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June 1, 2012

BY EMAIL & COURIER

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge St, Suite 2701  
Toronto ON M4P 1E4

Dear Ms. Walli:

**Board File No. EB-2011-0249**  
**Wellington North Power Inc. – 2012 Cost of Service Application**  
**Energy Probe – Interrogatories**

Pursuant to Procedural Order No. 1, issued by the Board on May 24, 2012 please find attached the Interrogatories of Energy Probe Research Foundation (Energy Probe) in respect of Wellington North Power in the EB-2011-0249 proceeding.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh  
Case Manager

cc: Judy Rosebrugh, Wellington North Power (By email)  
Richard Bucknall, Wellington North Power (By email)  
Randy Aiken, Aiken & Associates (By email)  
Intervenors of Record (By email)

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**Energy Probe Research Foundation** 225 BRUNSWICK AVE., TORONTO, ONTARIO M5S 2M6

Phone: (416) 964-9223 Fax: (416) 964-8239 E-mail: [EnergyProbe@nextcity.com](mailto:EnergyProbe@nextcity.com) Internet: [www.EnergyProbe.org](http://www.EnergyProbe.org)

**Ontario Energy Board**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*,  
S.O. 1998, c. 15, (Schedule B);

**AND IN THE MATTER OF** an application by Wellington  
North Power Inc. for an order approving just and reasonable  
rates and other charges for electricity distribution to be  
effective May 1, 2012.

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**INTERROGATORIES OF  
ENERGY PROBE RESEARCH FOUNDATION  
("ENERGY PROBE")**

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**June 1, 2012**

**WELLINGTON NORTH POWER INC.  
2012 RATES REBASING CASE  
EB-2011-0249**

**ENERGY PROBE RESEARCH FOUNDATION  
INTERROGATORIES**

**Interrogatory #1**

**Ref: Exhibit A1, Tab 1, Schedule 1, page 19**

- a) Is WNP proposing to recover the entire 2012 revenue deficiency through rates in 2012, including a rate rider in whatever period remains in 2012 after a final rate order has been issued by the Board? If yes, please explain why WNP should be allowed to recover the full annual deficiency despite filing the evidence 7.5 months late.**
- b) If the Board were to determine that the deficiency to be recovered should only be for the remaining months in 2012 at the time of the Decision in this proceeding, how would WNP prorate the approved deficiency to reflect recovery of this partial deficiency over the remaining months of 2012?**

**Interrogatory #2**

**Ref: Exhibit 1, Tab 1, Schedule 1, page 26**

**Paragraph 9.1.2 of Appendix B to the Report of the Board on the Transition to International Financial Reporting Standards of July, 2009 (EB-2008-0408) as amended with the Board's March 15, 2011 letter, states that in addition to filing the test year data in modified IFRS format, the historical, bridge and test years must be provided in CGAAP-based format. Has WNP provided 2012 data in CGAAP format? If not, why not?**

**Interrogatory #3**

**Ref: Exhibit 1, Tab 1, Schedule 1, page 34**

**Please indicate if the two new positions shown in Table 1-9 were filled in April 2012 as forecast. If not, please indicate if these positions are currently filled or vacant. If vacant, please update the date when these positions are now expected to be filled.**

#### **Interrogatory #4**

**Ref: Exhibit 1, Tab 2, Schedule 1, page 43**

- a) Do the customer impacts shown in Table 1-11 include the impact of changes in the recovery/rebate of deferral and variance accounts? If not, please provide a revised table that includes these impacts.**
- b) Do the customer impacts shown in Table 1-11 include the impact of the Smart Metering Charge (SMC) of \$0.81 per RPP-eligible customer as noted on page 22 of Exhibit 1, Tab 1, Schedule 1? If not, please provide a revised table that includes these impacts, along with those noted in part (a) above.**

#### **Interrogatory #5**

**Ref: Exhibit 2, Tab 2, Schedule 2, page 196**

**Please update Table 2-9 to reflect actual data for 2011.**

#### **Interrogatory #6**

**Ref: Exhibit 2, Tab 2, Schedule 3 &  
Exhibit 11, Schedule 2**

**The CGAAP and MIFRS fixed asset additions shown for 2011 and 2012 on pages 203 and 204 of Exhibit 2, Tab 2, Schedule 3 (MIFRS) and in Tables 11-2 and 11-3 in Exhibit 11, Schedule 2 (CGAAP) are identical. Please confirm that this means there has been no impact on the capitalization of any OM&A costs on WNP of moving from CGAAP to MIFRS. If this cannot be confirmed, please explain why the capital cost additions shown for 2011 and 2014 are the same under MIFRS as under CGAAP.**

