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March 23, 2012

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-2011-0205
2012 IRM3 Electricity Distribution Rate Application
Westario Power Inc.
Board Staff Interrogatories

Dear Ms Walli:

Please find attached Westario Power Inc.'s ("Westario") responses to 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 Allim

Alvin E. Allim, H.B. Com, CGA
Chief Financial Officer

Board Staff Interrogatories
2012 IRM3 Electricity Distribution Rates
Westario Power Inc.
EB-2011-0205

Introduction

Westario Power Inc. ("Westario") filed an application (the "Application") with the Ontario Energy Board (the "Board"), received on November 25, 2011, under section 78 of the Ontario Energy Board Act, 1998, seeking approval for changes to the distribution rates that Westario charges for electricity distribution, to be effective May 1, 2012. The Application is based on the Board's guidelines for 3rd Generation Incentive Regulation Mechanism.

The purpose of this document is to respond to Board staff on the following matters:

- Review and Disposition of Group 1 Deferral and Variance Account Balances
- Account 1521 – Special Purpose Charge Disposition (SPC)
- Retail Transmission Service Rates ("RTSR") Adjustment Workform
- Lost Revenue Adjustment Mechanism ("LRAM"); and
- Account 1562 – PILs Disposition

Review and Disposition of Group 1 Deferral and Variance Account Balances

Board staff requested Westario to provide a table showing the 2010 RRR data by rate class, as reported to the Board and confirm that this data has not been adjusted for losses. Below is the table as requested and Westario confirms that the data used for the rate rider calculation was not adjusted for losses.

	A	B	C = A - B	D	E = C +/- D
	Billed kWh as per 2010 RRR 2.1.5	Uplift (Loss Factor of 1.0788)	Metered kWh (unadjusted for loss factor of 1.0788)	Adjustment for LTLT	Metered kWh used in the 2012 IRM
Residential	216,435,358	15,809,331	200,626,027	146,956	200,772,983
General Service < 50 kW	66,420,789	4,851,648	61,569,140	(202,581)	61,366,559
General Service > 50 kW	190,213,516	13,893,980	176,319,537	1,987,231	178,306,768
Flat Rate / Scattered Loads	323,110	23,601	299,509	(4,884)	294,625
Sentinel Lighting	19,378	1,415	17,963	0	17,963
Street Lights	8,916,045	651,265	8,264,780	(1,522)	8,263,258
	482,328,196	35,231,240	447,096,956	1,925,200	449,022,156

Account 1521 – Special Purpose Charge Disposition (SPC)

Westario concurs with Board staff, that if the Board decides to dispose of account 1521, the disposition should be on a final basis and account 1521 should be closed.

Retail Transmission Service Rates ("RTSR") Adjustment Workform

Westario provided metered data, which is not adjusted for losses. This is consistent with the data provided previously in its 2011 IRM for the calculation of the RTSR. Below is the table reconciling to the RRR 2.1.5 filed for the year ending December 31, 2010.

	A	B	C = A - B	D	E = C +/- D
	Billed kWh as per 2010 RRR 2.1.5	Uplift (Loss Factor of 1.0788)	Metered kWh (unadjusted for loss factor of 1.0788)	Adjustment for LTLT	Metered kWh used in the 2012 IRM
Residential	216,435,358	15,809,331	200,626,027	146,956	200,772,983
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Lost Revenue Adjustment Mechanism ("LRAM")

Board staff's and VECC's submission on Westario's LRAM claim focused on three issues: whether the 2009 approved cost of service load forecast had already included load reductions to account for subsequent CDM initiatives, lost revenues related to 2006 to 2008 and 2010 and consideration for lost revenues persisting in 2011 and 2012. Westario concurs with Board staff submission with respect to lost revenues prior to 2009 and 2010. However, Westario wishes to address the issue with respect to load reductions included in its 2009 load forecast and persisting amounts in 2011 and 2012.

