

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

**ENERGY PROBE RESEARCH FOUNDATION
SUPPLEMENTAL INTERROGATORIES**

Supplemental Interrogatory #1

**Ref: Energy Probe Interrogatory #5 &
Exhibit 2, Tab 2, Schedule 3**

Please confirm that the net capital expenditures for 2011 are \$597,297 after taking into account the capital contributions and grants and that this amount is comparable to the \$516,428 shown in Exhibit 2, Tab 2, Schedule 3, page 203.

Wellington North Power Inc. - Response:

Wellington North Power Inc. can confirm that the net capital expenditure for 2011 is \$597,297 after taking into account the Capital Contributions and Grants. This is using actual 2011 data.

This amount is comparable to \$516,428 as per Exhibit 2, Tab 2 Schedule 3 (page 203) of WNP's 2012 Cost of Service application.

For reference:

Board Staff Supplemental IR #58b requests that WNP *“remove Smart Meter Costs from 2011 Continuity Tables and adjust the 2012 opening balances to reflect smart meter fixed assets and depreciation as at year end 2011 as they appear in WNP's smart meter model”*

WNP has responded to Board Staff Supplemental IR #58b with the following:

“As requested, WNP has removed Smart Meter costs from the 2011 Continuity schedules and adjusted the 2012 Opening Balances to reflect Smart Meter Fixed Assets and Depreciation as at year end 2011 as reflected in WNP's Smart Meter Model (version 2.17).”

WNP has updated both the Continuity Schedules and Depreciation Expenses and uploaded this information on the RESS site with the file name below:

(Filename: [WNP_COS_Filing_Reqt_Chp2_Appendices_July12](#))

In the file [WNP_COS_Filing_Reqt_Chp2_Appendices_July12](#) in worksheets “App.2-B_Fxd Asst Con 2011-CGAAP” and “App.2_FA Continuity 2011 IFRS”, using 2011 actual data and removing Smart Meter costs (Smart Meters and Smart Meter Hard/Software) as requested by Board Staff Supplemental IR 58b:

2011 Capital Additions total:	\$689,844;
2011 Contributed Capital total:	<u>\$113,405;</u>
2011 Net Capital Expenditure:	\$576,439

Supplemental Interrogatory #2

Ref: Energy Probe Interrogatory #11c

- a) **Has WNPI received any capital contributions and grants year to date in 2012? If yes, please quantify.**
- b) **Does WNPI now expect to receive any additional capital contributions and grants for the remainder of 2012? If yes, please quantify.**

Wellington North Power Inc. - Response:

- a. As at the time of replying to this Supplemental Interrogatory, Wellington North Power Inc. can confirm that it has received no Capital Contributions and Grants.
- b. The LDC is not anticipating receiving any Capital Contribution and Grants for the remainder of 2012. The table below identifies the 2012 capital budget projects complete with an indication of where the capital contributions may be expected for each project:

WNP Preliminary Operating Capital Budget 2012					
Year	Ref	Name	Estimated Cost	Capital Contribution	Estimated Contribution
2012	2012-001	Elgin Street	\$34,488	NO	\$0
2012	2012-002	Normanby Street - Reconductor Secondary - Mount Forest	\$28,575	NO	\$0
2012	2012-003	Annual Pole Replacement	\$46,773	NO	\$0
2012	2012-004	Transformer Replacement	\$41,258	NO	\$0
2012	2012-005	Main Street & Sligo Road - Underground Loop Connection	\$45,384	NO	\$0
2012	2012-006	Arthur - Francis St	\$33,016	NO	\$0
2012	2012-007	Well Street - Extend 44 kV line	\$21,889	NO	\$0
2012	2012-008	Extend 44 kV Expansion	\$215,087	POSSIBLE	\$0
2012	2012-009	New Services	\$44,941	POSSIBLE	\$0
2012	2012-010	Meters	\$16,391	NO	\$0
2012	2012-011	Hydro monitoring system upgrade & maintenance	\$30,000	NO	\$0
2012	2012-012	Shop addition	\$200,000	NO	\$0
2012	2012-013	Building Renovations	\$40,000	NO	\$0
2012	2012-014	Garland Canada (Watertight)	\$66,000	NO	\$0
2012	2012-015	Security Cameras	\$4,000	NO	\$0
2012	2012-016	HP 8100 Laser Printer	\$9,500	NO	\$0
2012	2012-017	Replace existing table	\$2,500	NO	\$0
2012	2012-018	Printer for AutoCAD	\$7,500	NO	\$0
2012	2012-019	Workstation replacement	\$5,000	NO	\$0
2012	2012-020	Laptop	\$6,000	NO	\$0
2012	2012-021	Harris Computer Software	\$23,500	NO	\$0
2012	2012-022	Web Presentment/Software	\$50,000	NO	\$0
2012	2012-023	West Shed	\$12,000	NO	\$0

