation			Depreciation Expense
		Opening Balance	Closing Balance	Net			Opening Balance	Closing Balance	Net			Opening Balance	Closing Balance	Net			Opening Balance	Closing Balance	Net			Opening Balance	Closing Balance	Net	
Land and Buildings	$ -	$ -	-$ 1,408	-$ 1,408	$ 1,408.00	-$ 1,408	-$ 2,816	-$ 1,408	$ 1,408.00	-$ 2,816	-$ 4,224	-$ 1,408	$ 1,408.00	-$ 4,224	-$ 5,632	-$ 1,408	$ 1,491.33	-$ 5,632	-$ 7,123	-$ 1,491
TS Primary Above 50	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
DS	$ 1,644.00	-$ 39,117	-$ 71,300	-$ 32,183	$ 1,981.50	-$ 71,300	-$ 73,282	-$ 1,982	$ 21.46	-$ 73,282	-$ 73,303	-$ 21	$ 42.92	-$ 73,303	-$ 73,346	-$ 43	$ 42.92	-$ 73,346	-$ 73,389	-$ 43
Poles and Wires	$ 97,829.95	-$ 1,257,595	-$ 1,351,373	-$ 93,778	$ 98,226.64	-$ 1,351,373	-$ 1,449,599	-$ 98,226	$ 102,803.78	-$ 1,449,599	-$ 1,552,402	-$ 102,803	$ 105,908.00	-$ 1,552,402	-$ 1,658,310	-$ 105,908	$ 109,145.12	-$ 1,658,310	-$ 1,767,454	-$ 109,144
Line Transformers	$ 47,420.05	-$ 541,654	-$ 644,410	-$ 102,756	$ 49,279.57	-$ 644,410	-$ 693,690	-$ 49,280	$ 47,826.46	-$ 693,690	-$ 741,516	-$ 47,826	$ 52,282.96	-$ 741,516	-$ 793,799	-$ 52,283	$ 61,109.20	-$ 793,799	-$ 854,908	-$ 61,109
Services and Meters	$ 12,304.22	-$ 175,656	-$ 184,989	-$ 9,333	$ 16,620.30	-$ 184,989	-$ 201,609	-$ 16,620	$ 23,457.55	-$ 201,609	-$ 225,067	-$ 23,458	$ 28,512.43	-$ 225,067	-$ 253,580	-$ 28,513	$ 34,656.59	-$ 253,580	-$ 288,237	-$ 34,657
General Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
IT Assets	$ 23,767.19	-$ 39,547	-$ 108,535	-$ 68,988	$ 28,898.00	-$ 108,535	-$ 137,433	-$ 28,898	$ -	-$ 137,433	-$ 137,433	$ -	$ -	-$ 137,433	-$ 137,433	$ -	$ 200.00	-$ 137,433	-$ 137,633	-$ 200
Equipment	$ 4,618.89	-$ 41,930	-$ 82,909	-$ 40,979	$ 14,769.57	-$ 82,909	-$ 97,679	-$ 14,770	$ 7,523.76	-$ 97,679	-$ 105,203	-$ 7,524	$ 20,242.82	-$ 105,203	-$ 125,446	-$ 20,243	$ 39,650.37	-$ 125,446	-$ 165,096	-$ 39,650
Other Distribution Assets	-$ 1,033.00	$ 17,154	$ 23,059	$ 5,905	-$ 9,319.16	$ 23,059	$ 32,378	$ 9,319	-$ 10,311.53	$ 32,378	$ 42,690	$ 10,312	-$ 11,303.90	$ 42,690	$ 53,994	$ 11,304	-$ 11,303.90	$ 53,994	$ 65,298	$ 11,304
Total	**-$ 186,551**			**-$ 343,520**	**-$ 201,864**			**-$ 201,865**	**-$ 172,729**			**-$ 172,728**	**-$ 197,093**			**-$ 197,094**	**-$ 234,992**			**-$ 234,990**

Loss Factors

45. Ref: E4/T2/S6 and E4/T2/S7 – Loss Factors

In E4/T2/S6, West Perth shows calculations to derive a distribution loss factor of 2.52%, and a corresponding Total Loss Factor of 3.14% for a secondary metered customer < 5000 kW. The calculation is based on data for 2005, 2007, 2008 and 2009. West Perth states that 2006 should be omitted due to "irregular sales quantities" in that year. In E4/T2/S7, West Perth states that the proposed loss factor is 2% above the OEB threshold of 5%, and that a 6.99% loss factor is not unreasonable given the size and vintage of its system.

a) Please provide further explanation of the "irregular sales quantities" documented in 2006.
- ***In 2006 West Perth Power obtained billing services from a third party which utilized a system that netted West Perth's consumption data out of its own data and that of its other clients.***
- ***When converting the data to its new billing service provider West Perth was unable to get accurate and verifiable data from its former service provider.***

b) Please confirm what are the Distribution and Total Loss Factors that West Perth is proposing in this application for the test year.
- ***West Perth is proposing a loss factor of 3.14%***

c) If West Perth is proposing a Total Loss Factor above 6.99%:
- ***West Perth is not proposing a Total Loss Factor of above 6.99%.***
  i. Please provide a detailed derivation of the proposed loss factor. If possible, provide calculations in working Microsoft Excel spreadsheet format.
  ii. Operating expenses documented elsewhere in Exhibit 4 show that Operations and Maintenance category expenses are relatively stable from 2006 to 2010. Please provide further explanation of capital and operating projects undertaken or planned by West Perth to reduce losses to less than 5%.
  iii. Please describe any steps that are contemplated to decrease the loss factor during the test year (2010) and/or during a longer planning period.

46. Ref: E4/T2/S6/P1 – Loss Factor

a) Appendix 2-Q of the Board's filing requirements for Distribution and Transmission Applications requests information pertaining to the determination of loss factors.

   Please provide the values for A1 and A2 as defined in the filing requirements.

- ***This data was not available at the time of filing the response.***

b) In order to enable selection of the correct SFLF, please clarify whether West Perth is:

   - Directly connected to the IESO controlled grid, or
   - Fully embedded in the Hydro One Networks Inc. (HONI) distribution system, or
   - Partially embedded in the HONI distribution system.
   - ***West Perth is fully embedded in the HONI distribution system.***

c) Using the answer provided in the previous question and in light of the information provided below, please explain the reason for proposing a SFLF of 1.006 (i.e. losses of 0.6%, 1st reference) that is different from the industry standard.

   - Directly connected; typically losses are 0.45% comprising losses in the transformer at the grid interface
   - Fully embedded; typically losses are 3.4% comprising losses of 0.6% in the transformer at the grid interface and losses of 2.78% within the HONI distribution system
   - Partially embedded, typically losses are a weighted average of the above.
   - ***West Perth will update its loss factor calculation to include the fully embedded SFLF of 3.4%.***

d) Please provide an explanation or rationale for proposing an average DLF of 1.0252 (years 2005, 2007, 2008, and 2009) rather than a lower factor such as the actual DLF for 2009 of 1.0121.

