Wellington North Power Inc.

2012 Rate Rebasing Application

EB-2011-0249

Board Staff Interrogatories

Pursuant to Procedural Order No. 1, the following are Board staff's interrogatories in Wellington North Power Inc.'s ("WNP") 2012 Cost of Service Application, EB-2011-0249.

Letters of Comment

1. Reference: Notice of Application and Hearing

Following publication of the Notice of Application and Hearing, the Board has received no letters of comment to date.

a. Please confirm whether WNP has received any letters of comment, and if so, please file a copy of the letters of comment.

b. Please confirm whether a reply was sent from WNP for each. If confirmed, please file the reply with the Board. Please ensure that the author's contact information except for the name is **redacted**.

c. If not confirmed, please explain why a response was not sent and confirm if WNP intends to respond.

Wellington North Power Inc. - Response:

a) Wellington North Power Inc. did not receive any letters of comment in regards to its publication of the Notice of Application and Hearing.

b) No letters of comment received.

c) No letters of comment received.

Conservation and Demand Management

2. Reference: Decision and Order EB-2010-0215, EB-2010-0216

In Appendix A of the Board's Decision and Order on CDM Targets, EB-2010-0215, EB-2010-0216, WNP was given the following CDM targets: a 2014 Net Annual Peak Demand Savings of 0.930 MW, and a 2011-2014 Net Cumulative Energy Savings of 4.520 GWh.

a. What plans and programs/projects does WNP have to achieve these targets?

b. If any costs associated with these plans and programs/projects are included in the 2012 test year revenue requirement please state the amount(s), describe the program(s)/project(s), and state why they should be included in the revenue requirement.

Wellington North Power Inc. - Response:

a) Wellington North Power Inc. is participating in the provincially coordinated Ontario Power Authority programs, to reduce customer energy consumption. The company has had a booth area home shows, held conservation information sessions for general service customers and is meeting with general service customers to perform facility audits to assist them, in reducing their monthly energy use. Below are the provincial programs Wellington North Power is participating in:

- saveONenergy Fridge & Freezer Pickup
- saveONenergy Heating & Cooling Incentive
- saveONenergy Coupon Event
- *peaksaver* PLUS
- Retrofit Program
- High Performance New Construction
- HVAC Incentive Program
- Small Business Lighting
- Energy Audits
- saveONenergy Home Assistance Program

b) Wellington North Power Inc. has not included any costs associated with its plans and programs in the 2012 test year revenue requirement, but is using the only the funding from the Ontario Power Authority to promote conservation plans, programs and initiatives.

3. Reference: LRAM, Exhibit 9, Schedule 7, page 781

WNP states that it does not intend to seek an LRAM claim at this time, as it had filed an LRAM claim in its 2010 IRM proceeding. Board staff also notes that the Filing Guidelines state in Chapter 3, page 21 that if a distributor does not file for the recovery of 2010 LRAM or SSM amounts in its 2012 rate application, it will forego the opportunity to recover LRAM or SSM for this legacy period.

a. Has WNP recovered its lost revenues due to CDM activities for all years up to and including 2010?

b. If not, is it WNP's intention to forego these lost revenues?

Wellington North Power Inc. - Response:

a) In 2010 Wellington North Power Inc. applied for and received approval, to recover the LRAM as part of the company`s 3rd Generation Incentive Rate Mechanism to the end of 2009.

The program participation in 2010 by customers was much slower than from 2006 to 2009. The cost of the Lost Revenue Adjustment Mechanism study in 2010 was $12,500 and therefore when weighing the LRAM cost versus the gain, it was felt the cost would outweigh the value of the recovery.

b) Therefore, Wellington North Power Inc. is not seeking to recover LRAM as part of its 2012 Cost of Service application, foregoing the opportunity to recover both LRAM and SSM for this legacy period.

Rate Base

4. Reference: Meter Expense, Exhibit 2, Tab 2, Schedule 3

WNP's 2009 continuity table shows additions of $319,876 for Meter Expense.

a. Are these smart meters purchased?

b. How is this amount related to the $426,181 smart meters purchased as at 2009 as shown in the smart meter cost recovery evidence at Exhibit 10?

c. Please explain the entry of ($300,900) in 2010 Additions to Account 1860.

d. Please explain the opening balances of $577,899 for smart meters and $359,770 for smart meter communications systems in 2011. How are these items related to the smart meter costs in Exhibit 10?

Wellington North Power Inc. - Response:

a. In the Continuity Schedule table for 2009, the capital additions of $319,876 did in part include Smart Meters purchased.

b. WNP has updated the OEB Smart Meter v2.17 model and can confirm that in 2009, the LDC spent $91,521.63 on Smart Meters.
WNP has updated the OEB Smart Meter Model and as per Reference 40 of this document, has filed this information on the RESS site.
(Filename: WNP_2012_Smart_Meter_model_V2.17_June12)

c. The entry of ($300,900) in 2010 Additions to Account 1860 was the reversing of Smart Meter assets that had been added to this account in 2009 and 2010, instead of being allocated to Account 1555.

d. WNP has updated the Continuity Schedules for 2011 Bridge Year to include 2011 actual data. As a result the Continuity Schedules for the 2011 Bridge Year and the 2012 Test Year have been revised. These updated versions also correlate to the updated Smart Meter 2011 actual data. To support the response to this question, WNP has filed the following updated files on the OEB's RESS site:
(Filename: WNP_2012_Smart_Meter_model_V2.17_June12)
(Filename: WellingtonNorth_IR_Responses_June12)

5. Reference: Cost of Power, Exhibit 2, Tab 4, Schedule 2

Board staff notes that WNP's cost of power calculations are based on the RPP Report for the period from November 1, 2010 through October 31, 2011.

a. Please update the calculations to reflect the RPP Report effective May 1, 2012.

Wellington North Power Inc. - Response:

a. Wellington North Power Inc. has updated the Cost of Power calculations using the RPP Report for the period May 1, 2012 to April 30, 2013 (issued April 2, 2012).

The supply costs derived from the RPP Report May 1, 2012 to April 30, 2013 are:

RPP Supply Cost Summary *for the period from May 1, 2012 through April 30, 2013*		
Forecast Wholesale Electricity Price		$21.05
Load-Weighted Price for RPP Consumers ($ / MWh)		$22.99
Impact of the Global Adjustment ($ / MWh)	+	$57.72
Adjustment to Address Bias Towards Unfavourable Variance ($ / MWh)	+	$1.00
Adjustment to Clear Existing Variance ($ / MWh)	+	($1.02)
Average Supply Cost for RPP Consumers ($ / MWh)	=	**$80.69**

- For 2012 for RPP customers (RPP), the average supply cost of power is $80.69 / MWh (8.069 cents per kWh)
- For 2012 for Non-RPP customers, the average supply cost of power is $71.91 / MWh (7.877 cents per kWh).

  This is calculated by:

  Forecasted Wholesale Electricity Price **+** *Impact of Global Adjustment*

  ($21.05 + $57.72 = $78.77 / MWh or 7.877 cents per kWh)

  The table below illustrates the revised Cost of Power using the latest RPP and Non RPP costs and shows:

  - The revised Commodity Cost of $2,743,056 (an increase of $171,334 compared to WNP original application (Exhibit 2, Tab 4, Schedule 2, table 2-43 and table 2-45);

- The revised Commodity Cost of $5,237,337 (an increase of $456,114 compared to WNP original application (Exhibit 2, Tab 4, Schedule 2, table 2-43 and table 2-45).

Updated table showing revised Cost of Power using latest 2012 RPP Price Report (issued 2nd April, 2012):

Electricity - Commodity RPP Class per Load Forecast RPP	2012 Forecasted Metered kWhs	2012 Loss Factor	2012		
Residential	20,951,324	1.0723	22,465,819	$0.08069	$1,812,767
General Service < 50 kW	9,138,709	1.0723	9,799,313	$0.08069	$790,707
General Service 50 to 999 kW	1,609,945	1.0723	1,726,322	$0.08069	$139,297
General Service 1,000 to 4,999 kW	0	1.0723	0	$0.08069	$0
Street Lighting	0	1.0723	0	$0.08069	$0
Sentinel Lighting	0	1.0723	0	$0.08069	$0
Unmetered Scattered Load	3,305	1.0723	3,544	$0.08069	$286
TOTAL	**31,703,282**		**33,994,998**		**$2,743,056**

Electricity - Commodity Non-RPP Class per Load Forecast	2012 Forecasted Metered kWhs	2012 Loss Factor	2012		
Residential	3,574,868	1.0723	3,833,282	$0.07877	$301,948
General Service < 50 kW	1,414,385	1.0723	1,516,625	$0.07877	$119,465
General Service 50 to 999 kW	17,985,242	1.0723	19,285,330	$0.07877	$1,519,105
General Service 1,000 to 4,999 kW	38,290,749	1.0723	41,058,649	$0.07877	$3,234,190
Street Lighting	711,588	1.0723	763,026	$0.07877	$60,104
Sentinel Lighting	29,247	1.0723	31,361	$0.07877	$2,470
Unmetered Scattered Load	663	1.0723	711	$0.07877	$56
TOTAL	**62,006,741**		**66,488,984**		**$5,237,337**

The Cost of Power summary for 2012 Test Year is illustrated in the table below:

Cost of Power Account	2012
4705-Power Purchased	$7,980,394
4708-Charges-WMS	$522,517
4714-Charges-NW	$492,859
4716-Charges-CN	$320,665
4730-Rural Rate Assistance	$110,532
4750-Low Voltage	$145,890
Sub Total	**9,572,856**
4710- Cost of Power Adjustment	$1,087,751
TOTAL	**$10,660,607**

In the above table, the Cost of Power Adjustment (account 4710) relates to the annual summation of the monthly IESO invoices received by the LDC for line item 0142 “Regulated

Price Plan Settlement Amount - without Global Adjustment (Fixed / WAP)". This value needs to be included to in order to represent the actual cost of power for 2012. For the 2012 Test Year, Wellington North Power Inc. has applied the cost incurred in 2011.

This information has been uploaded on the RESS site as an appendices item (Filename: WellingtonNorth_IR_Responses_Appendix_June12)

6. Reference: Exhibit 4, Tab 1, Schedule 1, page 376:
Exhibit 2, Tab 2, Schedule 3, pages 200-204

In Table 4-1, WNP provided a summary of operating costs including the amortization expenses as well as the Closing Fixed Asset Continuity Schedules from 2008 to 2012.

A table is provided below showing the amortization expenses in Table 4-1 versus the closing gross fixed assets for 2008 to 2012 found in E2/T2/S3/P200-204.

Table 1

YEAR	CLOSING FIXED ASSETS PER YR.-$	AMORTIZATION EXPENSES - $
2008	9,767,059	322,156
2009	10,181,113	351,957
2010	10,569,965	376,379
2011	12,020,128	402,649
2012	12,493,187	358,142

Board staff notes that the closing fixed assets are consistently increasing from 2008 to 2012 while the amortization expenses were also consistently increasing from 2008 to 2011 but decreased from 2011 to 2012.

a. Please explain why there is decrease in amortization expenses in 2012 when the closing fixed assets increased consistently from 2008 to 2012.

Below are the amortization expenses under the “Additions - Accumulated Depreciation” columns of E2/T2/S3/P200-204 from 2008 to 2012.

Table 2

	ACCUMULATED DEPRECIATION
YEAR	ADDITIONS - $
2008	393,818
2009	436,961
2010	446,347
2011	474,872
2012	462,192

b. Please explain why the amortization expenses in Table 1 are different from the amortization expenses in Table 2.
c. Which are the correct depreciation expense additions?

Wellington North Power Inc. - Response:

a. In 2012 Test Year, the Amortization decreases because of the following two factors:
   - To account for the transition from CGAAP to MIFRS.
     Under CGAAP, the 2012 Test Year would show an Amortization value of $511,747;
     Under MIFRS, the Amortization value is reduced to $360,944. The difference is due to the difference on the Closing Net Property, Plant & Equipment balances between CGAAP and MIFRS as explained in Exhibit 11 of WNP's application.
   - In addition, in January 2012, the LDC transferred to the mid-range Typical Useful Life Depreciation period as per the Kinectrics study, as explained in Exhibit 11 of WNP's application.
   - Reference 50 of this document illustrates the updated MIFRS PP&E Deferral account.

   WNP has updated the Amortization Expense schedules in the Chapter 2 Appendices file to reflect 2011 actual data. In this workform, worksheet "App.2-M_Deprecaition Expense 12", WNP has been updated to include those items that are Fully Allocated Depreciation, which reduces annual depreciation expense by $70,882.

b. WNP acknowledge that there was error with the modelling performed with resulted in inconsistent Amortization values being represented. Please see corrective action described in part (c) below.

c. WNP has updated the Amortization Expense schedules in the Chapter 2 Appendices file to reflect 2011 actual data. In this workform, worksheet "App.2-M_Deprecaition Expense 11" and ,"App.2-M_Deprecaition Expense 12" have been updated and accurately reflect the Continuity Schedules also updated within the same workbook.
   (Filename: WNP_COS_Filing_Reqt_Chp2_Appendices_2012_June12)

7. Reference: Exhibit 2, Tab 3, Schedule 3, Table 2-16 to 2-21
Exhibit 2, Tab 1, Schedule 1, Table 2-2

WNP provided the fixed asset additions and disposals in Tables 2-16 to 2-21.Below is a comparison of the 2008 to 2012 fixed asset additions and disposals in Tables 2-16 to 2-21 and the fixed asset additions provided in the Fixed Asset Continuity Schedules in E2/T3/S3/PP200-204 and the difference per year.

a. Please explain these discrepancies and confirm the correct amounts.
b. Please provide any corrections needed to fixed assets and rate base for 2008-2012 and other related components of the 2012 revenue requirement.

ADDITIONS

2008 Additions	Amount$
Total Per Table 2-17	1,688,213
Total Additions per Table 2-16, 2008 FA Continuity Sch.E2/T2/S3/P200	1,435,546
DIFFERENCE	**252,667**

2009 Additions	Amount$
Total Per Table 2-18	563,983
Total Additions per Table 2-16, 2009 FA Continuity Sch.E2/T2/S3/P201	673,123
DIFFERENCE	**(109,140)**

2010 Additions	Amount$
Total Per Table 2-19	242,484
Total Additions per Table 2-16, 2010 FA Continuity Sch.E2/T2/S3/P202	421,750
DIFFERENCE	**(179,266)**

2011 Additions	Amount$
Total Per Table 2-20	498,952
Total Additions per Table 2-16, 2011 FA Continuity Sch.E2/T2/S3/P203	516,428
DIFFERENCE	**(17,476)**

2012 Additions	Amount$
Total Per Table 2-20	895,520
Total Additions per Table 2-16, 2012 FA Continuity Sch.E2/T2/S3/P204	983,803
DIFFERENCE	**(88,283)**

DISPOSALS

	2008	2009	2010	2011	2012
Disposal per:					
Table 2-17	($28,055)				
Table 2-18		($182,477)			
Table 2-19		($76,592)	($32,898)		
Table 2-20		($259,069)		($3,935)	
Table 2-21					($510,744)
Disposal Per Table 2-16	($34,384)	($259,069)			
DIFFERENCE	($6,329)	$0	$0	$0	$0

Wellington North Power Inc. - Response:

a. WNP can confirm that the correct Additions and Disposals for the corresponding years are shown in the table below:

	Additions	Disposal
2008	$1,435,546	$34,384
2009	$673,123	$259,069
2010	$421,750	$32,898
2011	$597,297	$3,935
2012	$983,803	$510,744

b. WNP has filed updated models to include the above corrections. These models are included in the following files that have been uploaded on the RESS site:
Filename: WNP_COS_Filing_Reqt_Chp2_Appendices_2012_June12
Filename: WellingtonNorth_IR_Responses_Appendix_June12

Revised Continuity Schedules for 2008 to 2012 inclusive are shown in "App.2B_Fxd Asset Contin 2008 [2009, 2010, 2011 and 2012]" in the following file: WNP_COS_Filing_Reqt_Chp2_Appendices_2012_June12 workbook.

Capital Expenditures

8. Reference: Capital Projects, Exhibit 2, Tab 5, Schedule 5, Table 2-56

Table 2-56 provides the categories for WNP's capital projects, which include asset management, critical, customer-driven, future-proofing system, obligation of code, performance management, software, system reliability and safety, and working conditions and environment.

a. Please provide a table giving the capital expenditures for each category by year, and the percentage of that category's expenditure of the total yearly expenditure for the years 2008-2012.
b. Using the same categories, please provide a table with WNP's 5 year forecast capital program, 2013 – 2017.

Wellington North Power Inc. - Response:

a. WNP is unable to answer this question on the basis of:
   a. The term "customer-driven" has only been used for the WNP's Capital Budget for the years of 2011 and 2012. This is to assist with the LDC's Cost of Service application in an attempt to classify why these capital projects are required.
   This term has been applied to projects where the "need" to undertake the activity is driven not by the LDC or for safety / reliability but by a customer.
   - The term "customer-driven" has been used by the "new" Regulatory Compliance Analyst who started working at the LDC in February 2011 and therefore does not have the wealth of experience to assess if the prior years' projects were "customer-driven" or not.

b. Please see summary tables below for the WNP's 6 year forecast capital program, 2013 to 2018:

	Proposed Capital Spend by Criteria and Year:							
Year	Asset Management	Critical	Customer Driven	Future-proofing system	Performance Management	Software	Working Conditions & Environment	Grand Total
2013	$349,335	$99,623	$311,855	$0	$0	$0	$75,000	**$835,812**
2014	$449,002	$49,631	$325,400	$0	$7,000	$49,000	$100,000	**$980,033**
2015	$480,911	$0	$306,500	$111,490	$0	$67,350	$6,500	**$972,751**
2016	$476,170	$0	$313,150	$115,983	$0	$25,000	$55,000	**$985,303**
2017	$793,498	$0	$0	$66,321	$0	$26,850	$70,500	**$957,169**
2018	$329,147	$0	$114,226	$341,373	$0	$60,000	$0	**$844,746**

	Proportion of Yearly Proposed Capital Spend by Criteria and Year:							
Year	Asset Management	Critical	Customer Driven	Future-proofing system	Performance Management	Software	Working Conditions & Environment	Grand Total
2013	42%	12%	37%	0%	0%	0%	9%	100%
2014	46%	5%	33%	0%	1%	5%	10%	100%
2015	49%	0%	32%	11%	0%	7%	1%	100%
2016	48%	0%	32%	12%	0%	3%	6%	100%
2017	83%	0%	0%	7%	0%	3%	7%	100%
2018	39%	0%	14%	40%	0%	7%	0%	100%

	Number of Projects by Criteria and Year:							
Year	Asset Management	Critical	Customer Driven	Future-proofing system	Performance Management	Software	Working Conditions & Environment	Grand Total
2013	4	1	3	0	0	0	2	10
2014	4	1	2	0	1	3	2	13
2015	5	0	2	2	0	2	2	13
2016	4	0	2	1	0	1	2	10
2017	6	0	0	1	0	1	3	11
2018	4	0	2	3	0	2	0	11

9. Reference: Capital Projects, Exhibit 2, Tab 5, Schedule 2

a. Please provide a table for each year from 2008 to 2012 showing, for each capital budget item, the budgeted cost, the actual cost, the variance from budget and the in service date.

Wellington North Power Inc. - Response:

a. For each year from 2008 to 2011 inclusive, WNP has itemised each capital project item with the estimated budget cost, actual spend and variance by percentage and dollar value.

Notes:

- The capital year dictates the year the asset went into service
- For the 2012 Test Year, the information is not available because not all projects are completed (for instance, capital jobs are in-progress; there are outstanding invoices waiting to be received by the LDC; and projects are due to start later in the year.)

WNP has filed these tables in the following file that have been uploaded on the RESS site:
Filename: WellingtonNorth_IR_Responses_Appendix_June12

10. Reference: 2008 Capital Budget Variances, Exhibit 2, Tab 5, Schedule 2

WNP's Table 2-52 shows that 2008 actual capital expenditures exceed the amount approved by the Board by $458,521. WNP's variance analysis for 2008 states that it spent $37,000 less than the budgeted amount for a Radial Boom Derrick truck. Other variances for 2008 include $307,642 for contingency and $164,700 for a single bucket truck.

a. Please explain the variance in spending in 2008

Wellington North Power Inc. - Response:

Wellington North Power has updated the contents of what was originally included in table 2-25 in its application. The updated table is shown below and now identifies all projects and activities that resulted in a capital expenditure in 2008.

In 2008 WNP forecasted $250,000 for a new single bucket truck, which was purchased for $213,425. This is the equipment purchased for $37,000 under the forecast amount not the Radial Boom Derrick.

The $164,700 was not for a single bucket truck, but for a used 2004 Radial Boom Derrick, forecast in 2007, but purchased in 2008. In the company`s 2008 Cost of Service, Wellington North Power was planning to purchase a used digger derrick in 2007 to replace the 1985 truck being used. Finding a used RBD to suit the company`s needs, proved to be more difficult than expected. In 2008 Wellington North Power was able to find a 2004 returned leased vehicle in excellent condition and purchased for $164,700, which was over the initial forecasted budget of $130,000.

VECC submitted that Wellington North's Draft Rate Order incorrectly showed no reduced opening balance in 2008 Rate Base in the amount of $130,000. VECC referenced Wellington North's reply submission in which the utility acknowledged that the $130,000 planned expenditure for a digger truck did not occur in 2007. In its reply submission, the utility agreed that it should be removed from the 2008 opening balance for Rate Base. However, Wellington North also submitted that the 2008 capital budget should be updated for the digger truck. The 2008 capital budget approved by the Board in the August 11, 2008 Decision and Order did not include an amount for the digger truck.

In its September 2, 2008 response, Wellington North provided an analysis showing a negligible impact in the resulting proposed rates as a result of removing the $130,000 from the 2008 opening balance of Rate Base and including the same amount in the 2008 capital budget. The Board's view is that, for correctness, the digger truck should be accounted for in the 2008 capital plan and not included in the 2008 Rate Base, by virtue of its inclusion in the opening balance for 2008. However, because of the negligible rate impact, the Board is prepared to accept the Draft Rate Order as filed by Wellington North rather than requiring Wellington North to go through the necessary revisions.

WNP has also updated the Chapter 2 Appendices workform (sheet App. 2-A_Capital Projects 2008) and has filed this information on the RESS site.
(Filename: WNP_COS_Filing_Reqt_Chp2_Appendices_2012_June12)

The table below illustrates all 2008 Capital projects completed by WNP

Ref:	Item	2008 Application	2008 Board Approved Decision	Actual Spend	Variance Board Approved v Actual Cost
P11	Pick-up Truck #10 Replacement	$30,000	$30,000	$26,668	($3,332)
P13	Single Bucket Truck	$250,000	$250,000	$213,245	($36,755)
A	Purchase of a pre-owned RBD truck	$0	$0	$164,700	$164,700
B	Purchase of a pre-owned pole trailer	$0	$0	$10,800	$10,800
C	Purchase of pick-up truck to replace vehicle that was written-off (caused by another party)	$0	$0	$26,429	$26,429
P14	*Smart Meters*	*$1,051,201*	*$0*		*$0*
P8	Main Street North, Mount Forest - Replace aging infrastructure (safety & reliability) Replacement of 40 poles, 1,000m of primary & 300m of secondary bus. 5 x 3phase and 15 single phase transformers will be replaced	$305,713	$305,713	$284,904	($20,809)
P9	Fergus Street - Distribution upgrade Replace 45 existing poles. Install 3,780m of 336 mcm conductor & 1,260m of 3/0 triplex plus 300m of triplex. Requires installation of 8 x 50 kVA transformers	$217,341	$217,341	$233,593	$16,252
P10	Durham Street East - Distribution upgrade Required to replace aging assets & to increase the height of the poles to increase clearance. Replacement of 10 poles, 3 x 50 kVA transformers and re-string of 375m of 3 phase 4 kV primary & secondary bus.	$73,971	$73,971	$73,655	($316)
P15	System Software upgrades Purchase of Loris Technology Inc (documenting & archiving system) and Quadra (a project management & job estimating tool)	$100,000	$100,000	$84,739	($15,261)
D	Building and fixture renovations Project was scoped to replace ceiling tiles, added support beams to floor in front office and crawl space, remove walls, redirect heat ducts, install ceiling, flooring, shelving in storage area and repairing to drywall.	$0	$0	$9,170	$9,170
P1.2	George Street Replace Deteriorated Poles Project was scoped to replace deteriorating poles on George Street due to safety concerns. Projected included the removal of deteriorated poles and OH along with the installation of new poles and OH, a contractor was brought in to assist WNP.	$0	$0	$135,695	$135,695
P1.3	Birmingham Street - replace aging infrastructure Projected was completed in 2007 but there was a delayed invoice in 2008.	$0	$0	$377	$377
-	Catherine Street LCBO - connection of store to distribution system Project was scoped to pick-up LCBO in Arthur, which was previously a Hydro One customer. Project included installation of poles, conductor, transformer and OH service cable.	$0	$0	$9,017	$9,017
-	North Water Street - Lift Station Project was scoped to replace existing OH service with underground service. Project included the installation of UG service cable, UG conduit and UG transformer.	$0	$0	$2,660	$2,660
-	Industrial Drive Project was scoped to extend the distribution system along Industrial Drive in Mount Forest. Project included the installation of poles and conductors.	$0	$0	$25,422	$25,422
-	Waste Management Project was scoped to install new service for Waste Management building. Project included the installation of poles, conductors and transformer.	$0	$0	$17,916	$17,916
-	Normanby Street - 44kVA Insulators Project was scoped to replace existing glass insulators with polymer. This project looked to replace old material technology with safer, more reliable, material technology.	$0	$0	$14,976	$14,976
-	Golden Valley Farms Project was scoped to support the installation of a new, customer-owned station. Project included the installation of poles and conductors.	$0	$0	$12,269	$12,269
-	Foster Street - Daycare Project was scoped to install new service. Project included the installation of poles, conductors, transformer and UG service cable.	$0	$0	$17,354	$17,354
-	Wellington Street Project was scoped to extend the distribution system in Mount Forest for residential development (E - Pete Reeves). Project included the installation of poles and conductors.	$0	$0	$10,164	$10,164
-	Library Project was scoped to replace existing service with new service. Project included the installation of transformer and UG service cable.	$0	$0	$7,205	$7,205
-	Cork Street Project was scoped to extend the distribution system in Mount Forest for new waste water plant. Project included the installation of poles and conductors.	$0	$0	$1,065	$1,065
-	Sewer Plant Project was scoped to install new service. Project included the installation of poles, OH conductors, UG conductors and transformer.	$0	$0	$723	$723
-	Centre Street - Holstein Project was scope to replace existing distribution assets in Holstein. Project included the installation of poles and conductor.	$0	$0	$6,437	$6,437
-	Replacement of decaying poles in ther service area	$0	$0	$18,910	$18,910
-	Martin Street Project was scoped to replace existing distribution assets in Mount Forest to new residential development. Project included the installation of poles and OH conductor.	$0	$0	$3,262	$3,262
-	St Mary's Church Project was scoped to replace existing service with new service. Project included the installation of transformer and UG service cable.	$0	$0	$1,655	$1,655
-	IDA Store - Project was scoped to install new service to IDA store in Arthur. Project included the installation of transformer and OH service cable.	$0	$0	$1,440	$1,440
-	New Services - Project was for new connections in 2008. These costs included the layouts, meter installs and the connects of the new services.	$0	$0	$14,637	$14,637
-	Computer Equipment - Project was to replace an aging and unrealiable computer and printer.	$0	$0	$5,690	$5,690
-	Office Equipment - Project was to purchase a conference call phone	$0	$0	$768	$768
	Total	**$2,028,226**	**$977,025**	**$1,435,546**	**$458,521**
	Total *(excluding Smart Meters)*	**$977,025**	**$977,025**	**$1,435,546**	**$458,521**

11. Reference: 2012 Capital Project Descriptions, Exhibit 2, Tab 5, Schedule 6

Board staff notes that 26% of the capital projects proposed for 2012 are customer-driven, however WNP did not forecast contributions.

a. Are any of these projects eligible for contributions? If not, please explain.

Wellington North Power Inc. - Response:

a. The term "customer-driven" has only been used for the WNP's Capital Budget for the years of 2011 and 2012. This is to assist with the LDC's Cost of Service application in an attempt to classify why these capital projects are required.
This term has been applied to projects where the "need" to undertake the activity is driven not by the LDC or for safety / reliability but by a customer.

At the time of preparing the application, the LDC was unaware of any expected Capital Contributions and Grants for the 2012 Test Year

WNP can confirm that the estimated cost of $215,087 for item #2012-008 is not net cost after a customer contribution. This is an anticipated capital project to extend the 44kV line to connect to a proposed new sub-division. At the time of filing its application and to date, the LDC has not yet been provided with full details of dates, project scope or build- phasing. Therefore WNP is unable to conduct an economic evaluation to assess the value of the Contributed Capital.

12. Reference: 2012 Capital Project Descriptions, Exhibit 2, Tab 5, Schedule 6

Board staff notes that the 2012 capital budget includes $324,500 for various office renovations, as well as certain items that represent office equipment for WNP staff (e.g. laser printer, laptops, printers). The total amount of these items is $347,500, or 35% of the total capital budget.

a. Please describe the approval process that supports the inclusion of these items in the 2012 capital budget.
b. Please provide the business cases that support these projects.
c. Please explain why all of the renovation projects are required in one year.

Wellington North Power Inc. Response:

a. Wellington North Power Inc. management and staff prepare the capital and operating budget, after determining the future needs of the company. These projected expenditures and projects are taken to the Operations Committee for analysis and review. Two members of the Board sit on the committee. Once the committee is satisfied with the need for individual investments, they are sent to the Board of Directors for additional review and comments. The next step in the process is to present the budgets to the Board of Directors, with any required amendments. A resolution is then passed to adopt the budgets.

WELLINGTON NORTH POWER INC.

P.O. Box 359, 290 QUEEN STREET WEST
MOUNT FOREST, ON N0G 2L0
PHONE (519) 323-1710 FAX (519) 323-2425

Date: May 24, 2011

Resolution: # 2011-0524-

Moved by: Wayne Lytle

Seconded by:

Be it Resolved

THAT the Board of Directors for Wellington North Power Inc. approve, the recommendation of the Operations Committee:

Recommendation: It is the recommendation, of the Operations Committee, that the Board of Directors approve, in principle, the revised 2011-2018 Capital and Operating Budgets as presented.

