



Wellington North Power Inc.

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November 24, 2010

Ontario Energy Board
Attention: Kirsten Walli, Board Secretary
2300 Yonge Street
27th Floor
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Walli,

**Wellington North Power Inc. – OEB Licence ED-2002-0511
Response to Board Staff Interrogatories – 3rd Generation Incentive Regulation Mechanism
Ontario Energy Board File Number EB-2010-0119**

As directed in the Board's Letter of Direction dated October 5, 2010 please find Wellington North Power Inc.'s responses to Board Staff interrogatories attached to this letter.

Wellington North Power Inc. would like to point out that it was not expecting interrogatories related to the Smart Meter Rate Calculation from VECC, based on their Notice of Intervention to the Board Secretary dated November 1, 2010. In the Notice VECC identified (item 7) *"VECC is intervening in order to ensure that consumer interests and in particular the interests of low-income and vulnerable users of electricity are fully represented on the determination and allocation of the Lost Revenue Adjustment Mechanism/Shared Savings Mechanism recovery"*.

It is unfortunate that many LDCs have received similar detailed interrogatories from VECC relating to the segregation of Smart Meter revenues and costs by customer class which were clearly not included as a requirement in the Guideline 2008-0002, dated October 22, 2008. These questions require a significant amount of time and effort to respond to which in the end provide little value to the outcome of the process. The Board's recent Decision and Order EB-2010-0209 for PowerStream dated November 19, 2010 provides findings that indicate the collection of Smart Meter costs and revenues on a customer class specific basis would provide limited benefits to the process.

As a result Wellington North Power Inc. does not expect the Board to approve Cost Awards relating to VECC's Smart Meter intervention.

Wellington North Power Inc. submits there may be merit in a Board Staff review of intervenor's interrogatories prior to them being sent to the Applicants to avoid duplication and ensure validity.

In reference to the LRAM/SSM rate rider application, Wellington North Power Inc. submits VECC made an excellent point in referencing the Board's January 27, 2009 letter in their IRs # 5 & 6 which provides direction on the application of revisions to input assumptions for both LRAM and SSM. The direction specifically states that revised input assumptions are to be reflected in the year the revisions are announced for LRAM and in the year after the input assumptions are revised for SSM.

In summary, based on responses to the interrogatories from both Board Staff and VECC, Wellington North Power Inc. has revised the Smart Meter Rate Adder Model, the Deferral and Variance Workform, and the LRAM/SSM component of the IRM rate application. The changes to these components have been reflected in an updated Rate Generator Model with related Bill Impacts.

The interrogatory responses and supporting documents have been filed on the Ontario Energy Board's RESS Filing System, and two (2) hard copies will be sent by courier to the Board office to the attention of the Board Secretary.

If you have any questions regarding this application, please feel free to contact Judy Rosebrugh or Leanna Merner at Wellington North Power Inc.

Submitted respectfully

WELLINGTON NORTH POWER INC.

Original signed by

Judith Rosebrugh, President/CEO

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cc: Public Interest Advocacy Centre
Michael Buonaguro, counsel for VECC

Econalysis Consulting Services
Dr. Roger Higgins

**Responses to Board Staff Interrogatories
2011 IRM3 Electricity Distribution Rates
Wellington North Power Inc.
290 Queen Street West
Mount Forest ON N0G 2L0
Phone: 519-323-1710
EB-2010-0119**

1. Ref: 2011 IRM Deferral Variance Account Workform

Below are the billing determinants identified on Sheet “B1.3 Rate Class and Bill Det” of the Deferral and Variance Account Workform:

Rate Group	Rate Class	Fixed Metric	Vol Metric	Metered kWh	Metered kW
RES	Residential	Customer	kWh	26,917,388	
GSLT50	General Service Less Than 50 kW	Customer	kWh	12,382,839	
GSGT50	General Service 50 to 999 kW	Customer	kW	22,439,950	64,960
GSGT50	General Service 1,000 to 4,999 kW	Customer	kW	29,915,708	72,545
USL	Unmetered Scattered Load	Connection	kWh	8,063	
Sen	Sentinel Lighting	Connection	kW	35,454	93
SL	Street Lighting	Connection	kW	789,692	2,026
NA	Rate Class 8	NA	NA		

- Please explain why the billing determinants in Columns J and K (Metered KWh and Metered kW) are not consistent with the value reported in the 2009 RRR.
- If Wellington North is of the view that the data included in the application is more appropriate to use, please explain why. If not, please re-file the Deferral Account model with the correction.

Response:

1a) Wellington North Power Inc. used Loss adjusted kWh consistent with the quarterly RRR reports (2.1.3). The 2009 Audited RRR (2.1.5) annual values are not loss adjusted but include an adjustment for unbilled for both kWh and kW.

The model asked for “Metered” determinants on sheet B1.3 and those values were automatically transferred to sheet F1.1 Cost Allocation kWh and are identified as Billed kWh. Sheet B1.3 – “Rate Class and Bill Det” also identified “2009 Audited RRR”. There should be consistency in terminology to avoid confusion in future.

1b) Wellington North Power is of the view the numbers included in the 2009 Audited RRR (2.1.5) are the most appropriate to use in this case as they do not include a loss adjustment. For this reason, Wellington North Power is revising sheet B1.3 and resubmitting the 2011 IRM Deferral and Variance Account workform as part of this response. It should be noted this change does not result in surpassing the Threshold Test, therefore, Wellington North Power is not requesting a rate rider.