   - ***West Perth has averaged the years as this has historically been the practice in creating loss factors in prior rate procedures.***
   - ***The DLF for 2009 could be utilized on its own and when coupled with the correct SFLF would be 1.0461.***

Taxes/PILs

47. Ref: E4/T3/S3 – CCA

a) For 2010, under Class 10.1 – Certain Automobiles, West Perth shows additions of $280,000. Please confirm if these additions correspond to the bucket truck as documented under E2/T2/S3 and E2/T3/S1.
- ***Confirmed.***

b) If the bucket truck will not be delivered until 2011, as documented in E2/T3/S1, please explain how West Perth can claim CCA for the 2010 fiscal year.
- ***If the bucket truck is not delivered until 2011 then West Perth will need to update its CCA to exclude the bucket truck.***

c) As appropriate, please update E4/T3/S3 to omit the $280,000 for the bucket truck.
- ***Provided Electronically as WPPI Interrogatory Responses Excel Table.xls.***

48. Ref: E4/T3/S3 – Tax Schedules

a) Please provide Schedule 4 (Corporation Loss Continuity and Application) of West Perth's tax return for years 2001 to 2007.
- ***Provided in PDF format in this response.***

b) Please provide copies of West Perth's 2009 Tax Return including all schedules (both Ontario and Federal Returns).
- ***West Perth's 2009 tax return is not yet complete and will be provided once it has been submitted.***

c) Please provide the Notice of Assessment, and Notice of Re-assessment (if applicable) for years 2001 to 2009.
- ***Notice of assessments are not available.***

49. Ref: E4/T3/S3/P1 – PILs

Why is West Perth applying non-capital losses from prior years to the 2010 test year, when the regulatory taxable income is already in a net loss position? (i.e. $112,350+$234,992-$362,060 = -$14,688)

- ***The application of losses has no impact on the rates as no tax provision was applied for in this application.***
- ***All loss carry forwards should be deleted as net income is already negative.***

50. Ref: E4/T1/S2/P1 – LCT, OCT and Income taxes

Please provide detailed explanations for the negative entries under LCT, OCT and Income Taxes for 2006 Actual, 2008 Actual, 2009 Bridge and 2010 Test years.

- ***The negative entries are purely formulaic in nature and have no bearing on or basis in the application and should be omitted.***

Exhibit 5 – Cost of Capital

51. Ref: E5/T1/S1 – Capital Structure

West Perth states:

> West Perth Power has a deemed current capital structure of 46.67% debt, 53.33% equity, as approved by the Ontario Energy Board and a return on equity of 9.00%. West Perth Power is requesting Board approval of a deemed capital structure of 60% debt, 40% equity including an equity return of 9.85%.

a) Please confirm that West Perth had distribution rates approved under the 2nd Generation Incentive Regulation Mechanism rate adjustment for 2008, under Board File No. EB-2007-0871, and for 2009, under Board File No. EB-2009-0255.
   - ***West Perth has had distribution rates approved under the 2nd Generation IRM for 2008 and 2009.***

b) Please confirm that the adjusted rates for 2008 and 2009 included adjustments for the K-factor to transition West Perth from the 50:50 deemed capital structure towards the common deemed capital structure.

- ***West Perth has included the K-factor to transition from the 50:50 deemed capital structure towards the new deemed capital structure.***

c) If the responses to a) and b) are in the affirmative, please explain why West Perth states that its current deemed capital structure is 50:50 and not 56.7% debt and 43.3% equity.

- ***West Perth stated in error that it's deemed capital structure 50:50 and should have reference it to be 56.7% debt and 43.3% equity.***

52. Ref: E5/T1/S1 – Cost of Capital Parameters

West Perth states that it is requesting a return on equity ("ROE"), deemed short-term debt rate and deemed long-term term debt rate of 9.85%, 2.07%, and 5.87% for its 2010 rates.

The percentages are taken from the Board's letter of February 24, 2010, applying data for January 2010 per the methodology in the Board's 2009 Cost of Capital Report, for rates effective May 1, 2010. The methodology in the 2009 Cost of Capital Report states that the allowed cost of capital parameters will be based on information three months prior to the effective date for the rates.

If the Board were to approve an effective date different than July 1, 2010 as applied for, please confirm whether West Perth believes that the ROE, deemed short-term debt rate and deemed long-term term debt rate should be updated using economic data from the Bank of Canada, *Consensus Forecasts*, and Bloomberg LLP three months prior to the effective data, per the methodology documented in Appendix B, C, and D of the 2009 Cost of Capital Report.

- ***West Perth does believe that the ROE, and deemed debt rates should be updated to reflect the three months prior to the effective date of the decision.***

53. Ref: E5/T1/S1 and E5/T1/S2 – Capitalization

Under "Cost of Debt" of E5/T1/S1, West Perth states:

> West Perth Power's debt is held by related 3rd parties and is therefore subject to the deemed return rates as summarized below.

	Debt Structure	Return %
Long Term Debt	56%	5.87%
Short Term Debt	4%	2.07%
Weighted Average	60%	5.62%

> West Perth Power is aware that the deemed debt structure it is proposing in this application is significantly different than its actual debt equity structure of 40/60. West Perth Power notes that the deemed structure benefits the rate payer in terms of the lower rate of return, and that West Perth is undergoing an analysis of its debt structure in order to determine a plan to change its actual debt equity structure to more closely match it's deemed for rate making purposes.

Under E5/T1/S2, West Perth documents a capitalization structure of close to 40% debt and 60% equity.

a) Please explain what is the "Cost Rate" shown in E5/T1/S2.
   - ***The cost rate refers to the rate that West Perth Power pays to its shareholder.***

b) Please redo E5/T1/S2 showing West Perth's capital structure and weighted average cost of capital for each of:
   i. 2006 Board-approved;
   ii. 2006 Actual;
   iii. 2007 Actual;
   iv. 2008 Actual;
   v. 2009 Bridge Year;
   vi. 2009 Actual; and
   vii. 2010 Test Year.

   Please display the information in the following format, Schedule 2-N of Chapter 2 of Filing Requirements for Transmission and Distribution Applications, issued June 29, 2010. Please file the tables in working Microsoft Excel format using the Excel template available on the Board's website at http://www.oeb.gov.on.ca/OEB/_Documents/Regulatory/filing_req_dist_trans_chapter2_Appendices_XLS.xls .

   - ***Provide as electronic workbook WPPI Interrogatory Responses Excel Tables.xls.***

54. Ref: E5/T1/S1 and E5/T1/S2 – Long-Term Debt

Under "Cost of Debt" of E5/T1/S1, West Perth states:

> West Perth Power's debt is held by related 3rd parties and is therefore subject to the deemed return rates as summarized below.

	Debt Structure	Return %
Long Term Debt	56%	5.87%
Short Term Debt	4%	2.07%
Weighted Average	60%	5.62%

a) Please explain what is meant by "related 3rd parties".
- ***West Perth Power's debt is held by its shareholder the Town of Mitchell.***

b) Please file copies of West Perth's executed debt instruments.

c) Please identify if West Perth expects to incur new debt in the 2010 Test Year.
- ***West Perth expects to review its debt situation and incur new debt to move towards its deemed 60/40 debt equity split.***

d) Please provide a table documenting West Perth's long-term debt for each of:
i. 2006 Board-approved;
ii. 2006 Actual;
iii. 2007 Actual;
iv. 2008 Actual;
v. 2009 Bridge Year;
vi. 2009 Actual; and
vii. 2010 Test Year.

For each instrument, show the principal, start date and maturity date, debt rate, interest expense in the year, and any transaction charges incurred.
- ***There is only one instrument currently with no transaction charges incurred for the promissory note.***
- ***The details of the start date and maturity date are included in the copies of the debt instruments.***

e) Please explain in detail what debt rate should apply to each of West Perth's existing and forecasted debt instruments, in accordance with the guidelines documented in section 4.4.1 of the 2009 Cost of Capital Report. If West Perth is proposing treatment deviating from the guidelines, please explain and support West Perth's proposed treatment.
- ***5.87% should apply to West Perth's Long Term debt and 2.07% should apply to West Perth's short term debt based on the Board's letter of February 24th, 2010 regarding the Cost of Capital Parameter Updates for 2010 Cost of Service Applications.***
- ***However, should the Board determine that the change in effective date warrants a review of these rates then West Perth would need to update its debt rates based on those findings.***

55. E5/T1/S1 – 2009 Cost of Capital Report

If West Perth does not agree that the deemed short-term debt rate, long-term debt rate and ROE should be updated per the methodology in the 2009 Cost of Capital Report, please explain why.