Chairman

b. The following is the 2012 capital budget business case for each of the expenditures that make up the various office renovations $324,500 and the other projects listed in the amount of $347,500.

- **Building Renovations – Budget item 2012-002, 013 & 014**

  Building renovations at the company's office are necessary, to comply with the Ontario Accessibilities Act. Under the Act, Wellington North Power Inc. was to meet accessibility requirements by January 1, 2012. As a temporary measure to meet the requirements, a door bell has been placed at the front door, so disabled customers or employees can get help to access the building. However, there currently are no washroom facilities available to facilitate persons with disabilities and therefore do not meet the legislated requirements. The renovation would also create a safe work environment for employees by reducing overcrowding, correct ventilation, heating, cooling, plumbing and storage issues at the site. The company has submitted as part of the interrogatory process the request for quotes, for a feasibility study at the property, as well as the responses received.

  Wellington North Power Inc. has included the following documentation for review. An example of the "request for proposal" letter that was provided to five engineering design and architect firms is included as well as the proposals received from three of those firms. BM Ross was selected as the successful engineering firm and the assessment phase of the project is now underway. It was felt BM Ross provided the most thorough proposal.

  The criteria Wellington North Power management staff used to select the successful proposal was the following:

  - Competitive pricing;
  - Completeness of the tender document including a list of proposed sub-contractors;
  - Preference was given to firms local to Wellington North Power's service area;
  - Management's preference and/or confidence in the engineers and architects; and
  - Project references.

Wellington North Power Inc.
290 Queen Street West, PO Box 359, Mount Forest, ON N0G 2L0
Phone: 519.323.1710 Fax: 519.323.2425 E-mail: wnp@wellingtonnorthpower.com
www.wellingtonnorthpower.com

February 13, 2012

To: James Fryett Architect Inc.
115 Metcalfe St., P.O. Box 88
Elora, Ontario NOB 1S0

Project Owner: Wellington North Power Inc. (WNP)

WNP Contact: Matthew Aston, C.E.T., M.B.A.
Manager of Operations
maston@wellingtonnorthpower.com

Subject: Project Scope – Renovation Feasibility Report
Building and Property Evaluation at 290 Queen St West, Mount Forest
Request for Proposal

Dear Sir/Madam,

Wellington North Power Inc. is evaluating its' existing operations facility at 290 Queen Street West in Mount Forest with the intention of:

- Improving and increasing staff work space;
- Creating an accessible front entrance; and
- Enhancing the customer service area.

The result of this renovation project will see the company having an operations facility that can be effectively utilized by the company for the next twenty years as well as conforming to both current health and safety laws and building code regulations.

Wellington North Power Inc. is formally requesting a firm quotation from your company to provide the engineering services required to evaluate the options available to address our work space and accessibility issues. The quotation will need to include:

- The cost to undertake a formal assessment of the existing property and buildings at 290 Queen Street West in Mount Forest;
- A formal report that will be presented to the company's Board of Directors; and
- In the Appendix, I have detailed the minimum requirements that this report needs address to aid the decision-making process for the Board of Directors.

Please do not hesitate to contact me if you have any questions or concerns.

Best regards,

WELLINGTON NORTH POWER INC.
Matthew Aston, Manager of Operations

APPENDIX A

This appendix provides the minimum criteria that is required to meet the report objectives of Wellington North Power Inc.:

1. Structural assessment of the three buildings at 290 Queen Street West in Mount Forest.
2. Storm water management assessment of the existing property at 290 Queen Street West in Mount Forest.
3. Traffic flow and parking space assessment of the existing property at 290 Queen Street West in Mount Forest.
4. Work space, building layout and use-of-space assessment of the main office building at 290 Queen Street West in Mount Forest. This assessment should include a review of the existing amount of workspace given current and future staffing requirements, the floor plan, office lighting, truck fumes, and availability of natural light. For the purpose of this project, a future staff of 15 (fifteen) can be assumed.
5. Recommendation of feasible alternatives for WNP that satisfy the stated project objectives:
    a. Improve existing workspace and lay-out for staff;
    b. Increase office space for staff;
    c. Create a customer service entrance and internal space that is fully accessible including a public washroom;
    d. Minimize project cost;
6. Estimated engineering costs and time-line for proposed alternatives; and
7. Estimated construction costs and time-line of proposed alternatives.

Project deliverables:

1. Written report to management as well as PDF report.

BMROSS
engineering better communities

Proposal for Renovation Feasibility Report for the Wellington North Power Inc.
March 22, 2012

B.M. ROSS AND ASSOCIATES LIMITED
Engineers and Planners
62 North Street, Goderich, ON N7A 2T4
p. (519)524-2641 • f. (519)524-4403
www.bmross.net

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B. M. ROSS AND ASSOCIATES LIMITED
Engineers and Planners
62 North Street, Goderich, ON N7A 2T4
p. (519) 524-2641 • f. (519) 524-4403
www.bmross.net

File No. 12045

March 22, 2012

Matthew Aston, Manager of Operations
Wellington North Power Inc.
290 Queen Street West, PO Box 359
Mount Forest, ON N0G 2L0

Re: Proposal for Renovation Feasibility Report for Building and Evaluation at 290 Queen St. West, Mount Forest

As discussed during our meeting, the existing operating facility at the above site is deficient in numerous ways. An expanded or new facility and site improvements are required to address the needs of your organization; however, it is important to develop a true understanding of your needs and options before selecting a solution. This proposal explains how we can help Wellington North Power evaluate the options and solve this problem.

To help address your needs with an attractive, functional, and cost effective solution we are proposing the skills of an architect, and engineers would be used to assess the existing facility and complete the Feasibility Report. Interviews and consultation with your staff will be used to help determine the needs while a review of the existing buildings and site feature will be completed to determine the deficiencies that need to be addressed to provide a long term solution.

While space limitations and staging requirements may make the goal challenging, BMROSS can provide qualified people with the necessary skills and knowledge to complete an unbiased evaluation of the options and provide functional and attractive solutions. A list of reference projects and contacts will help demonstrate BMROSS have successfully completed such projects in the past.

Thank you for the invitation and we look forward to working with you.

Yours very truly

B. M. ROSS AND ASSOCIATES LIMITED

Per _____
Ken D. Logtenberg, P. Eng.

KDL:es
Encl.

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File No. 12045

PROPOSAL FOR RENOVATION FEASIBILITY REPORT FOR BUILDING AND PROPERTY AT 290 QUEEN ST. WEST MOUNT FOREST

1.0 UNDERSTANDING OF THE PROJECT NEEDS

This proposal has been submitted in response to receiving a Request for Proposal (RFP) to prepare a Renovation Feasibility Report on Wellington North Power's (WNP) main office building and patrol yard property in Mount Forest. The completion of this project includes a condition assessment of the existing facility, determining your facility needs, evaluation of suitable upgrade options with conceptual designs and probable cost estimates. It is understood a renovation, and rebuild option are to be investigated. This proposal will demonstrate our team's qualifications and outline how BMROSS will help WNP obtain a cost effective and functional solution, while incorporating the needs identified.

As outlined in the RFP or discussed during our site visit, the upgraded facility is to be expanded or replaced, as necessary, to incorporate the following:

- Improved interior environments layout and increased staff space for 15 employees
- Create an accessible front entrance and enhanced customer service area that is fully accessible and welcoming for visitors. This is to include a barrier-free, accessible washroom that may be used by visitors and employees.
- Methods to address the deficiencies or maintenance needs identified in the building condition assessment are to be incorporated into the solution.

To help determine that all the facility features that may affect cost of the renovation or replacement options are incorporated in the report, it was identified that structural, site drainage, traffic flow and parking space assessments shall also be completed and incorporated into the proposed solutions.

2.0 SCOPE OF WORK

An outline of the proposed scope of work and description of the approach that would be taken has been provided for your review. These tasks have generally been provided in a chronological order.

2.1 Project Initiation and Data Collection

Upon being awarded the project we would ask for a copy of the available building floor plan drawings and set-up a time for a project kick-off meeting and the building reviews.

The proposed project kick-off meeting would be an opportunity to introduce the key personnel, confirm the work plan, list of deliverables and schedule and identify which staff members would be interviewed to help better define the list of needs. At the time of this meeting, copies of all other available background information and a list of available operational requirements would be supplied by WNP.

Building reviews would be completed to identify shortcomings or areas of concern with the existing buildings and site. Some of these inspections would be completed on the same day as the kick-off meeting. This would include a review of the structural components in each building and the existing floor plans for the main office building would be checked for completeness and accuracy. The information gathered from the building review and supplied documentation will help us develop a basic understanding of the deficiencies and areas of concern.

Included in this proposal is the cost to bring qualified mechanical and electrical Professional Engineers on site to review the heating, air conditioning, ventilation, and electrical components. They would assess the age and condition of them, and discuss problem areas with maintenance staff. Their comments would be included in the building condition portion of the report and used to develop a realistic list of building improvements needed to renovate and expand the existing building. They would also comment on the energy efficiency of existing components and if there are practical improvement options that they feel should be considered. Note, if WNP feels that this work is not necessary or they already have enough background information to document the condition of these existing components, their capacity and shortcomings, we will develop a list of the components and present the supplied information in the Renovation Feasibility Report at a reduced cost.

To further develop a list of your current and projected future facility needs, operational requirements and a list of features that WNP management and staff would prefer be included in the new facility, BMROSS are proposing interviews with key personnel. This would help to document the desire for features such as natural lighting, appropriately sized and arranged workspaces, meeting rooms, possible change rooms, and potentially other features. Also to document any health and safety concerns such as keeping truck fumes from entering the office areas. It is assumed these would be conducted with at least two management representatives and three other staff members.

It has been proposed that a detailed site survey also be completed to determine the property line locations, parking spaces, site electrical and drainage features and building locations. Completion of this survey at this time would allow the accurate presentation of the site plans and this survey could be used during the design stage.

Note, BMROSS recommends that a Hazardous and Designated Materials Survey of the buildings on the site be completed. This survey is required before a building can be demolished or extensive renovations can take place. If it is prepared before the evaluation process is finished, any requirements identified in the report can be taken into consideration in our cost comparisons. Note, we are willing to help arrange for this survey but have assumed that WNP would pay for the costs associated with it.

2.2 Analyse Data and Prepare Preliminary Report

The background documentation, comments from the interviews and building condition assessments will be considered when developing a list of facility needs. Other tasks to be completed and considered when developing the list include:

- Building code and site zoning checks
- Site drainage and servicing assessments
- Structural assessment
- Work space layout assessment for office sizes, lighting, features, etc.
- Mechanical and electrical assessment
- Traffic flow patterns and space requirements
- Entrance accessibility requirements

Once the information has been assessed by BMROSS and the specialists working with us, schematic designs of options to be considered would be prepared along with a preliminary copy of the Feasibility Report. The schematic design will show a basic site layout, with building footprint sizes and arrangement but will not show a detailed floor plan at this time.

As discussed during our site meeting, staging of the work or development of a design that will allow the operations of WNP to continue on the site while the new facility is being built must be taken into consideration when evaluating the options.

The information provided in the Preliminary Report and the schematic sketches would be presented at a meeting with WNP. Preliminary budget prices for the options to be considered would also be provided. As a minimum, 2 schematic designs will be prepared for discussion purposes. At least one renovation option and one re-build option would be prepared. This meeting will give WNP management an opportunity to confirm that their needs are adequately addressed and comment on the schematic sketches and rough cost estimate before additional time is spent developing the more detailed conceptual designs with floor plans.

2.3 Conceptual Design and Final Report

The comments received at the preliminary report meeting or shortly afterwards would be incorporated in the more detailed conceptual drawings with floor plans, probable cost estimates and a draft copy of the final Renovation Feasibility Report. Again a meeting to present the conceptual designs has been proposed and comments received would be incorporated into the Final Conceptual Drawings and Renovation Feasibility Report.

Estimates would be developed for the construction costs, engineering fees and timelines for each. With the preferred solution identified, the information provided in this Preliminary Feasibility Report should be adequate for a designer to begin the preliminary design stage of this project.

3.0 KEY STAFF AND SUB-CONSULTANTS

The Senior Engineer and Project Manager for the project would be **Ken Logtenberg, P. Eng.** Ken is a Principal with BMROSS. He has over 14 years experience as a project manager on structural projects. Ken will complete the building reviews to check for structural concerns, coordinate and review all aspects of the needs list and feasibility reports and assist with development of the schematic and conceptual designs.

Ken has experience preparing structural designs for numerous types of buildings including water and sewage treatment plants, commercial and retail buildings and managing structural projects with multiple sub-consultants, including those listed in this proposal.

Sub-Consultants

Adolfo Spaleta, Architect would be responsible for gathering the information and meeting with staff to assemble the 'Renovation Feasibility Report". He would also provide Architectural assistance such as preparing schematic and conceptual layout drawings, and make practical recommendations on how to make the building functional and attractive. Mr. Spaleta has completed similar needs assessments and designs working as a sub-consultant for BMROSS and directly for other clients.

Runge and Associates Ltd. would assist with the evaluation of existing mechanical and electrical components within the building. They would also make recommendations pertaining to the energy efficiency of the existing system and list some improvements they feel are worth considering based on their experience and knowledge they have gained preparing mechanical and electrical designs for other clients.

Jim MacKeracher, P.Eng. is the Mechanical Engineer and **Gerhard Runge, P.Eng**. is the Electrical Engineer that would be responsible for the completion of this work.

CVs are enclosed in Appendix A.

4.0 SIMILAR PROJECTS

BMROSS has undertaken many projects that have similar needs and scope. BMROSS has also worked as a sub-consultant providing assistance with the structural and site design of various types of buildings. With the first two project listed below BMROSS was responsible for the project management, facility needs assessments and design, with assistance from Adolfo Spaleta. With the third project, Mr. Spaleta did not provide assistance. With the fourth project, Mr. Spaleta took the lead and BMROSS assisted during the design stage. See Appendix B for additional information about these projects.

- ***Municipality of Kincardine, Kincardine Water Treatment Plant (2005 – 2006)***
  While designing upgrades to this water treatment plant, BMROSS co-ordinated an assessment of their facility needs with assistance from Adolfo Spaleta. The plant expansion included the addition of office space, lunch room, change rooms, a laboratory, an equipment storage bay and space for additional water treatment components. Total project cost $2.75 million, building component approximately $1.0 million. For a reference contact Jim O'Rourke, Public Works Manager at 519-396-3468.

- ***Bruce Power, Main Guardhouse and Site Entrance***
  With this project we helped Bruce Power determine the requirements of this facility to address the functionality and security requirements of the guardhouse building at the site entrance used by all site visitors with a tight schedule. Site improvements included channelized entrance lanes, inspection areas, vehicle scanning equipment, lighting, staff and storage parking spaces, facility pumping station, SCADA monitoring system, and back-up generator and other security features. BMROSS was retained to document the needs, develop the site and building design to address the needs, co-ordinate design work of mechanical and electrical sub-consultants and provide contract administration and construction review services. Total project cost $2,750,000. For a reference, contact the Project Engineer with Bruce Power Paul Ready at 519-361-7709.

- ***Municipality of Strathroy, Equipment Storage Building***
  The project included construction of an equipment storage building for the water department and included four access bays for equipment, second floor storage platform and heated working areas. BMROSS were retained to review the design, co-ordinate design work of mechanical and electrical sub-consultants, prepare tender package, provide contract administration and construction review services. Total project cost $275,000. For a reference contact Mark Harris, Director of Environmental Services at 519-245-2010 ext. 24.

- ***New Thrift Store and Offices for the Salvation Army in Goderich***
  Adolfo Spaleta Architect assisted the local branch, working through the Governing Council of the Salvation Army, to determine their needs and design a building to accommodate a loading and sorting area, administration offices, thrift store and food bank facility. BMROSS assisted during the design stage with the site servicing, grading and structural design aspects of the project. The project was completed in 2008 for a total cost of about $730,000.

5.0 Schedule and Fees

A schedule showing the key aspects of the project and a proposed timeline is provided. An aggressive timeline has not been shown; therefore, if delays occur it may be possible to re-prioritize the schedule to bring it back on track. Short time periods have been included to allow WNP time to review submissions and provide their comments.

Wellington North Power
Renovation Feasibility Report Project
for Building and Property at 290 Queen St. Mount Forest

TASK		Week Number	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
		Month/Year	Apr-12	May-12	May-12	May-12	May-12	Jun-12	Jun-12	Jun-12	Jun-12	Jul-12	Jul-12	Jul-12	Jul-12	Jul-12	Aug-12	Aug-12	Aug-12	Aug-12	Sep-12
		Monday Date	30	7	14	21	28	4	11	18	25	2	9	16	23	30	6	13	20	27	3
1.0	**Project Iniation and Data Collection**																				
1.1	Project Iniation at assumed acceptance date																				
1.2	Start-up Meeting, set schedule																				
1.3	Building Inspection assemble notes																				
1.4	Create floor plan, check dimensions																				
1.5	Complete site survey, create base plan																				
1.6	Interview Meetings, follow-up notes																				
2.0	**Analyse Data and Prepare Prel. Report**																				
2.1	Documentation gathering and reviewed																				
2.2	Code and zoning check, site drainage and assessment of other facility components																				
2.3	Prepare schematic sketches and rough cost estimate																				
2.4	Prepare Facilities Needs Report																				
2.5	Submit and Present Facilities Needs Report																				
2.6	Receive comments and revise, as required																				
3.0	**Conceptual Design and Final Report**																				
3.1	Prepare Conceptual Drawings																				
3.2	Develop Probable cost estimate																				
3.3	Prepare Final Feasibility Report																				
3.4	Submit and present Final Report with Conceptual Design																				
3.5	Receive comments and revise, as required																				

Legend:
- Review period allotted for WNP Staff
- BMROSS and Sub-consultant work periods
- Assumed meeting dates

The following table shows a breakdown of our time commitments, and anticipated costs for the tasks in this project. We are prepared to complete the work outlined in this proposal for a fee of $26,400, plus HST.

Separate prices have been listed for inspection of the mechanical and electrical components in the building and incorporation of that work into the evaluation process. If necessary for comparison purposes or if not required by WNP, that task may be changed to $1,000 if BMROSS is only required to list the mechanical and electrical components and their shortcomings in the report.

The costs excluded from our fee schedule include co-ordination and completion of a hazardous and designated materials survey of the buildings.

Breakdown of Estimated Time Commitments and Cost to Complete Assessments and Renovation Feasibility Report

Task	Total Hours	Fee*
Project initiation, kick-off meeting, administration and general correspondence throughout	20	$ 2,000
Building reviews, interviews, assessments and preparation of notes by:		
• Architectural	22	2,400
• Structural	15	2,000
• Mechanical and electrical	24	3,000**
• Site survey and create base plate	21	2,000
• Create floor plan of existing building and check dimensions	20	1,600
	16	1,200
Review documents and information gathered to develop a list of needs	16	2,000
Prepare schematic sketches, cost estimates, and preliminary report	30	4,000
Present sketches and preliminary report at a meeting	16	3,200
Prepare conceptual drawings with floor plans, updated estimates and finalize feasibility report	10	1,500
Present final report at a meeting		1,500
TOTAL		$26,400

Note:

*The fees include expenses such as mileage, photocopying, photo development, and use of surveying equipment. The fees do not include courier charges, if required, and taxes.

** Optional task which may be reduced to $1,00 if a site review by a mechanical and electrical engineer is not required.

We look forward to the opportunity to work with you.

All of which is respectfully submitted.

B. M. ROSS AND ASSOCIATES LIMITED

Per _____
Ken D. Logtenberg, P. Eng.

KDL:es
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APPENDIX A

CURRICULA VITAE

BMROSS
engineering better communities

B. M. ROSS AND ASSOCIATES LIMITED
Engineers and Planners
62 North Street, Goderich, ON N7A 2T4
p. (519) 524-2641 • f. (519) 524-4403
www.bmross.net

KENNETH D. LOGTENBERG, M.A.Sc., P.Eng.

EDUCATION

- M.A.Sc. (Construction Management) University of Waterloo, 1994.
  Thesis entitled, Investigation into the Quality of Epoxy Coated Reinforcement.
  Post-graduate courses in Bridge Design, Construction Management and Labour Relations.
- B.A.Sc. (Civil Engineering) University of Waterloo, 1992.

EMPLOYMENT HISTORY

Jan. 2001 - Present	Principal, B. M. Ross and Associates Limited
Jan. 1998 - Jan. 2001	Project Engineer, B. M. Ross and Associates Limited
Mar. 1997 - Jan. 1998	Contract Engineer, B. M. Ross and Associates Limited at Ontario Hydro, BNPD Transportation Service Department
Dec. 1994 - Sept. 1996	Project Engineer, B. M. Ross and Associates Limited
Apr. 1994 - Dec. 1994	Senior Inspector, Cyril J. Demeyere Limited, Tiverton, Ontario.

PROFESSIONAL EXPERIENCE

With B. M. Ross and Associates Limited

- Experienced working on bridge repair or replacement projects for more than 12 years with involvement in over 200 bridge projects. Responsible for preparation of the design and tender documents, contract administration and construction supervision. This involved projects on rigid frame, steel truss, single and multi-span steel and prestressed concrete bridges.
- Structural design of industrial, commercial and public type buildings for new construction or renovation projects. Responsible for design of concrete, steel, masonry and wood components, as required. Project Manager throughout design and contract administration stage for many projects. Projects include Kincardine Water Treatment Plant expansion-$2.75 million, Bruce Power Main Guardhouse and Site Improvement-$3.0 million, Huron-East Seniors Apartments-$4.5 million, and Goderich Town Hall-$2.8 million.

- Bridge, road and building condition reviews for preparation of asset management reports, with prioritized rehabilitation and cost budgeting recommendations.

- Structural design of sewage pumping stations and water treatment plant buildings, storage facilities, inlet works and various other forms of municipal civil works structures. Projects include Goderich, Mitchell and Seaforth Underground Water Storage Reservoirs, St. Marys Wellhouse and Treatment Buildings.

- Performed design and contract preparation for M.T.O. highway redesign and structure rehabilitation projects. Responsibilities have included the supervision of surveying, drafting, preparing contract documents, design tasks and the quality assurance program as per M.T.O. requirements. Responsibilities as a designer have included bridge rehabilitation, highway and storm sewer and traffic signage designs.

While on Contract at Ontario Hydro

- Contract administration and construction supervision of road maintenance projects and an upgrade to the fuel storage system.

- Road Management Study completed on the site roads, included developing a five year road maintenance and rehabilitation schedule.

With Cyril J. Demeyere Limited

- Construction review on the Elgin Area Water System Project, approximately 16 km of 450 mm watermain, including services and chambers.

Workshops or Seminars Attended

- International Short & Medium Span Bridge Conference by CSCE
- Project Managers Boot Camp by PMSJ
- Upgrading Bridge Inspection Skills, EPIC
- Managing Bridges Within Your Budget, EPIC
- Various In situ Sewer Repair Seminars, CATT
- MTO - Construction Estimating and Scheduling Course

Membership

- Professional Engineers of Ontario
  Licenced since 1995
- Canadian Society of Civil Engineers: Member

A D O L F O S P A L E T A A R C H I T E C T
125 Anglesea St. Goderich Ontario, N7A 1V2, Tel. 519.524.8948

CURRICULUM VITAE

ADOLFO SPALETA, B.E.S., A.A. Diploma, M. Phil. (Cantab.), O.A.A.

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1. ACADEMIC QUALIFICATIONS:

- Bachelor of Environmental Studies, University of Waterloo
- Architectural Association Diploma, Architectural Association, London U. K.
- Master of Philosophy in Architecture, Cambridge University, Cambridge U. K.

2. PROFESSIONAL AFFILIATIONS:

- Member of the Ontario Association of Architects
- Formerly registered with The Architects Registration Council (UK)

3. EXPERIENCE:

Mr. Spaleta has been involved with a number of architectural offices in Canada, Britain and the Middle East. Most notably he has worked with the international firm of Arthur Erickson Architects in the Vancouver, Saudi Arabia and Kuwait offices, and with Colin St. John Wilson and Partners in London England.

After returning to Canada in 1988 he joined the firm of Christopher Borgal Architect. As a senior member of the firm he was responsible for the design, management and realization of a variety of new public buildings, restoration projects and feasibility studies. Mr. Spaleta also worked for the Firm of Stephen Teeple Architect in Toronto and was involved with public and commercial buildings.

Since 1999 Mr. Spaleta has operated his own architectural practice in Goderich Ontario. Select projects in which he has participated include the following:

As a senior designer and project manager with the firm of Christopher Borgal Architect:

- **Fire Station No. 2**, Woodstock Ontario, 1990
- **Additions to St. Rita and Ste. Marguerite Elementary Schools,** Woodstock Ontario, 1991
- **Addition and Renovation to Southside Aquatic Centre,** Woodstock Ontario, 1991
- **Feasibility Study for Goderich PUC,** Goderich Ontario, 1991
- **Addition to Goderich Public Library,** Goderich Ontario, 1991
- **New Offices for The Huron County Children's Aid Society,** Goderich Ontario, 1993
- **Canoe Lake Comfort Station,** Algonquin Provincial Park Ontario, 1993

As a senior designer and project manager with the firm of Stephen Teeple Architect:

- **Renovations to Birkdale Childcare Centre,** Scarborough Ontario, 1998
- **CIBC Bank Branch Renovation,** Ajax Ontario, 1998
- **CIBC Bank Branch Renovation,** Mississauga Ontario, 1998

As owner and principal of Adolfo Spaleta Architect:

- **Renovation to Volvo washrooms**, Goderich Ontario, 2003, (in association with B. M. Ross and Associates)
- **New Bruce Power Main Guardhouse,** near Tiverton Ontario, 2005
- **Offices for Kincardine Water Treatment Plant,** Kincardine Ontario, 2005, (in association with B. M. Ross and Associates)
- **Life Safety Study for Three Clinton Churches,** Clinton Ontario, 2005, (in association with B. M. Ross and Associates)
- **Renovations to Bruce Power Guard House A,** near Tiverton Ontario, 2007
- **New Salvation Army Thrift Store and Offices,** Goderich Ontario, 2007
- **Upgrades to Bruce Power Main Entrance,** near Tiverton Ontario, 2007
- **Metcalf Street Pumping Station,** Municipality of Strathroy-Caradoc, 2008 (in association with B. M. Ross and Associates)
- **Renovations to Goderich Place Retirement Residence,** Goderich Ontario, 2009
- **Renovations to Lions Harbour Park Band Shell,** Goderich Ontario, 2009
- **New Public Washrooms for Lions Harbour Park,** Goderich Ontario, 2009

runge
& associates inc. ENGINEERS

Profession

Senior Mechanical Engineer

Education

B.A.Sc. Mechanical Engineering, University of Waterloo, 1972

Professional Societies

Association of Professional Engineers of Ontario

Association of Professional Engineers, Geologists and Geophysicists of the Northwest Territories (NAPEGG)

Association of Professional Engineers and Geoscientists of the Province of Manitoba (APEGM)

American Society of Mechanical Engineers

American Society of Heating, Refrigerating and Air Conditioning Engineers

American Water Works Association

Water Environment Federation

Employment Record

Senior Mechanical Engineer, Runge & Associates Inc. (2010-Present)

Senior Mechanical Engineer, R.J. Burnside & Associates Limited (2000-2010)

President, MacKeracher Engineering Ltd. (1990-2000)

Manager of Mechanical & Electrical Engineering, Ainley & Associates Limited (1982-1990)

Process Design and Construction Engineer, MacLaren Engineering Inc., (Formerly James F. MacLaren Ltd.) (1972-1982)

Citizenship

Canadian

Languages

English

Jim MacKeracher, B.A.Sc., P.Eng.

Jim MacKeracher, P.Eng. is the Senior Mechanical Engineer at Runge & Associates Inc. Mr. MacKeracher has over thirty years of experience in the design and construction supervision in the building services field, (heating ventilating & air conditioning, plumbing & drainage and fire protection), on commercial, institutional and residential projects. Jim also has extensive design and construction review experience of process and mechanical building services for municipal water and sewage treatment projects.

Sample Project Listing

Mechanical Engineering Team Leader for the design of the Meno Ya Win Health Centre in Sioux Lookout, Ontario (2011)

Supervise the design of heating, ventilating and air conditioning as well as plumbing and drainage, fire protection sprinkler system and medical gas systems for a new 60 bed acute care hospital in this remote northern Ontario community. Project included the relocation of patients, medical equipment and systems from the old facility to the new hospital with no interruption of patient cars.

Mechanical Building Services Consultant, CFB Borden, Government of Canada, Ontario

Indoor air quality investigations and remedial design to rectify problems in buildings at CFB Borden including the Dental School, 4 mess hall kitchens and a humidity control system for the ammunition repair building at CFAD Angus.

Mechanical Engineer for the assessment and design of remedial works for three arenas in the Municipality of Bluewater

Conduct building mechanical systems audits on Bayfield, Hensell and Zurich arenas and provide conceptual designs and budget estimates for the recommended remedial works.

Mechanical Engineer, Various Industrial Hazardous Classification and Fire Code Analysis Investigations (1990-2005)

This work involves the investigation, inspection and hazardous classification of industrial and municipal processing areas under the Ontario Electrical Safety Code. Fire Code analysis involved investigation and remedial design work for industrial operations storing and using hazardous flammable or explosive materials in their processes.