#### **Interrogatory #7**

**Ref: Exhibit 2, Tab 5, Schedule 1, page 227**

**Please provide the estimates included in the evidence related to the repairs, renovations or alternatives noted on the top of the page. If now available, please also provide the quotes obtained from building engineers and architects to assess the building structure and to provide the feasibility study noted.**

#### **Interrogatory #8**

**Ref: Exhibit 2, Tab 5, Schedule 2, page 228**

**Please provide more details on the \$307,642 actual spend shown in Table 2-52 as part the contingency line.**

#### **Interrogatory #9**

**Ref: Exhibit 2, Tab 5, Schedules 2, 3 & 4**

- a) Do Tables 2-52, 2-53 and/or 2-54 include any estimated or actual costs related to smart meters that were to be recorded in account 1555? If yes, please provide versions of these tables that do not include any amounts that were ultimately recorded in account 1555.**
- b) When was the 2009 capital addition budget approved by the Board of Directors?**
- c) When was the 2010 capital addition budget approved by the Board of Directors?**

#### **Interrogatory #10**

**Ref: Exhibit 2, Tab 5, Schedule 5**

- a) Please provide a table in a similar level of detail for 2011 as shown for 2010 in Table 2-54. Please explain any significant variance from the 2011 forecast of \$516,428 shown in Table 2-56.**
- b) When was the 2011 capital addition budget shown in Table 2-56 approved by the Board of Directors?**
- c) Please provide a description of any projects completed in 2011 and included in rate base that are not included in the list of capital projects shown on pages 235 through 243.**

### **Interrogatory #11**

**Ref: Exhibit 2, Tab 5, Schedule 6**

- a) Please explain the increase to \$260,028 in customer driven costs shown in Table 2-57 for 2012 as compared to the forecast of \$61,242 shown in Table 2-56 for 2011. Is this increase all related to the OPP station?
- b) What was the actual customer driven costs in each of 2008, 2009, 2010 and 2011?
- c) Why are there no contributions and grants shown in Table 2-57 for the test year?
- d) What was the actual level of contributions and grants in each of 2008, 2009, 2010 and 2011?
- e) Is the estimated cost of \$215,087 for item #2012-008 the net cost after a customer contribution? If yes, please show the gross cost and the forecasted contribution. If no, please explain why no customer contribution has been forecast.
- f) The last line on page 248 does not appear to be completed on page 249. Please complete the sentence that begins "This active data".
- g) Is there any forecasted changes to the 2012 test year capital expenditures as the result of any variance between forecasted and actual 2011 capital expenditures, or any other reason? If yes, please provide details.

### **Interrogatory #12**

**Ref: Exhibit 3, Tab 1, Schedule 1**

**Please update Table 3-0 to include actual data for 2011.**

### **Interrogatory #13**

**Ref: Exhibit 3, Tab 2, Schedule 1**

- a) How did WNP remove the billed and line loss amounts associated with the three GS 1000 - 4999 kW customers that were forecast separately? In particular, how did WNP calculate the line losses associated with these customers?

- b) Please update Table 3-1 to reflect actual 2011 data.**
- c) Please update Table 3-4 to reflect actual 2011 data.**
- d) Please update the tables shown on page 337, along with Table 3-7 on page 338, to reflect actual data for 2011.**
- e) Please update Table 3-14 to reflect actual 2011 data.**

#### **Interrogatory #14**

**Ref: Exhibit 3, Tab 2, Schedule 1**

- a) Table 3.9 has a footnote that indicates the source of the data is Owen Sound/Collingwood, while the text immediately prior to the table indicates the data is sourced from the Windsor weather station. Please reconcile .**
- b) Please explain why the Windsor weather station data was used to calculate the 10 and 20 year trends while the equation used to forecast volumes utilizes Owen Sound/Collingwood data.**

#### **Interrogatory #15**

**Ref: Exhibit 3, Tab 2, Schedule 1**

- a) Please update Table 3-15 to reflect actual data for 2011.**
- b) Please explain why 2004 data was used in the calculation of the average when it is not substantially different from the 2009 data which was excluded.**
- c) What is the impact on the revenue deficiency if the 2005 -2010 average (excluding 2009) is used for the 2012 forecast for these three customers. Please show the change in the billed kWh and kW that result from using this average.**
- d) Did WNP try any regression analysis techniques on the volume associated with the three customers noted in terms of using explanatory variables such as provincial GDP, unemployment rate, etc. that would reflect economic conditions? If not, why not? If yes, please provide the results of those equations, including the statistics, the forecasts for these three accounts using the regression equation and a live Excel spreadsheet that includes the data and equations tested.**

