



Westario Power Inc.

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February 4, 2011

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

**Re: Ontario Energy Board File #EB-2010-0122
2011 IRM3 Electricity Distribution Rate Application
Westario Power Inc.
Board Staff Interrogatories**

Dear Ms Walli:

In accordance with the Notice of Application and Written Hearing, please find attached Westario Power Inc.'s (WPI) responses to the Board Staff Interrogatories in the above proceeding. We enclose two (2) hard copies of WPI's Interrogatory Responses and WPI will also file electronic versions via e-mail to boardsec@oeb.gov.on.ca and an electronic filing of the application through the Board's RESS portal.

If there are any questions, please contact myself at 519-507-6666 ext. 211, email alvin.allim@westario.com or Lisa Milne at 519-507-6666 ext. 216, email lisa.milne@westario.com.

Yours truly,

Alvin E. Allim
Chief Financial Officer

Responses to Board Staff Interrogatories
2011 IRM3 Electricity Distribution Rates
Westario Power Inc. ("Westario")
EB-2010-0122

Disposition of Group 1 Deferral / Variance Account Balances

Board Staff Interrogatory No. 1 - Ref: 2011 IRM3 Deferral and Variance Account Workform

Board staff notes that no data has been entered for Billed kWh for Non-RPP customers on Sheet B1.3 of the 2011 IRM3 Deferral and Variance Account Workform. This results in the Workform not calculating a rate rider to recover the \$502,826 debit related to the Global Adjustment Sub-Account.

Questions / Requests:

- a) Please explain why no data has been entered in the Column for Billed kWh for Non-RPP customers. If this was an error, please provide the relevant data and Board staff will make corrections to the 2011 IRM3 Deferral and Variance Account Workform and also make the relevant updates to the 2011 IRM3 Rate Generator.

Response:

Westario Power did not provide the billing data for Non-RPP customers due to an oversight on our behalf. However, Westario Power sought clarification from Board staff on the type of data to report and has provided it below as requested:

	Metered kWh	Billed kWh for Non-RPP Customers
Residential	206,159,208	28,215,897
General Service < 50 kW	69,469,398	14,301,152
General Service > 50 kW	164,654,485	134,790,828
Unmetered Scattered Load	341,239	62,412
Sentinel Lighting	17,848	2,049
Street Lights	5,615,940	2,807,924

Please note that the "Billed kWh for Non-RPP Customers" include the relevant uplift factor.

RTSR Adjustments

Board Staff Interrogatory No. 2 - Ref: 2011 IRM3 RTSR Adjustment Workform

Questions / Requests:

- a) Please confirm that the data entered in Column A (metered kWh) is metered data (i.e. no loss factor applied). If a loss factor has been applied to the data in Column A, please re-file the data for Column A and Board staff will make the relevant corrections to the RTSR Workform.

Response:

Westario Power confirms that the metered data originally submitted included the loss factor. Please find below, metered data without the loss factor applied:

	Metered kWh
Residential	206,159,208
General Service < 50 kW	69,469,398
General Service > 50 kW	164,654,485
Unmetered Scattered Load	341,239
Sentinel Lighting	17,848
Street Lights	5,615,940

Shared Tax Savings

Board Staff Interrogatory No. 3 - Ref: 2011 IRM3 Shared Tax Savings Workform; Ref: 2011 IRM3 Rate Generator

Board staff notes that the "Rate ReBal Base Rates" from Sheet E1.1 of the 2011 IRM3 Rate Generator are supposed to be entered on Sheet B1.1 of the 2011 IRM3 Shared Tax Savings Workform.

Questions / Requests:

- a) Please explain the discrepancies between the two sheets cited above. If there are errors, please advise and Board staff will make the relevant corrections.