Building Services Engineer, Constance Lake School, Constance Lake First Nation, Ontario (2004)

Responsible for mechanical design (Building Services) for a new school near Hearst, Ontario. Design included heating, air conditioning, plumbing, and drainage and fire protection for a day care +K – 12 school. The project incorporated the existing community centre into the school as its gymnasium.

runge
& associates inc. ENGINEERS

Profession

Senior Electrical Engineer

Education

B.Tech., Electrical Engineering, Ryerson Polytechnical Institute, Power Option, Toronto, ON 1988

Professional Societies

Professional Engineers of Ontario

Association of Professional Engineers, Geologists and Geophysicists of the Northwest Territories (NAPEGG)

Association of Professional Engineers and Geoscientists of the Province of Manitoba (APEGM)

IEEE: Institute of Electrical and Electronic Engineers

Employment Record

President, Runge & Associates Inc. (2008-Present)

Senior Electrical Engineer, Power-Controls-Instrumentation, Building Sciences, R.J. Burnside & Associates Limited (2002-2007)

Advanced Project Engineer, Pilkington Glass of Canada Ltd. (1997-2002)

Electrical Engineer, Power-Controls-Instrumentation, MacViro Consultants Inc. (1991-1997)

Engineering Designer, MacLaren Engineers Inc. (1988-1991)

Citizenship

Canadian

Languages

English

Gerhard Runge, P.Eng.

Gerhard Runge has been providing engineering services in Canada since 1988 as an electrical power, lighting, building systems, fire alarm and controls engineer. Client sectors include municipal, land development servicing, commercial, industrial, institutional and renewable energy. Gerhard is responsible for equipment inspections and assessments, preliminary design brief preparation, pre-design planning, cost estimating, detailed engineering design, electrical (hydro) assessments, generator assessments, control system integration, specification and tendering preparation, construction inspections, shop drawing reviews, start-up assistance and commissioning, and project management.

Sample Project Listing

Stayner Collegiate School Fire Alarm System Upgrade, Simcoe County District School Board, Stayner, Ontario (2012)

Upgrade of an existing high school fire alarm system to an addressable system. Work included detail design for all detectors, detailed inspection of existing conditions, and coordination with local fire marshal. Project is currently out for tender.

Toronto Ski Club - Clubhouse Expansion, Town of Blue Mountains, Ontario (2010)

Electrical detail design of clubhouse facilities for 4,000 sq-ft expansion and 16,000 sq-ft renovation.

YMCA Renovation, Town of Collingwood, Ontario (2008 and 2012)

Electrical detail design and construction review to provide an addition and renovation of existing facilities, pool area, main lobby, reception area, child care room, fitness room, locker rooms and offices. Design included power distribution, lighting systems, communication network, site plan lighting and fire alarm upgrade.

Electrical Engineering Team Leader for the Design of the Meno Ya Win Health Centre in Sioux Lookout, Ontario (2003-2011)

Electrical detail design and construction review of a 60-bed health care facility which was completed in 2010. Project continued in 2011 with the addition of withdrawal management system, parking lot expansion and other minor additions.

Herridge Pumping Station Upgrade & Reservoir, Region of Peel (2008-2011)

Responsible for the electrical (hydro) assessment of the existing pumping station and reservoir site. Construction of a new 15ML in-ground water reservoir and relocation of existing substation. Substation size increased from two 3MVA to a two 4MVA transformers with 4160V switchgear. Project includes electrical power detail design, utility coordination and new PLC control system integration.

Town of Blue Mountains Maintenance Garage, Collingwood, Ontario (2009)

New construction of a maintenance garage and offices. Work included design for Electrical building services, periodic site inspections and acceptance of construction as per the "Issued for building permit" drawings.

APPENDIX B

REFERENCE PROJECTS

BMROSS
engineering better communities

PROJECT PROFILE

Kincardine Water Treatment Plant

CLIENT: Municipality of Kincardine

LOCATION: Kincardine, Ontario

DESCRIPTION:

B. M. Ross and Associates was retained to determine and implement the most feasible solutions to address deficiencies identified by the Ministry of the Environment at the Kincardine Water Treatment Plant. The most challenging of these was the plant's inability to deal with periodic occurrences of high raw water turbidity and a site with limited space for physical expansion.

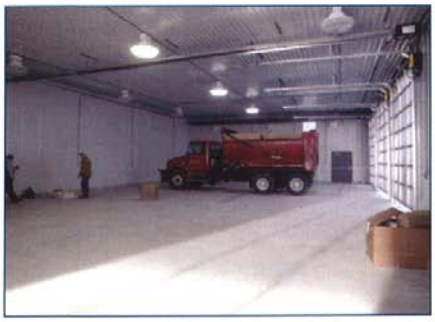
The building expansion included office administration, laboratory, washrooms, a vehicle storage bay and exterior landscaping.

BMROSS was the lead consulting firm with Adolfo Spaleta, Architects Ltd. as a sub-consultant. Total cost of the project was approximately $2.75 million. The building upgrade which was about 4000 ft^2 in size with 2 floors in the office area cost approximately $1.0 million. The project was completed in the fall of 2006.

BMROSS
engineering better communities

PROJECT PROFILE

Strathroy-Caradoc Patrol Yard Shed



CLIENT: Strathroy-Caradoc

LOCATION: Strathroy, Ontario

DESCRIPTION:

B. M. Ross and Associates was retained to finalize the design and provide contract administration services for construction of a 4500 ft^2 Patrol Yard Shed in Strathroy-Caradoc.

The design of concrete foundations and a concrete slab on grade were required for this pole-barn style structure that was designed by a separate engineering firm. BMROSS also coordinated the design of the electrical and the heating and ventilation systems, and specified the insulation and building envelope requirements.

BMROSS was retained to finalize the design, prepare tender documents, assist with contract administration and provide part-time construction review. Contract administration was generally performed by the client. Total cost of the project was approximately $310,000, not including the engineering design work for the building. The project will be completed in the winter of 2012.

BMROSS
engineering better communities

PROJECT PROFILE

Bruce Power Main Guardhouse and Site Entrance

CLIENT: Bruce Power

LOCATION: Bruce Power, Tiverton, Ontario

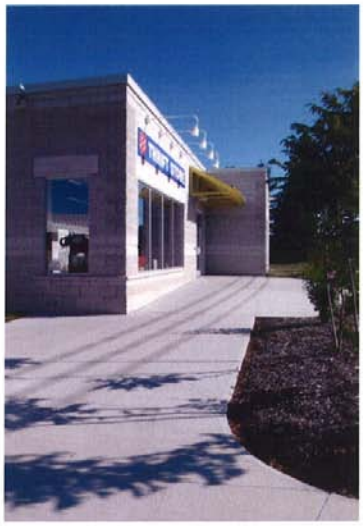
DESCRIPTION:

B. M. Ross and Associates was retained to complete a site and facility needs assessment in order to develop a building and road layout to meet the security and traffic requirements of the site at the main site entrance. The final design included channelized entrance lanes, specialized security equipment, lighting design, staff and storage parking, facility pumping station and a back-up generator.

The building was designed to accommodate security features and specialty equipment required by the security forces using the building and back-up systems for key components.

BMROSS was the lead consulting firm throughout the project, working with Adolfo Spaleta, Architects Ltd. and Melex Engineering as sub-consultants. Total cost of the project was approximately $2.75 million. The project was completed in the fall of 2006.

A D O L F O S P A L E T A A R C H I T E C T
125 Anglesea St. Goderich Ontario. N7A1V2. Tel 519 524 8948



New Thrift Store and Offices for the Goderich Salvation Army – 2008

Location: Goderich, Ontario

Client: Governing Council of the Salvation Army in Canada

Project Cost: Approximately $730,000
Area: Approximately 330 square metres

Consultants:
Architectural and Prime Consultant – Adolfo Spaleta Architect
Structural and Civil – B. M. Ross and Associates
Mechanical and Electrical – Molex Engineering

Contractor – Bronnenco Construction Ltd.

The facility provides a base from which the local Salvation Army distributes clothes and food to the needy. It is also a lively second hand store for the community. The building contains a thrift store, loading and sorting areas, administrative offices and a food bank.

Extensive interviews were carried out with both staff and volunteers to ensure that the building fully met the needs of users. A limited budget necessitated a rigorous cost checking process at each stage of design.

JAMES FRYETT
ARCHITECT INC.
Telephone 519-846-2201 Fax 519-846-0343
115 Metcalfe St., P.O. Box #88, Elora, ON N0B 1S0

March 14, 2012

Mr. Matthew Aston
Manager of Operations
Wellington North Power Inc
290 Queen Street West
Mount Forest, Ontario
N0G2L0

Re: Fee Proposal for Feasibility Report,
Building and Property Evaluation at 290 Queen Street West, Mount Forest, ON
Wellington North Power Inc

Dear Mr. Aston:

As requested, we have prepared an estimate of consulting fees to undertake this project, including all services required for a detailed feasibility study. We have visited the site with you, and Judy Roseburg to review the existing conditions and program requirements. We understand that the project includes the assessment of the property of Wellington North Power Inc. at 290 Queen Street West in Mount Forest. The area to be assessed includes the main office buildings with several truck bays and two outdoor storage buildings of Wellington North Power Inc. As per the "Request For Proposal" discussed on site the feasibility study is to include:

- Main office building with truck bays,
- Exterior storage buildings,
- Parking layout and traffic circulation on property,
- Front entrance accessibility.

The design will be completed in accordance with current Ministry and ODA design requirements as well as with the Ontario Building Code.

The scope of our work for this feasibility study phase is as follows:

1) Prepare a detailed site condition assessment report outlining deficiencies. The report will include the following disciplines:
   - Architectural,
   - Structural,
   - Civil as part of the storm water management report.

2) The civil engineering assessment report will include the following:
   - Detailed topographic survey documenting existing grades, services, fences etc.
   - Evaluation of existing site services (storm, sanitary, water main).
   - Assessment of existing storm water management system.

3) Provide an Ontario Building Code analysis of the facility in respect to Health and Safety i.e. fire separations, ventilation and environmental concerns.

4) Review accessibility requirements.

5) Analysis of work space areas and needs with future growth potential in mind.

6) Prepare comments and recommendation for feasible options.

7) Provide schedule.

8) Prepare preliminary construction cost estimate for two options: renovation & new construction.

We propose a fee of $18,000.00 plus HST to complete the scope of work as noted above. Disbursements are not included in the fee.

While the investigation of the mechanical and electrical performance of the existing buildings is not part of the scope of work mentioned in the RFP, it is recommend to have the M&E equipment evaluated as part of this feasibility study. We propose for the mechanical and electrical assessment an additional fee of $5,000.00 plus HST. Any work being done outside the scope of work will be based on an hourly rate. Our fee schedule is attached.

We confirm that we will begin work on the project immediately following your authorization to proceed.

We trust that this proposal meets your requirements. Thank you for the opportunity to submit this proposal.

We look forward to working with you.

Yours very truly,

Michaela Bahm, B.Eng. LEED AP
OAA

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JAMES FRYETT
ARCHITECT INC.
Telephone 519-846-2201 Fax 519-846-0343
115 Metcalfe St., P.O. Box #88, Elora, ON N0B 1S0

FEE SCHEDULE

Print Date: January 19, 2012

1. SCHEDULE OF HOURLY RATES:

Principal/Associates	$135.00 / hour
Senior Project Manager	$110.00 / hour
Project Architect	$ 85.00 / hour
Senior Technologist	$ 58.00 / hour
Intermediate Draftsman	$ 48.00 / hour
Junior Staff	$ 40.00 / hour
Clerical	$ 36.00 / hour

Rates are effective for a six month period commencing on the date noted above and subject to negotiation and review based on conventional parameter after this time.
* Principal: attendance at public meetings, act as expert witness shall be $150.00 / hour.

2. SCHEDULE OF DISBURSEMENTS:

2.1 Internal costs

Mileage		$ 0.60 / km
Graphic Reproduction:		
Blueprints	30 x 42	$2.50 / copy
Blueprints	24 x 36	$1.75 / copy
Photocopies	8.5 x 11	$ .15 / copy
Photocopies	11 x 17	$. 30 / copy
Colour Copies	8.5 x 11	$1.00 / copy
Colour Plot	8.5 x 11	$2.50 / colour plot
Plotting	30 x 42	$7.50 / plot
Plotting	24 x 36	$5.00 / plot
Plotting	11 x 17	$3.00 / plot
Facsimile and phone transmissions:		at cost

2.2 External Costs

Graphic reproduction services, material, courier and other third party: at cost plus 10%

2.3 Additional Consultants

Consultants fee will be billed at cost plus 15%.

3. GOODS AND SERVICE TAX

Harmonized Sales Tax (HST) is to be assessed in addition to the Basic Fee

L. Alan Grinham Architect Inc.
20 Douglas Street , Guelph , Ontario N1H 2S9
Tel: (519)-766-1580 Fax: (519)-766-1377 info@grinham.ca

22 March 2012

Wellington North Power Inc.
290 Queen Street West
P.O. Box 359
Mount Forest, Ontario, N0G 2L0

Attn.: Matthew Aston, C.E.T., M.B.A.
Re.: Building and Property Evaluation – Renovation Feasibility Report

Dear Matthew,

Thank you for the opportunity to provide Wellington North Power Inc. with this Proposal of Professional Services and Fees. And thanks as well to yourself and Judy Rosebrugh for taking the time to meet with me on site to discuss the project background, your initial thoughts and objectives in greater detail. The latter was very helpful in our efforts to identify what we hope to be a realistic and appropriate level of investigative detail and reporting strategy for the first phase of this Project.

It is our current understanding that Wellington North Power Inc. (WNP) is planning to undertake a redevelopment of its existing facility on Queen Street in Mount Forest in order to more appropriate address a number of issues and facility shortcomings that are becoming problematic due to the age and extent of the current building. These issues include staff and Board work and meeting space, particularly as it relates to planned growth to an estimated future office / field staff of 15 - potentially overlapping with Board (5 member) meetings and activities through the day.

We understand that WNP also seeks to improve its Customer Service facilities and features, including proper upgrades inside and out to address current and impending Accessibility requirements both for the public and in the workplace. It is the expectation of WNP that the requested Study and Report will identify an appropriate and cost effective strategy for achieving these programmatic objectives to realize a successful enhancement serviceability lifespan of at least 20 years hence.

In this Proposal we have included a brief outline of our initial / anticipated minimum Work Plan of tasks and activities needed to carry out the necessary on-site and in-house investigations and consulting services - along with our list of proposed specialist Sub-Consultants – both of which we would expect to review and confirm / revise as necessary with WNP Management prior to commencement of these Services. This proposed Work Plan and Project Team list subsequently informs the calculation of estimated time and expenses, and in turn the proposal of our Professional Fees anticipated to complete both the Study and Report as we currently envision them.

We further understand that the required timeframe of WNP for the Study data and complete or Final Report deliverables to be approx. 3 – 4 months following award of the Phase 1 Evaluation work such that the subsequent Design and Documentation work of Phase 2 – if approved – could commence in the fall of 2012 towards a Spring 2013 construction start of the preferred Alternative.

Continued on Page 2

Based upon our review of the Request for Proposal and Appendix A provided we have assembled the following team of Sub-Consultants to carry out this Study if selected:

➢ Architectural (Prime Consultant):	L. Alan Grinham Architect Inc, Guelph
➢ Interior Space Planning:	Professional Design Solutions, Guelph
➢ Structural Engineering:	Tacoma Engineers, Guelph
➢ Mechanical Engineering:	M.A. Bryan Engineering, Waterloo
➢ Electrical Engineering:	Fortech Engineering, Waterloo
➢ Site Services & Traffic Engineering:	Lonsdale Consulting Engineers, Guelph

In order to carry out the necessary Professional Services to complete our evaluations of the existing Facility towards the identification of recommendations, estimated Costs and preparation of the necessary Reports to move the Project forward with the Wellington North Power Inc. Board of Directors and (as may be required) the Ontario Energy Board we propose to undertake the following "on site" and/or "in house" tasks and activities including but not limited to:

- Assembly of any existing technical or record documentation for the existing buildings and site including Zoning and Planning status and potential amendment requirements;
- Conduct a comprehensive multi-disciplinary review of the existing buildings and site engaging the services of all named Sub-Consultants above;
- Conduct interviews with current staff towards more complete understanding of current and future operational needs and expectations for the facility;
- Conduct a review of all current and impending applicable legislation that would inform staff or public facility aspects of the new or renovated facility;
- Identify and chart "Pros and Cons" of Renovation versus New Construction Alternatives;
- Prepare Preliminary Construction Cost Estimates related to each Alternative scenario;
- Prepare Preliminary Construction Timeframe Estimates related to each Alternative scenario;
- Prepare DRAFT report and recommendations for review and comment by W.N.P.Inc Management;
- Revise and prepare Final Draft Report and Recommendations for submission to WNP Inc Management and Board of Directors
- Meet with Board to present and discuss Findings and Recommendations;
- Revise and Resubmit Final Report and Recommendations to WNP Management and Board.

Based on the information contained in your Request for Proposal and Appendix "A" and in anticipation of acceptance and approval by Wellington North Power Inc. of an overall Work Plan similar to that outlined above we would complete the proposed Scope of Professional Services as required for a Total Fixed Fee of **$ 19,975.00** ***(Nineteen Thousand Nine Hundred Seventy-Five dollars)*** *including* travel and expenses and *excluding* HST. A preliminary breakdown illustrating the general distribution of the various Professional Fees, including optional "additional" services (such as Ontario Land Surveyor or Geotechnical investigations) is Appended to this Proposal.

We trust the foregoing Proposal will serve to reflect our understanding of the current needs and expectations of Wellington North Power Inc. as it approaches the challenging task of carefully and efficiently addressing the current and future needs of the Utility. Should you require any additional information or clarification please do not hesitate to contact the undersigned.

Yours Truly,
L. Alan Grinham Architect Inc.

Lloyd A. Grinham, B.E.S., B.Arch., OAA, MRAIC

Wellington North Power Inc.
Renovation Feasibility Study and Report

22 March 2012

APPENDIX ONE - Consultant Fees Distribution

Discipline	Basic Fees	Expenses	HST	Total	Comments
Core Services					
Architectural (Prime Consultant)	$6,000	$450	$839	$7,289	
Interior Space Planning	$800	$50	$111	$961	
Structural Engineering	$3,000	$175	$413	$3,588	
Mechanical Engineering	$2,000	$150	$280	$2,430	
Electrical Engineering	$2,500	$150	$345	$2,995	
Site Services & Traffic Engineering	$4,500	$200	$611	$5,311	
Sub-Total Core Service Fees:	**$18,800**	**$1,175**	**$2,597**	**$22,572**	
Optional / Additional Services					
Ontario Land Surveyor (*quote*)	$2,500	$200	$351	$3,051	*Legal / Boundary survey and marker placement*
Geotechnical Engineering (*estimate*)	$10,000	$500	$1,365	$11,865	*Initial Field Review, Report and Recommendations for Phase 2 Construction work*
Environmental Engineering (*estimate*)	$15,000	$700	$2,041	$17,741	*Field work, lab analysis and reporting if soils contamination known or suspected*
Other(s)					
Sub-Total Optional Service Fees:	$27,500	$1,400	$3,757	$32,657	

Note: Optional / Additional Services would only be initiated with prior approval of Wellington North Power Inc. *and*
such services - if concurrent with the Study period - would be co-ordinated by the Prime Consultant.

April 3, 2012

Hi Judy,

Here is some initial analysis:

Components offered:	BM Ross	J. Fryett	Grinham
Architectural	X	X	X
Structural	X	X	X
Mechanical	X	Additional $2,500	X
Electrical	X	Additional $2,500	X
Site Survey	X	X	Additional $2,700
Floor Plan	X	?	X
Civil/Site Services	X	X	X
Traffic	X	X	X
Total Cost	$26,400	$18,000	$19,975
Comparable Cost	$26,400	$23,000	$22,675

Comments on each:

BM Ross (Goderich, Ontario)
Listed sub-contracts. Group from Goderich, Ontario. Local BM Ross office would have expert knowledge of Mount Forest's service infrastructure.

J. Fryett (Elora, Ontario)
Did not list sub-contracts. Civil or service infrastructure work would be necessary for J. Fryett to sub-contract. When mechanical and electrical assessments are considered, price is mid-range.

Grinham (Guelph, Ontario)
Sub-contractor for every function but Architecture, were Grinham is lead. He has recommended an interior design company as part of the internal space evaluation. No other proposal is offering this service as a sub-contract; typically Architect is handling this duty. I think we could lower the price by having Alex Wilson do the survey work but ensure Grinham is involved.

Three good proposals were provided, which gives us good information to proceed.

I would like for you and I to discuss the proposals on Friday or next week.

Regards,
Matt A.

April 24, 2012

At April's Board Meeting a resolution was passed to engage BM Ross of Goderich, Ontario, to create a feasibility study with respect to the proposed renovation project.

BM Ross was recommended by management for the following reasons:

- All feasibility study quotations were within $4,000 (approximately 20%) of each other which supports the fact all pricing was consistent with the market for this type of feasibility study;
- BM Ross provided a list of sub-contractors with their proposal;
- BM Ross local office would have expert knowledge of the Town of Mount Forest;
- Architect and Civil Engineer involved in proposal process;
- Proposal included reference to similar project work; and
- Management had the most confidence in the team sponsoring this proposal.

Please consider this as supporting evidence of management's recommendation of BM Ross for the building renovation project feasibility study at a cost of $26,400 plus taxes.

Judy Rosebrugh
President and CEO

Matthew Aston
Manager of Operations

WELLINGTON NORTH POWER INC.
P.O. Box 359, 290 QUEEN STREET WEST
MOUNT FOREST, ON N0G 2L0
PHONE (519) 323-1710 FAX (519) 323-2425

Date: April 24, 2012

Resolution: # 2012-0424-

Moved by: [signature]

Seconded by: Wayne Lytle

Be it Resolved

THAT the Board of Directors for Wellington North Power Inc. approve, the recommendation of Management, to move forward with the selection of the architect / engineering firm to perform a feasibility study at 290 Queen Street West, Mount Forest. The three candidates are Grinham Architects, BM Ross and James Fryett:

Recommendation: It is the recommendation of management to move forward with the feasibility study in 2012 awarding the contract to BM Ross and Associates in the amount of $26,400.

	Quote
• Grinham Architects	$22,675
• BM Ross and Associates	$26,400
• James Fryett	$23,000

[signature]
Chairman

- **Server for Web Presentment - $30,000**
  Wellington North Power has met all of the Minister of Energy mandates with the exception of Customer web presentment. The utility was able to have all low volume customer smart meters installed by December 31, 2010. Customer Time of Use billing began January 31, 2012 and the company was able to bill 99% of its low volume customers January consumption on TOU rates. Wellington North Power is proposing to install a secondary server to house customer daily consumption data only for the web presentment tool. This will ensure security of all the customer data Wellington North Power is responsible for. To access their consumption information over the internet, customers will access by their account number and a unique password.

- **Security Cameras – Budget item 2012 – 015**
  The expenditure for security cameras is for the safety of front line customer service staff. Protect business assets, by monitoring entrances and exits to the property. Security cameras act as a deterrent to thief of copper from the premises. A thief occurred at the property in 2011.

- **Laser Printer - Budget item 2012-016**
  At a proposed cost of $9,500 the printer is to replace a HP 8100 purchased in 1999, used for customer billing, notices, work orders, processing cheques for accounts payable and running reports. The print exceeded it useful life expectance. This equipment is an integral part of the company`s monthly customer billing process and failure of the thirteen year old asset would be devastating to business continuity and cash flow. Based on the company's favourable experience, the sourcing of the new printer is a HP 6100. The purchase price for the expenditure was $8,098.35.

- **Board Room Table – Budget item 2012-017**
  Replacement of the Board room table is required, as the one used currently is not large enough to seat the five Board members and staff attending meetings. It is also used for company committee meetings, health and safety meetings, which is held in two different sessions, as it will not accommodate all of the staff.

- **Printer for AutoCAD – Budget item 2012-018**
  The proposed cost of the printer for the Operations Department is $7,500. This equipment is required to produce larger maps from the GIS and project design drawing for engineering and the line crew. The company did not have a printer to produce adequate sized layouts for construction design. Purchased amount $4,199.00.

- **Workstation Replacement**
  Wellington North Power plans to replace two workstations per year. The amount budgeted for these expenditures is $5,000 and includes installation and setup. The expenditure is to ensure continued computer reliability and reduce the impact of possible equipment failure. The company has ten workstations, which in the rotating replacement plan is a life expectance of five years per unit and reflects the typical useful life listed in the Kinetrics Study. This procedure has worked favourably in the past, with only one failure before the end of the expected useful life.

- **Laptop**
  The two laptops in the budget are for the replacement of an existing computer purchased in 2005 and used by the Regulatory Compliance Analyst for submission and high priority projects. Both of the laptops allow the users to work remotely in inclement weather, as Wellington North Power is located in Ontario`s snow belt and also when working within tight timeframes.

- **Harris Computer Software**
  The eCare software application would allow customers to view their electricity consumption over the internet. Web presentment was proposed for all Ontario distribution companies as part of the Smart Meter initiative. Initially web presentment was going to be provided by the SME through the MDM/R. Wellington North Power believes the solution would be eCare, which will deliver our utility's customer-information system application directly to your clients. Any time of the day or night, customers can log on to a secure eCare website to access their bill, payment and consumption histories, log service calls, review and pay accounts. It will enable our utility to become more efficient immediately after implementation by managing large volumes of web-based transactions promptly and effectively, and access the most accurate and up-to-date client data instantly.

c. **Building Renovations projects required in one year**

In Wellington North Power's application, the company was not proposing to complete renovations projects in one year. There is additional renovation expenditures projected in 2013. However, when the engineering firms conducted the initial review of the property, the need for a full feasibility study became apparent, because of the age and condition of the building. Wellington North Power will not invest in building renovation until it is deemed structurally sound.

13. Reference: Asset Management Plan, Exhibit 2, Tab 6, Schedule 1

WNP has extended the 5-year asset management plan as proposed by Rodan to an 8-year period.

a. Please explain the criteria used by WNP to prioritize the capital projects that are included in its proposed 5-year plan in Table 6-7.

Wellington North Power Inc. - Response:

In 2010, Wellington North Power Inc. hired Rodan Energy Solutions Inc. to complete an asset management study on the company's distribution assets to gain a better understanding of their current condition. The end result was a proposed 5-year capital spend plan. After considering the condition of the assets as well as Wellington North Power Inc.'s capital and resource availability, a decision was made to extend the proposed 5-year plan to 8-years. Wellington North Power Inc. believes the proposed 8-year plan is both realistic and executable. Furthermore, it is felt extending this capital plan an additional 3-years will not adversely affect the reliability of the distribution system.

When extending the 5-year plan to 8-years, the following criteria were considered in making these decisions:

Criteria	Explanation
Capital Resources Constraint	The capital plan as proposed by Rodan represented an annual cost of between $600,000 and $780,000 which Wellington North Power Inc. felt was too aggressive. The strategy was to smooth annual capital spend as well as distribute the spending and financing over a longer period of time.
Human Resource Constraint	The operations team at Wellington North Power Inc. consists of three (3) powerline technicians who complete capital, operations and maintenance work on the distribution system. A 5-year capital plan would stress the existing human resources at Wellington North Power Inc. whether considering the planning, designing or constructing activities required for program execution. Powerline contractors assist WNP as required on large capital projects.
System Performance	Wellington North Power Inc. does not feel by extending the capital plan an additional 3-years system performance will be negatively impacted.

The following criteria were considered when prioritizing projects:

Priority Rank	Criteria	Explanation
1.0	System Reliability	Projects that improve system reliability by replacing aging equipment with new equipment, built to current construction standards, were given priority within the capital planning process.
2.0	Asset Condition/Age	The asset management plan from Rodan was used to understand the existing condition of the company's distribution assets. Projects that replace assets that are the old and poor performing were given priority. Asset replacement also considered system line loss.
3.0	Customer Impact	Projects that enhance/improve the system for the largest number of customers were given preferential treatment when prioritizing projects.
4.0	Generation Facility Connection	Projects that provide additional capacity within the distribution system to allow for the connection of renewable generation were given preferential treatment.
5.0	System Flexibility	Projects that provide additional operational flexibility, which results in shorter power outage time, were also considered priority projects.

Operating Revenue

14. Reference: Exhibit 3, Tab 2, Schedule 1, Table 3-1

Board staff notes that the 2009 Historic purchase load varies from other years by approximately 7% to 9%. WNP explains this variance as the result of the economic recession that began in September 2008, and particularly, the impact of the recession on three automotive customers (the "sensitive customers"). WNP identifies further impacts on consumption by these customers in 2011 in the wake of the Japanese tsunami.

a. Please provide separate tables of historic purchase load as prepared in Table 3-1 for the three sensitive customers and all other customers. Please include further columns for the 2011 and 2012 forecast loads for both the sensitive customers and other customers.
b. Please explain the impact of the Japanese tsunami on the three customers.
c. Please quantify and explain the adjustments made to the 2009 and 2011 historical information in the Power Purchase Model.
d. How has WNP considered the operational changes made by the three customers at the end of 2008 in its load forecast?
e. Were any adjustments made to address economic impacts to other customers?
f. In preparing the separate forecast for 2011 and 2012 for the three sensitive customers, did WNP consult with these customers regarding their operational plans for 2011 and 2012? If so, what was the outcome? If not, why not?
g. Please provide the results that would occur for a scenario that incorporates all three adjustments and all variables (an "all yes" scenario).