**Interrogatory #16**

**Ref: Exhibit 3, Tab 2, Schedule 1**

**Please update Tables 3-16, 3-17, 3-18 and 3-19 to reflect actual 2011 data.**

**Interrogatory #17**

**Ref: Exhibit 3, Tab 2, Schedule 1**

- a) Has WNP used the trend approach in forecasting the kW/kWh ratios, as shown in Table 3-24 or the average analysis approach, as stated at the bottom of page 352?**
- b) Please explain how the 2012 figure of 0.2772% was calculated as the kW/kWh ratio in Table 3-24 for the GS 1,000 - 4,999 kW class.**
- c) Please update Tables 3-23, 3-24 and 3-25 to reflect actual 2011 data.**
- d) Please provide the calculations for each of the classes shown in Table 3-25 of the 2012 kW forecasting using the weather normalized billed energy forecast shown in Table 3-22 and the kW/kWh ratios actually used (as it does not appear that the figures shown in Table 3-24 were used).**

**Interrogatory #18**

**Ref: Exhibit 3, Tab 2, Schedule 1**

**Please update Table 3-26 to reflect actual 2011 data.**

**Interrogatory #19**

**Ref: Exhibit 3, Appendix 3A**

- a) Please provide the data shown in Appendix 3A in a live Excel spreadsheet.**
- b) Please confirm that the volumes shown in the "Purchased including Losses" exclude the billed kWh volumes for the three customers that were forecast independently.**



- c) Have the volumes noted above in the "Purchased including Losses" column been adjusted for the losses associated with the three customers that were forecast separately? If not, does this mean that the volumes in this column include actual purchases for all customers but the three that have been removed, including losses associated with the three customers that have been removed?
- d) Please include in the live Excel spreadsheet the volumes associated with the three customers that were removed from the "Purchased including Losses" column as a separate column of data.

#### **Interrogatory #20**

**Ref: Exhibit 3, Tab 3, Schedule 2**

- a) Does Table 3-30 include interest associated with deferral and variance accounts? If no, please explain the negative amounts shown in account 4405 in 2008. If yes, please provide a revised Table 3-30 that excludes all interest associated with deferral and variance accounts.
- b) Please confirm that the 2012 forecast does not include any interest associated with deferral and variance accounts.
- c) Please provide an updated version of Table 3-30 that includes 2011 data.
- d) Why was the \$192,175 insurance recovery not booked as a reduction to the capital cost of fixing the substation that was destroyed? What was the cost associated with the destroyed substation that was included in capital expenditures in 2009 or subsequent years?
- e) Please indicate where the figures of \$54,823 and \$27,267 in Table 3-31 are included in Table 3-30.
- f) Please update Table 3-31 to reflect actual 2009 through 2011 data.

#### **Interrogatory #21**

**Ref: Exhibit 4, Tab 1, Schedule 1**

- a) Please confirm that there is no impact on the 2011 or 2012 OM&A figures based on the change from CGAAP to MIFRS.
- b) Please update Table 4-1 to reflect actual data for 2011.

### **Interrogatory #22**

**Ref: Exhibit 4, Tab 2, Schedule 2**

- a) Please update Table 4-2 (page 388) to reflect actual data and provide an update to the variance analysis provided on pages 391-394.**
- b) Please identify and quantify all one-time OM&A expenses in 2011, such as the cost of accounting training for the financial position and the testing of the new financial system (that attracted overtime costs as well as external consultant costs) included in 2011.**

### **Interrogatory #23**

**Ref: Exhibit 4, Tab 2, Schedule 3**

- a) Please update Tables 4-5 through 4-10 to reflect actual 2011 data.**
- b) Does Table 4-7 include LEAP funding? If no, where is the LEAP funding included? If yes, what else is included in account 5410?**
- c) Please provide the percentage increase effective January 1, 2012 for each of the employee groups shown on pages 413 through 417.**
- d) Are the representatives from municipal council that are on the Board of Directors compensated at the same level as the independent members?**
- e) Please provide the average compensation (excluding expenses) of the members of the Board of Directors for each of 2008 through 2011 on an actual basis and the forecast for 2012.**

### **Interrogatory #24**

**Ref: Exhibit 4, Tab 2, Schedule 4**

- a) Please update Table 4-11 to reflect actual 2011 data.**
- b) What is the impact on the 2012 OM&A costs if the percentage increase to wages and salaries were reduced by one percentage point?**
- c) What is the impact on the 2012 OM&A costs if the forecast of inflation is reduced from 3% to 2% for 2012?**

- d) Please confirm that the Canadian CPI rate for the first four months of 2012 has averaged 2.25%.