- ***West Perth does agree that the deemed debt rates and ROE should be utilized, just that the February 24th 2010 update apply.***

Exhibit 7 – Cost Allocation

56. Ref: E7/T1/S1 - Cost Allocation Methodology

Given its inability to receive its load profile from Hydro One, West Perth decided to use Atikokan Hydro's load profile as it was the best fit with West Perth in terms of customer mix.

a) Please confirm that customer mix was the only factor taken into consideration when choosing a load profile.
   - ***Customer mix was the major factor taken into consideration; this was coupled with the fact that the only data available to West Perth was Atikokan, Embrum and Erie Thames Powerlines. Erie Thames Powerlines was eliminated from consideration due to the large discrepancy between its customer classes and that of West Perth Power. While Embrum was eliminated due to the large differences in customer mix.***

b) Please comment on whether factors such as weather profile and appliance saturation were considered when selecting Atikokan's load profile in place of West Perth's own profile.
   - ***Weather profile and appliance saturation were not considered when selecting Atikokan's load profile in place of West Perth's own since West Perth does not have its own load profile available since the historical data is not available for the correct timeframe.***
   - ***These factors were also not considered when compared with the other utilities' data that was available since the differences between Embrum and Erie Thames Powerlines were more overwhelming than the potential offsets of weather profile and appliance saturation.***

57. Ref: E7/T1/S1 - Cost Allocation Methodology

In order to test the validity of West Perth's cost allocation methodology,

a) Please provide in live Excel format (i.e. not rolled-up format) an alternative run of the cost allocation model using the load profiles of Erie Thames Power.
   - ***Load data is provided electronically as Erie Thames Data for WPPI Cost Allocation.xls.***
   - ***Alternative run of Cost Allocation model provided electronically as West Perth 2010 Cost Allocation with ETPL Data.xls.***

b) Please provide worksheets I8 and E2 from the cost allocation study submitted with the application and the alternative version submitted in response to part a), in a tabular format to enable a comparison of the two studies.
   - ***Provided electronically as Cost Allocation Tab Comparison.xls.***

58. Ref: Sheet I3 – Cost Allocation Model

The table below identifies differences between the inputs entered into sheet I3 of the cost allocation model versus what was stated in the prior parts of the application.

	Sheet I3 of Cost Allocation Model	2010 Cost of Service Application	Source
Proposed Target Net Income	$ 112,350	$ 149,808	RRWF
Proposed Specific Service Charges	$ 95,894	$ 59,064	E3/T1/S2/P1
Proposed Revenue Requirement	$ 1,238,460	$ 1,244,643	RRWF
Proposed Rate Base	$ 3,112,207	$ 2,851,534	E2/T1/S1/P1

c) Please explain why the inputs into sheet I3 do not match the figures identified in the application or identify which one is correct.
   - ***For the proposed target net income in the RRWF should match the amount detailed in Sheet I3 of the Cost Allocation model and needs to be updated.***
   - ***The reference in this table for Proposed specific service charges only referenced one aspect of other revenue in the COS application and needed to include all other revenue to match the Cost Allocation Model.***
   - ***The Proposed revenue requirement from the Cost Allocation Model needs to be updated to match the Cost of Service Application.***

- ***The Proposed Rate Base should be updated in the Cost Allocation model to match the Cost of Service Application.***

d) It appears that West Perth has included the cost of the transformer ownership allowance in its revenue requirement. The cost allocation filing guidelines instruct applicants not to include this cost. Please provide a rational as to why this cost was included.
   - ***The cost for Transformer allowance was not included in the proposed revenue requirement. The only change to revenue requirement is detailed above.***

e) Please update the model as necessary and submit it in live Excel format, ensuring that the revenue requirement does not include the transformer ownership allowance and that the revenue from each of the affected classes is calculated net of the transformer ownership allowance.
   - ***Updated as required and included electronically in this response.***
   - ***Some unresolved issues still remain and West Perth will continue to work on resolving.***

59. Ref: Sheet O1 – Cost Allocation Model

On Sheet O1, Total Revenues and Expenses equal $1,138,087 and $1,162,623 respectively. However, on page 4 of the revenue requirement work form total revenues and expense are stated as $1,282,100 and $1,132,292 respectively.

a) Please identify the correct amounts for total revenues and total expenses.
   - ***The Revenue Requirement Workform is correct.***

b) Please confirm whether the "Distribution Revenue" is calculated based on the proposed distribution rates and the forecast of billing quantities in the test year.
   - ***These amounts need to be updated to reflect the correct revenue figures that tie to the Revenue Requirement Workform.***

c) If the answer to (c) is negative, please recalculate the revenue to cost ratios based on the steps mentioned in (c) and file the model in live Excel format.
   - ***An updated model is included as West Perth 2010 Cost Allocation Model Ver 1 Interrogatories.xls.***
   - ***There are still some minor inconsistencies between the Revenue Requirement Work Form and the model that cannot be reconciled at the time of filing, the differences are immaterial in nature.***
   - ***West Perth will continue to update the model to ensure that the figures tie to one another in order to tie the application together for a decision.***

60. Ref: Sheet I7.1 – Cost Allocation Model

a) Please confirm that the number of meters for each class does not include smart meters.
- ***Confirmed.***

b) Is the cost of the predecessors of smart meters included in the cost allocation study?
- ***Yes.***

Exhibit 8 - Rate Design

61. Ref: E8/T1/S1 – Rate Design

Please revise the table shown on page 1 of this exhibit showing the Smart Meter Funding Adder and the Low Voltage Rate Adder separate from the Monthly Service Charge.

West Perth Power Inc.
Tariff of Rates and Charges
Effective November 1st, 2009

This schedule superseds and replaces all previously approved schedules of Rates, Charges and Loss Factors

Residential	**UOM**	**Rate**
Service Charge	$	$12.3700
Smart Meter Charge	$	$1.0000
Distribution Volumetric Rate	$/kWh	$0.0101
Retail Transmission Rate – Network Service Rate	$/kWh	$0.0047
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	$0.0080
Wholesale Market Service Rate	$/kWh	$0.0052
Rural Rate Protection Charge	$/kWh	$0.0013
Regulated Price Plan – Administration Charge	$	$0.2500
GS<50 kW		
Service Charge	$	$10.8600
Smart Meter Charge	$	$1.0000
Distribution Volumetric Rate	$/kWh	$0.0142
Retail Transmission Rate – Network Service Rate	$/kWh	$0.0042
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	$0.0071
Wholesale Market Service Rate	$/kWh	$0.0052
Rural Rate Protection Charge	$/kWh	$0.0013
Regulated Price Plan – Administration Charge	$	$0.2500
GS>50 to 4999 kW		
Service Charge	$	$186.2200
Smart Meter Charge	$	$1.0000
Distribution Volumetric Rate	$/kW	$2.3256
Retail Transmission Rate – Network Service Rate	$/kW	$1.7320
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	$2.8421
Wholesale Market Service Rate	$/kWh	$0.0052
Rural Rate Protection Charge	$/kWh	$0.0013
Regulated Price Plan – Administration Charge	$	$0.2500
Street Lighting		
Service Charge	$	$0.2600
Distribution Volumetric Rate	$/kW	$1.5609
Retail Transmission Rate – Network Service Rate	$/kW	$1.3062
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	$2.1971
Wholesale Market Service Rate	$/kWh	$0.0052
Rural Rate Protection Charge	$/kWh	$0.0013
Regulated Price Plan – Administration Charge	$	$0.2500

Sentinel Lighting		
Service Charge	$	$0.0000
Distribution Volumetric Rate	$/kW	$1.7266
Retail Transmission Rate – Network Service Rate	$/kW	$1.3129
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	$2.2431
Wholesale Market Service Rate	$/kWh	$0.0052
Rural Rate Protection Charge	$/kWh	$0.0013
Regulated Price Plan – Administration Charge	$	$0.2500
Unmetered Scattered Load	$	$0.2700
Distribution Volumetric Rate	$/kW	$1.5166
Retail Transmission Rate – Network Service Rate	$/kW	$1.3062
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	$1.4282
Wholesale Market Service Rate	$/kWh	$0.0052
Rural Rate Protection Charge	$/kWh	$0.0013
Regulated Price Plan – Administration Charge	$	$0.2500