Wellington North Power Inc. - Response:

a. Separate tables of historic purchase load for the three sensitive customers and all other customers, together with comparison to the 2011 and 2012 forecast loads as shown in the tables below:

3 sensitive customers:

	Historic Purchase Load - kWh						2009 compared to Other Years				
	2007	2008	2009	2010	2011 Forecast Load	2012 Forecast Load	2009 compared to 2007	2009 compared to 2008	2009 compared to 2010	2010 compared to 2011	2010 compared to 2012
January	2,609,457	2,450,193	1,386,993	2,212,167	2,059,547	2,102,907	-46.85%	-43.39%	-37.30%	-32.66%	-34.04%
February	2,269,021	2,380,861	1,278,828	1,973,695	2,040,680	2,079,269	-43.64%	-46.29%	-35.21%	-37.33%	-38.50%
March	2,535,329	2,413,471	1,599,507	2,333,570	2,212,906	2,256,266	-36.91%	-33.73%	-31.46%	-27.72%	-29.11%
April	2,356,887	2,438,737	1,681,721	2,176,410	2,122,137	2,165,552	-28.65%	-31.04%	-22.73%	-20.75%	-22.34%
May	1,979,088	2,233,215	1,481,789	2,343,664	2,141,974	2,185,488	-25.13%	-33.65%	-36.77%	-30.82%	-32.20%
June	2,542,493	2,207,700	1,480,618	2,300,956	2,273,483	2,318,289	-41.77%	-32.93%	-35.65%	-34.87%	-36.13%
July	2,212,821	1,926,360	1,533,239	2,325,624	2,254,888	2,300,315	-30.71%	-20.41%	-34.07%	-32.00%	-33.35%
August	2,703,102	2,199,035	1,842,378	2,526,908	2,248,556	2,293,858	-31.84%	-16.22%	-27.09%	-18.06%	-19.68%
September	2,374,030	1,694,540	2,152,613	2,397,724	2,220,393	2,262,447	-9.33%	27.03%	-10.22%	-3.05%	-4.85%
October	2,403,860	2,236,506	2,250,006	2,469,206	2,134,739	2,178,488	-6.40%	0.60%	-8.88%	5.40%	3.28%
November	2,290,755	1,816,146	2,214,423	2,399,219	2,155,029	2,198,389	-3.33%	21.93%	-7.70%	2.76%	0.73%
December	1,861,939	1,318,681	1,953,857	2,171,049	2,202,732	2,246,092	4.94%	48.17%	-10.00%	-11.30%	-13.01%
Total	**28,138,783**	**25,315,444**	**20,855,974**	**27,630,193**	**26,067,065**	**26,587,360**	**-25.88%**	**-17.62%**	**-24.52%**	**-19.99%**	**-21.56%**

All other customers:

	Historic Purchase Load - kWh						2009 compared to Other Years				
	2007	2008	2009	2010	2011 Forecast Load	2012 Forecast Load	2009 compared to 2007	2009 compared to 2008	2009 compared to 2010	2010 compared to 2011	2010 compared to 2012
January	6,861,983	7,274,529	7,391,553	7,343,340	7,207,948	7,272,191	7.72%	1.61%	0.66%	2.55%	1.64%
February	6,598,887	6,901,835	6,382,454	6,539,527	6,549,337	6,746,252	-3.28%	-7.53%	-2.40%	-2.55%	-5.39%
March	6,667,522	6,922,293	6,590,037	6,459,810	6,951,670	7,015,912	-1.16%	-4.80%	2.02%	-5.20%	-6.07%
April	5,919,941	5,771,971	5,694,696	5,603,257	5,972,007	6,036,882	-3.80%	-1.34%	1.63%	-4.64%	-5.67%
May	6,131,081	5,650,380	5,229,715	5,757,226	5,760,344	5,826,347	-14.70%	-7.44%	-9.16%	-9.21%	-10.24%
June	5,651,527	5,579,675	5,369,116	5,683,543	5,536,404	5,617,182	-5.00%	-3.77%	-5.53%	-3.02%	-4.42%
July	5,490,379	5,889,247	5,288,185	6,025,352	5,753,478	5,841,357	-3.68%	-10.21%	-12.23%	-8.09%	-9.47%
August	5,677,124	5,611,458	5,739,569	6,165,214	5,701,597	5,788,038	1.10%	2.28%	-6.90%	0.67%	-0.84%
September	5,336,346	5,982,746	5,417,984	5,702,200	5,433,247	5,482,564	1.53%	-9.44%	-4.98%	-0.28%	-1.18%
October	5,933,088	6,011,474	6,096,676	6,032,362	5,861,151	5,929,847	2.76%	1.42%	1.07%	4.02%	2.81%
November	6,452,490	6,350,282	6,171,735	6,433,663	6,226,243	6,290,485	-4.35%	-2.81%	-4.07%	-0.88%	-1.89%
December	7,046,049	7,248,924	7,187,686	7,232,578	7,147,899	7,212,142	2.01%	-0.84%	-0.62%	0.56%	-0.34%
Total	**73,766,416**	**75,194,816**	**72,559,407**	**74,978,072**	**74,101,326**	**75,059,199**	**-1.64%**	**-3.50%**	**-3.23%**	**-2.08%**	**-3.33%**

b. These three automotive manufacturing companies are component suppliers to Japanese car manufacturers. Following the Japanese tsunami of March 11, 2011, the car companies of Nissan and Toyota in particular closed their operational plants for a prolonged period of time. Consequently, these three automotive manufacturing companies reduced their production schedules, hours of operations and working shift patterns. Shift patterns were reduced from three shifts to two shifts for the remaining days of March and most, if not all, of April 2011.

c. WNP used the historic purchase loads for the years of 2004 to 2008 inclusive to create an average for 2009 [formula used: =average(2004,2005,2006,2007,2008)].

   In an attempt to create an acceptable Purchase Load Forecast for the 2011 Bridge Year and 2012 Test Year, as well as using an average Load for 2009, WNP also included the Actual Purchases for 2011 to date. (At the time of running the weather modelling as part of the cost of service application, WNP had 3 months of Actuals - January, February and March).

   The table below quantifies the data that was used:

	Historic Purchase Load - kWh						
	2004	2005	2006	2007	2008	Average used for 2009 Purchase Load	2011
January	9,513,852	9,511,622	9,308,926	9,471,440	9,724,722	9,506,112	9,903,507
February	8,604,644	8,356,417	8,675,458	8,867,908	9,282,696	8,757,424	9,130,223
March	8,970,502	8,891,064	9,235,190	9,202,851	9,335,764	9,127,074	9,825,256
April	7,809,715	7,665,148	7,771,829	8,276,828	8,210,709	7,946,846	
May	7,627,156	7,570,243	8,018,637	8,110,169	7,883,595	7,841,960	
June	7,332,984	7,982,091	7,829,938	8,194,020	7,787,375	7,825,282	
July	6,866,639	7,604,890	7,512,883	7,703,200	7,815,607	7,500,644	
August	7,258,172	8,306,210	7,987,541	8,380,226	7,810,492	7,948,528	
September	7,134,743	7,686,742	7,570,669	7,710,376	7,677,287	7,555,963	
October	7,515,553	8,151,171	8,459,920	8,336,948	8,247,980	8,142,315	
November	7,904,302	8,457,765	8,646,179	8,743,245	8,166,427	8,383,583	
December	8,639,917	8,994,173	8,709,606	8,907,988	8,567,606	8,763,858	
Total	**95,178,179**	**99,177,535**	**99,726,775**	**101,905,199**	**100,510,261**	**99,299,590**	

d. WNP did not adjust any 2008 load forecast data. For 2008's data, the variance when compared, to prior years is not as dramatic when assessed to 2009's data. Instead, WNP spent time analysing 2009 data to identify what the issue was and which customers were the contributors.

e. WNP can confirm there were no adjustments made for other customers.

f. WNP spoke with the three "sensitive" customers at the start of 2010 to establish if and when they would be operating at "normal" production capacity. As illustrated in table 3-1 in Exhibit 3, Tab 2, Schedule 1 its application, it can be seen that Purchase Load data for 2010 returns to a more "normal and expected" pattern from May onwards when compared to the years of 2008 and 2007. Because of this return to a "steady-state", WNP did not contact these customers again in preparing its forecasts for 2011 and 2012.

g. Summarised below are the results for the "all yes" scenario, which is based upon the following variables:

- Adjusted 2009 Purchase Load Data (used the average of 2004 to 2008 historic purchase data)
- Included 2011 Actual Purchased Load data
- Included "sensitive" customers
- All other variables (HDD, CDD, Number of days in month, number of peak hours) remained the same as per application submission

Purchase Load Data used:

	Historic Purchase Load - kWh							
	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	Average used for 2009 Purchase Load	2010 Actual	2011 Actual
January	9,513,852	9,511,622	9,308,926	9,471,440	9,724,722	9,506,112	9,555,507	9,903,507
February	8,604,644	8,356,417	8,675,458	8,867,908	9,282,696	8,757,424	8,513,222	9,130,223
March	8,970,502	8,891,064	9,235,190	9,202,851	9,335,764	9,127,074	8,793,380	9,825,256
April	7,809,715	7,665,148	7,771,829	8,276,828	8,210,709	7,946,846	7,779,667	8,000,503
May	7,627,156	7,570,243	8,018,637	8,110,169	7,883,595	7,841,960	8,100,891	7,972,210
June	7,332,984	7,982,091	7,829,938	8,194,020	7,787,375	7,825,282	7,984,499	7,947,472
July	6,866,639	7,604,890	7,512,883	7,703,200	7,815,607	7,500,644	8,350,976	8,282,741
August	7,258,172	8,306,210	7,987,541	8,380,226	7,810,492	7,948,528	8,692,122	8,881,989
September	7,134,743	7,686,742	7,570,669	7,710,376	7,677,287	7,555,963	8,099,924	8,383,667
October	7,515,553	8,151,171	8,459,920	8,336,948	8,247,980	8,142,315	8,501,568	8,946,252
November	7,904,302	8,457,765	8,646,179	8,743,245	8,166,427	8,383,583	8,832,882	8,876,428
December	8,639,917	8,994,173	8,709,606	8,907,988	8,567,606	8,763,858	9,403,627	9,391,756
Total	**95,178,179**	**99,177,535**	**99,726,775**	**101,905,199**	**100,510,261**	**99,299,590**	**102,608,265**	**105,542,005**

Predicted Purchase Loads for 2011 Bridge Year and 2012 Test Year:

Predicted Purchases - kWh	
2011 Forecast Purchase	2012 Forecast Purchase
9,364,165	9,491,616
8,752,762	8,980,368
9,326,936	9,454,387
8,233,310	8,361,390
8,014,627	8,143,829
7,976,436	8,120,338
8,104,198	8,255,165
8,051,805	8,201,340
7,807,526	7,920,127
8,107,957	8,239,838
8,538,035	8,665,485
9,510,306	9,637,756
101,788,065	**103,471,640**

Summary Output Statistics:

Summary Output:

Regression Statistics	
Multiple R	86.38%
R Square	74.61%
Adjusted R Square	73.50%
Standard Error	345965.41
Observations	96

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	4	3.201E+13	8.002E+12	6.686E+01	2.849E-26
Residual	91	1.089E+13	1.197E+11		
Total	95	4.290E+13			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	1645445.1	1380071.57	1.19	0.24	-1095897.47	4386787.68	-1095897.47	4386787.68
Heating Degree Days	2684.2	190.85	14.06	0.00	2305.11	3063.30	2305.11	3063.30
Cooling Degree Days	5609.9	1374.38	4.08	0.00	2879.90	8339.96	2879.90	8339.96
Number of Days in Month	100156.2	46624.79	2.15	0.03	7541.79	192770.62	7541.79	192770.62
Number of Peak Hours	7965.6	2058.44	3.87	0.00	3876.80	12054.48	3876.80	12054.48

15. Reference: Exhibit 3, Tab 2, Schedule 1, Tables 3-8 to 3-12

WNP indicates that it has incorporated weather effects from 2004 to 2010 in its forecast, due to the effects of global warming. It has provided 10 and 20 year data for comparison purposes.

a. Please explain the data relied upon by WNP to determine that six years was the appropriate time period to incorporate the effects of global warming.
b. Please explain the data relied upon by WNP to determine that six years was the appropriate time period to incorporate the effects of global warming.
c. Please explain the use of two different weather stations over two different time periods for degree-day data.
d. On page 340, WNP states in its evidence that the 20 year data is sourced from the Windsor weather station, however the footnote to Table 3-9 indicates that the data sources are Owen Sound and Collingwood. Please clarify.
e. Please explain the results of Tables 3-11 and 3-12, which appear to indicate higher rates of change through the adjustment in degree days applied in rate classes that are not weather sensitive.
f. Please provide the percentage of WNP's customers that rely on electricity as a source of space heating, as compared to other energy sources such as natural gas.

Wellington North Power Inc. - Response:

a. Data for Wellington North Power Inc. total system load beginning in January 2004 to December 2010 was used. This data was timely, available and accurate and provided a reasonable data set for use in a multiple regression analysis. Extracting and validating data prior to this period would have been both time-consuming and could have delayed the LDC's application further. Data prior to 2004 was not readily available.

   Based on the recent global activity surrounding climate change, historical weather data is showing that there is a warming of the global climate system. To this extent, Wellington North Power Inc.'s wanted to incorporate a weather variable in its load forecast.

   Because WNP had Load data for the years 2004 to 2010, the LDC determined the average weather conditions from January 2004 to December 2010 would best be applied in the forecasting process to determine a weather normalized forecast.

b. Question is a duplicate is of (a).

c. WNP wanted to use weather data from a weather station that is geographically local to the LDC. Data from the Owen Sound weather station was used for the period 1991 to 1994; and weather data from the Collingwood weather station was available for the period 1995 to 2010. Unfortunately, no Heating Degree Days (HDD) or Cooling Degree Days (CDD) data

was available to the LDC at the time of preparing the weather regression modelling.

d. This was an unfortunate error. WNP confirms that the HDD and CDD weather data source is Owen Sound (1991-1994) and Collingwood (1995-2010).

e. Applying both the 10 year and 20 year average HDD and CDD data, (as illustrated in tables 3-11 and 3-12 of Exhibit 3, Tab 2, Schedule 3) to the 2012 Purchases months, the 2012 Test Year forecasted billed kWh fractionally reduces when compared to the 2012 Test Year billed kWh energy as shown previously in table 3-5. As noted by the OEB Board Staff, the non-sensitive rate classes experience a higher rate of change, namely General Service 1,000 – 4,999 kW, Street Lights, Sentinel Lights and Unmetered Loads.

WNP assumes that the reason for this outcome is mathematical proportioning and reasoning, namely this is a variable that when adjusted will affect:

- General Service 1,000 – 4,999 kW class because it is the largest rate class in terms of billed energy compared to the other classes; and
- Streetlights, Sentinel Lights and Unmetered Loads are the smallest classes in terms of billed energy and therefore are affected proportionally.

Consequently, in the Purchase Load Model, this is treated as a mathematical variable and not treated as a “sensitive” variable that influences independent customer classes.

f. A survey was commissioned through the CHEC LDC members in 2006 as part of a cost allocation study. From this survey, for Wellington North Power Inc.’s service area, it was observed that for Residential customers, approximately:

- 10% had electric space heating;
- 18% had electric water heating; and
- 43% had air conditioning.

This is the latest information that is available to the LDC.

16. Reference: Exhibit 3, Tab 2, Schedule 1, Table 3-14

Board staff notes that in addition to a regression analysis, another method to develop a load forecast is to base it on historical averages.

a. Please update Table 3-14, Actual vs. Predicted Purchases, to incorporate 2011 actual kWh purchases.
b. For each of 2009, 2010, 2011 and 2012, please prepare an alternate forecast based on the average of the prior five years' weather normalized actual consumption. This may be done on a total forecast basis, rather than by rate class. Please use the data from tables 3-4 and 3-9.
c. Please prepare a comparison of actual and predicted results, similar to those provided in Table 3-14, for the alternate forecasts prepared in response to part a, above. Please ensure that the actual results in the table are weather normalized.

Wellington North Power Inc. - Response:

a. The table below has been updated to include the 2011 actual kWh purchases:

Model F - All WNP portfolio excluding 3 x Sensitive customers			
Actual vs. Predicted Purchases (kWh)			
Year	Actual	Predicted	% Difference
2004	72,890,680	73,669,216	1.1%
2005	71,971,867	74,395,323	3.4%
2006	72,292,023	72,464,822	0.2%
2007	73,766,416	73,647,457	-0.2%
2008	75,194,816	73,336,966	-2.5%
2009	72,559,407	72,934,963	0.5%
2010	74,978,072	73,204,534	-2.4%
2011 Actual	**76,384,759**	74,101,326	-3.0%
2012 Test		75,059,199	

Model G - WNP 3 x Sensitive customers			
Actual vs. Predicted Purchases (kWh)			
Year	Actual	Predicted	% Difference
2004	22,287,499	25,577,776	14.8%
2005	27,205,667	25,612,284	-5.9%
2006	27,434,752	25,605,973	-6.7%
2007	28,138,783	25,596,452	-9.0%
2008	25,315,444	25,459,017	0.6%
2009	20,855,974	25,408,945	21.8%
2010	27,630,193	25,607,864	-7.3%
2011 Actual	**29,157,246**	26,335,390	-9.7%
2012 Test		26,394,130	

Model F & G combined - WNP Total Customer Portfolio			
Actual vs. Predicted Purchases (kWh)			
Year	Actual	Predicted	% Difference
2004	95,178,179	99,246,993	4.3%
2005	99,177,535	100,007,607	0.8%
2006	99,726,775	98,070,795	-1.7%
2007	101,905,199	99,243,909	-2.6%
2008	100,510,261	98,795,983	-1.7%
2009	93,415,382	98,343,908	5.3%
2010	102,608,265	98,812,399	-3.7%
2011 Actual	**105,542,005**	100,436,716	-4.8%
2012 Test		101,453,329	

b. As directed, WNP has prepared an alternate forecast using:
- Actual Billed with Losses kWh data for years 2004 to 2008 inclusive;
- For 2009 and beyond, used prior 5 year's weather normalized consumption; and
- Used the HDD and CCD variables as illustrated in table 3-9 of Exhibit 3, Tab 2, Schedule 1

c. The tables below compares the actual and predicted results together with the Statistics Output:

Year	Billed (kWh)	Actual Predicted	% Difference
2004	89,194,708	92,868,814	4.1%
2005	92,239,845	93,139,484	1.0%
2006	93,628,881	92,500,527	-1.2%
2007	95,248,613	93,072,472	-2.3%
2008	93,521,080	92,655,881	-0.9%
2009	92,766,625	93,100,217	0.4%
2010	93,481,009	92,743,367	-0.8%
2011 Bridge	93,729,242	93,419,654	-0.3%
2012 Test		93,470,438	

SUMMARY OUTPUT:

Regression Statistics	
Multiple R	72.24%
R Square	52.18%
Adjusted R Square	49.76%
Standard Error	490938.0318
Observations	84

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	4	2.07779E+13	5.19447E+12	21.55200339	4.77233E-12
Residual	79	1.90406E+13	2.4102E+11		
Total	83	3.98185E+13			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	17819539.88	2122497.60	8.40	0.00	13594814.15	22044265.60	13594814.15	22044265.60
Heating Degree Days	1425.44	286.11	4.98	0.00	855.95	1994.92	855.95	1994.92
Cooling Degree Days	452.69	2032.56	0.22	0.82	-3593.02	4498.41	-3593.02	4498.41
Number of Days in Month	-372522.60	71253.41	-5.23	0.00	-514348.95	-230696.24	-514348.95	-230696.24
Number of Peak Hours	2347.94	3314.23	0.71	0.48	-4248.87	8944.75	-4248.87	8944.75

17. Reference: Exhibit 3, Tab 3, Schedule 2, Table 3-30

Board staff notes considerable variability in the amounts shown in Accounts 4375 and 4380 – Revenues and Expenses from Non-Utility Operations.

a. Please explain the variances between 2008 and 2009; between 2009 and 2010; and between 2010 and 2011.
b. Please explain why the revenues from non-utility operations have decreased by 55%, while the expenses from non-utility operations have decreased by only 26%.
c. On page 360 of WNP's evidence, it indicates that Accounts 4375 and 4380 are used for Ontario Power Authority Program funding and expenses. Please explain WNP's plans to achieve 10% and 20% of its CDM targets, as contained in its evidence at page 349, in light of the reductions in over 50% for both revenues and expenses in these accounts between 2010 and 2011.

Wellington North Power Inc. - Response:

a. When gathering information for this IR, Wellington North Power discovered some errors had been made during 2008, 2009 and 2011 regarding the Ontario Power Authority payments and expenses and the water and sewer expense.

The Water / Sewer billing and collection services provided to the municipality, is billed month at $2.25 per customer per bill. This revenue is allocated to account 4375 Non-Utility Operations Revenue. An offsetting journal entry is done to allocate expenses to 4380 Non-Utility Operations Expenses, for stationary, postage, mailing equipment, water meter reading and staff processing time from account 5315 Billing and account 5320 Collecting. As shown below, Wellington North Power has explained the incorrect allocation of transaction within 4375 and 4380.

2008 – funds moved to the Balance Sheet should have been $122,468.30 instead of the $119,352.44 a difference of $3,115.86. Water and sewer expenses were understated in 2008 by approximately $24,822.43. The revenue over expense for water and sewer billing should have been approximately 7.7% or $7,124.70.

2009 – funds moved to the Balance Sheet should have been $102,030.43 instead of the $126,100.00 a difference of $24,069.57.

2010 – adjustments were completed to correct the errors in the OPA amounts in 2008 and 2009. The amounts were reallocated to correct the OPA payments and expenses as shown in the table below.

2011 – water and sewer expense was overstated by $5,210.53.

The table below shows the correct allocation for 4375 and 4380.

Account	Name	2008		2009		2010		2011
			Should have been: Move unused $122,468.30 to Balance sheet		Should have been: Move unused $102,030.43 to Balance sheet		Move unused $170,196.50 to Balance Sheet, which included the corrections for 2008 & 2009	
4375	OPA Payment	39,414.61		162,225.96		44,027.04		34,742.53
4375	Water & Sewer Revenue	92,528.68		98,312.81		90,897.89		104,140.33
4380	OPA Expense	(39,414.61)		(162,225.96)		(44,027.04)		(34,742.53)
4380	Water & Sewer Expense	(60,581.55)		(90,740.44)		(78,240.22)		(101,789.04)
Total		31,947.13		7,572.37		12,657.67		2,351.29

Moved to balance sheet	119,352.44	Moved to Balance sheet	126,100.00				106,999.57
Should have moved to BS	(122,468.30)	Should have moved to BS	(102,030.43)			W/S Expense	(101,789.04)
Expense Understated - Corrected in 2010	(3,115.86)	OPA Payment Understated - Corrected in 2010	24,069.57			overstated	5,210.53

b. In WNP's original filing there were a number of errors, which were discovered when gathering data for the response to this IR. The table above shows the corrections to the OPA and the water and sewer allocation. The errors from 2008 and 2008 were corrected in 2010. Wellington North Power will notify the company's external auditor to request a restatement of 2011 to correct the overstatement of water/sewer expense.

c. Wellington North Power Inc. is participating in the provincially coordinated Ontario Power Authority programs to reduce customer energy consumption and to achieve the targets set by the Ontario Energy Board EB-2010-0215 and EB-2010-0216. The company has had a booth at area home shows, held conservation information sessions for general service customers and is meeting with general service customers to perform facility audits to assist them, in reducing their monthly energy use. Below are the provincial programs Wellington North Power is participating in:

- saveONenergy Fridge & Freezer Pickup
- saveONenergy Heating & Cooling Incentive
- saveONenergy Coupon Event
- *peaksaver* PLUS
- Retrofit Program
- High Performance New Construction
- HVAC Incentive Program
- Small Business Lighting
- Energy Audits

- saveONenergy Home Assistance Program

The reduction in both revenue and expense is related to the fact that the 2010 programs were not pursued aggressively, because Wellington North Power felt in 2009 we had saturated the General Service <50 kW customer programs. The company slowed the implementation of CDM programs in 2010, to help meet the targets set for 2011 to 2014.

However, Ontario Power Authority did not begin to release programs until June of 2011. Some of the 2011-2014 provincial programs were not ready for rollout until later that same year.

The delay in the start of the programs impacted the utility's ability to begin customer conservation initiatives before August of 2011. Wellington North Power Inc. did not receive the PAB (Program Administration Budget) funding for the programs until the end of December, 2011. The company felt it could not fund these programs, as this could be view as cross subsidization. Therefore Wellington North Power's energy savings for 2011 are disappointing.

18. Reference: Exhibit 3, Tab 3, Schedule 2, Table 3-30

At page 361 of its evidence, WNP indicates that Other Operating Revenue will continue to decrease as a result of changes in codes relating to low income customers.

a. Please explain the code changes referred to in the above statement, as well as the expense types impacted.
b. Please quantify the effects of these code changes on the various expense types.
c. In light of the above statement, please explain the approximately 45% increase in late payment charges between 2008 and 2012.

Wellington North Power Inc. - Response:

a. Wellington North Power fells the most significant effect from the code changes, is the LDCs inability to collect security deposits from some customers. Wellington North Power not only relies on customer security deposits to reduce non-payment risk, it also mitigates the company's exposure with the IESO for pass through energy charges. Wellington North Power's "Prudential Requirement" with the IESO, has increased by $98,848.00 to $558,879.00. The Prudential Requirement Letter of Credit increase, adds to the company's annual banking charges allocated to Office Supplies and Expenses in account 5620. A monthly maintenance fee of $200.00 is charged, plus an advanced annual charge of 0.50% of the face value of the Letter of Credit.

b. One of the most prominent effects of code changes has been the growing outstanding balances in accounts receivable. Customers with payment arrangements are given an extended period of time to pay their account and quite often, move out of the area before the 10 months have concluded, leaving an unpaid arrears balance. This will then be moved to the Bad Debt account and recovered from all Wellington North Power's customers. In the past collecting security deposits, have protects customers from the payment default of others.

   For customers that do have security deposits, the code requires WNP to use the deposit before implementing the disconnection for non-payment process. Once this deposit is applied to the account, the company must give the customer four months to repay. This takes additional time and customer resources for collections.

c. Wellington North Power agrees late payment charges have increased, while other miscellaneous revenue has fallen. Between 2008 and 2011 the overall reduction is approximately 12% and almost 15% when comparing 2008 to 2009.

The table below shows year over year percent increase or decrease since 2008.

Miscellaneous Revenue					
		2008	2009	2010	2011
4210	Rent / Electric Property	36,281.18	34,596.74	30,617.29	30,334.23
4225	Late Payment Charges	18,613.95	20,946.68	20,833.38	26,046.63
4235	Meter Data Management	2,400.00	2,026.67	1,800.00	1,800.00
4235	Occupancy Charge	19,770.00	20,610.00	20,790.00	18,825.00
4235	NSF Charges	960.00	1,050.00	1,070.00	885.00
4235	Legal Letter Charge	925.00	780.00	1,230.00	856.95
4235	Disconnect / Reconnection Charge	8,735.00	10,820.00	10,330.00	7,165.00
4235	Customer History Report (after 2 at no charge)	-	-	75.00	15.00
4235	Temporary Service Charge	1,500.00	500.00	500.00	1,185.00
4235	MicroFIT Generation S/C	-	-	-	388.50
4235	Collection Charge	27,391.04	29,310.00	23,025.00	14,750.00
Total		118,584.17	122,649.09	112,280.67	104,262.31

Operating Costs

19. Reference: Exhibit 4, Tab 2, Schedule 9

Board staff notes significant increases in WNP's Salaries and Expenses between the amounts approved by the Board in 2008 and those forecast for 2012.

a. WNP states at page 447 that time and expenses for preparation of the 2008 cost of service application was allocated to regulatory expenses. Are these amounts included in the information provided in Table 4-24?
b. Similarly, are there other compensation amounts that have been recorded elsewhere in WNP's accounts, such as within the smart meter deferral accounts? Are these amounts included in Table 4-24?
c. Does Table 4-24 included compensation amounts that have been capitalized?
d. In the event that there are compensation amounts recorded elsewhere in WNP's accounts, please provide an updated Table 4-24 that includes all compensation paid to all WNP employees.
e. Based on updated information provided in response to part d, above, please provide a table showing average salaries for each of the categories of executive, management, operations and administration for each of 2008 approved, 2008 actual, 2009, 2010, 2011, and 2012. Please include the change % for each year, as well as the overall change % from 2008 approved to 2012.
f. Please provide an explanation for all year-over year variances that exceed the rate of inflation.
g. Please provide the compensation increases awarded by WNP for each year.
h. Did WNP receive Board of Directors' approval for these salary increases? Please provide evidence of this approval, if available.
i. Please provide a breakdown of training costs incurred by year, as well as forecast for 2012.

Wellington North Power Inc. - Response:

a. Wellington North Power Inc. confirms that internal expenses for the preparation of the 2008 Cost of Service application are included in the Table 4-24 of Exhibit 4, Tab2, Schedule 10. (External expenses such as lawyer and consultancy fees are not included in this table).

b. WNP can confirm that no other compensation amounts have been recorded elsewhere in WNP's accounts.

c. Table 4-2 does include compensation that has been capitalized.

d. Not applicable – please see response above.

e. As requested, please see the tables below:

Number of Employees (FTEs including Part-Time)	Last Rebasing Year 2008	Historical Year 2009	Historical Year 2010	Bridge Year 2011	Test Year 2012
Executive	5.0	5.0	6.0	6.0	6.0
Management	2.0	2.0	2.0	3.0	3.0
Non-Union	8.5	8.5	8.5	8.5	10.5

Total Compensation (Salary, Wages, & Benefits)	Last Rebasing Year 2008	Historical Year 2009	Historical Year 2010	Bridge Year 2011	Test Year 2012
Executive	$ 32,900	$ 32,812	$ 149,645	$ 151,572	$ 152,903
Management	$ 257,791	$ 267,533	$ 204,630	$ 330,691	$ 338,546
Non-Union	$ 321,947	$ 363,409	$ 349,401	$ 476,046	$ 532,556

Average Compensation (Salary, Wages, & Benefits)	Last Rebasing Year 2008	Historical Year 2009	Historical Year 2010	Bridge Year 2011	Test Year 2012
Executive	$ 6,580	$ 6,562	$ 24,941	$ 25,262	$ 25,484
Management	$ 128,895	$ 133,767	$ 102,315	$ 110,230	$ 112,849
Non-Union	$ 37,876	$ 42,754	$ 41,106	$ 56,005	$ 50,720

Average Compensation % change year-over-year	Last Rebasing Year 2008	Historical Year 2009	Historical Year 2010	Bridge Year 2011	Test Year 2012
Executive		-0.27%	280.06%	1.29%	0.88%
Management		3.78%	-23.51%	7.74%	2.38%
Non-Union		12.88%	-3.85%	36.25%	-9.44%

Overall % Change from 2008 Board Approved	Last Rebasing Year 2008	Historical Year 2009	Historical Year 2010	Bridge Year 2011	Test Year 2012
Executive		-0.27%	279.04%	283.92%	287.29%
Management		3.78%	-20.62%	-14.48%	-12.45%
Non-Union		12.88%	8.53%	47.86%	33.91%

The following comments need to be considered when reviewing the above table:

- "Executive" for the years of 2010, 2011 and 2012 includes the Board of Directors and the President & CEO of Wellington North Power Inc. In 2008, "Executive" only included the Board of Directors; the President & CEO was included in the "Management" category for this year;
- From 2008 to 2012, the headcount change is summarized as follows:
    - December 2010 — 1 x Financial Analyst position
      (In June 2010, it was decided by The Board of Directors to separate the Finance / Regulatory Compliance Manager into two positions. Consequently, a finance accredited individual was hired in December 2010. The individual who was Finance / Regulatory Compliance Manager transferred to the position of Regulatory Compliance Analyst.)
    - February 2011 — 1 x Regulatory Compliance Analyst position
      (The former Regulatory Compliance Analyst resigned from the company in January 2011)

- April 2011 — 1 x additional Administrative employee position
- August 2011 — 1 x additional Manager of Operations position
  (The current Manager of Operations was due to retire at the end of October 2011. The "new" Manager of Operations was appointed as part of the LDC's succession planning.
- October 2011 — 1 x "former" Manager of Operations retires
- 2012 Test Year — 1 x additional Operation employee position (linesman)
- 2012 Test Year — 1 x additional Operations Clerical employee position
  (Note: the above two additional positions in 2012 Test Year have not been filled as this is subject to approval of WNP's 2012 Cost of Service Rate Application.)

f. Wellington North Power Inc. has had two Employee Working Agreements since 2008. Both were three year agreements, the fist January 1, 2008 to December 31, 2010 and the second agreement for January 1, 2011 to December 31, 2013. In 2006 the company hired an independent consultant to perform an internal equity review. As part of the equity review seven electricity distributor comparators are used in a Market Survey to ensure Wellington North Power staff members are paid a fair and equitable wage. These same comparators are reviewed every three years to maintain comparable wages for employees. Wellington North Power also implemented a job grade level and each level has three steps in the range. If an employee, responsibility changes or the job description, an evaluation is done to see if the incumbent should move to the next job grade. Annual performance reviews are conducted and merit increases to the next step in the job grade can be awarded if a staff members, has reached a higher level of achievement though out the previous year.