**Interrogatory #25**

**Ref: Exhibit 4, Tab 2, Schedule 5**

- a) Please update Table 4-12 to reflect actual 2011 data.
- b) Please confirm that the one-time costs shown in Table 4-12 of \$135,731 are the costs related to the 2012 COS application.

**Interrogatory #26**

**Ref: Exhibit 4, Tab 2, Schedule 6**

- a) Please update Table 4-13 to reflect actual 2011 data.
- b) Please confirm that the line labeled "FTEEs / Customer" in Table 4-13 should be "Customers / FTEEs".

**Interrogatory #27**

**Ref: Exhibit 4, Tab 2, Schedule 10 &  
Exhibit 4, Tab 2, Schedule 9**

Please reconcile the figures for the three accounts shown in Table 4-23 in Exhibit 4, Tab 2, Schedule 9 with the Total Compensation (Salary, Wages & Benefits) shown in Table 4-24 in Exhibit 4, Tab 2, Schedule 10.

**Interrogatory #28**

**Ref: Exhibit 4, Tab 3, Schedule 2 &  
Exhibit 2, Tab 2, Schedule 3**

- a) Please provide updated CCA schedules for 2011 and 2012 (Tables 4-44 and 4-46) that reflect the actual 2011 tax filings for WNP.

- b) Please explain why the computer hardware shown in the tables on pages 203 and 204 of Exhibit 2, Tab 2, Schedule 3 indicate that the additions are related to CCA class 45.1 while in Tables 4-44 and 4-46 these additions are put into CCA Class 10.
- c) Please confirm that computer hardware acquired after January 2011 should be included in CCA Class 50.
- d) Please provide revised CCA schedules with the additions to computer hardware allocated to CCA Class 50 with a CCA rate of 55%.
- e) Has WNP included any tax credits associated with the Co-Operative Education Tax Credit ("CETC"), the provincial Apprenticeship Training Tax Credit ("ATTTC") or the federal Apprenticeship Job Creation Tax Credit ("AJCTC") in the calculation of its income taxes? If yes, please show the calculation of the credit(s) for 2012 and where they are reflected in the evidence.
- f) Has WNP had any positions that qualified for any of these tax credits in 2008 through 2011 or are forecast to qualify for 2012? If yes, please provide details.
- g) Please provide a copy of the 2011 Federal and Ontario Tax Return.

#### **Interrogatory #29**

**Ref: Exhibit 4, Tab 3, Schedule 1 &  
Exhibit 6, Tab 1, Schedule 1**

**Please reconcile the 2012 regulatory taxable income of \$28,216 shown in Table 4-43 in Exhibit 4, Tab 3, Schedule 1 with the taxable income of \$33,391 shown in Table 6-2 in Exhibit 6, Tab 1, Schedule 1.**

#### **Interrogatory #30**

**Ref: Exhibit 5, Tab 1, Schedule 1**

- a) Please confirm that the debt noted on page 688 should be 56% long-term debt and 4% short-term debt rather than the reverse as shown in the evidence.
- b) Please confirm that on page 689, WNP is requesting a short-term debt rate of 2.08%, not a long-term debt rate of 2.08% as stated.

### **Interrogatory #31**

**Ref: Exhibit 5, Tab 1, Schedule 1**

**WNP has a deemed long-term debt amount of approximately \$4.2 million (Table 5-4) but actual long-term debt of less than \$2.0 million (Table 5-5).**

- a) Please explain why WNP has not moved its actual capital structure closer to its deemed capital structure.**
- b) Can WNP pay off the remaining promissory notes to the affiliates without any penalty?**
- c) Despite the rate approved by the Board for the long-term debt rate associated with the affiliates for rate setting purposes, does WNP continue to pay the townships 7.25%? If not, what rate will WNP pay to the townships for 2012?**
- d) Has WNP considered borrowing additional funds from Infrastructure Ontario to finance its capital expenditures of nearly \$1 million in 2011? If not, why not?**
- e) What is the term on the current Infrastructure Ontario loan?**
- f) What is the current interest rate on Infrastructure Ontario loans with terms of 5, 20 and 40 years?**