Supplemental Interrogatory #3

**Ref: Energy Probe Interrogatory #13 &
Exhibit 3, Tab 2, Schedule 1, Table 3-2**

- a) **Based on the scenarios provided in Table 3-2 of Exhibit 3, Tab 2, Schedule 1, please confirm that WNPI did not include a regression equation that contained the number of customers as an explanatory variable in any scenario model.**

- b) **Please re-estimate Scenario Model F with the following changes:**
 - i) **include the number of customers as explanatory variable; and**
 - ii) **include 2011 actual data for purchases, heating and cooling degree days, etc.**

Please provide a revised Table 3-13 and Table 3-14 (including 2011 data) to reflect the revised regression requested.

- c) **Please provide the forecast for 2012 based on the equation requested in part (b) above.**

- d) **Please provide a revised Table 3-22 to reflect the forecast in part (c) above.**

- e) **Please provide the actual number of heating and cooling degrees for 2011.**

Wellington North Power Inc. - Response:

- a) Wellington North Power Inc. can confirm that it did not include a regression equation that contained the number of customers as an explanatory variable in any scenario model
- b) As requested, the table below is a revised version of Table 3-13 of Exhibit 3, Tab 2, Schedule 1 of WNP's application. This revised table is based upon the 2011 actual purchase data, 2011 actual heating and cooling degree days and the inclusion of number of customers as an explanatory variable:

	<u>Model F</u>
R square	91.30%
Adjusted R Square	90.82%
<u>T-Stats by Coefficient</u>	
Intercept	-4.72
Heating Degree Days	27.21
Cooling Degree Days	8.14
Number of Days in Month	4.39
Number of Peak Hours	3.82
Number of Customers	5.51

The table below is a revised version of Table 3-14 of Exhibit 3, Tab 2, Schedule 1 of WNP's application. This revised table is based upon 2011 actual purchase data, 2011 actual heating and cooling degree days and the inclusion of number of customers as an explanatory variable:

Model F - All WNP portfolio excluding 3 x Sensitive customers			
Actual vs. Predicted Purchases (kWh)			
Year	Actual	Predicted	% Difference
2004	72,890,680	71,756,001	-1.6%
2005	71,971,867	73,201,167	1.7%
2006	72,292,023	72,109,118	-0.3%
2007	73,766,416	73,793,223	0.0%
2008	75,194,816	74,271,879	-1.2%
2009	72,559,407	73,825,625	1.7%
2010	74,978,072	74,912,785	-0.1%
2011 Bridge - Actual	76,384,759	76,168,243	-0.3%
2012 Test		75,761,939	

c) The table below shows the forecast 2012 based upon the equation requested in part (b) above. This forecast is for Scenario Model F (i.e. excludes the three sensitive customers as discussed in WNP's application.)

	<u>Heating Degree Days</u>	<u>Cooling Degree Days</u>	<u>Number of Days in Month</u>	<u>Number of Peak Hours</u>	<u>Number of Customers</u>	<u>Predicted Purchases (kWh)</u>	<u>Variances (kWh)</u>
Jan-2012	709.3	0.0	31	352	4,438	7,266,391	7,266,391
Feb-2012	652.4	0.0	29	336	4,435	6,788,827	6,788,827
Mar-2012	577.7	0.0	31	400	4,440	7,102,896	7,102,896
Apr-2012	330.9	0.8	30	352	4,446	6,063,832	6,063,832
May-2012	195.1	10.4	31	352	4,452	5,853,479	5,853,479
Jun-2012	50.5	45.2	30	384	4,455	5,675,366	5,675,366
Jul-2012	8.1	104.1	31	368	4,456	5,954,794	5,954,794
Aug-2012	11.6	86.6	31	368	4,460	5,865,281	5,865,281
Sep-2012	70.4	26.8	30	368	4,464	5,562,051	5,562,051
Oct-2012	239.4	7.0	31	352	4,471	5,989,944	5,989,944
Nov-2012	395.5	0.0	30	368	4,476	6,363,677	6,363,677
Dec-2012	618.2	0.0	31	400	4,477	7,275,400	7,275,400
						75,761,939	

d) The table below is a revised version of Table 3-22 (from WNP's application Exhibit 3, Tab 2, Schedule 1) reflecting the forecast in part (c) above. This table **excludes** the three sensitive customers:

Alignment of Non-Normal to Weather Normal Forecast								
Non-Normal Weather Billed Energy Forecast (kWh)								
Year	Residential	General Service < 50kW	General Service 50 - 999 kW	General Service 1,000 - 4,999 kW	Streetlights	Sentinel Lights	Unmetered Scattered Load	Total
2011	25,219,062	11,089,018	20,460,981	12,931,739	716,203	30,420	6,214	70,453,638
2012	25,240,768	10,860,561	20,042,551	13,865,866	711,638	29,249	3,968	70,754,601
Adjustment for Weather (kWh)								
Year	Residential	General Service < 50kW	General Service 50 - 999 kW	General Service 1,000 - 4,999 kW	Streetlights	Sentinel Lights	Unmetered Scattered Load	Total
2011	125,445	55,159	80,188	0	0	0	0	260,792
2012	-378,510	-162,865	-236,810	0	0	0	0	-778,186
Weather Normalized Billed Energy Forecast (kWh)								
Year	Residential	General Service < 50kW	General Service 50 - 999 kW	General Service 1,000 - 4,999 kW	Streetlights	Sentinel Lights	Unmetered Scattered Load	Total
2011	25,344,507	11,144,178	20,541,169	12,931,739	716,203	30,420	6,214	70,714,430
2012	24,862,258	10,697,696	19,805,741	13,865,866	711,638	29,249	3,968	69,976,415

e) The actual number of heating and cooling degrees for 2011 are shown in the table below:

2011	Heating Degree Days	Cooling Degree Days
Jan	777.5	0
Feb	645.3	0
Mar	610.8	0
Apr	334.7	0
May	175.6	14.1
Jun	58.4	20.7
Jul	0.7	139.9
Aug	2.7	88.2
Sep	72.3	21.2
Oct	223	2.8
Nov	336.2	0
Dec	555.3	0

Source: Weather Station: Collingwood

WNP has included a spreadsheet version containing the data tested, regression equation and results. This information has been uploaded on to the OEB's RESS site with the filename below:

(Filename: [WellingtonNorth_SupplIR_Responses_Appendix_July12](#))

Supplemental Interrogatory #4

Ref: Energy Probe Interrogatory #15

- a) **The response to part (c) is not complete. Please provide the calculations that result in an increase in the deficiency of \$7,166 due to an increase in the cost of power of \$71,953. In particular, please show the increase in rate base and the return on this incremental rate base, along with the increase in taxes associated with the \$71,953 in the cost of power component of the working capital rate base.**

- b) **The question asked for the change in the revenue deficiency, not in the revenue requirement. Part of the change in the revenue deficiency is the change in revenues at existing rates. Please show the change in revenues associated with the 3 accounts based on the forecast in part (b).**

Wellington North Power Inc. - Response:

- a) WNP has repeated the exercise requested under Energy Probe IR #15c). In its approach, WNP has applied the latest Cost of Power Calculations based on the RPP Report effective May 1, 2012 (as requested in Board Staff IR #5) with the table below summarizing:
 - i) WNP’s Cost of Power Account forecast for 2012 Test Year as per its application;
 - ii) The change to the Cost of Power as a result of applying the latest calculations as per RPP Report issued by the OEB on April 2, 2012 effective May 1, 2012;
 - iii) The impact to the Cost of Power account forecast for 2012 Test Year by following the technique requested in Energy Probe’s IR #15 c

	WNP's Application	Applying latest CoP Calculations	Modelling Change for 3 Sensitive Customers
Cost of Power Account	2012	2012	2012
4705-Power Purchased	\$7,352,944	\$7,974,180	\$8,040,743
4708-Charges-WMS	\$522,517	\$522,111	\$526,504
4714-Charges-NW	\$492,859	\$492,528	\$492,563
4716-Charges-CN	\$320,665	\$320,446	\$320,469
4730-Rural Rate Assistance	\$110,532	\$110,446	\$111,376
4750-Low Voltage	\$145,890	\$145,762	\$145,772
Sub Total	8,945,407	9,565,473	9,637,426
	Difference:	\$620,066	\$71,953

As a consequence of the changes mentioned above (ii) and (iii), the table below summarizes the implications compared to WNP's rate application:

	Applying last CoP Calculations	Subsequent Change of Modelling 3 Sensitive Customers	Overall Change Compared to WNP's
Revenue Deficiency	\$6,391.85	\$741.80	\$7,133.65
Deemed Interest	\$2,389.24	\$275.86	\$2,665.09
Income Taxes	\$592.50	\$72.22	\$664.73
Rate Base	\$93,478.83	\$10,792.89	\$104,271.72
Taxable Income	\$3,822.61	\$465.95	\$4,288.56
Return on Rate Base	\$5,799.34	\$669.58	\$6,468.93

WNP has submitted a detailed sheet that itemizes the above components – this has been uploaded on to the OEB's RESS site with the filename below:

(Filename: [WellingtonNorth_SupplIR_Responses_Appendix_July12](#))

b) The table below summarizes the change in revenues at existing 2011 rates:

Description	2012 Test Existing Rates	2012 Test Existing Rates
Revenue		
Revenue Deficiency		
Distribution Revenue	1,685,387	1,684,370
Other Operating Revenue (Net)	141,585	141,585
Total Revenue	1,826,971	1,826,711

Supplemental Interrogatory #5

Ref: Energy Probe Interrogatory #15

Please provide the consumption for the three customers for the most recent year-to-date period available for 2012, along with the consumption for the corresponding period in 2011 for both kWh and kW.