   The Employee Working Agreements have been uploaded onto the RESS as appendices as part of this interrogatory response.
   Appendix: App_Bstaff_Q19-Employee Working Agreement 2008-10
   Appendix: App_Bstaff_Q19-Employee Working Agreement 2011-13

g. Wellington North Power Inc. compensation increases are disclosed in the Employee Working Agreements submitted as part of the response to Board staff question (f) above.

h. The Board of Directors for Wellington North Power Inc. signed a resolution can be located on the last page for the Employee Working Agreements submitted as part of IR (f).

i. Appendix: App_Bstaff_Q19-Board_Director_Resolution_2011-13

j. The table below illustrates WNP's training costs for the years 2008 to 2011 inclusive together with a forecast for 2012:

Expense	2008	2009	2010	2011	2012 Forecast
External Agencies (Safety Bodies - PAWS)	3,737.96	2,233.34	3,460.04	1,500.02	1,000.00
Operations Training	7,394.55	5,794.59	6,712.24	12,325.20	3,000.00
Admin Training	9,083.93	11,051.72	1,590.94	11,719.16	16,000.00
Management Training	7,573.86	1,804.13	1,952.35	270.75	6,000.00
Salary Exp related to Training	12,717.04	22,069.95	22,845.55	23,399.38	10,000.00
Salary Exp related to Safety Training	2,487.14	3,566.03	3,590.68	864.79	19,000.00
	$42,994.48	**$46,519.76**	**$40,151.80**	**$50,079.30**	**$55,000.00**

20. Reference: Exhibit 4, Tab 2, Schedule 11, page 463

WNP states at page 463 of its evidence that its salary levels are benchmarked against salary levels for neighbouring utilities.

a. Please provide the benchmarking information that WNP has relied upon to develop its salary levels.

Wellington North Power Inc. - Response:

a. Wellington North Power Inc. has a salary and wage comparison done every three years, using seven other Local Distribution Companies in the province. These same comparators are contacted regarding their working and / or collective agreements and although Wellington North Power, is non-union the company endeavours to pay employees a fair and equitable wage, in order to retain qualified people. The consultant sends a confidential Report to the Board of Directors with recommendations, which is reviewed prior to any approval.

Although this is a confidential document, Wellington North Power has included the consultant's Market Survey Report for the Board of Directors of the company, with the comparators names **redacted** for their privacy.

Appendix: App_Bstaff_Q20_WNP-Market_Salary_Report_Sept08)

21. Reference: Exhibit 4, Tab 2, Schedule 3, page 414

WNP states that higher expenses were incurred in 2011 for Board of Directors conferences and seminars.

a. Please provide expenses incurred for Board of Directors' conferences/seminars for 2008, 2009, 2010, 2011 and forecast for 2012.
b. Please provide a list of the conferences/seminars attended, the objectives of each of the conferences/seminars and the total expenses incurred for each one.

Wellington North Power Inc. – Response:

a. The table below illustrates the actual expenses incurred for WNP's Board of Directors' conferences / seminars for the years of 2008, 2009, 2010 and 2011 together with a forecast for 2012:

Expenses	2008	2009	2010	2011	2012 Forecast
Board of Directors - Mileage	5,600.76	4,420.00	4,750.01	10,709.13	11,062.70
Board of Directors - Per Diem	3,223.28	3,383.80	4,037.88	2,957.00	3,557.05
Accommodations/Meals	7,374.35	3,706.51	5,303.35	3,879.80	3,895.23
Delegate Registration	3,220.00	8,241.45	9,156.00	9,941.66	7,718.31
Total Expenses	**$19,418.39**	**$19,751.76**	**$23,247.24**	**$27,487.59**	**$26,233.29**

It should be noted, the forecasted year of 2012 Board conference/seminar expenses are lower than 2011. This is because WNP's Board has already attended one conference, which one Board member was unable to attend due to prior commitments. The expenses for this Board member would have increased 2012 expense by approximately $2,500.

b. The Board of Directors for Wellington North Power Inc. typically attend two conferences annually. The conferences are the Electricity Distributors Association (EDA) Annual General Meeting / Enercom and Georgian Bay District II Annual General Meeting. The company has five members on the Board.

Electricity Distributors Association AGM

The objective of the Electricity Distributors Association Annual General Meeting is to review the financial results to the previous year, pass resolutions and hear the latest initiatives of the association. Enercom is held in conjunction with the AGM, hosting a number of expert speakers and panel discussion from electricity, energy, business and financial sectors. A

trade show is also held for vendors to present their latest innovative products to Local Distribution Companies from all over the province. The venue for the event is in Toronto and the annual cost varies, depending on the number of Board and staff members able to attend.

Georgian Bay District II AGM

EDA Georgian Bay District II is part of the EDA structure, there are six districts in the province and each district has an Executive, which appoints a representative for the Electricity Distributors Association Board. Georgian Bay District II is made up of the following LDCs:

Collus Power Corp.
Innisfil Hydro Distribution Systems Limited
Lakeland Power Distribution Ltd.
Midland Power Utility Corporation
Orangeville Hydro Limited
Orillia Power Distribution Corporation
Parry Sound Power Corporation
Wasaga Distribution Inc.
Wellington North Power Inc.
Westario Power Inc.

Georgian Bay District and Upper Canada District have been able to find efficiencies by host their AGMs together at one venue. The two districts put together a productive and thought provoking program, which deals with electricity sector initiatives, issues, regulation, innovation and conservation. They retain industry speakers, many who are from the regulatory side of the sector.

Wellington North Power`s Board of Directors find these sessions both interesting and constructive, as quite often future projects and developments are discussed. The venue for this joint session is Muskoka and the cost also varies on how many representatives from Wellington North Power attend.

The table below breakdowns the expenses for the above conferences/ seminars:

	2008	2009	2010	2011	2012 Forecast
Georgian Bay EDA Annual Meeting	8,299.04	5,775.80	7,100.75	11,845.63	12,757.05
EDA/Enercom Conference	11,119.35	13,975.96	16,146.49	15,641.96	13,476.24
Total Expenses	**$19,418.39**	**$19,751.76**	**$23,247.24**	**$27,487.59**	**$26,233.29**

22. Reference: Exhibit 4, Tab 2, Schedule 2, page 391

WNP states that Administrative and General Expenses were higher in 2010, partially due to the addition of the Special Purpose Charge of $27,212.

a. Please confirm that the Special Purpose Charge was recorded in Deferral Account 1521, and does not contribute to WNP's operating cost variances. Otherwise, please explain how the SPC affected Operating Expenses.

Wellington North Power Inc. - Response:

a. WNP can confirm that the Special Purpose Charge was recorded in Deferral Account 1521 and does not contribute to the LDC's operating cost variances.

   In Exhibit 9, Schedule 6, page 779 to 780, WNP has requested disposition of the credit amount of $1,243.13 that relates to SPC recovery.

23. References: Exhibit 4, Tab 2, Schedules 1 and 2

Board staff notes numerous references to Operating Costs incurred between 2008 and 2011 that appear to be related to smart meter implementation, including:

- Page 389: producing and distributing smart meter information to customers;
- Page 391: costs incurred for data conversion to a new CIS to accommodate smart metering expenses; working with ODS companies to ensure data transmitted and received; testing billing system to ensure that smart meter data is billable and accurate;
- Page 392: billing and collection expense variances related to updating business processes for smart meters; preparing and testing for TOU pricing, etc.;
- Page 407: meter readers recording two full cycles of data for each meter installed, meter data storage;
- Page 408: CIS and billing system for smart meters;
- Page 409: dedicated billing resource for MDM/R testing.

a. Please itemize the costs of these smart meter activities.
b. Please confirm that these cost items are not also included in the smart meter deferral accounts proposed for disposition in this proceeding.
c. If these expenses are not included in the smart meter deferral accounts, please explain why not.

Wellington North Power Inc. - Response:

a. Page 389 This is to confirm the statement on Page 389 was incorrect. All smart meters and smart meter expenses were allocated to account 1555 Smart Meter and 1556 Smart Meter OM&A Expense, there was no allocation to the Administration and General Expense for these costs. Below the increase in Operating Costs has been explained

Page 391 The statement on Page 391 was not incorrect, but confusing. The new CIS system was required to be able bill TOU and complete meter data transactions with the MDM/R. The IESO during training session for MDM/R functionality, suggested that once LDCs are in the production environment, they may not want to change their billing system, because of the negative impact it may have on business processes. Furthermore, Wellington North Power's CIS system could not handle TOU meter readings or MDM/R transactions. Therefore any smart meter comment was taken out of context.

Page 392 The updating of business processes was related to the transaction for meter readings and from the CIS to the MDM/R. This refers to CIS business

processes and costs were allocated to Billing and Collecting. WNP customer service staff performed their normal duties during the day and did testing and the recording of the processes after regular hours, increase overtime costs.

Page 407 The statement regarding the recording of two full cycles of data for each meter installed, meter data storage; refers two months of shadow billing to ensure, TOU rates were calculated correctly. The billing is done by both current and previous register readings and then compared to the TOU buckets for On Peak, Mid Peak and Off Peak. The meter data storage refers to the Operations Data Storage vendor used by Wellington North Power. The meter data accumulated for each customer meter is 8,760 per year. The company must keep the data for seven years to comply with Measurement Canada regulation. Therefore a meter data storage firm used is for this purpose.

Page 408 Again, the written reference to smart meters was incorrect, in the LDCs Cost of Service The purchase and installation of the new CIS system, was capitalized, however staff training was done during regular business hours, so customer service employees were required to work overtime to complete their daily tasks. As mentioned earlier, the company had to upgrade our system to be able to bill customers on TOU and to implement data transaction to the MDM/R. These are billing processes.

Page 409 This is to confirm the statement regarding the hiring of a resource to set up, test, implement and troubleshoot meter data transaction with Meter Data Management Repository was correct, cost were allocated to sub-account 1555 for MDM/R for training, mileage and labour to December 31, 2011 were $41,280.18.

To further clarify the increase in OM&A expense please see the comments below:

2008 Increase in OM&A Expense

In 2008 no smart meter costs were allocated to the Billing and Collecting or Administration and General expense, costs increased as a result of training and data entry to implement an electronic document archiving system and a project estimating and tracking program in 2008. The document archiving program not only reduced paper and printing supply costs, but also dealt with major storage issues. The other expenditure which added to the expense for Administration and General Expense during 2008 was data entry to install and maintain company's project management and estimating software package. This system is used for work orders, purchase orders, estimating projects, and tracking to ensure budget versus actual cost are recorded. The software has streamlined the management of both Operations and Maintenance planning, inspections and preventative repairs. In January of 2008 Wellington North Power received the first round of Interrogatories from Board staff, Energy Probe, VECC and SEC. This was followed up with Reply Submissions from all parties. Wellington North Power accumulated overtime costs as a result of this process.

Also in 2008 the corporate structure of the company also changed moving two employees to a new job grade level. One promoted to a upper management and

one promoted to a middle management position, both of these job grade level changes had an increase in annual earnings.

2010 Increase in OM&A Expense

During 2010 Administrative and General Expense was 31% higher compared to 2009. This was the result of the addition of two management positions, Financial Analyst and an Engineering Technician. However, the Engineering Technician booked all of his daily timesheet to Management Salaries rather than allocating a portion of his wages to the capital project he was designing. In 2010 Wellington North Power has set up Account 5681 when the Special Purpose Charge payment was made, with the off set on the Balance Sheet in account 1521. Account 5681 overstated the company's Administrative and General expense by $27,212.

2011 Increase in OM&A Expense

In the LDC's application forecast it projected a 20% increase over 2010 for Administrative and General Expense, for 2011. The actual expense for 2011 was 17%. The costs were associated with implementation and conversion of the new financial system. Although the system and set up costs were capitalized, staff training and data input was done during business hours, then regular duties were carried out at night. This was not considered incremental so the cost was expensed. Wellington North Power hired and training a Finance Analyst in December of 2010. In 2011 the company provided training for Utility Accounting and the transition to IFRS, only to have the employee resign unexpectedly. Once a new candidate was found for the position the same training had to be provided.

b. This is to confirm that references made regarding smart meters and MDM/R were out of context, in the LDC's application in Exhibit 4, Tab 2, Schedules 1 and 2, on pages 389, 391, 392, 407, 408 and 409. The company's new Regulatory Compliance Analyst misunderstood the background and the referencing of Smart Meters in regard to the Billing and Collection accounts. To a new person coming into our utility, they mistakenly get the impression that all of the CIS, TOU billing, MDM/R and Smart Meters have to do with Billing and Collecton. To reiterate all Smart Meter and MDM/R incremental costs have been allocated to account 1555 Smart Meter and are not book to Administrative and General Expense of Billing and Collections.

c. Wellington North Power Inc. confirms all Smart Meter and MDM/R incremental costs have been allocated to account 1555 Smart Meter and are not book to Administrative and General Expense of Billing and Collections.

Cost of Capital

24. Reference: Exhibit 5, Tab 1, Schedule 1 Table 5-5 appears to calculate interest cost based on the closing principal balance at year end.

a. Please confirm that this is the case.
b. For each of WNP's long term loans, please provide a continuity table that shows monthly principal and interest payments and calculates annual interest paid.

Wellington North Power Inc. - Response:

a. WNP can confirm that Table 5-5 in Exhibit 5, Tab 1, Schedule 1 does show that the calculation of interest based upon the closing principal balance at the year end.

b. WNP has provided the requested details of its long-term loans for:
   - Township of Southgate (fully paid at the end of 2007);
   - Township of Wellington North; and
   - Infrastructure Ontario (funding for Smart meter roll-out and implementation).

The continuity tables for the above loans have been filed on the OEB's RESS site under the following filename:

Filename: WellingtonNorth_IR_Responses_Appendix_June12.

Cost Allocation and Rate Design

25. Reference: Exhibit 7, Tab 2, Schedule 1

Table 7-6 indicates significant changes between the revenue-to-cost ratios generated by the cost allocation model and the 2008 ratios approved by the Board.

a. Please describe any changes in WNP's cost allocation methodology that have occurred since the last Board-approved rates in EB-2007-0693.
b. Please provide an analysis of the factors that result in the significant changes in the ratios as shown in the table.

Wellington North Power Inc. - Response:

a. The table below shows the 'default' weightings that were applied in WNP's previous Cost-of-Service application (EB-2007-0693) and those weightings that were applied in this application (EB-2011-0249):

		Residential	General Service <50 kW	General Service >50-999 kW	General Service >1000-4999kW	Street Lighting	Sentinel Lighting	Unmetered Scattered Load
2008 Application (EB-2007-0693)	Weighting Factor for Services	1.0	2.0	10.0	30.0	1.0	1.0	1.0
	Weighting Factor for Billing and Collecting	1.0	2.0	7.0	15.0	0.1	5.0	1.0
2012 Application (EB-2011-0249)	Weighting Factor for Services	1.0	4.0	15.0	30.0	0.0	0.0	2.0
	Weighting Factor for Billing and Collecting	1.0	4.0	10.0	14.0	0.2	0.2	2.0

In its 2012 Cost of Service application, Wellington North Power Inc. has applied service and billing & collection weightings for each customer classification. These weightings are based upon costs incurred servicing these particular customer classifications and were scored as a result of discussions with experienced LDC colleagues. For example:

- Residential for both Service and Billing & Collections were scored "1" as per OEB direction;
- For Service, General Service >50-999kW has been allocated a score of "15" because the requirements of these customers can be more complex, and therefore more time-consuming compared to a Residential customer, such as the installation and maintenance of underground services.
- For Billing & Collections, General Service >1000-4999kW has been allocated a score of "14" because each bill is individually validated to ensure monthly consumption data corresponds to the 3rd party energy monitoring system data (namely UtiliSmart);
- For Billing & Collections, General Service <50kW has been allocated a score of "4' because these customers are periodically monitored to assess if their kVA demand means that they qualify to move into the >50kW class. Consequently, the LDC is reading both kVA demand data as well as kWh data for these customers.

b. In Wellington North Power Inc.'s 2008 Cost of Service application, the LDC applied the 'default" weightings for Services and Billing & Collecting which resulted in the Cost-to-Revenue ratios as shown below.

2008 Cost of Service Application:	Residential	General Service <50 kW	General Service >50-999 kW	General Service >1000-4999kW	Street Lighting	Sentinel Lighting	Unmetered Scattered Load
Weighting Factor for Services	1.0	2.0	10.0	30.0	1.0	1.0	1.0
Weighting Factor for Billing and Collecting	1.0	2.0	7.0	15.0	0.1	5.0	1.0
Cost Allocation Model Ratios	96.50%	83.70%	145.19%	132.54%	32.44%	18.17%	107.74%
2008 Board Approved Revenue to Cost Ratio	**97.26%**	**96.24%**	**120.41%**	**122.07%**	**51.24%**	**49.72%**	**97.84%**

The above table also shows Cost-to-Revenue ratios that were approved.

By applying the same Service and Billing & Collecting weightings used in 2008 to the 2012 Cost Allocation Model for WNP's 2012 application, using the 2012 Test Year data, the following ratios were achieved:

2012 Cost of Service Application using 2008's Weightings:	Residential	General Service <50 kW	General Service >50-999 kW	General Service >1000-4999kW	Street Lighting	Sentinel Lighting	Unmetered Scattered Load
Weighting Factor for Services	1.0	2.0	10.0	30.0	1.0	1.0	1.0
Weighting Factor for Billing and Collecting	1.0	2.0	7.0	15.0	0.1	5.0	1.0
Cost Allocation Model Ratios	95.46%	111.16%	147.03%	78.65%	75.55%	104.21%	95.87%

The above table illustrate that for the customer class that consume more electricity (Residential and all General Services groups), the cost-ratios has moved further away from 100% which indicates that these classes are subsidizing the low-energy classes of Sentinel Lighting, Street Lighting and Unmetered Scattered Load.

In its 2012 Cost-of-Service application, WNP applied the following table illustrates the weightings that were applied:

2012 Cost of Service Application 2012's Weightings:	Residential	General Service <50 kW	General Service >50-999 kW	General Service >1000-4999kW	Street Lighting	Sentinel Lighting	Unmetered Scattered Load
Weighting Factor for Services	1.0	4.0	15.0	30.0	0.0	0.0	2.0
Weighting Factor for Billing and Collecting	1.0	4.0	10.0	14.0	0.2	0.2	2.0
2012 Cost Allocation OEB Model Ratios	99.98%	90.96%	141.16%	78.66%	95.29%	486.28%	73.81%
2012 Proposed Ratios	99.98%	91.00%	120.00%	97.64%	96.80%	120.00%	80.00%

Based upon its evidence submitted in its application in Exhibit 7 and the table above, WNP

believes that the weightings shown in the above table clearly indicate that all classes are moving closer to a cost-revenue ratio of 100% and therefore reducing the element of cross-subsidization.

26. Reference: Low Voltage Charges, Exhibit 8, Tab 7, Schedule 1

a. Please explain the derivation of the $145,889.78 amount to be allocated for Low Voltage Charges.

b. Please explain the relationship between the total amount of $320,665 in Table 8-11 and the information contained in Table 8-10.

Wellington North Power Inc. - Response:

a. WNP is an embedded distributor with Hydro One and is subject to Low Voltage charges. The LDC allocated the low voltage costs by customer class based on the similar allocation of the retail transmission connection rates to develop percentage of allocation of the total Low Voltage charges for the customer classes.

The 2012 Low Voltage figure of $145,889 was forecasted by:

1. Compared the percentage change for Hydro One's Transmission Connection Rate between the years of 2012 to 2011. This was an increase of 2.449%.
2. Applied a similar increase of 2.449% to WNP's 2011 LV charge to provide a forecasted LV charge of $145,792.14.
   Below is a summary of the calculations that were applied:

Customer Class	*Hydro One's Transmission - Connection Rate*		% Change between 2012 to 2011	2011 LV Charge	Forecasted 2012 LV Charge
	2011	2012			
Residential	$ 0.0037	$0.0038	2.449%	$142,307	$145,792
General Service < 50 kW	$ 0.0031	$0.0032	2.449%		
General Service 50 to 999 kW	$ 1.2399	$1.2703	2.449%		
General Service 1,000 to 4,999 kW	$ 1.3593	$1.3926	2.449%		
Street Lighting	$ 0.9586	$0.9821	2.449%		
Sentinel Lighting	$ 0.9786	$1.0026	2.449%		
Unmetered Scattered Load	$ 0.0031	$0.0032	2.449%		

b. Table 8-10 illustrates the Retail Transmission Connection Rates multiplied by the forecasted billed energy volume to give a "basis for allocation" value of $311,520.47. The billed energy volume used for this calculation was an unadjusted value, i.e. before applying a Loss Factor.

Table 8-11 is derived from the Cost of Power model and the energy volume represented in this table has had the loss factor applied.

The table below shows the calculations that were used for tables 8-10 and 8-11, with the

shaded areas representing the values that were affected through applying the loss factor of 1.0723:

Customer Class	Retail Transmission Connection Rate ($)		2012 Forecasted Billed Volume		Forecasted Annual Retail Transmission Charge	
					Without Loss Factor	**With** Loss Factor
	per KWh	*per kW*	kWh	kW		
Residential	$0.0038		24,526,192		$92,969.13	$99,689.53
GS < 50 kW	$0.0032		10,553,093		$33,515.71	$35,938.44
GS 50 - 999 kW		$1.2703		50,435	$64,065.73	$64,065.73
GS 1,000 - 4,999 kW		$1.3926		85,443	$118,986.35	$118,986.35
Sentinel Lights		$1.0026		80	$80.66	$80.66
Street Lighting		$0.9821		1,925	$1,890.30	$1,890.30
Unmetered Scattered Loads	$0.0032		3,967		$12.60	$13.51
					$311,520.49	**$320,664.53**

Customer Class	2012 Loss Factor	2012 Forecasted Billed volume with Loss Factor Applied
		kWh
Residential	1.0723	26,299,102
GS < 50 kW		11,315,938
Unmetered Scattered Loads		4,254

27. Reference: Loss Adjustment Factors, Exhibit 8, Tab 8, Schedule 1

a. Please explain the use of a 6 year average to calculate loss factors, rather than the 5 years preferred time period, as specified in Chapter 2 of the Filing Requirements.

b. Please explain the derivation of a loss factor of 1.0616 for a primary metered customer.

Wellington North Power Inc. - Response:

a. WNP included a 6 year average to calculate the loss factors because this data was reliable, accessible and available.

As specified in Chapter 2 of the Filing Requirements, WNP has provided a 5 year average – please see table below:

	2005	2006	2007	2008	2009	2010	5 Year Total
"Wholesale" kWh (IESO) **Qty at the Meter** *(A)*	95,916,378	96,449,458	98,554,351	97,205,281	90,335,536	99,218,944	
"Wholesale" kWh (GEN) *(B)*	-	-	-	-	-	-	
Net "Wholesale" kWh (A)-(B) *(C)*	**95,916,378**	**96,449,458**	**98,554,351**	**97,205,281**	**90,335,536**	**99,218,944**	481,763,570
Retail kWh (Distributor) **Qty at the Meter** *(D)*	92,239,845	93,628,881	95,248,613	93,521,080	86,446,481	96,062,450	464,907,505
	-	-	-	-	-	-	-
Net "Retail" kWh (D) *(F)*	**92,239,845**	**93,628,881**	**95,248,613**	**93,521,080**	**86,446,481**	**96,062,450**	
							5 Yr Average
Distribution Loss Factor [(C)/(F)] *(G)*	1.0399	1.0301	1.0347	1.0394	1.0450	1.0329	1.0364
Supply Facility Loss Factor *(H)*	1.0340	1.0340	1.0340	1.0340	1.0341	1.0342	1.0340

Total Utility Loss Adjustment Factor:	LAF		
Supply Facility Loss Factor:	1.0340	*(5 yr average of 2006 - 2010)*	
Distribution Loss Factor:	1.0364	*(5 yr average of 2006 - 2010)*	
Total Loss Factor:			
Secondary Metered Customer:			
Total Loss Factor - Secondary Metered Customer < 5,000kW:	1.0717	1.0723	0.0006
Total Loss Factor - Secondary Metered Customer > 5,000kW:	n/a		
Primary Metered Customer:			
Total Loss Factor - Primary Metered Customer < 5,000kW:	1.0610	1.0616	0.0006
Total Loss Factor - Primary Metered Customer > 5,000kW:	n/a		

Compared to WNP's original application, using the 5 year average method, the Distribution loss factor has reduced to 1.0364 (a reduction of 0.0006 from 1.0370). As a result, the:

- Total Loss Factor for a secondary metered customer is now 1.0717 (a reduction from WNP's initial filing of 0.0006 – was 1.0723).

- Total Loss Factor for a primary metered customer is now 1.0610 (a reduction from WNP's initial filing of 0.0006 – was 1.0616).

b. Wellington North Power Inc. has no customers, who are currently metered on the primary sided. However, if a primary metered customer was in our service area, WNP would calculate the loss factor by applying 99% to the loss factor of a secondary metered customer.

Calculation for Primary metered customer:

(Secondary metered customer loss factor = 1.0717)
Primary metered customer is (secondary metered customer loss factor x 99%) = 1.0610

Smart Meter Cost Recovery

28. Reference: Loss Adjustment Factors, Exhibit 8, Tab 8, Schedule 1

Table 10-6 shows costs incurred for smart meters beginning in 2007. WNP received authorization to proceed with smart meter implementation through O. Reg. 427/06 as amended through O. Reg. 235/08 on June 25, 2008. WNP's Attestation Letter of the Fairness Commissioner is dated August 1, 2008.

a. Please describe the nature of the costs incurred for smart meters prior to authorization to proceed

---

Wellington North Power Inc. - Response:

a. The cost allocated to the smart meter account prior to the authorization to implement, was professional fees for consultation in 2007 and 2008 in the amount of $32,525.00. The balance of $70,690.00 in 2007 and 2008 was attributed to smart meter installations for new construction connections and meters requiring reverification. The remainder of $35.00 is OM&A expense.

Wellington North Power has included the section of its Ontario Energy Board 2006 Decision and Order, which we interpreted to mean, we could begin to install smart meters.

> Excerpt from Ontario Energy Board Decision and Order
> - Wellington North Power Inc. – **RP-2005-0020 EB-2005-0430**
>
> **Consequences of the Generic Decision on this Application**
> The Generic Decision contains findings relevant to funding for smart meters for electricity distributors. The Applicant did file a specific smart meter plan in the revenue requirement. In this situation, the Generic Decision provides that an amount determined as $3.50 per meter per month installed during the rate year be reflected in the Applicant's revenue requirement, instead of the smart meter-related costs proposed by the Applicant. Consequently, the amounts that the Applicant has proposed in the 2006 rate Application have been removed and replaced with the amount determined in accordance with the Generic Decision. Furthermore, the Board finds in this Decision that this smart meter revenue will be allocated to all metered customers and recovered through the monthly service charge. The revised amount is reflected in the approved monthly service charges contained in the Tariff of Rates and Charges appended to this Decision. Pursuant to the Generic Decision, a variance account will be established, the details of which will be communicated in due course.

Excerpts from Bill 21, - Amendment to the Electricity Act, 1998 and the Ontario Energy Board Act, 1998

Obligations of distributors, etc., re: installing meters
53.16 (1) When a distributor or any person licensed by the Board to do so installs a smart meter, metering equipment, systems and technology and any associated equipment, systems and technologies or replaces an existing meter, the distributor or person shall use a meter, metering equipment, systems and technology and associated equipment, systems and technologies of a type, class or kind prescribed by regulation or that meets the criteria or requirements prescribed by regulation or mandated by a code issued by the Board or by an order of the Board for the classes of property or classes of consumers prescribed by regulation or required by the Board.

Prohibition re: discretionary metering activities
53.18 (1) On and after November 3, 2005, no distributor shall conduct discretionary metering activities unless the distributor is authorized to conduct the activity by this Act, a regulation, an order of the Board or a code issued by the Board or it is required to do so under the *Electricity and Gas Inspection Act* (Canada).

Definition
(2) For the purpose of this section,

"discretionary metering activity" means the installation, removal, replacement or repair of meters, metering equipment, systems and technology and any associated equipment, systems and technologies which is not mandated by the *Electricity and Gas Inspection Act* (Canada), by regulation, by an order of the Board or by a code issued by the Board or authorized by a regulation made under this Act.