Specific Service Charges

Customer Administration		
Arrears Certificate	$	15.00
Returned Cheque Charge (plus bank charges)	$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	$	30.00
Non-Payment of Account		
Late Payment - Per month	%	1.50
Late Payment - Per annum	%	19.56
Collection of account charge-no disconnection	$	30.00
Disconnect/Reconnect at meter-during regular hours	$	65.00
Disconnect/Reconnect at meter-after regular hours	$	185.00
Service call - customer owned equipment	$	30.00
Specific Charge for Access to the Power Poles $/pole/year	$	22.35
Allowances		
Transformer Allowance for Ownership - per kW of billing demand/month	$	(0.60)
Primary Metering allowance for transformer losses - applied to measured demand and energy	%	(1.00)

Retail Service Charges (if applicable)

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity

Once time charge, per retailer, to establish the service agreement between the distributor and the retailer	$	100.00
Monthly fixed charge, per retailer	$	20.00
Monthly variable charge, per customer, per retailer	$/cust.	0.50
Distributor consolidated billing charge per customer per retailer	$/cust.	0.30
Retailer consolidated billing credit per customer per retailer	$/cust.	(0.30)
Service Transaction Requests (STR's)		
Request fee, per request, applied to the requesting party	$	0.25
Processing fee, per request, applied to the requesting party	$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year		no charge
More than twice a year, per request (plus incremental delivery costs)	$	$2.00

Loss Factors

Total Loss Factor -- Secondary Metered Customer < 5,000 kW	1.0502
Total Loss Factor -- Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor -- Primary Metered Customer < 5,000 kW	1.0397
Total Loss Factor -- Primary Metered Customer >5,000 kW	N/A

62. Ref: E8/T1/S1 – Rate Design

Board staff has compiled the following table to compare West Perth's current approved rates versus the proposed rates. For the existing rates, the Smart Meter Funding Adder of $1.00 per month, for metered customer classes has been removed, although the LV recovery is still embedded in current rates but shown separately for proposed 2010 rates.

	Unit	Exisiting 2009	Proposed 2010	Change $	Change %
Residential					
Service Charge	monthly	$ 11.37	$ 13.61	$ 2.2370	19.67%
Distribution Volumetric Rate	per kWh	$ 0.0101	$ 0.0179	$ 0.0078	77.23%
Smart Meter Funding Adder	monthly	$ 1.0000	$ 1.0000	$ -	0.00%
Low Voltage Rate	per kWh		$ 0.0012	$ 0.0012	
Regulatory Asset Recovery Rate Rider	per kWh		-$ 0.0008	-$ 0.0008	
Retail Transmission Rate – Network Service Rate	per kWh	$ 0.0047	$ 0.0045	-$ 0.0002	-4.26%
Retail Transmission Rate – Line and Transformation Connection Service Rate	per kWh	$ 0.0080	$ 0.0041	-$ 0.0039	-48.75%
Wholesale Market Service Rate	per kWh	$ 0.0052	$ 0.0052	$ -	0.00%
Rural Rate Protection Charge	per kWh	$ 0.0013	$ 0.0013	$ -	0.00%
Regulated Price Plan – Administration Charge	monthly	$ 0.25	$ 0.25	$ -	0.00%
General Service Less Than 50 kW					
Service Charge	monthly	$ 9.86	$ 21.35	$ 11.4900	116.53%
Distribution Volumetric Rate	per kWh	$ 0.0142	$ 0.0212	$ 0.0070	49.30%
Smart Meter Funding Adder	monthly	$ 1.0000	$ 1.0000	$ -	0.00%
Low Voltage Rate	per kWh		$ 0.0008	$ 0.0008	
Regulatory Asset Recovery Rate Rider	per kWh		-$ 0.0003	-$ 0.0003	
Retail Transmission Rate – Network Service Rate	per kWh	$ 0.0042	$ 0.0040	-$ 0.0002	-4.76%
Retail Transmission Rate – Line and Transformation Connection Service Rate	per kWh	$ 0.0071	$ 0.0037	-$ 0.0034	-47.89%
Wholesale Market Service Rate	per kWh	$ 0.0052	$ 0.0052	$ -	0.00%
Rural Rate Protection Charge	per kWh	$ 0.0013	$ 0.0013	$ -	0.00%
Regulated Price Plan – Administration Charge	monthly	$ 0.25	$ 0.25	$ -	0.00%
General Service 50 to 4,999 kW					
Service Charge	monthly	$ 185.22	$ 204.842	$ 19.6220	10.59%
Distribution Volumetric Rate	per kW	$ 2.3256	$ 3.1255	$ 0.7999	34.40%
Smart Meter Funding Adder	monthly	$ 1.0000	$ 1.0000	$ -	0.00%
Low Voltage Rate	per kW		$ 0.3062	$ 0.3062	
Regulatory Asset Recovery Rate Rider	per kW		-$ 1.5086	-$ 1.5086	
Retail Transmission Rate – Network Service Rate	per kW	$ 1.7320	$ 1.6601	-$ 0.0719	-4.15%
Retail Transmission Rate – Line and Transformation Connection Service Rate	per kW	$ 2.8421	$ 1.4621	-$ 1.3800	-48.56%
Wholesale Market Service Rate	per kWh	$ 0.0052	$ 0.0052	$ -	0.00%
Rural Rate Protection Charge	per kWh	$ 0.0013	$ 0.0013	$ -	0.00%
Regulated Price Plan – Administration Charge	monthly	$ 0.25	$ 0.25	$ -	0.00%
Unmetered Scattered Load					
Service Charge (per connection)	monthly	$ 0.27	$ 0.27	$ -	0.00%
Distribution Volumetric Rate	per kWh	$ 1.5166	$ 3.7552	$ 2.2386	147.61%
Low Voltage Rate	per kWh		$ 0.3370	$ 0.3370	
Regulatory Asset Recovery Rate Rider	per kWh		$ 0.0831	$ 0.0831	
Retail Transmission Rate – Network Service Rate	per kWh	$ 1.3062	$ 1.2520	-$ 0.0542	-4.15%
Retail Transmission Rate – Line and Transformation Connection Service Rate	per kWh	$ 1.4282	$ 1.1302	-$ 0.2980	-20.87%
Wholesale Market Service Rate	per kWh	$ 0.0052	$ 0.0052	$ -	0.00%
Rural Rate Protection Charge	per kWh	$ 0.0013	$ 0.0013	$ -	0.00%
Regulated Price Plan – Administration Charge (if applicable)	monthly	$ 0.25	$ 0.25	$ -	0.00%
Sentinel Lighting					
Service Charge	monthly	$ -	$ -	$ -	
Distribution Volumetric Rate	per kW	$ 1.7266	$ 12.0194	$ 10.2928	596.13%
Low Voltage Rate	per kW		$ 0.3529	$ 0.3529	
Regulatory Asset Recovery Rate Rider	per kW		$ 0.0824	$ 0.0824	
Retail Transmission Rate – Network Service Rate	per kW	$ 1.3129	$ 1.2584	-$ 0.0545	-4.15%
Retail Transmission Rate – Line and Transformation Connection Service Rate	per kW	$ 2.2431	$ 1.1539	-$ 1.0892	-48.56%
Wholesale Market Service Rate	per kWh	$ 0.0052	$ 0.0052	$ -	0.00%
Rural Rate Protection Charge	per kWh	$ 0.0013	$ 0.0013	$ -	0.00%
Regulated Price Plan – Administration Charge (if applicable)	monthly	$ 0.25	$ 0.25	$ -	0.00%
Streetlighting					
Service Charge	monthly	$ 0.26	$ 0.52	$ 0.2600	100.00%
Distribution Volumetric Rate	per kW	$ 1.5609	$ 32.6211	$ 31.0602	1989.89%
Low Voltage Rate	per kW		$ 0.3391	$ 0.3391	
Regulatory Asset Recovery Rate Rider	per kW		$ 0.0860	$ 0.0860	
Retail Transmission Rate – Network Service Rate	per kW	$ 1.3062	$ 1.2520	-$ 0.0542	-4.15%
Retail Transmission Rate – Line and Transformation Connection Service Rate	per kW	$ 2.1971	$ 0.7347	-$ 1.4624	-66.56%
Wholesale Market Service Rate	per kWh	$ 0.0052	$ 0.0052	$ -	0.00%
Rural Rate Protection Charge	per kWh	$ 0.0013	$ 0.0013	$ -	0.00%
Regulated Price Plan – Administration Charge (if applicable)	monthly	$ 0.25	$ 0.25	$ -	0.00%