A copy of revised Sheet “B1.3 Rate Class and Bill Det” and “E1.1 Threshold Test” is included below:

B1.3 Rate Class and Bill Det (revised)

2009 Audited RRR

Rate Group	Rate Class	Fixed Metric	Vol Metric	Metered kWh	Metered kW
RES	Residential	Customer	kWh	25,181,847	
GSLT50	General Service Less Than 50 kW	Customer	kWh	11,485,058	
GSGT50	General Service 50 to 999 kW	Customer	kW	20,635,015	64,960
GSGT50	General Service 1,000 to 4,999 kW	Customer	kW	29,038,914	72,545
USL	Unmetered Scattered Load	Connection	kWh	9,305	
Sen	Sentinel Lighting	Connection	kW	31,619	93
SL	Street Lighting	Connection	kW	750,742	2,026

E1.1 Threshold Test (revised)

Rate Class	Billed kWh
	B
Residential	25,181,847
General Service Less Than 50 kW	11,485,058
General Service 50 to 999 kW	20,635,015
General Service 1,000 to 4,999 kW	29,038,914
Unmetered Scattered Load	9,305
Sentinel Lighting	31,619
Street Lighting	750,742
	87,132,500

Total Claim **68,438**

Total Claim per kWh **0.000785**

2. Ref: 2011 IRM Smart Meter Rate Calculation Workform

Below is Sheet 5 of the Smart Meter Rate Calculation Workform:

Sheet 5. PILs

PILs Calculation

	2006	2007	2008	2009	2010	2011	Later
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Actual	Forecasted	Forecasted
INCOME TAX							
Net Income	\$ -	\$ 330.09	\$ 2,374.46	\$ 4,842.37	\$ 18,841.52	\$ -	\$ -
Amortization	\$ -	\$ 1,630.08	\$ 8,625.57	\$ 19,612.11	\$ 58,917.71	\$ -	\$ -
CCA - Smart Meters	\$ -	\$ -	\$ 2,375.40	\$ 6,641.75	\$ 39,518.50	\$ 72,814.14	\$ -
CCA - Computers	\$ -	\$ 4,482.71	\$ 14,574.94	\$ 25,322.89	\$ 45,873.50	\$ 44,432.12	\$ -
CCA - Other Equipment	\$ -	\$ -	\$ 899.10	\$ 1,618.39	\$ 2,575.71	\$ 3,341.57	\$ -
Change In taxable Income	\$ -	\$ 2,522.54	\$ 6,849.41	\$ 9,128.55	\$ 10,208.48	\$ 120,587.82	\$ -
Tax Rate (3. LDC Assumptions and Data)	36.12%	36.12%	33.50%	33.00%	32.00%	30.50%	29.00%
Income Taxes Payable	\$ -	\$ 911.14	\$ 2,294.55	\$ 3,012.42	\$ 3,266.71	\$ 36,779.29	\$ -

- a) Please explain why there is no input under “2011 Forecasted” Net Income (Cell H8) and Amortization (Cell H9). If this is an omission, please provide the correct inputs and refile the Smart Meter Rate Calculation model

Response:

2a) Upon review, Wellington North Power Inc. found formula errors in sheet “5. PILs” at cells H8, H9, I8, and I9. Correction of the formulas results in the smart meter rate adder on sheet “8. Smart Meter Rate Adder” increasing from \$2.50 to \$3.79. Therefore, Wellington North Power respectfully requests a Smart Meter Funding Adder of \$3.79 per metered customer per month commencing May 1, 2011.

Additional formula errors were detected and corrected on Tab 3 LDC Assumptions and Data at cells J31 to J35 and the Totals on row 36. A revised Smart Meter Rate Calculation Model is included with these IR responses and a copy of the revised sheets 5 and 8 are provided below:

5. PILs (revised)
PILs Calculation

	2006	2007	2008	2009	2010	2011	Later
INCOME TAX	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Actual	Forecasted	Forecasted
Net Income	\$ -	\$ 330.09	\$ 2,374.46	\$ 4,842.37	\$ 18,841.52	\$ 32,618.50	\$ -
Amortization	\$ -	\$ 1,630.08	\$ 8,625.57	\$ 19,612.11	\$ 58,917.71	\$ 96,877.20	\$ -
CCA - Smart Meters	\$ -	\$ -	\$ 2,375.40	\$ 6,641.75	\$ 39,518.50	\$ 72,814.14	\$ -
CCA - Computers	\$ -	\$ 4,482.71	\$ 14,574.94	\$ 25,322.89	\$ 45,873.50	\$ 44,432.12	\$ -
CCA - Other Equipment	\$ -	\$ -	\$ 899.10	\$ 1,618.39	\$ 2,575.71	\$ 3,341.57	\$ -
Change in taxable income	\$ -	\$ 2,522.54	\$ 6,849.41	\$ 9,128.55	\$ 10,208.48	\$ 8,907.88	\$ -
Tax Rate (3. LDC Assumptions and Data)	36.12%	36.12%	33.50%	33.00%	32.00%	30.50%	29.00%
Income Taxes Payable	\$ -	\$ 911.14	\$ 2,294.55	\$ 3,012.42	\$ 3,266.71	\$ 2,716.90	\$ -

8. Smart Meter Rate Adder (revised)

Description	Amount
Revenue Requirement - 2006	\$ -
Revenue Requirement - 2007	\$ 832.75
Revenue Requirement - 2008	\$ 10,266.36
Revenue Requirement - 2009	\$ 25,555.40
Revenue Requirement - 2010	\$ 102,323.59
Revenue Requirement - 2011	\$ 193,880.46
Total Revenue Requirement	\$ 332,858.55
Smart Meter Rate Adder Collected	-\$ 159,614.33
Carrying Cost / Interest	-\$ 5,321.13
Proposed Smart Meter Recovery	\$ 167,923.09
2011 Expected Metered Customers	3696
Proposed Smart Meter Rate Adder	\$ 3.79