29. Reference: AMI Selection, Exhibit 10, Tab 1, Schedule 5

WNP entered into final contact negotiations with the best value bidder; however it states that these negotiations became stalled.

a. Please explain how the negotiations became stalled.

Wellington North Power Inc. - Response:

a. Through the CHEC consultant Util-Assist, Wellington North Power Inc. was able to participate in the London RFP process. As a result of the process the company was awarded a vendor ranking number one and vendor ranking number two. After one initial meeting with vendor number one, it became apparent that this company was not interested in the Ontario market. Included is the letter from the Fairness Commissioner dated August 1, 2008 supporting the determination of the ranking of the two vendors.

   Below is the letter Wellington North Power sent to the vendor terminating negotiations, which contains a table indicating our attempts to contact supplier number one for contract negotiations from August 8, 2008 to October 23, 2008. The company has also included is the letter from the Fairness Commissioner, allowing Wellington North Power to move to vendor number two.

PRP International, Inc.

Fairness Advisory Services

August 1, 2008

Ms. Judy Rosebrugh
Administrator/ Secretary-Treasurer
Wellington North Power Inc.
290 Queen Street West, Box 359
Mount Forest, ON N0G 2L0

Dear Ms. Rosebrugh:

Subject: Attestation of the Fairness Commissioner
Advanced Metering Infrastructure RFP, August-July 2008
London Hydro, Consortium & Add-On LDCs Smartmetering Project

PRP International, Inc. is pleased to submit its letter report of the Fairness Commissioner for the noted Request for Proposal (RFP) evaluation and selection phase. This judgment is being provided for the information and use of each Add-On LDC Sponsor, in their consideration of the report from the Evaluation Phase, for this competitive transaction.

"It is the judgment of PRP International, Inc., as the Fairness Commissioner, that the determinations of the two (2) highest ranked Proponents for the ***Wellington North Power Inc.*** *requirements are:*

- *Silver Spring Networks, as the recommended Preferred Proponent, based on its highest ranking, and*
- *Elster Metering being the second ranked Proponent.*

These determinations were made in a fair (objective and competent) manner and consistent with the evaluation and selection processes set out in the RFP, issued August 14, 2007."

A detailed report for your records will be submitted to you, by August 31, 2008. Should you have any questions or require clarification of any matter contained in this letter report, please contact the undersigned.

Yours truly,

Peter Sorensen
President
cc: Mr. Gary Rains, RFP Project Director

203 - 8 QUEEN STREET, SUMMERSIDE, PEI C1N 0A6
TELEPHONE: 902.436.3930 FAX: 604-677-5409
EMAIL: fairness@telus.net

Wellington North Power Inc.
290 Queen Street West, P.O. Box 359
Mount Forest, ON N0G 2L0
Phone: 519-323-1710 Fax: 519-323-2425
wnp@wellingtonnorthpower.com

October 27, 2008

Silver Spring Networks
Attn: Steve Greene, Director, Sales
575 Broadway Street
Redwood City, CA
94063

Dear Mr. Greene,

As a result of the delays that we have encountered since beginning negotiations, on August 19, 2008, it is with regret that we have determined that further negotiations with Silver Spring Networks (SSN) would be unsuccessful under the terms of the RFP and our project priority. It was in good faith that we entered into contract talks with your organization.

The details of the communications and events that have transpired since August 19th have been included in the table attached to this letter. In summary, it has been over two months since negotiations began and we still have not received a response to our Contract Negotiation Package, which required your pricing information. Without this critical information, Contract Negotiations cannot occur. Accordingly, we have lost confidence in your ability to conclude contract talks in a timeframe which will allow us to succeed in our Smart Meter deployments.

As stipulated in the London RFP, vendors would be given two weeks to negotiate. We believe that we have afforded SSN more opportunity to respond to the contract negotiation package then would normally be reasonably expected in the market place or provided for in the terms of the RFP. The apparent deliberate and unreasonable stalling by SSN is not acceptable and it has now placed us in a situation where our ability to meet the Ontario mandated smart meter initiative is jeopardized. As a result of SSN's inability to meet contract negotiation deadlines, it is our decision to declare these negotiations unsuccessful and terminated as of this date.

Yours truly,

Judith Rosebrugh, President/CEO
Wellington North Power Inc.

Date	Action
Aug 8	Announced to SSN their success in being selected as number 1 vendor for 7 of our customers as a result of the London RFP; Util-Assist also requested a copy of SSN standard NDA and requested confirmation from SSN to meet with group on September 8th
Aug 12	SSN provided an NDA and we were introduced to Steve Greene as our liaison with SSN
Aug 12	Advised SSN that the NDA provided referenced US laws and that we required changes to reflect CDN laws
Aug 13	SSN provided a revised NDA
Aug 18	As a result of not receiving confirmation for a meeting on Sept 8, the date was not longer available and a few alternative dates were offered (Sept 9/10/11). We also provided SSN with the meter counts for each of the LDC's
Aug 18	More changes to NDA requested
Aug 19	Util-Assist provided to SSN: Contract Negotiation Package document, appendices and pricing spreadsheet. Again, alternative dates were provided for the kick-off meeting (Sept 9/10/12) as well as the agenda for the kick-off meeting outlining our expectation to see SSN responses to the Contract Negotiation Package including pricing, functionality response, compliancy spreadsheet as well as discussions regarding the terms and conditions. We also expressed our need to have the NDA's in place before confidential information could be shared
Aug 21	Util-Assist requested follow-up on date for Kick-off meeting
Aug 21	SSN confirmed receipt of Contract Negotiation Package and advised they were still working internally to confirm date for kick-off
Aug 21	Util-Assist followed up to confirm that all changes to NDA were submitted (email)
Aug 22	Util-Assist requested follow-up on date for Kick-off meeting
Aug 22	SSN declined the date options provided
Aug 22	Util-Assist advised the group new date options would be required
Aug 27	Util-Assist requested Sept 16th as the date for Kick-off meeting
Aug 27	Util-Assist followed up re changes to NDA – response from SSN was that they would get back to us
Aug 29	Util-Assist followed up with SSN as to their availability for Sept 16th Kick off meeting (which would include pricing)
Sept 3	Util-Assist followed up re dates left voicemail in AM and again in PM for both Steve Green and Kelly Dennegy
Sept 3	Received return call from Kelly Dennegy where James voiced concerns for Silver Spring's inability to coordinate a meeting date with us
Sept 5	SSN confirmed their availability for Sept 16th
Sept 5	Util-Assist provide Sept 16th meeting logistics, a purpose of the meeting (to review Contract Negotiation package (including pricing), an agenda, and requested a list of any information they may need for propagation studies etc). Again, advised that a revised NDA had not yet been finalized and this would need to be in place before confidential into is disclosed
Sept 5	SSN requested addresses for each of the LDC's for the revised NDA
Sept 5	Util-Assist provided LDC addresses for NDA
Sept 9	SSN advised of the information required to prepare a network layout
Sept 10	Util-Assist requested a sample PO and inquired as the availability of meters for immediate use (Measurement Canada requirements). Also requested the lead time required.

Sept 10	Util-Assist sent 2 of 7 signed NDA's to SSN
Sept 10	SSN advised lead time is 13 weeks
Sept 12	Util-Assist advised of more US reference remaining in NDA and ask for comment
Sept 15	Util-Assist provided deployment schedule, SSN requested clarity, Util-Assist provided the clarity requested
Sept 15	Util-Assist provided 3 more signed NDA's
Sept 15	SSN provided comment on NDA clause
Sept 16	KICK-OFF MEETING WAS HELD Meeting dates were set for: Sept 24 Demo, Sept 29 Follow up, and Oct 3 in person for contract talks SSN to provide Canadian Standard Service Agreement following week
Sept 17	Util-Assist provided 1 more signed NDA
Sept 17	Util-Assist provided minutes to meeting held on Sept 16th
Sept 17	Util-Assist provided service point data for 2 LDC's
Sept 18	Util-Assist advised of change to meeting time on Sept 29
Sept 18	SSN confirmed meeting times, provided copy of presentation of Sept 16
Sept 20	Util-Assist provided Data files for 5 LDC's
Sept 23	SSN provided standard services agreement – US format
Sept 24	Util-Assist requested update on NDA addendum/changes
Sept 24	Util-Assist sent data files for 1 more LDC
Sept 25	SSN confirmed receipt of data files and introduced Hugh Patrick Project Manager; requested all data files be sent to Greg Farm, Util-Assist forwarded data files to Greg
Sept 25	More data files sent to SSN
Oct 1	Util-Assist requested follow up for CDN version of standard services agreement – SSN advised attorneys were to meet on Monday.
Sept 29	SSN provided Project Plan and sample Network designs – Webex meeting was held
Oct 3	Meeting was held, propagation maps presented, LDC's provided input for changes, Util-Assist presented a draft services contract
Oct 9	Util-Assist sent Draft Services contract to SSN
Oct 14	Util-Assist requested if SSN needed to postpone conference call scheduled for Oct 15th as no pricing had yet been provided for review, SSN agreed to postpone
Oct 15	SSN advised pricing would be made available on Oct 17
Oct 17	SSN advised that pricing was not yet available and therefore the meeting scheduled for October 17th would be cancelled. Steve agreed to forward an email to James Douglas advising him of the delay and the reason for it. SSN also advised that pricing should be available on Monday Oct 20th and Steve would call Honor with an update mid morning on Monday.
Oct 20	No update was received
Oct 21	SSN sent an email update as to further delay with pricing and the requirement of Measurement Canada Certification requirement for new NIC card and included with the email the functionality spreadsheet
Oct 23	Util-Assist attempted to contact SSN and left voice mail requesting a return call

RECEIVED MAR 19 2010

PRP International, Inc.

Fairness Advisory Services

March 15, 2010

Ms. Judy Rosebrugh
Administrator/ Secretary-Treasurer
Wellington North Power Inc.
290 Queen Street West, Box 359
Mount Forest, ON N0G 2L0

Dear Ms. Rosebrugh:

Subject: Attestation Letter (Negotiations) of the Fairness Commissioner
Wellington North Power Inc. – Elster Metering Contract Award
Advanced Metering Infrastructure RFP, August 2007
London Hydro & Consortium of LDCs Smartmetering Project

PRP International, Inc. is pleased to submit its Attestation Letter (Negotiations) of the Fairness Commissioner for the noted negotiations and contracting phase of the London Hydro AMI Request for Proposal (RFP) procurement. This judgment is being provided for the information and use of Wellington North Power Inc., in its administration of the contract awarded to its #2 ranked Proponent, Elster Metering following unsuccessful negotiations with its #1 ranked Proponent, Silver Spring Networks.

"It is the judgment of PRP International, Inc.(as the Fairness Commissioner engaged by Wellington North Power Inc. *for the phase of negotiations and contract award) that the successful conclusion of negotiations and contract award to* Elster Metering, *was undertaken in accordance with the principles for such negotiations and contract award set out in the RFP, issued August 14, 2007 and the Fairness Protocol, issued August 2008."*

A backgrounder and summary of the Fairness Protocol is attached and forms part of this Attestation Letter (Negotiations).

Yours truly,

Peter Sorensen

Peter Sorensen
President

Attachment: Negotiations and Contract Phase Backgrounder

203 - 8 Queen Street, Summerside, PEI C1N 0A6
Direct telephone: 902.436.3930 Fax: 604-677-5409
Email: fairness@telus.net

BACKGROUNDER TO FAIRNESS CONFIRMATION / ATTESTATION
Advanced Metering Infrastructure Procurement

TO WHOM IT MAY CONCERN:

Background:

- A Request for Proposal procurement transaction was conducted by London Hydro Inc., as the lead sponsoring Local Distribution Company (LDC) and with a consortia of another 63 LDCs, during the period August 2007 to July, 2008;
- The evaluation and selection phase of the RFP provided for the determination of the #1 and #2 ranked Proponents for each LDC;
- RFP Provision 7.5.14[1] provides the framework (principle) for negotiations and contracting based on the principle of "first right to negotiation and execution of a contract" being accorded to the ranked order of Proponents commencing with the highest ranked Proponent and proceeding in a consecutive order thereafter; and
- Each LDC was provided the evaluation results for their #1 and #2 ranked Proponents supported by the Attestation Letter of the Fairness Commissioner as to those rankings.

Fairness Coverage Objective:

Normally, fairness coverage terminates with the determination of the ranked Proponents following the evaluation and selection phase of the RFP; however, certain LDCs expressed a wish to secure additional fairness coverage during the subsequent phase of negotiations and contract award. The objective for this second phase fairness coverage is to assure that LDCs undertook a phase of negotiations and contracting that meets the RFP provisions of consecutive negotiations where required, e.g. with their top two ranked Proponents and in the event of unsuccessful negotiations with the #1 ranked Proponent, a subsequent contract award to the next ranked Proponent would be on an equitable basis as was the requirements in the negotiations with the #1 ranked Proponent.

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[1] **7.5.14 Final Contract Negotiations**

Any conditions and provisions that a bidder seeks shall be a part of this proposal. Notwithstanding, nothing herein shall be interpreted to prohibit London Hydro from introducing or modifying contract terms and conditions during negotiation of the final contract.

London Hydro has scheduled no more than two weeks for contract negotiations (if necessary), and expects the successful bidder to maintain a prompt and responsive negotiation to accomplish and complete final contract agreement within that time period. If contract negotiations exceed an interval acceptable to London Hydro, London Hydro retains the option to terminate negotiations and continue to the next apparent successful bidder, at the sole discretion of London Hydro. Said interval shall in no event be less than three weeks.

BACKGROUNDER TO FAIRNESS CONFIRMATION / ATTESTATION
Advanced Metering Infrastructure Procurement

Fairness Protocols:

- A Fairness Protocol was developed and issued to all LDCs, in August 2008 that set forth the best practices for fair consecutive-based negotiations and contract award.
  - The fundamental principle of the Protocol was the requirement for the LDC to establish the negotiations agenda for their top ranked Proponents and submit a copy to the Fairness Commissioner prior to engagement of their #1 ranked Proponent, i.e. the agenda would demonstrate a common statement of work, a LDC standard for pass/fail in their negotiations and the negotiation issues would only differ to the extent of the respective Proponent's technical solution being offered.

Form of Fairness Confirmation / Attestation[2]:

1. A confirmation of fair negotiations and contract award would be issued if the LDC's #1 ranked Proponent was awarded a contract; the original Attestation Letter remains in effect.

2. An Attestation of fair negotiations and contract award would be issued if the LDC determined that their #1 Proponent was to be set aside and the LDC successfully contracted with their next ranked Proponent, e.g. their #2; the original Attestation Letter is thus superseded by the Negotiations and Contract Award Attestation Letter.

Local Distribution Company:

Wellington North Power Inc.
Ms. Judy Rosebrugh
Administrator/ Secretary-Treasurer
Wellington North Power Inc.
290 Queen Street West, Box 359
Mount Forest, ON N0G 2L0

---

[2] **Conditions on the rendering of this Confirmation /Attestation.**

- The two Negotiations Agenda were provided by WNPI via their agent Util-Assist Inc.;
- Fairness Commissioner undertook no direct participation or oversight in the negotiations between WNPI and either of their #1 or #2 ranked Proponents;
- The successful contract award was based on the WNPI criteria and no independent analysis nor any comparison with the evaluation results of the RFP process was carried out by the Fairness Commissioner; and
- The confirmation of the Fairness Commissioner was based on the progress report(s) provided by WNPI via their agent Util-Assist Inc.

30. Reference: Smart Meter Funding and Cost Recovery Guideline, G-2011-0001

At page 18 of the Guideline, it states that the Board expects that the majority (i.e. 90% or more) of the total program costs for which the distributor is seeking recovery will be audited.

a. Please confirm that WNP's 2011 smart meter costs have been audited.

Wellington North Power Inc. - Response:

a. Wellington North Power confirms their external auditor BDO Canada, has audited both account 1555 and 1556 as part of the company's 2011 year-end process.

31. Reference: Transition to Time-of-Use Pricing, Exhibit 10, Tab 1, Schedule 9

WNP was granted an exemption for Time-of-Use pricing implementation until January 31, 2012 through EB-2011-0114.

a. Please provide a status update regarding WNP's transition to Time-of-Use pricing.

Wellington North Power Inc. - Response:

a. On March 6, 2012, WNP notified the OEB that it had successfully completed its Time-of-Use implementation for 98% of its RPP-eligible customers. This letter was in response to the OEB's direction letter to all Licensed Distributors (dated February 1, 2012.) – *"Reporting Requirements in Relation to the Board's Determination Under Section 1.2.1 of the Standard Supply Service Code to Mandate Time-of-Use pricing for Regulated Price Plan Customers – Board File No. EB-2010-0218".*

   WNP transferred to Time-of-Use pricing on January 31, 2012. Upon implementation, the LDC achieved a billing transition rate of 98.7% for its RPP-eligible customers.

   WNP e-mailed the Board Secretary and posted a copy of the letter below. The LDC also uploaded the letter attached below onto the RESS site (reference number 15996)

Wellington North Power Inc.
290 Queen Street West, PO Box 359, Mount Forest, ON N0G 2L0
Phone: 519.323.1710
Fax: 519 323 2425
Email: wnp@wellingtonnorthpower.com
www.wellingtonnorthpower.com

March 6, 2012

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto ON M4P 1E4

Dear Ms. Walli:

Re: EB-2010-0218: TOU Implementation Complete
Wellington North Power Inc. – OEB Licence ED-2002-0511

As directed in the OEB's letter to all Licensed Electricity Distributors, dated February 1, 2012, *"Reporting Requirements in Relation to the Board's Determination Under Section 1.2.1 of the Standard Supply Service Code to Mandate Time-of-Use Pricing for Regulated Price Plan Customers (Board File No. EB-2010-0218)"*, Wellington North Power Inc. wishes to confirm that it has completed TOU implementation for 98% of its RPP eligible consumers.

As instructed by the OEB's letter, Wellington North Power Inc. (ED-2002-0511) has filed its last Smart Meter Time-of-Use implementation report on March 6, 2012. The table in Appendices A illustrates that the LDC has achieved a TOU implementation result of 98%.

As TOU implementation for 98% of its RPP eligible consumers has been achieved, Wellington North Power Inc. is advising the OEB that it will no longer submit a monthly report.

Should you have any questions regarding this letter, please e-mail Judy Rosebrugh jrosebrugh@wellingtonnorthpower.com or Richard Bucknall rbucknall@wellingtonnorthpower.com at Wellington North Power Inc. or contact by telephone at 519-323-1710 at your convenience.

Yours truly,

Judy Rosebrugh, President & CEO
Wellington North Power Inc.
Phone: 519-323-1710
Fax: 519-323-2425
Cell: 519-261-1710

Appendices A

The table below illustrates that Wellington North Power Inc. has achieved TOU implementation result of 98% for its RPP eligible consumers:

Monthly Smart Meter/TOU Reporting			
Distributor Name: Wellington North Power Inc.			
Month Ending: February 29, 2012			
	RPP-eligible Consumers: Residential Class	RPP-eligible Consumers: General Service Less Than 50kW Class	Total
Total Number of RPP-eligible consumers	3,116	475	3,591
Number of smart meters installed in the period	0	0	0
Number of smart meters registered with the MDM/R in the period	0	0	0
Number of RPP consumers being charged TOU prices added in the period	0	0	0
Total cumulative number of smart meters installed in the service area at the end of the period	3,116	475	3,591
Total cumulative number of smart meters registered with the MDM/R at the end of the period	3,116	475	3,591
Total cumulative number of consumers being charged TOU prices at the end of the period	3,090	456	3,546
	Residential	General Service Less Than 50kW Class	
Percentage of RPP-eligible consumers with smart meters installed at the end of the period	100%	100%	100%
Percentage of total smart meters installed that are registered with the MDM/R at the end of the period	100.00%	100.00%	100.00%
Percentage of total RPP-eligible consumers being charged TOU prices at the end of the period	**99.2%**	**96.0%**	**98.7%**

32. Reference: Cost Variance, Exhibit 1-, Tab 1, Schedule 15

Table 10-9 indicates that there are no variances to the original budget of $1.2 million. Table 10-5 indicates total capital and OM&A costs incurred of $1.087 million.

a. Please provide the original capital and OM&A budgets on the basis of the components contained in Table 10-6.
b. Please explain any variances exceeding the materiality threshold.

Wellington North Power Inc. - Response:

a. Wellington North Power Inc. has attached as an appendices, its Smart Meter Plan, submitted as part of its 2008 Cost of Service application. The document includes the original capital and OM&A budgets.

Appendix: App_Bstaff_Q32_WNP_2008 COS Smart Meter Plan

33. Reference: Smart Meter Model, Sheet 3, Tax Rates

WNP has entered tax rates into the smart meter model of 26.5%, 26.5%, 25%, 24.5%, 22.5%, 21% and 19.5% for the years 2006 to 2012 respectively.

a. Please confirm that the tax rates contained in WNP's 2012 PILs workform are the minimum tax rates, and that the tax rate underpinning WNP's rates for 2012 is 15.5%.
b. Please confirm that the tax rates underpinning WNP's rates for 2008 to 2011 are 16.5%, 16.5% 16.0% and 15.5%, respectively.

Wellington North Power Inc. - Response:

a. Wellington North Power Inc. confirms that the tax rates in the 2012 PILs workform are the minimum tax rates and the tax rate applies is 15.5%

b. Wellington North Power Inc. confirms that the following tax rates for 2008 to 2011 are:

Year	Tax Rate
2008	16.5%
2009	16.5%
2010	16.0%
2011	15.5%

As per Reference 40, WNP has submitted an updated Smart Meter model that reflects the above amendments. This file has been uploaded on to the RESS site.
(Filename: WNP_2012_Smart_Meter_V2.17_June12)

34. Reference: Smart Meter Model, Sheet 3, Return on Equity

WNP has entered a Return on Equity of 8.68% for 2008 to 2011. The rate approved by the Board in EB-2007-0693, which and underpins rates for 2008-2011 was 8.57%.

a. Please correct the model to include the return on equity of 8.57%.

Wellington North Power Inc. - Response:

a. Wellington North Power Inc. confirms that the Return on Equity for 2008 to 2011 is 8.57%.

As per Reference 40, WNP has submitted an updated Smart Meter model that reflects the above amendments. This file has been uploaded on to the RESS site. (Filename: WNP_2012_Smart_Meter_V2.17_June12)

35. Reference: Smart Meter Model, Sheet 8, Funding Adder Revenues

WNP has included interest on the balance of the Smart Meter Funding Adder Revenues until June 2012.

a. Please confirm that WNP has applied for an effective date of May 1, 2012 and that interest on the balance collected from customers should cease in accordance with the effective date.
b. Please correct the interest entries on Sheet 8 of the model to remove interest expense after May 1.

Wellington North Power Inc. - Response:

a. Wellington North Power Inc. applied for an effective date of May 1, 2012.
The interest on the balance collected from customers ceased in accordance with the effective date of May 1, 2012

b. Wellington North Power Inc. has inputted a Funding Adder Revenue value of $9,062.51 for May-12 on Sheet 8 (Funding Adder Revs) of the Smart Meter Model v2.17. This entry relates to May 2012's journal entry reflecting May's billing activity for April's consumption which included the Smart Meter Adder.
As a consequence of this entry, the Interest Rate of 1.47% has automatically updated which in turn calculates an interest value of $322 40.
As the model is cell password protected, WNP cannot delete the interest rate of $1.47% and value of $333.50 which is populated against June-12.

As per Reference 40, WNP has submitted an updated Smart Meter model that reflects the above amendments. This file has been uploaded on to the RESS site.
(Filename: WNP_2012_Smart_Meter_V2.17_June12)

36. Reference: Smart Meter Costs, Exhibit 10, Tab 1, Schedule 3, Table 10-5

Board staff has prepared the following table to calculate the average per meter cost for installed smart meters, on both a capital expenditures and total (capital and operating costs) basis.

	2007	2008	2009	2010	2011	2012	Total	
Capital	$55,374	$47,841	$458,913	$375,542	$41,345	$1,200	$980,215	
OM&A		$35	$3,986	$25,973	$58,957	$17,654	$106,605	
Number of Smart Meters		90	243	3246	20		3599	

	Total	Average per meter
Total (capex + opex)	$1,086,820	$ 301.98
Capex only	980,215	272.36
Total exc. Costs beyond minimum functionality	$1,046,731	$290.84

a. Please confirm or correct these numbers.
b. In applications to date, smart meter costs have typically averaged below $200 per meter on a total cost (capex plus opex) basis. This is particularly so when smart meter deployment only involves the Residential and GS < 50 kW (i.e., there are no deployments "beyond minimum functionality" for other metered customer classes like GS > 50 kW). Please provide further explanation of WNP's circumstances that support its costs higher than average and of efforts that WNP took during its smart meter deployment to control its capital and operating costs for the program.

Wellington North Power Inc. - Response:

a. WNP can confirm that the numbers provided by Board Staff correctly reflected the Smart Meter model that WNP submitted within its' 2012 Cost of Service rate application.

However, as a result of the Interrogatories, it has been highlighted that some inputs used in the Smart Meter model were incorrect (e.g. Board Staff Interrogatory #36.) Below is an updated summary table which also reflects 2001 actual data:

	2007	2008	2009	2010	2011	2012	Total
Capital	$55,374	$98,379	$87,605	$738,983	$20,857	$1,200	$1,002,398
OM&A	$0	$35	$3,916	$26,743	$57,194	$17,654	$105,542
Number of Smart Meters		90	243	3,246	20	-	3,599

	Total	Average $ per meter
Total (CapEx + OpEx)	$1,107,941	$ 307.85
CapEx only	$1,002,398	$ 278.52
Total exc. Costs beyond minimum functionality	$1,060,432	$ 294.65

Note: Costs beyond minimum functionality relate to MDM/R costs that have been incurred that have enabled Time-of-use Pricing at WNP.

As per Reference 40, WNP has submitted an updated Smart Meter model that reflects the above information and includes 2011 actual data. This file has been uploaded on to the RESS site.
(Filename: WNP_2012_Smart_Meter_V2.17_June12)

b. In account 1555 Wellington North Power Inc. has only allocated costs, for the planning, procurement of smart meters, installation and rollout of smart meters and associated hardware, software and communications network expenditures, for all residential and GS <50kW customers. Operating and maintenance costs have been allocated to account 1556.

Wellington North Power Inc. believes the higher cost is attributed to amounts paid to consultants assisting in the planning and implementation of an AMI system. Although the company was part of a larger buying group, the costs were charge by LDCs, not by number of customers. Therefore Wellington North Power's costs were the same as a larger utility. In total to the end of 2011 the cost for smart meters and associated cost was $86,135.40 Increases costs were also the result of a change in the Elster specification for the Energy Axis MAS server and the back-up server in May of 2010, the amount budgeted in the company's 2008 Cost of Service Smart Meter Plan, for these expenditures increased from $16,000 to $33,242.40.

Vendor	Model #/Description	Qty.
HP	DL380-G4 Rack-mounted Proliant Server, with (1) 3.2 GHz Intel Xeon processor, 2 MB cache, 2 Gbyte RAM, 24X CD-R/RW, 1.44 MB Floppy, 6 hot-pluggable Hard Drive bays with (2) 36.4 GB Hard Drives in RAID 1 configuration and (3) 72.8 Gb Hard Drives in Raid 5 configuration, Network Card 10/100/1000 WOL (Wake on LAN), 3 PCI-X slots (allows up to 3 Rocket-modem cards)	1
HP	V7550 17 inch (16 vis.) Color Monitor, Mouse, & Keyboard	1

Original Specifications for the Energy Axis MAS Server, however Elster did state that each LDC would be individually assessed – Estimate in the Smart Meter Plan for the 2008 COS filing was $8,000 for the production and $8,000 back-up server. The total estimated cost for server hardware was $16,000.

Application and Communications and Database Server
Chassis that supports up to 8 Drive Bays
4 processors core at 2.4Ghz Intel processor
32 GB Memory made up of 4GB DIMMS/RDIMMS
1 x Raid 1 controller for primary disks
1 x Raid 5 controller for secondary disks
72GB diskspace for OS (15000rpm SAS drive (72GB) mirrored)
1 TB diskspace (4 x 15000 SAS drives (300GB) Raid 5)
Windows Server 2008 SP2 Standard x64
Dual 1GbE Network Card
DVD-CDROM internal drive

Revised specifications for the Energy Axis MAS production server and back-up server increase to $16,621.20 each. – Actual total cost was $ $33,242.40.

37. Reference: SMDR, Exhibit 10, Tab 3, Schedule 1, Table 10-12

WNP appears to have allocated SMFA revenue on the basis of the revenue requirement allocated to the two classes. In recent applications (e.g. Orangeville EB-2012-0039), the Board has determined that it is preferable to calculate the SMFA revenues per class on the basis of the revenues collected from the separate classes, with GS >50kW revenues divided evenly between the Residential and GS <50 kW classes.

a. Please confirm that WNP has allocated these revenues on the basis of the revenue requirement allocated to the two classes.

b. Does WNP have information from its billing system to provide the actual revenues collected by rate class per year?

c. If the information is not available, please calculate SMFA revenues based on the average number of customers in each class per year, multiplied by 12 months, multiplied by the applicable SMFA for the period.

Wellington North Power Inc. - Response:

a. WNP can confirm that the LDC has allocated these revenues on the basis of the revenue requirement allocated to the two classes

b. WNP does have information but it is not readily available at the time of responding to this question.

c. Applying the methodology described by Board Staff, WNP has:

(Average number of customers per class per year x 12 months x Rate Rider Rate):

Average Number of Customer per Year:

	Residential	General Service <50 kW	General Service 50 -999 kW	General Service 1000 -4999 kW
2006	2,923	460	38	5
2007	2,939	455	39	4
2008	3,002	464	41	4
2009	3,037	468	43	5
2010	3,073	479	40	5
2011	3,103	478	38	5
2012	3,103	478	38	5

Period:	Residential	General Service <50 kW	General Service 50 -999 kW	General Service 1000 -4999 kW	Rate Adder	Months	Approx. Annual Revenue Collected
2006 (Jun-Dec)	$13,097	$2,061	$172	$22	$0.64	7	$15,352
2007 (Jan-Dec)	$22,570	$3,496	$298	$34	$0.64	12	$26,397
2008 (Jan-Jun)	$11,528	$1,780	$157	$15	$0.64	6	$13,481
2008 (July-Dec)	$18,013	$2,782	$246	$24	$1.00	6	$21,065
2009 (Jan-Dec)	$18,224	$2,810	$259	$30	$1.00	6	$21,322
2010 (Jan-Dec)	$36,875	$5,748	$476	$60	$1.00	12	$43,159
2011 (Jan-Apr)	$12,413	$1,911	$153	$20	$1.00	4	$14,497
2011 (May-Dec)	$62,065	$9,555	$767	$100	$2.50	8	$72,487
2012 (Jan - May)	$38,791	$5,972	$479	$63	$2.50	5	$45,304
	$233,575	**$36,114**	**$3,007**	**$368**			**$273,064**

Using this approach, there is a negligible variation of $819.59 between the total revenue collected shown in the above table versus the amount stated in WNP's Smart meter model that has been filed.