a) Please confirm or correct this table.
- ***This table is correct.***

b) Under West Perth's proposal, the volumetric rates for each customer class increase, percentage-wise, more so than do the monthly service charges. Elsewhere in the application, West Perth has commented on its belief that customer bills have become more heavily influenced by volumetric charges. Please explain why West Perth has made a proposal that augments the portion of a ratepayer's bill that is based on volumetric amounts.
- ***West Perth's fixed charges were higher than Clinton Power's and given the potential future harmonization of these utilities rates West Perth took the approach to keep the fixed charges static and move Clinton's fixed rates in line with West Perth's.***
- ***This decision also has the added benefit of placing more emphasis on the variable charge in a time when the customer focus on consumption will be increasing significantly with the upcoming application of time of use rate increases and smart meters. This emphasis on the variable charge will give consumers more financial benefit for reducing their consumption thereby further fostering the climate of conservation with the customers.***

c) Has West Perth done any benchmarking analysis to compare their distribution rates against those of similar utilities? One potential peer group would be smaller distributors in Southwestern Ontario, including West Coast Huron, Middlesex Power, etc.
   i. If yes, please provide any such studies.
   ii. If no, please explain why not.
- ***West Perth has not completed any benchmarking analysis to compare their distribution rates against those of similar utilities.***
- ***Once West Perth found a work around for its cost allocation data for its cost of service filing it was under a significant time constraints to complete the application and as a result no such analysis was undertaken.***

63. Ref: E8/T1/S7 – Reconciliation of Proposed rates to revenue requirement

Please provide a detailed table, in working Microsoft Excel format and showing all calculations, to provide the reconciliation of the proposed rates to the distribution revenue requirement, including LV recovery and recovery of the transformer ownership allowance.
- ***Provided electronically as WPPI Interrogatory Responses Excel Tables.xls.***

64. Ref: E8/T1/S9 – Rate Impacts

a) Please confirm whether the detailed rate impacts shown in this exhibit show the impact of taxes
- ***Taxes are not included in the detailed rate impacts.***

b) If taxes are omitted, please provide a variation of E8/T1/S9 showing the calculation of taxes. For both current approved and proposed rates, please show the impact using the Harmonized Sales Tax of 13%.
- ***Provided electronically in WPPI Interrogatory Responses Excel Tables.xls.***

65. Ref: E8/T1/S9 – Rate Impacts – Unmetered Scattered Load

The Board's Decision with Reasons for West Perth's 2006 EDR application, considered under Board File No. RP-2005-0020/EB-2005-0433, states:

> The Board notes that West Perth Power has based its unmetered scattered load rate on a kilowatt billing determinant, in contrast to other distributors which use a kilowatt-hour billing determinant.
>
> The Board will accept the kilowatt billing determinant for determining 2006 rates but is concerned that this practice represents an unnecessary inconsistency in the application of rates among distributors. The Board seeks to minimize such inconsistencies, and therefore directs West Perth Power to structure an unmetered scattered load rate based on a kilowatt-hour billing determinant for its next rate application.[3]

a) Please confirm that West Perth's current Board-approved Tariff of Rates and Charges, based on its 2009 EDR application considered under Board File No. EB-2009-0255, still has volumetric rates for Unmetered Scattered Load ("USL") based on per kW.
- ***Confirmed.***

b) However, in the bill impact for the USL class shown, the volumetric charge has been applied based on per kWh. Please confirm that West Perth is proposing an adjusted volumetric rate for the USL class that is based on per kW rather than per kW.
- ***The bill impact for the USL class was shown in kWh in error and it is confirmed that kW was the billing determinant that the rates determined with.***

[3] Ontario Energy Board, Decision with Reasons, RP-2005-0020/EB-2005-0433, April 28, 2006, pg. 5

c) Please explain, in detail, why West Perth has to date or in this application, not complied with the Board's direction to propose a per kWh volumetric rate for the USL class.

- ***Current management is unsure as to why the former management did not move the billing determinant from kW to kWh prior to this application***
- ***When preparing this application the Board direction from the 2006 EDR was missed. West Perth proposes that the rates be changed from kW to kWh within this application.***

d) Please derive a per kWh volumetric rate for the USL class. Please show all source data and calculations. Provide also a bill impact comparison showing the impact of changing from per kW, based on current (2009) approved rates, to proposed rates.

- ***See the answer to question number 25 above.***

Retail Transmission Rates

66. Ref: E8/T1/S5 and E8/T1/S10 – Retail Transmission Rates

	Network	Connection	Network	Connection
Residential	$ 0.0045	$ 0.0041	$ 0.0045	$ 0.0041
GS < 50 kW	$ 0.0040	$ 0.0037	$ 0.0040	$ 0.0037
GS > 50 kW	$ 1.6601	$ 1.4621	$ 1.6601	$ 1.4621
Streetlighting	$ 1.2520	$ 0.7347	$ 1.2520	$ 1.1302
Sentinel Lighting	$ 1.2584	$ 1.1539	$ 1.2584	$ 1.1539
Unmetered Scattered Load	$ 1.2520	$ 1.1302	$ 1.2520	$ 0.7347

The proposed Retail Transmission rates for the Streetlighting and Sentinel Lighting classes appear to be transposed between the two exhibits. Please confirm which are the correct proposed Retail Transmission rates.

- ***The following table is the correct figures and reference E8/T1/S10***

	Network 2010 Rate	Connection 2010 Rate
Residential	0.0045	0.0041
GS < 50 kW	0.0040	0.0037
GS > 50 kW	1.6601	1.4621
Unmetered Load	1.2520	0.7347
Sentinel Lights	1.2584	1.1539
Street Light	1.2520	1.1302

67. Ref: E8/T1/S10 – Retail Transmission Rates

West Perth provides its derivation of proposed adjusted Retail Transmission Service Rates ("RTSRs") in this exhibit. Board staff has prepared the following table based on the exhibit and reflecting the logic that West Perth seems to be using. The analysis attempts to adjust for certain errors or issues with West Perth's evidence.