Wellington North Power Inc. - Response:

The table below illustrates the consumption for the three sensitive customers for 2011 and 2012 to-date:

	Consumption with Losses (kWh)	Billed kW
Jan-11	2,435,984	4,318
Feb-11	2,335,707	4,757
Mar-11	2,656,454	4,351
Apr-11	2,129,747	4,182
May-11	2,308,697	4,442
Jun-11	2,359,470	4,435
Jan-12	2,658,660	4,466
Feb-12	2,606,185	4,464
Mar-12	2,834,712	4,505
Apr-12	2,633,018	4,440
May-12	2,706,007	4,502
Jun-12	2,685,182	4,578

Supplemental Interrogatory #6

Ref: Energy Probe Interrogatory #17

- a) The question in part (d) was not answered. Please provide the information requested.
- b) The 2012 Trended figures shown in the response to part (c) have not correctly utilized the Excel trend function. Please use the trend function that uses the y figures, x figures, x forecast and a constant. Please confirm that the 2012 Trended figure using the correct trend function is 0.325032 for the GS 50 - 999 kW class. Please provide a corrected table for all rate classes.
- c) Please confirm that the linear trends for the GS 50-999 and GS 1,000-4,999 classes are statistically significant at the 95% probability level, while the linear trends for the streetlighting and sentinel classes are not statistically significant at the 95% probability level.

Wellington North Power Inc. - Response:

- a) The table below summarizes the calculations used to derive the kW values for the rate classes requested.

Weather Normalized Billed Energy Forecast (kWh)				
Year	General Service 50 - 999 kW	General Service 1,000 - 4,999 kW	Streetlights	Sentinel Lights
2011	19,937,405	37,393,947	716,131	30,417
2012	19,595,187	38,290,749	711,588	26,247
Billed Energy - before CDM adjusted				
2011	20,034,083	37,575,273	719,604	30,564
2012	19,784,217	38,660,131	718,453	29,529
kWh Ratios - history based 2004 to 2010)				
2004	0.186%	0.219%	0.274%	0.278%
2005	0.192%	0.220%	0.274%	0.278%
2006	0.206%	0.232%	0.275%	0.278%
2007	0.298%	0.229%	0.229%	0.232%
2008	0.293%	0.240%	0.273%	0.282%
2009	0.310%	0.220%	0.275%	0.282%
2010	0.299%	0.229%	0.275%	0.278%
Average	0.255%	0.22689%	0.268%	0.272%
kW Used:				
2011	51,072	85,253	1,928	83
2012	50,435	87,714	1,925	80

The methodology applied is as follows:

- A review of the historical ratios of kWh/kW to create an average ratio that could be used for the 2011 Bridge Year and 2012 Test Year. For applicable rate class for each year, the following calculation was performed:

Aggregating the billed (without losses) kWh data for each year

Aggregating the sum of the billed kW for each year

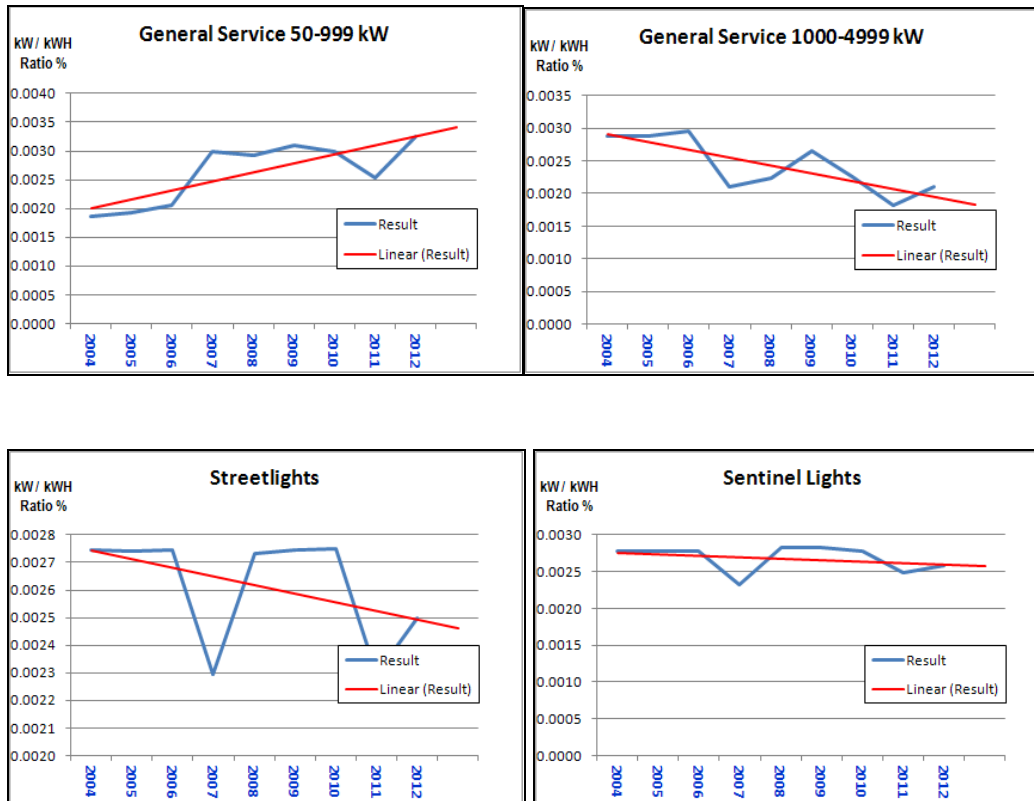
The above historical review provides the ratios shown in the table on the previous page.