38. Reference: Stranded Meters, Exhibit 10, Tab 2, Schedule 1

WNP states that the proceeds on scrapped meters are captured in Account 1555.

a. Please provide the proceed amounts, in total and on a per meter basis.

Wellington North Power Inc. - Response:

a. In its application, the terms “proceeds” was used incorrectly. The narrative that should have been used in Exhibit 10, Tab 2 Schedule 1 is:
“The Net Book value of scrapped meters is captured in account 1555....”

39. Reference: Stranded Meters, Exhibit 10, Tab 2, Schedule 1, Table 10-10

WNP states that it does not have sufficient information to split the stranded meter costs between the rate classes, and that using the same allocation methodology as for the SMDR does not make sense and would be inequitable to one or both classes.

a. Please explain this statement.
b. Please describe the functionality of the mCare system discussed at page 408 of WNP's evidence, to facilitate the tracking of removal of older mechanical meters.
c. What was the cost of the mCare system?

Wellington North Power Inc. - Response:

a. WNP has insufficient information regarding Stranded meter assets to enable the LDC to equitably split and allocate the requested disposition costs between the Residential and General Service <50 kW customer classes.

   The LDC believes that if the methodology used for the SMDR is applied, then one or both classes would incur inappropriate or unfavourable costs. For example, although Residential mechanical meters attracted a lower purchase and installation cost compared to a General Service <50kW mechanical meter, in WNP's service territory there are far more Residential customers. (i.e. approximately 3,100 Residential customers and 478 GS <50 kW customers which gives a ratio of 6.49 : 1).

   Therefore, in its application, WNP is proposing that the Stranded Meters Net Book "disposal" Value of $201,233 should be split equally between both classes. However, WNP would be interested to know of other methods and proposals from Intervenors and Board Staff that could be used to segregate this NBV disposal fairly across both classes.

b. mCare was required to change old mechanical meters to smart meters. mCare was the connecting link between NorthStar CIS system to a handheld device used by meter technicians. mCare loaded information such as walking routes and types of meters to change. Meter technicians then inputted information including the meter reads from the old mechanical meter and which Smart Meter asset I.D. was attached to the service. mCare then would load this information onto the NorthStar CIS system. Without mCare everything would have been done manually with paper which could have resulted in numerous errors.

c. The total cost of mCare was $24,300 which was purchased in Quarter 4 of 2008. In addition, there is a yearly maintenance fee which is:

2009	2010	2011	2012
$ 3,148	$ 2,915	$ 3,087	$3,275

40. Reference: Smart Meter Model

a. Please provide an updated smart meter model reflecting any changes resulting from the above interrogatories.

Wellington North Power Inc. - Response:

WNP has submitted an updated Smart Meter model that reflects the above information and includes 2011 actual data. This file has been uploaded on to the RESS site.
(Filename: WNP_2012_Smart_Meter_V2.17_June12)

Green Energy Act Plan

41. Reference: GEA Plan vs. Asset Management Plan

(i) Exhibit 2/Tab9/Sch1/p.278
(ii) Exhibit 2/Tab9/Sch1/p.285/Planned Development of Wellington North Power Inc's Distribution System to Accommodate Generation Connections
(iii) Exhibit 2/Tab9/Sch1/p.286/Table 2
(iv) Filing Requirements[1], Part I, Section 2, Province-wide Recovery of Certain Connection-related Costs

At reference (i), WNP indicates that it has identified four categories of work necessary to support renewable generation: re-conductoring; pole replacements; individual asset replacements; and individual transformer replacements. In addition, WNP states in part that:

> As detailed in Exhibit 2 / Schedules 5 and 6, there are capital projects planned by Wellington North Power Inc. to continue to address the above four categories. In addition, further measures of planned work by the LDC are identified in the Asset Management Plan as described in Exhibit 2.

[1] Filing Requirements: Distribution System Plans – Filing under Deemed Conditions of Licence (EB-20090397) _March 25, 2010 version

WNP indicates at references (ii) and (iii) that it has a 5 year plan but it is unclear whether this plan addresses both renewable generation connection and smart grid, and whether this 5 year plan is strictly the GEA plan or the asset management plan whose portions are linked to the GEA plan activities. At reference (ii), WNP states in part that

> The Distributor has developed a 5 year system investment plan which has identified a number of capital projects that will require attention, to begin improvements and/or implementation of smart grid technology and system reliability

At reference (iii), WNP states in part that:

> The following (Table 2) indicates various projects to be completed over a five year period, to improve system capacity, reliability, efficiency, and accommodate renewable generation.

a. Please clarify whether smart grid related activities referenced at (ii) are foreseen over the 5 year GEA plan horizon.
b. Please clarify whether activities to support the connection of renewable generation are contained, in part or wholly, within WNP's current asset management plan.
c. Please indicate whether Table 2 at reference (iii) strictly reflects GEA plan activities.
d. If activities to support the connection of renewable generation are partially incorporated in WNP's current asset management plan, please indicate which ones they are and the associated level of expenditures.
e. If applicable, and keeping in perspective reference (iv), please differentiate and list work associated with the connection of renewable generation that is strictly a component of the GEA plan and apportion the costs appropriately, indicating the level of expenditure both capital and OM&A that would be associated with such activities.
f. Please revise Table 2 accordingly.

Wellington North Power Inc. - Response:

a. The 8-year capital plan as proposed contains activities related to smart grid implementation including sub-station upgrade and replacement, conductor upgrade and replacement, sub-station metering, a hydro monitoring system as well as the geographic information mapping system, or GIS. Investment in these capital projects today will prepare the company for future smart grid activities.

b. The 8-year capital plan as proposed includes projects whose objective is to increase system capacity to support the future connection of renewable generation facilities including: conductor replacement, pole replacement, sub-station upgrade and replacement, individual asset replacement and individual transformer replacement. Although every effort has been made to ensure the proposed capital plan fully supports all possible renewable generation projects, it should be noted that Wellington North Power Inc. may have to execute additional projects once specific locations for proposed renewable generation projects become known. At that time, Wellington North Power Inc. will conduct a connection impact assessment study which may or may not require the execution of specific capacity-related projects.

c. Table 9 from Exhibit 2 of WNP COS Application has been updated as per below, and includes projects that satisfy both the GEA as well as Wellington North Power Inc.'s own asset management needs:

Project ID	Type	Title	Community
WNP-GEN-001	Maintenance	Pole Mount Transformer - Maintenance/Repair	ALL
WNP-GEN-002	Maintenance	Pad Mount Transformer - Maintenance/Repair	ALL
WNP-GEN-003	Capital	Pole Replacements - Immediate	ALL
WNP-GEN-004	Capital	Pole Replacements - 5 Year Plan	ALL
WNP-GEN-005	Maintenance	Pole Repair and Maintenance	ALL
WNP-GEN-006	Capital	Asset Nomenclature	ALL
WNP-GEN-008	Capital	Transformer Replacements - 5 Year Plan	ALL
WNP-GEN-009	Capital	Unplanned / Contingency	ALL
WNP-GEN-010	Maintenance	Annual Maintenance (Total) *	ALL
WNP-A-001	Capital	Domville St. - Extend 44kV Line	Arthur
WNP-A-002	Capital	Frederick St. E. - Pole Replacement	Arthur
WNP-A-003	Capital	Smith St. - Pole Replacement	Arthur
WNP-A-004	Capital	Walton St. - Pole and Conductor Replacement	Arthur
WNP-A-005	Capital	Georgina St. - Pole Replacement	Arthur
WNP-MF-001	Capital	Re-conductor - Replace #2 ACSR with 336 MCM	Mount Forest
WNP-MF-002	Capital	Re-Conductor Princess Anne St.	Mount Forest
WNP-MF-003	Capital	Re-Conductor Prince Charles St.	Mount Forest
WNP-MF-004	Capital	Re-Conductor James St.	Mount Forest
WNP-MF-005	Capital	Durham St. - Pole Replacements + Reconductor	Mount Forest
WNP-MF-006	Capital	Main St. / Sligo Rd. - Underground Loop Connection	Mount Forest
WNP-MF-007	Capital	Elgin St. Conductor/Pole Replacements	Mount Forest
WNP-MF-008	Capital	Forest Glenn Dr. - Underground Loop	Mount Forest
WNP-MF-009	Capital	Forest Glenn Cres. - Underground Loop	Mount Forest
WNP-MF-010	Capital	Normanby St. - Reconductor Secondary	Mount Forest
WNP-MF-011	*Capital*	*Murphy Property - 44kV Extension***	*Mount Forest*
WNP-MF-012	Capital	Development - OPP Forensic Lab	Mount Forest

d. Wellington North Power Inc. has considered the upgrading required to support the future connection of renewable generation when creating its capital plan. Many of the projects within the capital plan will address both outstanding asset management and GEA objectives.

e. Wellington North Power Inc. has prioritized projects such that both outstanding asset management and GEA objectives are addressed in the projects on the proposed capital plan. The 8-year capital plan as proposed includes projects whose objective is to increase system capacity to support the future connection of renewable generation facilities including: conductor replacement, pole replacement, sub-station upgrade and replacement, individual asset replacement and individual transformer replacement. For large renewable generation projects, Wellington North Power Inc. will conduct a

connection impact assessment study which may or may not require the execution of specific capacity-related projects.

f. The table on the previous page has not been revised as all projects will facilitate future renewable generation connection during their design and construction.

42. Reference: GEA Plan

(i) Filing Requirements, Part V, Section 2, bullet point 4

(ii) Report of the Board, Framework for Determining the Direct Benefits Accruing to Customers of a Distributor under Ontario Regulation 330/09[2], Paragraph 3.2.2.3, Basic Benefit Assessments For Basic GEA Plans

(iii) Exhibit 2/Tab9/Sch1/p.285/Planned Development of Wellington North Power Inc's Distribution System to Accommodate Generation Connections

[2] http://www.ontarioenergyboard.ca/OEB/_Documents/EB-2009-0349/Board_Report_Determining_Direct_Benefits_20100610.pdf

Reference (i) points to: "the method and criteria that will be used to prioritize expenditures in accordance with the planned development of the system".

Reference (ii) recognizes two distinct types of work related to the connection of renewable generation, namely Expansion and Renewable Enabling Improvements (REI) that give rise to specific cost recovery treatment from the distributor's ratepayers under the *Framework*.

At reference (iii), WNP addresses the forecast of future renewable connections, stating that:

> Wellington North Power Inc. currently has six 10 kW microFIT connections, ten 10kW pending connections and one 100 kW FIT application. We anticipate all of these to be connected over the five year period.
>
> The 100 kW FIT capacity exempt approved Rooftop Solar Application is anticipated to be connected to the distribution system by December-01-2012. To accommodate this connection Wellington North Power has prepared the necessary upgrade required to the distribution plant by replacing 300m of #2 ACSR to 336MCM at an estimated cost of $15,000.00. This enhancement will also benefit an area of potential renewable generation growth.

a. In accordance with the Filing Requirements at reference (i), please provide the Board with WNP's general strategy and prioritization methodology for connecting embedded generation.
b. Please clarify whether the work estimated at $15,000 at reference (iii) to connect a project is already included in the asset management plan.
c. The planned work is characterized as "enhancement", is that Expansion or REI?

Does the $15,000 cost estimate account for capital only, or are OM&A costs included?

d. At reference (iii), you indicate that the 17 projects in the pipeline will be connected within 5 years. Using the table below as a guide, please indicate the work that will be undertaken, and the feeder associated with it.
e. Will system Expansion/REI activities result in premature asset replacements? When applicable please give an estimate of the remaining useful life of the "replaceable" asset and indicate in each case whether there is a residual value.

Wellington North Power Inc. - Response:

a. Wellington North Power Inc. will make every effort to connect renewable generation facilities to the distribution system in a timely manner, giving priority to proposed renewable projects that have active applications in at the Ontario Power Authority. As a strategy Wellington North Power Inc.'s objective is to systematically work on upgrading aged distribution assets, considering future potential renewable generation facilities in its planning.

   For example, Project 2013-003 will replace existing aged distribution assets along Frederick Street in Arthur, Ontario. This project is being executed in an effort to continually improve the distribution system through investment; however, this project will also increase system capacity along Frederick Street to allow for the connection of renewable generation. If during the next year a customer was to approach Wellington North Power Inc. with an application to connect generating facility in this area of the distribution system, this project may need to be re-prioritized and executed sooner to accommodate the connection of renewable generation.

b. WNP can confirm that the $15,000 work referenced to connect FIT projects has been included as Project 2011-009 within the asset management plan and capital budget. Within these plans this project has a detailed estimate of $20,015.

c. The planned work related to the connection of the FIT projects is classified as a renewable enabling improvement (REI) as the distribution system exists. That being said, the existing conductor needs to be replaced with conductor with more capacity to facilitate future connections.

d. Please see the following table:

Project Reference	Feeder	Expected Online Date	Activity	Cost Estimate
FIT Projects				
FIT-FEUNCHB	MS2 – F2	December 2012	Upgrade OH Conductor / Other Items Detailed in Connection Impact Assessment (CIA)	$20,000 plus CIA Costs
MicroFIT Projects				
FIT-MCWAMP8	MS1 – F4	2013	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MD43644	MS3 – F3	2013	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MUQWTC9	MS2 – F4	Connected	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MWDXQP8	MS2 – F1	2013	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-M4AJ9FR	MS3 – F4	Connected	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-M3KK6YQ	MS3 – F4	Connected	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MPUEQ9Y	MS1 – F3	Connected	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MIM6FD9	MS5 – F2	2012	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MKFIRMB	Biogas	2014	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-M9NQPBC	MS3 – F4	Connected	MicroFIT Project: Upgrade Service Cable	$600.00

FIT-MHYU4FV	MS3 – F4	Connected	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MJ8C86W	MS3 – F1	2013	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MDYBZNX	MS1 – F1	Connected	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MURCUVC	MS1 – F1	2013	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MYMP8H4	Biogas	2014	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MWCD9WE	MS1 – F4	2013	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MKRTTJJ	MS1 – F4	2013	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-M9HPMKW	MS3 – F4	2012	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MVIGT88	MS2 – F3	Connected	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MCYTATX	MS6 – F1	Connected	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-M88EIJ4	Biogas	2014	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MPUPXQ7	MS2 – F3	Connected	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MK3HCJN	MS3 – F3	?	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MTZ4MFZ	MS6 – F2	Connected	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MJATMWG	MS3 – F4	?	MicroFIT Project: Upgrade	$600.00

			Service Cable	
FIT-MHPZ94X	MS1 – F4	?	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MPWWU78	MS3 – F1	?	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MFPHU67	MS3 – F1	?	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MYU78BI	MS5 – F2	2013	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MCXIT2R	MS5 – F1	2013	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MV3MEVI	MS5 – F3	2013	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-ME8THFI	MS2 – F3	2013	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-M3FU4AK	MS3 – F4	2014	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MNHV8PY	MS6 – F2	2013	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MZ8BH6W	MS3 – F3	2014	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MK6YCRV	MS3 – F3	2014	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MTWV7WN	MS3 – F3	2014	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MH4IW39	MS2 – F3	2013	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MHWVF39	MS 5 – F3	2013	MicroFIT Project: Upgrade Service Cable	$600.00

e. Renewable enabling improvements will require Wellington North Power Inc. to dispose of assets prior to the end of their useful life. At this time, it is difficult to determine what these disposal costs represent in terms of dollar value. For example, the results of a connection impact assessment to connect a FIT-size renewable generation project may detail the replacement of conductor that was installed in the 1990's. In this instance, the existing conductor would be removed and new conductor installed. As the existing conductor has not fully depreciated, the remaining book value of this conductor asset would be disposed of at that time.

43. Reference: GEA Plan Rate Impacts

(i) Exhibit 2/Tab9/Sch1/p.278
(ii) Filing Requirements, Part III, Time of Filing of GEA Plan
(iii) (iii) Filing Requirements, Part VII, Capital and OM&A Deferral Accounts for Renewable Generation Connection or Smart Grid Development
(iv) Report of the Board, Framework for Determining the Direct Benefits Accruing to Customers of a Distributor under Ontario Regulation 330/09, Paragraph 3.2.2.3, Basic Benefit Assessments For Basic GEA Plans

OM&A costs associated with the implementation of the GEA plan are not reflected in WNP's current application.
WNP's GEA plan does not indicate how the distributor will recover costs associated the implementation of the plan; that said, reference (i) indicates that no rate rider is sought:

> As part of this 2012 Cost of Service application, Wellington North Power Inc. is not requesting for a GEA rate rider. Currently, when the LDC is planning capital projects, it ensures that the expenditure would facilitate the connection of embedded generation. If and when a GEA project is required, the Wellington North power Inc. would submit a separate application to the OEB.

Reference (ii) indicates that distributors are required to file with the Board GEA plans as of their cost of service applications from year 2012 onwards unless directed to do otherwise by the Board.

Reference (iii) points to the deferral accounts twinned with the GEA plan.

a. Please confirm that no additional human resources will be required to implement the GEA Plan.
b. Please indicate what OM&A expenditures, if any, will be associated with the GEA plan capital expenditures.
c. Please clarify why WNP would choose to submit a separate application to the Board when specific deferral accounts as at reference (c) have already been created to record OM&A and capital expenses related to renewable connections and smart grid activities.
d. Please outline WNP's proposal for recovery of costs associated with the implementation of the GEA plan.
e. If feasible, please provide an estimate of the direct benefits accruing to WNP's ratepayers.

Wellington North Power Inc. - Response:

a. The requirements of the Green Energy Act have increased the workload of Wellington North Power Inc. whether we consider the increased workload of planning and designing for renewable generation or the monthly settlement of generation contracts; the Green Energy Act impacts all aspects of Wellington North Power's business. The Green Energy Plan as proposed by Wellington North Power supports the addition of a clerical support staff for operations, as detailed within our application. This clerical support staff member will be charged with assisting the Manager of Operations in completing the necessary documentation to run the operations department. This will include, but is not limited to, the monitoring of the Ontario Power Authority's website for renewable projects, creating and organizing the documentation that support renewable energy projects as well as secretarial work associated with assisting our customers with Green Energy related inquiries

b. Wellington North Power Inc. expects the operations and maintenance expenses associated with its Green Energy Plan to be similar to the annual operation and maintenance expenses associated with a residential service, however, notes that generation-technology being connected to the distribution system is a relatively new concept and remains to be proven in a practical application. Administration expense represents a significant time investment each month by an analyst and billing and collection clerk to ensure generation bills are settled in a timely manner. The existing service charge of $5.25/month does not cover the costs associated with managing the billing associated with these projects; however, Wellington North Power recognizes this is an ongoing discussion at the Board.

c. Wellington North Power Inc. reserves the right to pursue a Green Energy Act rate-rider under future application, however, at this time, feels it's in the rate payers best interest to not apply for this rate rider at this time. All of Wellington North Power Inc.'s current generation connections are MicroFIT-size. If in the future, as a result of a connection impact assessment study significant distribution system enhancements are required, Wellington North Power Inc. may have to approach the Board to discuss capital work funding.

d. Wellington North Power Inc. charges a fixed rate for connection of MicroFIT generation facilities, which off-set costs associated with the connection of generation facilities. Any additional cost associated with the connection of MicroFIT generation projects would be borne by the collective rate payer. The amount of extra charge associated with MicroFIT

connection will be minimised by reviewing the fixed connection charge annually and adjusting as required. The amount of additional cost over and above the fixed connection charge is not material. All future capital planning, designing and construction activities will provide for the possibility of the connection of renewable generation projects, as reasonably as can be anticipated. For future large-scale generation projects (FIT-type), the costs associated with connecting the project would be borne by the proposed generator.

e. The amount of cost over and above the fixed connection fee charged to customers requesting the connection of MicroFIT generation is minimal and with only eleven MicroFIT projects connected at present (June 2012) the rate impact is minimal.

44. Reference: Distribution System Matters & System Constraints
(i) Exhibit 2/Tab9/Sch1/p.281
(ii) Exhibit 2/Tab9/Sch1/p.288/OPA letter

At reference (i), WNP has indicated that its distribution system is embedded with Hydro One's supply.

The OPA notes in its letter that:

> WNP's supply point at Hanover TS is currently constrained by the Bruce area limit. […] The OPA will be unable to award contracts to capacity allocation required projects in the Bruce region until this constraint has been addressed through the new Bruce to Milton transmission line.

a. As per the Filing Requirements, please confirm that appropriate discussions and consultations with the host distributor have taken place.

Wellington North Power Inc. - Response:

a. As a result of the completion of the Bruce-Milton transmission line, Hydro One has recently changed its previous status and will allow FIT-size projects on feeder 36M5 from Hanover TS – see Hydro One's capacity evaluation tool below for a proposed 500kW project. This is a ball-park estimator provided free-of-charge by Hydro One and does not replace the need for a formal connection impact assessment in the event that a FIT-project moves forward.

This spreadsheet tool is available on Hydro One's website for use in planning - http://www.hydroone.com/Generators/Pages/StationCapacityCalculator.aspx.

Capacity Evaluation Tool

Version 1.4 (Data Updated on 2012-5-14)

Proposed Project Data

Connecting Station / Feeder:	HANOVER TS - M5	
Project Size:	500	kW
Technology:	Solar	

RESULT Passes

In order for Hydro One to confirm capacity availability and allocate capacity to your project, you will have to apply to Hydro One for connection using Form B or Form C.

To apply for a project over 10 kW, click HERE for Form B

PreFIT consultation is also available for projects over 10kW

Click HERE to go to Online Form A

Click HERE to go to a Faxable Form A

Hydro One Networks Inc. ("Hydro One") is pleased to provide this capacity calculator ("Calculator") to assist generators in providing capacity information . While we believe this Calculator will be a helpful tool, we caution you that this Calculator and the information contained in or generated by it (collectively the "Materials") are provided to you for your information only. In that the Calculator has been established only to provide estimated capacity information Hydro One is not in a position to confirm its completeness, timeliness or accuracy. In addition, Hydro One may, from time to time, make changes to the Materials without notice. Please note that information regarding capacity availability changes frequently and the information provided may not be current and may be up to 30 days old.

In no event shall Hydro One be liable for any damages of any kind related to the use or misuse of the Materials. Hydro One is not making any representations of any kind or nature, and disclaims all warranties, whether express or implied, in respect of the Materials, including the implied warranties of fitness for a particular purpose, merchantability, expectation of privacy and non-infringement notwithstanding your use of the Materials or the information generated by this Capacity Calculator. Please note that Hydro One is not allocating Capacity for your project based on the use of this tool.

Data Entered: HANOVER TS - M5, 500, Solar

calculation performed on 2012-6-12

Disposition of Account 1562 – Deferred PILs

45. Reference: Interest Expense: 2001 through 2005 SIMPIL Models

Board staff notes that when the actual interest expense, as reflected in the financial statements and tax returns, exceeds the maximum deemed interest amount approved by the Board, the excess amount is subject to a claw-back penalty and is shown in sheet TAXCALC as an extra deduction in the true-up calculations.

For the tax years 2001 to 2005:

a. Please provide a table for the years 2001 to 2005 that shows all of the components of WNP's interest expense for the purposes of the interest true-up calculation and the amount associated with each type of interest. Please ensure that the table balances back to all of the interest expense listed in the audited financial statements.

b. Did WNP have interest expense related to liabilities other than debt that is disclosed as interest expense in its financial statements?

c. Did WNP net interest income against interest expense in deriving the amount it shows as interest expense in its financial statements and tax returns? If yes, please provide details to what the interest income relates.

d. The Board decided interest expense used to calculate the interest claw-back variance should not include interest on customer deposits.[3] Please exclude interest expense on customer security deposits in interest expense for purposes of the interest true-up calculation.

e. Did WNP include interest income on customer security deposits in the disclosed amount of interest expense in its financial statements and tax returns?

f. Interest on IESO prudentials is a stand-by fee for providing, but not drawing on, a line of credit. The Board decided that this interest expense relates to debt and should be included in the interest claw-back variance calculations.[4] Please include interest on IESO prudentials in interest expense for purposes of the interest true-up calculation.

g. Did WNP include interest carrying charges on regulatory assets or liabilities in interest expense?

h. Did WNP include the amortization of debt issue costs, debt discounts or debt premiums in interest expense? If the answer is yes, did WNP also include the difference between the accounting and tax amortization amounts in the interest true-up calculations? Please explain.

i. Did WNP deduct capitalized interest in deriving the interest expense disclosed in its financial statements? If the answer is yes, did WNP add back the capitalized interest to the actual interest expense amount for purposes of the interest true-up calculations? Please explain.

j. If a revision has been made to the SIMPIL interest claw-back calculations, please file the revised SIMPIL models and update the PILs continuity schedule and final balance for disposition in Excel format.

[3] Hydro One Brampton, EB-2011-0174, December 22, 2011. Kingston Hydro, EB-2011-0178, April 19, 2012. Innisfil Hydro, EB-2011-0176, April 19, 2012.

Wellington North Power Inc. - Response:

a. The table below summarises the components of WNP's interest expense for the purpose of true-up calculation and the amount associated with each type of interest:

Breakdown of Interest Expense:

	Promissory Note - Township Wellington North	Promissory Note - Township Southgate	Reg Assets	IESO	Customer Deposits	Total
2001	*Breakdown not available for stub year*					
2002	$114,914	$3,581	$3,040	$3,265	$6,190	$130,990
2003	$114,914	$3,581	$1,379	$3,274	$7,354	$130,502
2004	$114,914	$3,581	$1,594	$3,265	$7,511	$130,865
2005	$114,914	$3,581	$8,607	$3,643	$9,378	$140,123

WNP is unable to locate the stub year (3 month) profit and loss statement that reconciles to net income per financial statements appearing on Schedule 1 of the T2 tax return for 2001. WNP is able to confirm that the net income per financial statements was derived by its external auditor.

b. Please refer to the table in (a) above

c. WNP and its' external financial Auditor is able to confirm:
No, WNP did not net interest income against interest expense in deriving the amount it shows as interest expense in its financial statements and tax returns.

d. Interest expense on customer deposits has been excluded as shown in the revised interest table included in response to part j)

e. WNP and its' external financial Auditor is able to confirm:
No, WNP did not include interest income on customer security deposits in the

disclosed amount of interest expense in its financial statements and tax returns.

f. Interest expense on IESO Prudentials has been included as shown in the revised interest table included in response to part j)

g. Yes, please see the amounts shown in the table in response to part a).

The Board has reached a decision regarding the inclusion/exclusion of interest for excess clawback purposes as set out in questions d) - Security Deposits and f) - IESO Prudentials. It does not reference a decision with respect to the potential exclusion of interest related to regulatory assets.

WNP reiterates its position in its original filing. WNP believes it is unfair to pay the prescribed rate of interest to its customers on variance and deferral accounts, be denied the ability to deduct the interest according to the SIMPILS methodology, and then return to customers the grossed up income tax value of the excess interest as calculated in the models. In effect it is double paying the customers with no offset of tax deductibility.

The variance and deferral accounts are constantly changing values and it is difficult to believe that the debt return included in rates was meant to compensate LDCs for these unpredictable costs.

h. WNP and its' external Financial Auditor is able to confirm:
No, WNP did not include the amortization of debt issue costs, debt discounts or debt premiums in interest expense.

i. WNP and its' external Financial Auditor is able to confirm:
No, WNP did not deduct capitalized interest in deriving the interest expense disclosed in its financial statements.

j. The following table shows the actual interest expense per the financial statements adjusted for the exclusion of interest related to customer deposits as per IR 45 d).

	Interest per Financial Statements	Less: Customer Deposits	Net interest Expense	Less: Interest Reg Assets	Net Interest Expense
2002	$130,990	$6,190	**$124,800**	$3,040	**$121,760**
2003	$130,502	$7,354	**$123,148**	$1,379	**$121,769**
2004	$130,865	$7,511	**$123,354**	$1,594	**$121,760**
2005	$140,123	$9,378	**$130,745**	$8,607	**$122,138**

Additional evidence:
WNP has uploaded files on the OEB's RESS site as additional supporting evidence:

The revisions result in the 1562 deferred PILS balance changing from $7,946 owing from customers to $8,270 due from customers. These have been submitted under the following filenames:

- WNP_Interest_Expense_Breakdown_IR_45a_45j_June12
- 2001 SIMPILS_June12
- 2002 SIMPILS_June12
- 2003 SIMPILS_June12
- 2004 SIMPILS_June12
- 2005 SIMPILS_June12
- Continuity Schedule_June12

(In its models for this application, WNP have assumed that Board approve the recovery of $8,270 from customers.)

Should the Board agree with the WNP position that interest on regulatory assets should also be excluded from the excess interest clawback determination, the resulting balance is a due from customers of $10,285.
Copies of these SIMPILS models, excluding Regulatory Assets, have also been filed on the OEB's RESS site. These have been submitted under the following filenames:

- WNP_Interest_Expense_Breakdown_IR_45a_45j_June12
- 2001 SIMPILS_ Exclude_Reg_Assets_June12
- 2002 SIMPILS_ Exclude_Reg_Assets_June12
- 2003 SIMPILS_ Exclude_Reg_Assets_June12
- 2004 SIMPILS_ Exclude_Reg_Assets_June12
- 2005 SIMPILS_ Exclude_Reg_Assets_June12
- Continuity Schedule_ Exclude_Reg_Assets_June12

46. Reference: Exhibit E1, Tab 1, Schedule 5, page 21

WNP is requesting Board approval to establish a Meter Data Management / Repository (MDM/R) Deferral & Variance account on May 1, 2012.

a. Please explain why WNP needs the MDM/R Deferral & Variance account?
b. Has WNP incurred actual costs for MDM/R and if yes, please list the type of costs and the dollar amount by type.