Network				
	2007	2008	2009	3-year total
Expenses	$ 317,519	$ 261,945	$ 251,314	$ 830,778
Revenues	$ 345,768	$ 312,188	$ 265,220	$ 923,176
Difference	-$ 28,249	-$ 50,243	-$ 13,906	-$ 92,398
% Difference	-8.90%	-19.18%	-5.53%	-11.12%

Connection				
	2007	2008	2009	3-year total
Expenses	$ 312,914	$ 282,468	$ 232,660	$ 828,042
Revenues	$ 484,244	$ 465,528	$ 443,301	$ 1,393,073
Difference	-$ 171,330	-$ 183,060	-$ 210,641	-$ 565,031
% Difference	-54.75%	-64.81%	-90.54%	-68.24%

	2008	2009	% Change
UTR - Network	$ 1.88	$ 1.99	5.85%

		Adjustment Factors			
	2009	Wholesale	Retail Trend	Net	Wholesale
Residential	$ 0.0047	5.85%	-11.12%	-5.27%	$ 0.0045
GS < 50 kW	$ 0.0042	5.85%	-11.12%	-5.27%	$ 0.0040
GS > 50 kW	$ 1.7320	5.85%	-11.12%	-5.27%	$ 1.6407
Streetlighting	$ 1.3062	5.85%	-11.12%	-5.27%	$ 1.2374
Sentinel Lighting	$ 1.3129	5.85%	-11.12%	-5.27%	$ 1.2437
Unmetered Scattered Load	$ 1.3062	5.85%	-11.12%	-5.27%	$ 1.2374

	2008	2009	% Change
UTR - Connection	$ 2.01	$ 2.24	11.44%

		Adjustment Factors			
	2009	Wholesale	Retail Trend	Net	Wholesale
Residential	$ 0.0080	11.44%	-68.24%	-56.79%	$ 0.0035
GS < 50 kW	$ 0.0071	11.44%	-68.24%	-56.79%	$ 0.0031
GS > 50 kW	$ 2.8421	11.44%	-68.24%	-56.79%	$ 1.2280
Streetlighting	$ 1.4282	11.44%	-68.24%	-56.79%	$ 0.6171
Sentinel Lighting	$ 2.2431	11.44%	-68.24%	-56.79%	$ 0.9691
Unmetered Scattered Load	$ 2.1971	11.44%	-68.24%	-56.79%	$ 0.9493

a) In the table on page 2 of E8/T1/S10, for the Account 1586 trend analysis for Line and Connection Services, West Perth shows expenses of $595,382 and revenues of $949,772. These numbers appear to represent only 2007 and 2008. Please explain why West Perth excluded 2009 from

this analysis, while including all three years in the trend analysis for Network services.

- ***2009 was excluded in error and should be included. The resulting trend further reduces RTSR's as referenced above.***

b) Please confirm or correct Board staff's analysis shown above.

- ***Board Staff's analysis is correct.***

c) On page 1 of E8/T1/S10, West Perth uses "Retail Trend" amounts of -10% for Network and -60% for (Line and) Connection. Please explain the basis for these adjustment factors.

- ***These figures were rounded based on the prior trend analysis. Given Board staff's analysis above West Perth feels that the rates should be adjusted as per those tables.***

d) Please confirm that the Network and Connection expenses and revenues for 2009 are audited amounts and for the full year from January 1 to December 31. If not, please update.

- ***West Perth confirms that the revenue and expenses are for a full year.***
- ***The audit is substantively complete and the revenues and expenditures have been reconciled to the satisfaction of the external auditors.***

e) On page 1 of this exhibit, West Perth shows Wholesale Transmission rates of $1.88 for 2008 and $1.99 for 2009 for Network Services, and $2.01 for 2008 and $2.24 for 2009 for Line and Connection Services. Please confirm whether these rates are the Uniform Transmission rates or the RTSRs of a host distributor servicing West Perth.

- ***These rates are the rates charged to West Perth by its host distributor.***

f) As necessary, please provide an update to E8/T1/S10 in accordance with section 2.9.2 of Chapter 2 of the Filing Requirements for Transmission and Distribution Applications, issued June 29, 2010, and with Guideline G-2008-0001, Electricity Distribution Retail Transmission Service Rates, updated July 8, 2010.

- ***Not required.***

Low Voltage Rates

68. E8/T1/S11 – Low Voltage Rates

a) On the top half of page 2 of this exhibit, West Perth documents the 2009 load at the two delivery points at which it is serviced by its host distributor. West Perth shows expenses of $95,657.24. However, in the trend analysis following, West Perth shows 2009 expenses of $47,129. Please reconcile and explain the difference between then numbers.

- ***The data for the tables at the top of page 2 was an attempt to derive the values that should be charged to West Perth for low voltage rates bases on consumption and demand.***
- ***The data in the bottom half of page 2 relies on actual amounts billed to West Perth by its host distributor and should be the values relied upon.***

b) In the top half of page 2 of the exhibit, West Perth documents a variable rate of $2.66 and a fixed charge of $188.00 for Delivery Point 1, and a variable rate of $0.633 and a fixed charge of $188.00 for Delivery Point 2.

- ***Table one should be ignored for this calculation and the 2009 data should be relied upon solely. And as such no increase should be proposed.***

i. Please confirm which distributor is West Perth's host distributor.
ii. Please explain how West Perth is classified and charged for LV services by its host distributor.
iii. Please confirm that the rates charged to West Perth for LV services did not change in 2009 (i.e. was there a change effective May 1).
iv. Please identify if the rates charged to West Perth for LV services have changed for 2010. If so, please provide the new rates.

c) In the trend analysis shown on page 2 of this exhibit, West Perth documents expenses of $96,829 for 2007, $91,858 for 2008, and $47,129 for 2009. Please explain why the LV expenses for 2009 are significantly below the 2007 and 2008 LV expenses.

- ***The values shown are those actually charged to West Perth by Hydro One, at the time of this response it was not known why there was a significant swing in the values. West Perth will continue to research this issue and determine the nature of the change.***

d) West Perth documents LV revenues of $58,016 for 2007, $54,785 for 2008 and $48,078 for 2009. Please explain and provide detailed calculations showing the derivation of LV revenues for each of these years.

- ***Each year is actual revenues tracked by the billing system and is not calculations.***

e) Please provide an update to E8/T1/S11 in accordance with section 2.9.3 of Chapter 2 of the Filing Requirements for Transmission and Distribution Applications, issued June 29, 2010.

- ***To be determined.***

Exhibit 9 – Deferral and Variance Accounts

69. Ref: Exhibit 1/Tab 3/Schedule 2 – 2008 Draft Financial Statements

a) West Perth has reported the following amounts on its 2008 Financial Statements. These amounts are different from those reported to the Board under RRR 2.1.7. Please explain the reasons for the differences.

RSVAs	$(446,191)
Asset recovered through rates	$ (16,488)
Other	$ 263,408
Total:	$(199,271)

State which value should be relied upon in this proceeding, and, if different from the value reported in the 2008 financial statements, explain why the Board should rely on such different values.

- ***The 2008 Financial Statement values should be relied upon in this proceeding and the tables and documentation will be updated to reflect these amounts.***

70. Ref: Exhibit 9/Tab 1/Schedule 3, page 4 – Description of Deferral and Variance Accounts

Account 1590 – West Perth states that a residual balance of $42,229 remains in this account after the removal of the rate rider effective May 1, 2008.

a) Please reconcile the amount reported in the audited financial statements for 2008 for this account and explain why this number is different from the number on West Perth's 2008 audited financial statements, which show a credit of $16,488 for this account.
   - ***The incorrect year was referenced in the application and the account balance does in fact show a credit of $16,488 in this account.***

b) Please state which value should be relied upon in this proceeding, and, if different from the value reported in the 2008 audited financial statements, explain why the Board should rely on such a different value.
   - ***The 2008 audited value should be relied upon in this proceeding.***

c) Please explain why West Perth is not seeking disposition of this account, in light of the fact that the rate rider has ended and audited financial statements are available.
   - ***Since the account is in a credit position and validated through the external audit West Perth recognizes that this amount should be included in any recovery or refund that it determined in this proceeding.***

71. Ref: Exhibit 9/Tab 1/Schedule 3 – Continuity Schedule

The account balances of the following accounts, as of December 31, 2008 on this Exhibit do not match West Perth's 2.1.7 filings. Please explain the differences.

i. Account 1550
ii. Account 1580
iii. Account 1584

- ***An entire revision of West Perth's continuity schedule needs to be prepared to match the 2008 audited balances.***
- ***West Perth will work on this revision in the time prior to the next round of interrogatories.***

72. Ref: Exhibit 9/Tab 1/Schedule 3 – Accounts Requested for Disposition and Method of Disposition, Description of Deferral and Variance Accounts