Response:

The information provided on Sheet B1.1 of the 2011 IRM3 Shared Tax Savings Workform came from an earlier version of the 2011 IRM3 Rate Generator model. Westario Power confirms that the "Rate Rebalanced Base Distribution Rates" of the 2011 IRM3 Rate Generator as submitted, is correct and should be used in the Shared Tax Savings Workform. Additionally, Westario Power would like to

bring to the attention of Board staff that Sheet “B1.1 – Rate Class and Re-based Billing Determinants & Rates” of the 2011IRM3 Shared Tax Savings Workform, the last rate class should be “SL – Street Lighting”, as shown below:

Last COS Re-based Year				2009		
Last COS OEB Application Number				EB-2008-0250		
Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C
RES	Residential	Customer	kWh	18,875	197,649,413	
GSLT50	General Service Less Than 50 kW	Customer	kWh	2,365	70,476,543	
GSGT50	General Service 50 to 4,999 kW	Customer	kW	252	161,192,485	448,543
USL	Unmetered Scattered Load	Connection	kWh	69	501,647	
Sen	Sentinel Lighting	Connection	kW	6	16,635	17
SL	Street Lighting	Connection	kW	6,077	4,144,560	11,037

Board Staff Interrogatory No. 4 - Ref: 2011 IRM3 Shared Tax Savings Workform

Questions / Requests:

- Board staff has been unable to verify the data entered on Sheet F1.1 of the 2011 IRM3 Shared Tax Savings Workform. Please provide evidence supporting this data.

Response:

Westario Power directs Board staff to EB-2008-0238, Decision and Order dated April 24, 2009. Specifically, Exhibit A, Revenue Requirement Work Form, Sheet 3. This information has been reproduced for Board staff to review:

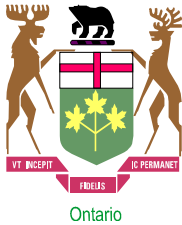
Calculation of Taxable Capital:

Westario Power Inc.
Filed: August 22, 2008
EB-2008-0250
Exhibit 4
Tab 3
Schedule 1
Attachment 7
Page 1 of 1

RateMaker PTLs \$1.0 © Elenchus Research Associates

P7 Capital Taxes		Rates and exemptions from sheet Y1
	2008	2009
OCT (Ontario Capital Tax):		
Rate Base	32,256,716	33,524,934
Less: Exemption	<u>12,500,000</u>	<u>15,000,000</u>
Deemed Taxable Capital	19,756,716	18,524,934
Tax Rate	0.225%	0.225%
OCT payable	44,453	41,681
Federal LCT (Large Corporations Tax):		
Rate Base	32,256,716	33,524,934
Less: Exemption	<u>50,000,000</u>	<u>50,000,000</u>
Deemed Taxable Capital		
Tax Rate		
LCT payable		

Calculation of Regulatory Taxable Income:



REVENUE REQUIREMENT WORK FORM

Name of LDC: WESTARIO POWER INC.

File Number: EB-2008-0250

Rate Year: 2009

Ontario

Taxes/PILs

Line No.	Particulars	Application	Per Board Decision
<u>Determination of Taxable Income</u>			
1	Utility net income	\$1,248,817	\$1,178,128
2	Adjustments required to arrive at taxable utility income	\$487,960	(\$287,148)
3	Taxable income	<u>\$1,736,777</u>	<u>\$890,980</u>
<u>Calculation of Utility income Taxes</u>			
4	Income taxes	\$573,168	\$237,460
5	Capital taxes	\$41,681	\$41,681
6	Total taxes	<u>\$614,849</u>	<u>\$279,141</u>
7	Gross-up of Income Taxes	<u>\$282,307</u>	<u>\$85,835</u>
8	Grossed-up Income Taxes	<u>\$855,475</u>	<u>\$323,295</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$897,156</u>	<u>\$364,976</u>
10	Other tax Credits	\$ -	\$ -
<u>Tax Rates</u>			
11	Federal tax (%)	19.00%	19.00%
12	Provincial tax (%)	14.00%	7.55%
13	Total tax rate (%)	<u>33.00%</u>	<u>26.55%</u>