In its submission, Board staff stated:

> *"In cases in which it was clear in the application or settlement agreement that an adjustment for CDM was not being incorporated into the load forecast specifically because of an expectation that an LRAM application would address the issue, and if this approach was accepted by the Board, then Board staff would agree that an LRAM application is appropriate. Renfrew may want to highlight in its reply whether the issue of an LRAM application was addressed in their cost of service application."*

In developing the 2009 load forecast in its cost of service application, Westario developed a multi-factor regression analysis of monthly wholesale purchases for the distribution system from 2003 to 2007. These volumes represented the bulk electricity system deliveries to the distribution utility. Second, the class specific forecasts were derived by allocating each rate class' share in wholesale kWh, exclusive of distribution losses. Average weather conditions over the period 1998-2007 were used to determine the weather normalized forecast. Board staff and the intervenors raised some concerns regarding technical aspects of the forecasting methodology.

The Board accepted Westario's explanations regarding the approach it took for the regression analysis, and the Board concludes that the results are sufficiently reliable for purposes of setting rates at this time. The Board stated that it expects that Westario will continue to work to refine and develop its forecasting methodology and will be in a position to present an improved approach at the time of its next rebasing.

As noted above NAC was applied to Westario's consumption for the limited periods 2003 to 2007. While some LDCs in their applications specifically lower their load forecast in the test year and in subsequent years to include expected future reductions due to their adoption of CDM initiatives, Westario did not have the sophistication to take this approach. One could conclude that Westario's forecast was developed in expectation of making LRAM claims in future years to compensate it for any subsequent CDM initiatives it undertook. Therefore, Westario submits that its LRAM application is indeed appropriate.

Westario's LRAM current claim is built on the same premise of persistency as accepted by the Board in earlier decisions. These decisions include Burlington Hydro's LRAM claims (Decision on EB-2010-0067 dated March 17, 2011; Decision on EB-2009-0259 dated March 1, 2010) as well as decisions on other LDCs' LRAM claims (Decision on Middlesex Power Distribution's LRAM claim EB-2010-0098 dated March 17, 2011; Decision on Norfolk Power Distribution's LRAM claim EB-2011-0046 dated May 6, 2011; Decision on Hydro One Brampton's LRAM claim EB-2010-0132 dated April 4, 2011).

Westario by default did not include CDM programs in its 2009 load forecast and should be fully entitled to claim an LRAM related to these programs. Westario submits that disallowing an LRAM claim for un-forecasted CDM would act as a major disincentive to participation in future CDM initiatives at Westario and other LDCs.

Board staff requested that Westario provide an updated LRAM amount that only includes lost revenues from 2006-2010 excluding 2009, persistence for 2011 and 2012 with the associated rate riders.

Attached is Westario's calculation as requested.

In submitting that its LRAM claim is appropriate and is fully consistent with previous Board decisions, Westario requests that the Board approve the LRAM claim for $368,916.56 as developed and fully supported in the evidence.

Account 1562 – PILs Disposition

Westario has reviewed the customer counts used to determine fixed rate PILS recoveries in the March 2002 to March 2004 period. It was discovered that the counts used included only SSS customers. Westario has increased the customer counts in this period to include all customers (both SSS and retailer). These increased counts are reflected on the recoveries spreadsheets and continuity schedule.

Westario experienced numerous billing system problems in 2002 along with the ability to get accurate information out of the system for this period. As a result Westario has estimated the June to December 2002 kWh billings by customer class. It determined the monthly percentage of sales by customer class using 2004 and 2005 data. It then applied these percentages by month to the 2002 wholesale purchases to determine a more reasonable sales pattern. Again, these revised monthly sales amounts are reflected on the recoveries spreadsheets and continuity schedule.

With respect to the chart on page 9 showing inconsistencies for GS>50 kW demands from June 2002 to Sept 2002, Westario revisited its billing records and confirms the number as reported is correct. The reason for the credit in June and a low consumption in July was due to the fact that adjustments from previous months are corrected in the current month.

Westario revisited the kW sales for the GS>50kW class and validated that the sales used in the PILS recoveries matched the data contained in their billing system.
The impact of increased customer counts and revised kWh sales (along with associated interest improvement) has a significant impact reducing the amount due from customers from $435,885 to $273,828.

Revised Excel model recovery spreadsheets and continuity model are attached.

~ All of which is respectively submitted ~