Account 1588 – Global Adjustment (GA)

a) The balance in account 1588 – West Perth is showing a credit balance in its GA of $(326,800). This is not consistent with other distributors' balances. It also does not appear to be plausible, given that West Perth's evidence under the "Description of Deferral and Variance Accounts" section where the applicant states: "In the month of December 2008, the global adjustment charged on the IESO bill was $13.37 per MWH. The rate charged to non-RPP consumers was $3.90 per MWH". Such a directional discrepancy resulted in large debit balances being accumulated in other distributors' GA accounts. Please review the transactions in West Perth's GA account and confirm that the transactions in this account have been recorded in accordance with the APH.
   - ***The transactions in West Perth's GA account have been confirmed and have been calculated in accordance with the APH.***
   - ***West Perth had a review of the account completed by an external auditor which confirmed the balances as at December 2008.***

b) Please confirm that the GA principal balance proposed for disposition is based on the procedures identified by the APH. Please refer to the following web link regarding the regulatory accounting and reporting of account 1588 and its global adjustment sub-account. http://www.oeb.gov.on.ca/OEB/Industry/Rules+and+Requirements/Regulatory+Audit+and+Accounting/Webinar+-+Account+1588

- ***Confirmed.***

c) Please provide an allocation of the December 31, 2008 balance of the GA sub-account (plus interest to April 30, 2010) based on the 2008 kWh for non-RPP customers.

	Non-RPP	RPP	Total
	KWH	KWH	KWH
Jan-08	19,567,069	15,726,210	35,293,279
Feb-08	19,207,976	14,390,008	33,597,984
Mar-08	26,317,818	15,090,228	41,408,046
Apr-08	23,948,669	13,703,941	37,652,610
May-08	22,138,674	10,796,227	32,934,901
Jun-08	20,896,816	11,289,549	32,186,365
Jul-08	18,179,525	11,592,628	29,772,153
Aug-08	21,712,447	12,448,890	34,161,337
Sep-08	22,050,735	12,121,164	34,171,899
Oct-08	20,177,088	9,532,181	29,709,269
Nov-08	20,686,956	9,665,182	30,352,138
Dec-08	20,459,270	11,808,263	32,267,533
	255,343,042.17	148,164,470.98	403,507,513.15

d) Please calculate a separate rate rider for the recovery of the proposed GA balance using the allocated amounts and the 2010 non-RPP consumption data (kWh or kW as applicable) as the billing determinant.

	Non RPP Cons	Percentage	Allocation to Class	Billing Determinant	Quantity	Rate
RES	12,105,074.88	24%	$ (78,014.46)	**kWh**	15,569,208	$ (0.0050)
G<50	6,054,653.75	12%	$ (39,020.87)	**kWh**	8,245,459	$ (0.0047)
G>50	32,207,190.65	64%	$ (207,568.03)	**kW**	90,363	$ (2.2971)
Sentinel	3,588.49	0%	$ (23.13)	**kW**	47	$ (0.4924)
Unmetered	12,892.23	0%	$ (83.09)	**kWh**	16,368	$ (0.0051)
Streetlight	324,482.55	1%	$ (2,091.22)	**kW**	1,196	$ (1.7486)
	50,707,882.55	100%	$ (326,800.79)			

e) Please provide a variation of rate rider calculations presented in "Method of Disposition" section of this Exhibit excluding the Power (GA) subaccount from the calculations.

	Allocator	Residential	GS<50 kW	GS>50 to 4,999 kW	USL	Sentinel	Street	Total
Account Description								
RSVA - Low Voltage Variance Account	**kWh**	$ 30,220.25	$ 16,004.66	$ 63,049.88	$ 31.77	$ 32.49	$ 863.81	**$ 110,202.86**
RSVA - Wholesale Market Service Charge	**kWh**	$ 41,293.50	$ 21,869.06	$ 86,152.52	$ 43.41	$ 44.40	$ 1,180.33	**$ 150,583.22**
RSVA - One-time Wholesale Market Service	**kWh**	$ 3,244.09	$ 1,718.07	$ 6,768.29	$ 3.41	$ 3.49	$ 92.73	**$ 11,830.08**
RSVA - Retail Transmission Network Charge	**kWh**	$ (22,601.61)	$ (11,969.82)	$ (47,154.76)	$ (23.76)	$ (24.30)	$ (646.04)	**$ (82,420.29)**
RSVA - Retail Transmission Connection Charge	**kWh**	$ (221,589.68)	$ (117,353.98)	$ (462,312.65)	$ (232.96)	$ (238.25)	$ (6,333.90)	**$ (808,061.43)**
RSVA - Power	**kWh**	$ 183,496.55	$ 97,179.84	$ 382,837.20	$ 192.91	$ 197.30	$ 5,245.05	**$ 669,148.85**
RSVA - Power Global Adjustment	**non RPP kWh**	$ -	$ -	$ -	$ -	$ -	$ -	**$ -**
Total to be Recovered		**$ 14,063.10**	**$ 7,447.82**	**$ 29,340.49**	**$ 14.78**	**$ 15.12**	**$ 401.98**	**$ 51,283.29**
	kWh	15,569,208	8,245,459	32,482,748	16,368	16,740	445,029	**56,775,551**
	Allocator	27.42%	14.52%	57.21%	0.03%	0.03%	0.78%	**100.00%**
	non RPP kWh	3,749,648	992,045	34,852,926	0	0	0	**39,594,619**
	Allocator	9.47%	2.51%	88.02%	0.00%	0.00%	0.00%	**100.00%**
Number of Years for Recovery	**2**	$ 7,031.55	$ 3,723.91	$ 14,670.24	$ 7.39	$ 7.56	$ 200.99	$ 25,643.65
	Variable Billing							
	Determinant	15,569,208	8,245,459	90,363	46	47	1,196	
	Final Rate	**$ 0.0005**	**$ 0.0005**	**$ 0.1623**	**$ 0.1623**	**$ 0.1610**	**$ 0.1681**	

f) Please calculate a separate rate rider for the recovery of the proposed balance of subaccount Power – Global Adjustment of account 1588 using the amounts shown in 2010 and the 2010 non-RPP consumption data (kWh or kW as applicable) as the billing determinant. If West Perth does not have a forecast for 2010 non-RPP consumption data, please use 2008 actuals to determine this rate rider.

- ***See D above.***

g) If West Perth were to establish a separate rate rider to dispose of the balance of the Power (Global Adjustment) sub-account of account 1588, please provide West Perth's views as to whether this rate rider would be applicable to MUSH ("Municipalities, Universities, Schools and Hospitals") sector customers.

- ***West Perth power believes that this rate rider should not be billed to MUSH customers as these customers already paid the global adjustment as part of the RPP.***

h) If the answer to f) is negative, does West Perth have the capability in its billing system to exclude MUSH sector customers to which the separate rate rider for the for the disposition of the account 1588 subaccount Power (Global Adjustment) Balance would apply.

- ***West Perth does have the capability to bill in this manner.***

73. Ref: E9/T1/S3 – Deferral and Variance Account Disposition

On page 1 of this exhibit, west Perth states:

> West Perth Power would prefer to have the rate rider spread over the two year period, rather than the one year recommended in EDDVAR. As noted above, these balances represent 4 years of accumulated balances, so we would prefer to return to customers over a two year period at minimum. The RSVA balances in particular are very large and in the interest of mitigating rate impact we recommend returning to the customers over a four year period.

a) Please confirm that West Perth is proposing a two-year period for recovery of the net D/V account balance of $(300,544), rather than four years as indicated in the above quote.

- ***West Perth is proposing a two year period of recovery.***

b) If the balances are a refund to customers, and given that West Perth's distribution rates will be subject to rate adjustments under the 3rd Generation Incentive Regulation Mechanism plan, please indicate why it would not be better to refund the amount over one year (i.e. the 2010 rate year) to mitigate bill impacts in this current Cost of Service application.