Wellington North Power Inc. - Response:

a. WNP is requesting a MDM/R Deferral and Variance account to enable the ability to record any further expenses incurred with MDM/R activities that the LDC may wish to seek disposition at a future date.

The LDC successfully transferred to Time-of-Use Pricing on 31st January 2012 and has encountered some transition issues such as correcting and re-working data to enable billing to occur. As MDM/R is still in its infancy, the LDC is concerned that there could be other issues that will attract expenses and potential I.S. system upgrade costs.

Equally, this Deferral / Variance account may be the account that record variances with the recovery of the Smart Metering Charge that was proposed by the IESO in March 2012.

b. The table below summarises the actual incurred MDM/R costs for 2010 and 2011, together with a forecast for the 2012 Test Year:

MDMR Component:	2010	2011	2012	Total
MDMR Professional fees	$ 10,643.61	$ 4,500.00	$ -	$ 15,143.61
MDMR Software	$ 965.57	$ -	$ -	$ 965.57
MDMR testing	$ 1,778.27	$ 4,454.88	$ 6,500.00	$ 12,733.15
MDMR training	$ 5,168.57	$ 13,497.50	$ -	$ 18,666.07
Grand Total	**$ 18,556.02**	**$ 22,452.38**	**$ 6,500.00**	**$ 47,508.40**

Note: Within WNP's application in Exhibit 10, Tab 1, Schedule 3, the LDC is seeking recovery of these MDM/R costs. As suggested in the "*Guideline: Smart Meter Funding and Cost Recovery – Final Disposition (G-2011-0001)*" issued by the OEB on December 15, 2011, page 14, section 3.4, Wellington North Power Inc. is seeking the recovery of "costs beyond minimum functionality" as defined in O.Reg. 425/06.

These costs, incurred by Wellington North Power Inc., specifically relate to Time-of-use rate implementation, CIS upgrades and MDM/R (Meter Data Management/Repository), with an itemised breakdown shown in the table above.

47. Reference: Exhibit E2, Tab 2, Schedule 3, pages 200-204; Exhibit E11, Schedule 2, pages 831-834, Tables 11-2 to 11-5; Article 220, APH: Account 1860, page 67

Board staff is unaware of Uniform System of Accounts (USoA) account 1861 that WNP is using to record smart meter costs. Article 220 of the APH prescribes Account 1860 to record cost installed of meters or devices related to smart meters.

a. Please clarify if WNP should be using Account 1860 instead of Account 1861 for smart meter and smart meter communications. If so, please update Tables 11-2 to 11-5.

Wellington North Power Inc. - Response:

a. Wellington North Power Inc. is not using account 1861, but a sub account of 1860 to reflect the different types of meters, components and depreciation rates within 1860. Schedule 11-2 submit as part of the application was incorrect and should have shown the following accounts:

The revised tables have been has been uploaded on the RESS site as an appendices item under the following file names:
(Filename: WNP_COS_Filing_Reqt_Chp2_Appendices_2012_June12)
(Filename: WellingtonNorth_IR_Responses_Appendix_June12)

48. Reference: Exhibit E2, Tab 3, Schedule 1, page 205, Table 2-15
Exhibit E11, Schedule 2, pages 831-834, Tables 11-2 to 11-5

WNP provided the depreciation periods used under CGAAP and MIFRS using the IFRS depreciation periods recommended by the Kinectrics Study in Table 2-15.WNP has a depreciation period of 5 years related to Account 1955, Communications Equipment in Tables 11-4 to 11-5 under MIFRS instead of 8 years defined in Table 2-15.

a. Please determine the appropriate depreciation period for communications equipment and update Tables 11-4 to11-5.
b. Please specify the depreciation period for Account 1935, Stores Equipment in Tables 11-2 to 11-5.
c. Please update the depreciation periods in the tables for these 2 accounts.

Wellington North Power Inc. - Response:

a. Wellington North Power Inc. is using five (5) year for wireless communication depreciation.

b. The depreciation period of Account 1935 is eight (8) years the same as Account 1940 Small Tools and Equipment.

c. The revised tables have been has been uploaded on the RESS site as an appendices item under the following file names:
(Filename: WellingtonNorth_IR_Responses_Appendix_June12)

49. Reference: Exhibit E2, Tab 2, Schedule 3, pages 200-204; Exhibit E11, Schedule 2, pages 831-835, Tables 11-2 to 11-6;

s. 2.7.7 of Chapter 2 of the Filing Requirements for Transmission and Distribution Applications, June 22, 2011

WNP provided the Fixed Asset Continuity Schedules for 2008 -2012 under CGAAP and MIFRS showing both the costs and accumulated depreciation. However, Board staff notes that WNP did not provide the supporting schedules to show how the depreciation expenses were calculated for each of the period 2008 to 2012 for both CGAAP and MIFRS.

a. Please provide the detailed calculations of the depreciation expenses for 2008-2012 under CGAAP and MIFRS as required by s.2.7.7 of the Filing Requirements, including, but not limited to:
   - the underlying PP&E assets, including gross capital costs and accumulated depreciation
   - revised useful lives
   - depreciation rates;
   - any fully depreciated assets; and
   - use of the half year rule

b. Please provide a reconciliation of the depreciation expense calculated in part a, above with the depreciation expenses found in the 2008 to 2012 Fixed Asset Continuity Schedules for both CGAAP & MIFRS.

Wellington North Power Inc. - Response:

a. WNP has updated the Chapter 2 Appendices workform, worksheets:
   - App. 2-M_Depreciation Expense 08;
   - App. 2-M_Depreciation Expense 09;
   - App. 2-M_Depreciation Expense 10;
   - App. 2-M_Depreciation Expense 11;
   - App. 2-M_Depreciation Expense 12;

   This updated workform has filed this information on the RESS site (Filename: WNP_COS_Filing_Reqt_Chp2_Appendices_2012_June12)

b. As directed, WNP has performed reconciliation between the depreciation calculated in part (a) above *(as filed on the RESS site under the updated Chapter 2 Appendices workform)* and the depreciation expenses included in the Fixed Asset Continuity

Schedules for the years 2008 to 2012 inclusive.

As noted in the LDC's responses to Board Staff Interrogatories References 50 and 55, Wellington North Power has deferred from transitioning to Modified IFRS in 2012. Consequently, the reconciliation is based upon the CGAAP Schedules only.

This reconciliation has been uploaded on the RESS site as an appendices item.

(Filename: WellingtonNorth_IR_Responses_Appendix_June12)

DEFERRAL & VARIANCE ACCOUNTS (DVA)

50. Reference: Exhibit E9, Schedule 2, page 765;
Exhibit E9, Schedule 5, page 777;
DVA Continuity Schedule

WNP states that it is not seeking disposition of Account 1508, Sub account IFRS Costs. However, WNP has shown a claim for recovery of $9,748 under Account 1508, Other Regulatory Assets in Table 9-6.

a. Please confirm if WNP is seeking disposition of the costs related to IFRS in this proceeding. If WNP is not seeking the disposition of the IFRS costs, please update DVA Continuity Schedule for Account 1508, Sub account IFRS and Table 9-6.
b. Please confirm if the recorded costs in Account 1508, sub account IFRS Transition Costs are one time administrative incremental IFRS transition costs.
c. Please provide an update on WNP's IFRS implementation status.

Wellington North Power Inc. - Response:

a. Wellington North Power Inc. confirms that it is seeking is seeking disposition of the costs related to IFRS in this application submission.

b. Wellington North Power Inc. confirms that the recorded costs in Account 1508, sub account IFRS Transition Costs are one time administrative incremental IFRS transition costs.

c. WNP has chosen to take the deferral of implementation to IFRS to January 1, 2013. Any further incremental costs incurred by WNP to date in preparation to transition to IFRS will be captured in a sub account of 1508. These costs will be included in a future rate application for proposed recovery.

   Since this is the second deferral of IFRS implementation provided by the Accounting Standards Board, WNP recommends the Board considers deferring the implementation of MIFRS until a firm commitment is made to transition to IFRS.

   WNP has chosen to change its fixed asset useful lives in this Cost of Service application. Coincidentally, this is the only change made in the Application when moving to MIFRS. This means the MIFRS submission in this rate application is identical to CGAAP with a change in the depreciation rates.

51. Reference: Exhibit E9, Schedule 2, page 768-769;
Exhibit E9, Schedule 2, page 777, Table 9-6;
Exhibit E9, Schedule 8, page 782, Table 9-7;
DVA Continuity Schedule
S 2.12.1, s.2.12.2 of Chapter 2 of the Filing Requirements

WNP states that it is not seeking disposition of balance Account 1592, Harmonized Sales Tax (HST)/OVAT/ITC account. Sections 2.12.1 & 2.12.2 of Chapter 2 of the Filing Requirements for Transmission and Distribution Applications expects electricity distributors to dispose of Account 1592 balances in the 2012 COS rebasing.

a. Please explain why WNP is not requesting for disposition of the balance as at April 30, 2012 in Account 1592.
b. Please confirm the Account 1592 balance as at April 30, 2012 and update the DVA Continuity Schedule, Tables 9-6, 9-7, and Appendix T-2.
c. Please confirm that WNP does not intend to continue using sub account 1592 for the test year and going forward. If this is not the case, please explain

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Wellington North Power Inc. - Response:

a. As at April 30, 2012, the balance in Account 1592 was:

1592-PILS&TAX Variance balance	=$5,098.14
1592 PILS&TAX Var – Interest Improvement	=$ 149.53
Total:	= $5,247.67

WNP did not request disposition of this account in its application because after applying the 50% return calculation, the value is minimal (a total credit to customers of $2,623.84.) If Board staff or Intervenors suggest or request that the LDC dispose of this amount during the course of this application, then WNP will oblige.

b. WNP has updated the DVA Continuity Schedule and this has been uploaded on the RESS site.
(Filename: WNP_2012_EDDVAR_Continuity Schedule-COS_June 12)

c. Wellington North Power Inc. does not intend to continue using the subaccount 1592 PILs and Tax Variance for 2006 and Subsequent Years, but will continue to use the subaccount for HST / OVAT Input Tax Credits (ITCs) as directed in the Ontario Energy Board Accounting Procedures Handbook, unless directed by the OEB otherwise.

1592 Subaccount PILs and Tax Variance for 2006 and Subsequent Years **(discontinued)**

1592 Subaccount PILs and Tax Variances for 2006 and Subsequent Years, Sub-account HST / OVAT Input Tax Credits (ITCs) **(continue)**

52. Reference: Exhibit E9, Schedule 4, page 774, Table 9-5;
Staff Discussion Paper: Transition to IFRS-Implementation in an IRM Environment: Appendix A-2 dated March 31, 2011;
Exhibit E11, Schedule 1, page 826, Table 11-1; Exhibit E11, Schedule 5, page 839, Table 11-11

WNP has used the average balance in the PP&E Deferral account in Table 9-5 in the calculation of the return on PP&E Deferral account (Average balance: $95,377 times WACC: 6.2% equal $5,917) instead of using the closing balance in the PP&E Deferral account at transition date as in Appendix A-2 of March 31, 2011 Staff Discussion Paper: Transition to IFRS-Implementation in an IRM Environment.

a. Please update Tables 9-5, 11-1, 11-11 and other applicable evidence, e.g. depreciation schedule, if required, using the example in Appendix A-2.

Wellington North Power Inc. - Response:

a. Please see updated table which includes 2011 actual data:

Wellington North Power Inc. - MIFRS PP&E Deferral Account

		2011 IRM Forecast	2012 Rebase COS Forecast	2013	2014	2015
PP&E Values under CGAAP						
Opening Net PP&E		$ 5,601,285	Opening Net PPE Value = $11,507,635 LESS: Opening Accumulated Depreciation = $5,906,349			
Additions	+	$512,494	Additions = $516,428 LESS: Disposals = $3,935			
Depreciation	-	($579,818)				
Closing Net PP&E	=	$5,533,961	Additions = $583,875 LESS: Disposals = $4,058			
			** as per 2011 CGAAP Continuity Schedules*			
PP&E Values under MIFRS						
Opening Net PP&E		$5,662,895				
Additions	+	$593,362	Additions = $593,232 LESS: Disposals = $4,058			
Depreciation	-	($589,174)				
Closing Net PP&E	=	$5,667,083				
			** as per 2011 Modified IFRS Continuity Schedule*			

	2011	2012	2013	2014	2015
Difference on Closing Net PP&E, CGAAP vs MIFRS					
Opening Balance	$0	($133,121)	($99,841)	($66,561)	($33,280)
Amount added in the year	($133,121)	N/A	N/A	N/A	N/A
Sub-total	($133,121)	($133,121)	($99,841)	($66,561)	($33,280)
Amount of Amortization including in Dep'n Exp	$0	$33,280	$33,280	$33,280	$33,280
Closing Balance in Deferral Account:	($133,121)	($99,841)	($66,561)	($33,280)	$0
Avergae Balance in Deferral Account:		($116,481)	($83,201)	($49,921)	($16,640)

	2011	2012	2013	2014	2015
Closing Balance in Deferral Account:	($133,121)	($99,841)	($66,561)	($33,280)	$0
Amount of Amortization including in Dep'n Exp	-	$33,280	$33,280	$33,280	$33,280
Annual Regulated Rate of Return:	-	6.20%	6.20%	6.20%	6.20%
Return on PP&E Account		$8,259			
Total Forecasted IFRS Adjustment *		**$41,539**			

** (Amount of Amortization x Regulated Rate of Return)*

53. Reference: Exhibit E9, Schedule 8, page 782, Table 9-7;
2012 EDDVAR Rate Rider Calculations: Sheet 1;
Exhibit E3, Tab 2, Schedule 1, page 735, Table 3-26;
EDDVAR Report, EB 2008-0046, Table 1

WNP has provided the billing determinants for each rate class for RPP and non RPP for Account 1588 Power and Account 1588, sub Account GA in the 2012 EDDVAR Rate Rider Calculations, Sheet 1. WNP has used the same billing determinants for both RPP and non RPP rate rider calculations.

a. Please provide RPP and non RPP rate riders using the appropriate billing determinants and show the detail calculations and please update Table 9-7 if needed.

Wellington North Power Inc. - Response:

a. The table below illustrates the RPP and non-RPP energy forecasts for the 2012 Test Year. WNP has separated General Service 50-999 kW into RPP and non-RPP and confirms that all General Service > is non-RPP.

2012 Forecast Data By Class	kW	kWhs	kWh's Non-RPP	Customer Numbers	Number of Metered Customers	Dx Revenue	kW Non-RPP
RESIDENTIAL CLASS		24,515,702	3,573,339	3,160	3,160	$ 1,172,408	
GENERAL SERVICE <50 KW CLASS		10,548,580	1,413,780	489	489	$ 396,406	
GENERAL SERVICE 50 - 999 KW	50,418	19,588,615	17,979,210	40	40	$ 320,094	46,298
GS 1,000 - 4,999	85,443	38,290,664	38,290,664	4	4	$ 310,884	
STREET LIGHTING	1,925	711,587	711,587	3		$ 89,762	
SENTINEL LIGHTS	80	29,246	29,246	17		$ 2,571	
UNMETERED SCATTERED LOADS		3,967	663	1		$ 156	
Totals	137,866	93,688,362	61,998,489	3,714	3,694	$ 2,292,282	

Allocators	kW	kWhs	kWh's Non-RPP	Cust. Num.'s	Number of Metered Customers	Dx Revenue
RESIDENTIAL CLASS	0.0%	26.2%	5.8%	85.1%	85.6%	51.1%
GENERAL SERVICE <50 KW CLASS	0.0%	11.3%	2.3%	13.2%	13.2%	17.3%
GENERAL SERVICE 50 - 999 KW	36.6%	20.9%	29.0%	1.1%	1.1%	14.0%
GS 1,000 - 4,999	62.0%	40.9%	61.8%	0.1%	0.1%	13.6%
STREET LIGHTING	1.4%	0.8%	1.1%	0.1%	0.0%	3.9%
SENTINEL LIGHTS	0.1%	0.0%	0.0%	0.5%	0.0%	0.1%
UNMETERED SCATTERED LOADS	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Totals	100%	100%	100%	100%	100%	100%

Using the allocators as described in the above table, summarized below are the Deferral / Variance rate riders:

Deferral and Variance Accounts:	Amount	ALLOCATOR	Residential	GS < 50 KW	GS 50 - 999 kW	GS 1,000 - 4,999	Street Lighting	Sentinel Lighting	Unmetered Scattered Load	Total
1580	$ (138,259)	kWh	$ (36,179)	$ (15,567)	$ (28,908)	$ (56,507)	$ (1,050)	$ (43)	$ (6)	$ (138,259)
1550	$ (131,913)	kWh	$ (34,518)	$ (14,852)	$ (27,581)	$ (53,913)	$ (1,002)	$ (41)	$ (6)	$ (131,913)
1584	$ 41,446	kWh	$ 10,845	$ 4,667	$ 8,666	$ 16,939	$ 315	$ 13	$ 2	$ 41,446
1586	$ (369,860)	kWh	$ (96,782)	$ (41,643)	$ (77,331)	$ (151,163)	$ (2,809)	$ (115)	$ (16)	$ (369,860)
1588 Excl GA	$ (438,904)	kWh	$ (114,849)	$ (49,417)	$ (91,767)	$ (179,381)	$ (3,334)	$ (137)	$ (19)	$ (438,904)
1588 - Global Adjustment	$ 484,478	kwh - Non RPP	$ 27,923	$ 11,048	$ 140,496	$ 299,217	$ 5,561	$ 229	$ 5	$ 484,478
1595	$ (4,096)	kWh	$ (1,072)	$ (461)	$ (856)	$ (1,674)	$ (31)	$ (1)	$ (0)	$ (4,096)
Subtotal - RSVA	$ (557,108)		$ (244,631)	$ (106,227)	$ (77,282)	$ (126,482)	$ (2,351)	$ (97)	$ (39)	$ (557,108)
1508	$ 14,118	Dx Revenue	$ 7,221	$ 2,441	$ 1,971	$ 1,915	$ 553	$ 16	$ 1	$ 14,118
1518	$ 167,676	# of Customers	$ 142,662	$ 22,052	$ 1,824	$ 198	$ 135	$ 758	$ 45	$ 167,676
1548	$ 5,388	# of Customers	$ 4,584	$ 709	$ 59	$ 6	$ 4	$ 24	$ 1	$ 5,388
1525	$ 5	# of Customers	$ 5	$ 1	$ 0	$ 0	$ 0	$ 0	$ 0	$ 5
1562	$ 8,270	Dx Revenue	$ 4,230	$ 1,430	$ 1,155	$ 1,122	$ 324	$ 9	$ 1	$ 8,270
1521	$ (1,245)	Dx Revenue	$ (637)	$ (215)	$ (174)	$ (169)	$ (49)	$ (1)	$ (0)	$ (1,245)
Subtotal - Non RSVA, Variable	$ 194,212		$ 158,065	$ 26,418	$ 4,836	$ 3,072	$ 968	$ 807	$ 48	$ 194,212
Total to be Recovered	$ (362,895)		$ (86,566)	$ (79,809)	$ (72,446)	$ (123,410)	$ (1,383)	$ 710	$ 9	$ (362,895)
Balance to be collected or refunded (Excl GA & Smart Meters)	$ (847,373)		$ (114,490)	$ (90,857)	$ (212,942)	$ (422,627)	$ (6,943)	$ 481	$ 4	$ (847,373)
Number of years for Variable	2									
Balance to be collected or refunded per year, Variable	$ (423,687)		$ (57,245)	$ (45,428)	$ (106,471)	$ (211,313)	$ (3,472)	$ 241	$ 2	$ (423,687)

Class		Residential	GS < 50 KW	GS 50 - 999 kW	GS 1,000 - 4,999	Street Lighting	Sentinel Lighting	Unmetered Scattered Load
Deferral and Variance Account Rate Riders, Variable (Excluding Global Adjustment)		$ (0.0023)	$ (0.0043)	$ (2.1118)	$ (2.4732)	$ (1.8037)	$ 2.9922	$ 0.0005
Billing Determinants		kWh	kWh	kW	kW	kW	kW	kWh
Global Adjustment Balance to be collected or refunded	$ 484,478	$ 27,923	$ 11,048	$ 140,496	$ 299,217	$ 5,561	$ 229	$ 5
Number of years for Variable	2							
Balance to be collected or refunded per year, Variable	$ 242,239	$ 13,962	$ 5,524	$ 70,248	$ 149,608	$ 2,780	$ 114	$ 3
Global Adjustment Rate Rider		$ 0.0039	$ 0.0039	$ 1.5173	$ 1.7510	$ 1.4445	$ 1.4204	$ 0.0039
Billing Determinants		kWh	kWh	kW	kW	kW	kW	kWh

A copy of the spreadsheet and the calculation has been uploaded on the RESS site as an appendices item.

(Filename: WNP_Deferral and Variance Account Riders_2012-June12)

MODIFIED INTERNATIONAL FINANCIAL STANDARDS (MIFRS)

54. Reference: Exhibit E4, Tab 2, Schedule 1, page 386;
Exhibit E1, Tab 3, Schedule 3, page 95 and 111 note 13 of 2010 AFS;
Exhibit E1, Tab 3, Schedule 4, page 122;
Exhibit E1, Tab 3, Schedule 5, page 132;
Section 2.7.4 of Chapter 2 Filing Requirements;

In note 13 of the 2010 Audited Financial Statements (AFS), WNP showed Post Employment Benefits Obligation of $103,322. WNP showed amounts of $112,351 for 2011 and $117,407 for 2012 in its Pro forma statements for Employee Future Benefits under current liabilities.

a. Please confirm if WNP has any unamortized gains or losses at the time of transition (January 1, 2011). Please state the dollar amount if any.
b. What is the proposed regulatory treatment of these amounts – are these amounts incorporated anywhere in the revenue requirement? Please explain.
c. WNP stated that it has an actuarial valuation report completed in 2011. Please provide a copy of this report.

Wellington North Power Inc. - Response:

a. WNP can confirm that there were no unamortized gains or losses as at January 1, 2011. This is confirmed in the Actuarial Valuation Report, dated November 29, 2011 (see comments noted against reference 54c below.) An actuarial valuation is to be performed every three years. Therefore the next actuarial valuation will be performed for January 1, 2014.

b. Although Wellington North Power Inc. was directed to file its Cost of Service application in MIFRS, the company is deferring its transition to the International Financial Reporting Standards (IFRS), until such time as it is mandate for Rate Regulated Entities. Therefore there is no change in the current obligation, or the regulatory treatment of the obligation. These amounts have not been incorporated anyway in the revenue requirement.
At the time of transition to IFRS, Wellington North Power Inc. will follow the guidelines and direction from the Ontario Energy Board Uniform System of Accounts for Electricity Distributors, the International Accounting Standards Board (AcSB) and the advice of the company's external auditor.

c. Please see attached report, dated November 29, 2011 (5 pages) over the following pages:

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2011

Dion Durrell
Actuaries and Consultants

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November 29, 2011

BY COURIER

Ms. Kathy Hill
Finance Assistant
Wellington North Power Inc.
290 Queen Street West
P.O. Box 359
Mount Forest, ON N0G 2L0

Dear Ms. Hill:

Re: Wellington North Power Inc. ("the Corporation") Actuarial Valuation Report as at January 1, 2011: Post-Retirement Non-Pension Benefit Plan

Attached is our actuarial valuation report as at January 1, 2011 ("Report") for the above-captioned plan.

The intended users of this letter and attachments include the Corporation and its auditors for financial reporting in compliance with CICA guidelines in respect of its post-retirement non-pension benefit plan.

The Report provides details of the calculation of the FY 2011 benefit expense of approximately $15,500 for post-retirement non-pension benefits.

In addition, we have attached accounting disclosure worksheets summarizing the calculation of the December 31, 2011 Accrued Benefit Obligation ("ABO") of approximately $160,800 for the above noted plan.

The calculation of the December 31, 2011 ABO is based on the following:

- **Plan provisions**: We have used the plan provisions as summarized in the Report.
- **Data**: We have used the data as at January 1, 2011 which is summarized in the Report. We are not aware of any significant changes in the membership data from the date our Report was prepared to the current date.
- **Assumptions**: Your confirmation that all assumptions as summarized in the Report remain as management's best estimates at December 31, 2011.
- **Method**: We have done our calculations as at January 1, 2011 using the above information and the method described in the Report. The December 31, 2011 ABO is based on a roll forward of the January 1, 2011 ABO calculations using management's best estimate assumptions as at December 31, 2011.

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Dion Durrell

We are not aware of any subsequent events that would have a significant impact on our calculations.

The calculations were performed in accordance with The Canadian Institute of Chartered Accountants (CICA) guidelines outlined in Employee Benefits, Section 3461 of the CICA Handbook – Accounting.

As noted in the scope and fee estimate letter dated August 26, 2011, the provision of services does not include any items you may need for reporting under IFRS standards for CY2012 or CY2013, however we would be happy to discuss your IFRS transition reporting requirements at your convenience.

If you have any questions regarding the above or the attached valuation report and accounting schedules, please do not hesitate to give us a call.

Yours truly,

Stanley Caravaggio

Stanley Caravaggio, FSA FCIA
Consulting Actuary
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Dion Durrell
Actuaries and Consultants

11/28/2011

Wellington North Power Inc.
ESTIMATED BENEFIT EXPENSE (CICA 3461)
FINAL

	Calendar Year 2011
Discount Rate - January 1	5.00%
Discount Rate - December 31	5.00%
Withdrawal Rate	2.00%
Assumed increase in Employer Contributions	actual

A. Determination of Benefit Expense

Current Service Cost	2,506
Interest on Benefits	7,812
Expected Interest on Assets	-
Past Service Cost	4,978
Transitional Obligation/(Asset)	-
Actuarial (Gain)/Loss	207
Benefit Expense	15,504

B. Reconciliation of Prepaid Benefit Asset (Liability)

Accrued Benefit Obligation (ABO) as at December 31	160,819
Assets as at December 31	-
Unfunded ABO	(160,819)
Unrecognized Loss/(Gain)	18,599
Unrecognized Past Service Cost	29,869
Unrecognized Transition	-
Prepaid Benefit Asset (Liability)	(112,351)
Prepaid Benefit/(Liability) as at January 1	(103,322)
Benefit Income/(Expense)	(15,504)
Contributions/Benefit Payments by the Employer	6,475
Prepaid Benefit Asset (Liability)	(112,351)

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Dion Durrell
Actuaries and Consultants

11/28/2011

Wellington North Power Inc.
ESTIMATED BENEFIT EXPENSE (CICA 3461)
FINAL

	Calendar Year 2011
Discount Rate - January 1	5.00%
Discount Rate - December 31	5.00%
Withdrawal Rate	2.00%
Assumed increase in Employer Contributions	actual

C. Calculation of Component Items

Calculation of the Service Cost	
- Current service cost	2,506
Interest on Benefits	
- ABO at January 1	156,976
- Current service cost	2,506
- Benefit payments	(3,238)
- Accrued benefits	156,244
- Interest	7,812
Expected Interest on Assets	
- Assets at January 1	-
- Funding	3,238
- Benefit payments	(3,238)
- Expected assets	-
- Interest	-
Expected ABO as at December 31	
- ABO at January 1	156,976
- Current service cost	2,506
- Interest on benefits	7,812
- Benefit payments	(6,475)
- Expected ABO at December 31	160,819
Expected Assets as at December 31	
- Assets at January 1	-
- Funding	6,475
- Interest on assets	-
- Benefit payments	(6,475)
- Expected Assets at December 31	-

DDS

Dion Durrell
Actuaries and Consultants

11/28/2011

Wellington North Power Inc.
ESTIMATED BENEFIT EXPENSE (CICA 3461)
FINAL

	Calendar Year 2011
Discount Rate - January 1	5.00%
Discount Rate - December 31	5.00%
Withdrawal Rate	2.00%
Assumed increase in Employer Contributions	actual

D. Actuarial (Gain)/Loss

(Gain)/Loss on ABO as at January 1	
- Prepaid Benefit/(Liability) as at January 1	103,322
- Unrecognized Past Service Cost	34,847
- Unamortized (Gain)/Loss	548
- Expected ABO	138,717
- Actual ABO	156,976
- Total (Gain)/Loss on ABO	18,259
(Gain)/Loss on assets as at January 1	
- Expected assets	-
- Actual assets	-
- (Gain)/Loss on assets	-
Total (Gain)/Loss as at January 1	18,807
10% of ABO as at January 1	15,698
Total (Gain)/Loss in excess of 10%	3,109
Expected average remaining service life (years)	15
Minimum Amortization for current year	207
Actual Amortization for current year	207
Unamortized (Gain)/Loss	18,599

E. Amortization of Past Service Costs

Unamortized past service costs as at beginning of period	34,847
Period over which past service costs are to be amortized (years)	7
Actual Amortization for current period	4,978
Unamortized past service costs as at the end of period	29,869

55. Reference: Section 2.3.5 of Chapter 2 Filing Requirements
Utilities are required to identify in their rates application the financial differences and resulting revenue requirement impacts arising from the adoption of MIFRS accounting. The particulars of this requirement are set out in the Board Report and the amendments posted November 8, 2010 and March 15, 2011.

a. Please identify the indirect costs and overhead/burden that have been capitalized under CGAAP and expensed under MIFRS or expensed under CGAAP and capitalized under MIFRS.
b. Please provide the financial differences and the resulting financial impact on revenue requirements and rate base with regards to the change in accounting policy on the capitalization or expensing of indirect costs and overhead/burden under MIFRS.

Wellington North Power Inc. - Response:

a. Wellington North Power Inc. does not allocate indirect costs and / or administrative overhead burdens to capital under CGAAP or MIFRS.

b. There are no financial differences or financial impact to the revenue requirement and rate base, as Wellington North Power Inc. does not capitalize indirect costs or administrative overhead burdens to capital projects.