- WNP then used the ratio data for the period 2004 to 2010 inclusive to give an average ratio. For the 2011 Bridge Year and 2012 Test Year, the average ratio was multiplied by the Forecasted kWh Billed volume to give a kW amount for these years.

b) Using the trend function that uses the y figures, x figures, x forecast and a constant, below is corrected table for all rate classes as requested::

kW / kWh Ratio				
Year	General Service 50 - 999 kW	General Service 1,000 - 4,999 kW	Streetlights	Sentinel Lights
2004	0.1863%	0.2888%	0.2743%	0.2778%
2005	0.1918%	0.2886%	0.2742%	0.2778%
2006	0.2063%	0.2959%	0.2746%	0.2778%
2007	0.2982%	0.2113%	0.2294%	0.2321%
2008	0.2933%	0.2236%	0.2734%	0.2820%
2009	0.3097%	0.2644%	0.2745%	0.2820%
2010	0.2990%	0.2250%	0.2749%	0.2778%
2011	0.2535%	0.1811%	0.2294%	0.2482%
2012	0.325040%	0.210160%	0.249698%	0.257798%

c) The graphs below illustrate the kW / kWh Ratio percentages as derived from the data in the revised table as illustrated above. Reviewing the linear trends for each class, WNP is not comfortable in confirming whether or not the linear trends are / or are not statistically significant at the 95% probability level and the LDC is unclear of the significance of this part of the question.



Supplemental Interrogatory #7

**Ref: Energy Probe Interrogatory #18 &
Exhibit 3, Tab 2, Schedule 1, Table 3-26**

Please explain the reductions in the billed and purchased kWh's and the billed kW's shown for 2012 in the response to the interrogatory as compared to the original evidence.

Wellington North Power Inc. - Response:

The table below summarizes the changes between WNP's application (Table 3-26 of Exhibit 3, Tab 2, Schedule 1) and the response provided to Energy Probe's IR #18:

	WNP's Application (Table 3-26 Ex3, T2, S1)	WNP's IR Response (Energy Probe #18)	Change	
	2012 Weather Normal	2012 Weather Normal		
Predicted kWh Purchases	101,453,329	101,389,132	-64,197	-0.06%
Billed kWh	93,710,023	93,688,362	-21,661	-0.02%
By Class:				
Residential				
Customers	3,160	3,160	0	0.00%
kWh	24,526,192	24,515,702	-10,489	-0.04%
General Service < 50 kW				
Customers	489	489	0	0.00%
kWh	10,553,093	10,548,580	-4,513	-0.04%
General Service 50 - 999 kW				
Customers	40	40	0	0.00%
kWh	19,595,187	19,588,615	-6,572	-0.03%
kW	50,435	50,418	-17	-0.03%
General Service 1,000 - 4,999 kW				
Customers	4	4	0	0.00%
kWh	38,290,749	38,290,664	-85	0.00%
kW	85,443	85,396	-47	-0.05%
Street Lights				
Customers	886	886	0	0.00%
kWh	711,588	711,587	-2	0.00%
kW	1,925	1,925	0	0.00%
Sentinel Lights				
Connections	17	17	0	0.00%
kWh	29,247	29,246	0	0.00%
kW	80	80	0	0.00%
Unmetered Loads				
Connections	1	1	0	0.00%
kWh	3,967	3,967	0	0.00%
Total				
Customer/Connections	4,597	4,597	0	0.00%
kWh	93,710,023	93,688,362	-21,661	-0.02%
kW from applicable classes	137,883	137,820	-63	-0.05%

In responding to Energy Probe IR #18, WNP inputted the 2011 actual "Purchased with Losses" data and also re-ran the regression analysis. In re-running this regression analysis, WNP included 2011 "Purchased with Losses" actual data which in-turn updated the 2012 Test Year Forecast. The effect of including 2011 actual data resulted in a lower Forecasted billed and Purchases kWh's and billed kW's compared to its application.

