

2012 ELECTRICITY DISTRIBUTION RATES

Westario Power Inc.

EB-2011-0205

STAFF SUBMISSION

DRAFT RATE ORDER

April 30, 2012

INTRODUCTION

Westario Power Inc. ("Westario Power") filed an application with the Ontario Energy Board (the "Board") on November 25, 2011. The Application was filed under section 78 of the *Ontario Energy Board Act*, S.O.1998, c. 15, (Schedule B), seeking approval for changes to the rates that Westario Power charges for electricity distribution to be effective May 1, 2012. The Board assigned the Application file number EB-2011-0205.

On April 19, 2012, the Board issued its Decision and Order on Westario Power's application for 2012 electricity rates. The Decision required Westario Power to file its draft rate order ("DRO") within seven business days of the issuance of the Decision. Westario Power filed its DRO and supporting documentation on April 26, 2012. The following are Board staff's comments regarding the DRO.

Disposition of Account 1562: Deferred Payments in Lieu of Taxes

In its Decision and Order, the Board directed Westario Power to use the 2006 EDR volumetric billing determinants for the GS>50 kW class in order to calculate the PILs collections for 2003, 2004, 2005 and the four month of 2006. In its DRO, Westario Power revised the GS>50 kW billing determinants to reflect an average of 37,682.2 kW per month (452,234 kW/12) for the period from January 2003 to April 2006. These revisions have reduced the 1562 Deferred PILs to a credit balance of \$33,814. Board staff accepts Westario Power's this revised Account 1562 Deferred PILs balance and agrees that Westario Power has appropriately reflected the Board's findings in all areas of the Decision and Order except for the matters discussed below.

Rate Generator

The 2012 IRM Rate Generator allows for the balance of Account 1562 to be included in the disposition of deferral and variance account balances on sheet 9 of the Rate Generator (line 40, Deferred Payments in Lieu of Taxes). In its DRO, Westario Power included a credit amount of \$273,828 for Account 1562 on sheet 9 of the Rate Generator instead of the revised credit balance of \$33,814. Board staff also notes that Westario has calculated the following rate riders reflecting the disposition of the revised deferred PILs amount of \$33,814 and that these rate riders have been added on sheet 14, Proposed Rate Riders of the Rate Generator.

| | Allocation % based on 2009 DRR | Allocated 1562 Disposition Value (including interest to Apr. 30, 2012) | 2009 Approved Billing Determinant (kWh/kW) | Proposed Rate Rider | |
|----------------------------------|--------------------------------------|--|--|------------------------|---------|
| Residential | 61.92% | 20,692.43 | 197,649,413.00 | 0.0001 | per kWh |
| General Service < 50 kW | 14.25% | 4,762.07 | 70,476,543.00 | 0.0001 | per kWh |
| General Service 50 to 4999 kW | 19.72% | 6,590.03 | 448,543.00 | 0.0147 | per kW |
| Sentinel Lights | 0.10% | 33.42 | 17.00 | 1.9658 | per kW |
| Street Lights | 3.75% | 1,253.18 | 11,037.00 | 0.1135 | per kW |
| USL | 0.35% | 116.96 | 501,647.00 | 0.0002 | per kWh |

Board staff submits that sheet 9 of the Rate Generator should be updated to reflect the revised PILs amount of \$33,814 and that the rate riders for “Disposition of PILs 1562” on sheet 14 should be removed.

Tariff of Rates and Charges

Board staff notes that the Tariff of Rates and Charges provided by Westario Power in its DRO contains separate rate riders entitled “Rate Rider for Disposition of PILs 1562” for all rate classes. As discussed above, these rate riders should be included in the “Rate Rider for Deferral/Variance Account Disposition (2012)” and should be removed from the Tariff of Rates and Charges.

- All of which is respectfully submitted -