### **Interrogatory #32**

**Ref: Exhibit 6, Tab 1, Schedule 1**

- a) Is the 2011 data shown in Table 6-2 based on CGAAP or MIFRS?**
- b) Does the 2011 data shown in Table 6-2 include all actual information, including OM&A expenses, depreciation, rate base, revenues, taxes, etc? If not, please provided a revised Table 6-2 that reflects all actual data for 2011 in a CGAAP basis.**

**Interrogatory #33**

**Ref: Exhibit 8, Tab 8, Schedule 2**

- a) Please include 2004 data in Table 8-14 and show the 7 year average total loss factor.**
- b) Please add 2011 actual data in Table 8-14.**
- c) Please explain why WNP is using a 6 year average to calculate the loss factors when section 2.11.7 in Chapter 2 of the Filing Requirements for Transmission and Distribution Rate Applications dated June 22, 2011 indicates that the preferred approach is a 5 year average?**

**Interrogatory #34**

**Ref: Exhibit 8, Tab 10, Schedule 1**

- a) Please explain in detail why WNP is not proposing any rate mitigation measures for those rate classes that have a total bill increase in excess of 10%.**
- b) Please update the rate impacts shown at pages 753-757 to incorporate the energy charges from the April 2, 2012 Regulated Price Plan Price Report for May 1, 2012 to April 30, 2013.**

**Interrogatory #35**

**Ref: Exhibit 9, Schedule 4**

- a) Does the information provided in Table 9-5 reflect actual 2011 data?**
- b) If the response to part (a) is no, please provide a revised Table 9-5 to reflect actual 2011 data.**
- c) Does the revenue requirement forecast for 2012 include any incremental costs related to the transition to MIFRS? Does it include any on-going costs associated with MIFRS?**

- d) What are the costs that WNP would include in the requested sub-account for deferred IFRS transition costs noted on page 776 at the end of 2011 and at the end of May 2012? Does WNP expect to incur any other incremental costs related to the transition to MIFRS beyond the end of May 2012? If yes, please explain.

**Interrogatory #36**

**Ref: Exhibit 9, Schedule 5 &  
Exhibit 9, Schedule 8 &  
Exhibit 8, Tab 10, Schedule 1**

- a) Please reconcile the statement at page 778 of Exhibit 9, Schedule 5 that WNP is requesting the use of the default disposition period of 1 year with the statement on page 783 of Exhibit 9, Schedule 8 that WNP is proposing that the rate riders illustrated in Table 9-7 be effective for 2 years.
- b) What is the impact on the total customer bills shown in Exhibit 8, Tab 10, Schedule 1 at pages 753-757 if the deferral/variance accounts are cleared over 1 year instead of 2? Please use the energy cost as requested in Interrogatory #34(b).

**Interrogatory #37**

**Ref: Exhibit 10, Tab 1, Schedule 1**

- a) Please indicate the last month of revenues included in the SMFA revenues of \$272,394.92 shown in Table 10-1.
- b) Please update all the figures in Table 10-1 to reflect actual 2011 data, along with the most recent actual data available for the SMFA revenues collected in 2012.
- c) Please confirm that that SMFA rate rider is no longer being collected by WNP as of May 1, 2012. If this cannot be confirmed, please provide the monthly revenue being collected beyond May 1, 2012 associated with this rate rider.

**Interrogatory #38**

**Ref: Exhibit 10, Tab 2, Schedule 1**

- a) Does the WNP approach that results in residential and GS < 50 kW customers paying the same amount implicitly assume that the original capital cost of meters are the same for these two customer classes?**
- b) Please recalculate the net book value segregation by rate class and the resulting rate riders shown in Table 10-10 using the relative meter costs of \$224.18 for residential meters and \$735.94 for GS < 50 kW meters as shown on Tab I7.1 Meter Capital of the cost allocation model.**
- c) Please explain why the above approach does not make sense and would be inequitable to one or both classes.**

**Interrogatory #39**

**Ref: Exhibit 11, Schedule 6**

**Please explain how the \$33,168 shown in Table 11-11 is being refunded to customers over the 2012 through 2015 period under the WNP proposal. In particular, please explain the adjustment of \$33,168 shown in Table 11-13.**