Supplemental Interrogatory #8

**Ref: Energy Probe Interrogatory #19 &
Exhibit 3, Appendix 3A**

The response to part (c) is not clear. Please confirm that the "purchased including losses" column shown in Appendix 3A to Exhibit 3 include the losses associated with the three "sensitive" customers that have had their billed consumption removed.

Wellington North Power Inc. - Response:

WNP confirms that the "Purchased including Losses" column shown in Appendix 3A of Exhibit 3 include the losses associated with the three "sensitive" customers that have had their billed consumption removed.

Supplemental Interrogatory #9

Ref: Energy Probe Interrogatory #20

- a) Please explain why interest and dividend income is negative in all the years shown in the table provided in response to part (a).
- b) Please explain the difference in all years for interest and dividend income between the tables provided in the response to part (a) and (c).

Wellington North Power Inc. - Response:

- a. In WNP's response to Energy Probe IR#20, the interest and dividend income were incorrectly shown as negative values. The table below shows the corrected values:

Summary of Other Distribution Revenue							
Expense Description	2008 Board Approved	2008 Actual	Variance from 2008 Board Approved	2009 Actual	2010 Actual	2011 Actual	2012 Test
Other Distribution Revenue							
4082-Retail Services Revenues	7,312	7,565	253	7,944	8,591	7,521	8,679
4084-Service Transaction Requests (STR) Revenues	193	156	(38)	118	221	157	199
4210-Rent from Electric Property	32,886	36,281	3,395	34,597	30,617	30,334	27,267
4090- Electric Services Incidental to Energy Sales	11,487	20,194	8,707	11,901	0	0	0
4325-Other Electric Revenues	14,482	2,945	(11,537)	9,278	2,681	38,286	26,527
4330-Costs & Expenses of Merchandising & Jobbing		0		(510)	(1,024)	(29,237)	(21,928)
4225-Late Payment Charges	18,033	18,614	581	20,947	20,833	26,047	26,047
4235-Miscellaneous Service Revenues	54,450	61,681	7,231	65,097	58,820	45,870	57,043
4350-Losses from Disposition of Future Use Utility Plant	0	0	0	0	0	0	0
4355-Gain on Disposition of Utility and Other Property	0	20,100	20,100	233,782	16,713	134	0
4360-Loss on Disposition of Utility and Other Property	0	0	0	0	0	0	0
4375- Revenues from Non-Utility Operations	126,864	131,943	5,079	260,539	134,925	138,883	141,661
4380-Expenses from Non-Utility Operations	(80,962)	(99,996)	(19,034)	(252,966)	(122,267)	(136,532)	(139,262)
4385-Non-Utility Rental Income	0	9,473	9,473	0	0	0	0
4390-Miscellaneous Non-Operating Income	4,673	0	(4,673)	(8,569)	150	880	150
4405-Interest and Dividend Income	20,197	20,510	313	5,216	5,553	7,896	9,818
Sub-Total	209,615	229,466	19,852	387,372	155,812	130,239	136,200
4080-Distribution Services Revenue- SSS Admin Fee	21,795	13,438	(8,357)	13,433	13,557	13,673	13,792
Total	231,409	242,904	11,494	400,805	169,369	143,912	149,992
Specific Service Charges	54,450	61,681	7,231	65,097	58,820	45,870	57,043
Late Payment Charges	18,033	18,614	581	20,947	20,833	26,047	26,047
Other Distribution Revenues	88,155	80,579	(7,576)	76,761	54,642	60,733	54,537
Other Income and Expenses	70,772	82,030	11,258	238,001	35,073	11,262	12,366
Total	231,409	242,904	11,494	400,805	169,369	143,912	149,992

The following notes should be taken into consideration when reviewing the above table:

- 2008 Actual – Account 4405 showed a credit balance. This was an input error, and should not have been a credit. WNP’s General Ledger records revenue as a credit and expense as a debit, while the table was created showing revenue as a positive and expense as a negative value. To correct the table, a debit entry in 2008 for Account 4405 Interest and Dividend Income has been corrected, increases the overall miscellaneous revenue for 2008 from \$204,363 to \$242,904. A revision was also made to Account 4380 Expenses from Non-Utility Operations to reflex the understatement of \$3,115.86 for OPA CDM program expense noted in the VECC IRR # 16 table.
 - 2011-2012 Revision – In WNP’s application, the amounts in Revenue from non-utility operations and Expenses from non-utility operations in 2012 did not include Water / Sewer portion. This has been corrected in the revised table above.
 - There have been other revisions to the above table which have been explained in WNP’s response to Board Staff Supplemental IR #57.
- b. For 2009, the table above has been revised to remove \$2,570 in Variance and Deferral Account Interest from Account 4405 Interest & Dividend Income. In Account 4375 an adjustment was also done to the table to correct the allocation of OPA Funding. Funds moved to Account 2206 on the Balance Sheet was \$126,100 and should have been \$102,030.43 a difference of \$24,069.57.