- ***West Perth is willing to refund these balances to its customers over one year as suggested.***

c) The amounts shown in E9/T1/S3/page 4 under the table labelled "Accounts Requested for Disposition" do not appear to match with the amounts documented in the Deferral and Variance Account Continuity Schedule shown in the exhibit also labelled as E9/T1/S3, pages 2-4. As one example, the December 31, 2008 principal balance for Account 1580 is documented as $106,627 in the table labelled "Accounts Requested for Disposition" but as $113,322 in the Deferral and Variance Account Continuity Schedule. Other inconsistencies are apparent also.

i. Please reconcile the table shown in Exhibit 9 and confirm the Deferral and Variance Account balances for which West Perth is proposing disposition.

- ***West Perth will continue working to correct these inconsistencies and will provide an update prior to the next round of interrogatories.***

ii. Please confirm that the December 31, 2008 account balances for the deferral and variance accounts have been audited.

- ***The 2008 balances have been audited and the updated continuity statement mentioned above will reconcile to these amounts.***

iii. If West Perth has received its audited financial statements for 2009, please update Exhibit 9 to reflect balances as of December 31, 2009 and including including to April 30, 2010.

- ***The statements are not yet final.***

d) Please provide, in working Microsoft Excel format, a continuity schedule of West Perth's D/V account balances from January 1, 2005 to December 31, 2009, in accordance with section 2.10.1 of Chapter 2 of the Filing Requirements for Transmission and Distribution Applications, issued June 29, 2010. In particular, please separately show the continuity of Account 1588 excluding the Global Adjustment sub-account, and Account 1588 Global Adjustment sub-account separately. A blank copy of the Microsoft Excel spreadsheet is available on the Board's website at http://www.oeb.gov.on.ca/OEB/_Documents/Regulatory/Continuity_Schedule_EDDVAR.XLS .

- ***Please see response C) i, above.***

74. Ref: E9/T1/S2 – Sections Description of Deferral and Variance Accounts, Accounts Proposed for Disposition, and Method of Disposition

Account 1508 – Other Regulatory Assets, sub accounts OEB Cost Assessments and Pension Contributions

West Perth has indicated in the above-referenced evidence that these accounts will come to an end with its proposed disposition. However, when calculating the rate rider, West Perth has not used the balance in this account for allocating to customer classes or calculating the rate rider.

Please recalculate the rate rider including disposition of account 1508.

- ***Please see response # 73: C; i) above.***

Smart Meters

75. E9/T1/S3 and E9/T1/S4 – Smart Meters

West Perth indicates that it intends to have smart meters deployed in the 2010 test year, with an estimated capital cost of $2.5 million documented on page 3 of E9/T1/S3 or $462,500 as documented in E9/T1/S4. West Perth also indicates that a copy of Appendix 2-S of the Filing Requirements is provided.

a) Please confirm West Perth's estimated capital expenditures to fully deploy smart meters.
   - ***It is anticipated that the costs will be in the 465K range not the $2.5m as incorrectly stated in E9/T1/S3.***

b) Please indicate when West Perth started, or intends to start, deploying smart meters within its licensed service territory.
   - ***West Perth has commenced deploying smart meters in its service territory and expects to be completed by Q4 2010.***

c) Please provide a completed copy of Appendix 2-R of the Filing Requirements for Transmission and Distribution Applications, issued June 29, 2010. This is the same as Appendix 2-S of the previous version of the filing requirements

Year	Smart Meters Installed			Percentage of applicable customers converted (%)	Account 1555		Account 1556
	Residential	GS < 50 kW	Other[1]		Funding Adder Revenues Collected	Capital Expenditures	Operating Expenses
2006	0	0	0	0	$4,185.62	0	0
2007	0	0	0	0	$6,681.14	0	0
2008	0	0	0	0	$14,331.96		
2009	500	0	0	25%	$7,574.36	$37,775.00	
2010	1520	0	0	100%	$18,399.28	$427,225.00	
2011 (and beyond) (if required)							

d) Please indicate if West Perth intends to incur smart meter costs beyond minimum functionality as defined in O.Reg. 425/06. If so, please provide further details on the nature of "beyond minimum functionality" capabilities, and the expected costs.

- ***West Perth does not intend to incur smart meter costs beyond minimum functionality.***

e) How has or is West Perth accounting for the stranded costs of conventional meters replaced by smart meters?

- ***WPPI will depreciate using current OEB guidelines until a final decision is made by the OEB on the disposition of these stranded assets.***

Miscellaneous

76. Harmonized Sales Tax

The PST and GST were harmonized effective July 1, 2010. Historically, unlike the GST, the PST was included as an OM&A expense and was also included in capital expenditures. Due to the harmonization of the PST and GST, regulated utilities may benefit from a reduction in OM&A expenses and capital expenditures on an actual basis.

a) Please state whether or not the applicant has adjusted its Test Year revenue requirement to account for reductions to OM&A expense and capital expenditures that the applicant may realize due to the implementation of the HST effective July 1, 2010. If yes, please identify separately the amounts for OM&A and capital and provide an explanation of how each of those amounts was derived. If no, please identify the amounts in OM&A expense and capital expenditures for the Test Year that were previously subject to PST and are now subject to HST.
   - ***West Perth has not adjusted it Test Year Revenue Requirement to account for OM&A and Capital expenditure reductions that may be realized due to the implementation of HST.***

b) The Board's decision on most 2010 IRM applications established a deferral account and directed applicants to record the incremental input tax credits it receives on distribution revenue requirement items that were previously subject to PST and which become subject to HST. Tracking of these amounts would continue in the deferral account until the effective date of the applicant's next cost of service rate order. Please provide a detailed explanation of how West Perth Power is currently tracking these amounts.
   - ***West Perth Power is beginning to track the difference between HST and PST on its material purchases.***

77. International Financial Reporting Standards (IFRS)

a) Please confirm that the revenue requirement numbers for 2010 are based on CGAAP, and not IFRS accounting principles. If confirmed, please identify the fiscal year which the applicant will begin reporting its (audited) actual results on an IFRS basis. If not confirmed, please provide a detailed revenue requirement impact statement comparing CGAAP with IFRS.
   - ***The revenue requirement numbers for 2010 are based on CGAAP and not IFRS.***
   - ***West Perth Power was awaiting the determination of the Accounting Standards board on the deferral and as a result will likely begin reporting its audited results on an IFRS basis beginning in 2012.***

b) Pleas state whether or not the applicant has included an amount for IFRS transition costs in its Test Year revenue requirement. If yes, please identify the amount and provide a breakdown with a detailed explanation of each cost item. If no, is the applicant recording IFRS transition costs in the deferral account established by the Board in October 2009?
   - ***West Perth Power has not included an amount for IFRS transition costs in its test year and will begin recording IFRS transition costs in a deferral and variance account.***

78. Late Payment Penalty (LPP)

Please state whether or not the applicant has included an amount for recovery of late payment penalty litigation costs in its 2010 Test Year application. If yes, please identify the amount and explain how the applicant is proposing to recover this amount.

- ***West Perth has not included an amount for the recovery of the late payment penalty litigation costs in its 2010 Test Year application.***

79. Low Income Energy Assistance Program (LEAP)

Please state whether or not the applicant has included an amount in its 2010 Test year revenue requirement for the LEAP emergency assistance program.

a) If yes, please identify the amount.

- ***West Perth Power has not included an amount in its revenue requirement for the LEAP emergency assistance program.***

b) If no, please provide the following calculation: 0.12% of the total distribution revenue proposed by the applicant for the 2010 Test Year.

- ***For West Perth Power 0.12% of its total distribution revenue for the 2010 Test Year is $1,493.***

c) Please state whether or not the applicant has included an amount in its 2010 Test year revenue requirement for any legacy program(s), such as Winter Warmth. If so, please identify the amount and provide a breakdown identifying the cost of each program along with a description of each program.

- ***West Perth did not include any amounts in its Test Year revenue requirement for any legacy LEAP programs.***