For 2009, for account 4405 – Interest and Dividend Income decrease 75%. The average interest earned from the bank reduces \$1,880.79 per month compared to 2008. Mainly it is due to low bank balance in 2009. The interest rate also reduces from 0.30% to 0.04% in 2009. Please see the table below:

	2008	2009	2009 Varaince in %	2010	2010 Varaince in %	2011	2011 Varaince in %
Average monthly bank balance	653,304.16	284,105.39	-57%	738,447.02	160%	702,874.22	-5%
Annual Interest Earned	20,156.17	2,672.00		4,917.82		7,457.41	
Dividend - Sunlife / Enerconnect	353.58	2,544.07	-75%	634.71	6%	466.00	43%

In 2011, for account 4405 – Interest & Dividend Income increase 43%. The main reason is reflected in the increased interest paid by the Bank in 2011 over 2010. This was the result of an increase in average monthly balance. A total of \$7,457.41 reflects the interest earned from the bank. Please see the table below:

	2008	2009	2009 Variance in %	2010	2010 Variance in %	2011	2011 Variance in %
Average monthly bank balance	653,304.16	284,105.39	-57%	738,447.02	160%	702,874.22	-5%
Annual Interest Earned	20,156.17	2,672.00		4,917.82		7,457.41	
Dividend - Sunlife / Enerconnect	353.58	2,544.07	-75%	634.71	6%	466.00	43%

Supplemental Interrogatory #10

Ref: Energy Probe Interrogatory #21

The response indicates that the MIFRS application is identical to CGAAP with a change in depreciation rates.

- a) Please confirm that WNPI changed the depreciation rates in both 2011 and 2012.**
- b) Please provide continuity schedules for 2011 and 2012 where the depreciation rates used for 2011 are the same as those used for 2010 and the 2012 depreciation rates are the new rates proposed by WNPI.**
- c) Please show the impact on the 2012 test year rate base of this change in depreciation rates used for 2011.**

Wellington North Power Inc. - Response:

- a. Although Wellington North Power Inc. was directed by the OEB 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. 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.

WNP recommends that due to the deferral option being taken by the LDC, the Board should consider not requiring WNP to record PP&E transition adjustment for 2011.

In its application, in Exhibit 11, Schedule 2, WNP presented both CGAPP and Modified IFRS (MIFRS) Continuity Schedules, with MIFRS 2011 Bridge Year and MIFRS 2012 Test Year incorporating the revised Typical Useful Life depreciation periods. The 2011 Bridge Year under MIFRS used the revised depreciation periods in order to calculate the "forecasted" difference on 2011 Closing Net PP&E – CGAAP versus MIFRS (the PP&E transition adjustment) as illustrated in Table 11-11 of Exhibit 11 Schedule 5 and Table 11-14 of Exhibit 11, Schedule 6

At the time of filing, the LDC intended to transit to MIFRS on January 1, 2012 and therefore presented revised depreciation rates for both 2011 and 2012. However, since the time of filing its application, WNP has deferred its decision to transfer to IFRS (as per comments in the above paragraph) and subsequently has chosen to adjust its depreciation rates effective from January 1, 2012 (not 2011). WNP's 2011 Audited Financial Statements that have been submitted with its application, reflect non-adjusted depreciation rates (i.e. the same deprecation periods that were used in 2010 and prior).

WNP can confirm that it has revised depreciation rates effective from January 1, 2012.

- b. As instructed, WNP has provided Continuity Schedules for 2011 Bridge Year and 2012 Test Year with:
- 2011 applying depreciation rates that were applied in 2010; and
 - 2012 applying new proposed depreciation rates.

This information has been uploaded on to the OEB's RESS site with the filename below:

(Filename: [WellingtonNorth_SupplIR_Responses_Appendix_July12](#))

The table below summarizes the changes in depreciation expense as result of applying the methodology requested:

	Depreciation Expense			
	Opening Balance	Additions	Disposals	Closing Balance
2011 Bridge Year using proposed Depreciation rates	\$5,906,349	\$474,935	\$4,058	\$6,377,227
2011 Bridge Year using 2010 Depreciation rates	\$5,906,349	\$583,975	\$4,058	\$6,486,267
Change	\$0	\$109,040	\$0	\$109,040

The table below illustrates the variance for the 2011 Bridge Year between using the depreciation rates that were applied in 2010 and the proposed depreciation rates:

Account	Description	2011 Accumulated Depreciation Using Revised Depreciation Rates				2011 Accumulated Depreciation Using 2010 Depreciation Rates			Depreciation Expense Variance (2010 Dep'n Rates less Revised Dep'n Rates)	
		Opening Balance	Additions	Disposals	Closing Balance	Additions	Disposals	Closing Balance	Closing Balance	%
1805	Land	0			0			0	0	
1806	Land Rights	0	0		0			0	0	
1808	Buildings and Fixtures	178,634	6,940		185,573	8,327		186,961	1,388	0.75%
1810	Leasehold Improvements	0	0		0			0	0	
1815	Transformer Station Equipment - Normally Primary above 50 kV	0	0		0			0	0	
1820	Distribution Station Equipment - Normally Primary below 50 kV	783,001	17,535		800,536	26,303		809,304	8,768	1.10%
1825	Storage Battery Equipment	0	0		0			0	0	
1830	Poles, Towers and Fixtures	1,808,563	24,239		1,832,802	43,629		1,852,193	19,391	1.06%
1835	Overhead Conductors and Devices	473,919	43,455		517,373	104,292		578,210	60,837	11.76%
1840	Underground Conduit	121,352	10,425		131,777	16,680		138,032	6,255	4.75%
1845	Underground Conductors and Devices	14,587	2,754		17,341	5,508		20,095	2,754	15.88%
1850	Line Transformers	745,917	31,837		777,754	50,939		796,856	19,102	2.46%
1855	Services	25,203	10,838		36,041	10,838		36,041	0	0.00%
1860	Meters	447,483	64,084	0	511,566	64,084	0	511,566	0	0.00%
1865	Other Installations on Customer's Premises	0	0		0			0	0	
1905	Land	0	0		0			0	0	
1906	Land Rights	0	0		0			0	0	
1908	Buildings and Fixtures	0	0		0			0	0	
1910	Leasehold Improvements	0	0		0			0	0	
1915	Office Furniture and Equipment	96,821	12,748		109,569	10,199		107,019	(2,550)	-2.33%
1920	Computer Equipment - Hardware	199,617	39,990	0	239,607	39,990	0	239,607	0	0.00%
1925	Computer Software	280,051	116,160	0	396,211	116,160	0	396,211	0	0.00%
1930	Transportation Equipment	489,367	67,268		556,635	67,268		556,635	0	0.00%
1935	Stores Equipment	6,537	4,215		10,752	3,372		9,909	(843)	-7.84%
1940	Tools, Shop and Garage Equipment	91,579			91,579			91,579	0	0.00%
1945	Measurement and Testing Equipment	0	0		0			0	0	
1950	Power Operated Equipment	0	0		0			0	0	
1955	Communication Equipment	15,334	803		16,137	1,285		16,619	482	2.99%
1960	Miscellaneous Equipment	0	0		0			0	0	
1970	Load Management Controls - Customer Premises	0	0		0			0	0	
1975	Load Management Controls - Utility Premises	0	0		0			0	0	
1980	System Supervisory Equipment	185,862	29,824		215,687	29,824		215,687	0	0.00%
1985	Sentinel Lighting Rentals	4,058	0	4,058	0	0	4,058	0	0	
1990	Other Tangible Property	0	0		0			0	0	
1995	Contributions and Grants	(61,535)	(8,179)		(69,714)	(14,722)		(76,258)	(6,543)	9.39%
2005	Property under Capital Lease	0			0			0	0	
Total		5,906,349	474,935	4,058	6,377,227	583,975	4,058	6,486,267	109,040	

The above information is also included in a file that has been uploaded on to the OEB's RESS site with the filename below:

(Filename: [WellingtonNorth_SupplIR_Responses_Appendix_July12](#))

- c. Based upon the changes made to the Continuity Schedules, the impact on the 2012 Test Year Rate Base is a reduction of \$227,744 as illustrated in the table below. This change is driven from the Depreciation Expense change that is described in part (b) above:

RATE BASE CALCULATION FOR 2012			
	Before	After	Change
Fixed Assets Opening Balance 2012	\$5,642,964	\$5,534,861	(\$108,103)
Fixed Assets Closing Balance 2012	\$5,964,279	\$5,855,239	(\$109,040)
Average Fixed Asset Balance for 2012	\$5,803,622	\$5,695,050	(\$108,571)
Working Capital Allowance	\$1,866,248	\$1,747,076	(\$119,172)
Rate Base	\$7,669,870	\$7,442,126	(\$227,744)
Regulated Rate of Return	6.20%	6.20%	0.00%
Regulated Return on Capital	\$475,832	\$461,703	(\$14,129)
Deemed Interest Expense	\$196,035	\$190,214	(\$5,821)
Deemed Return on Equity	\$279,797	\$271,489	(\$8,308)

Supplemental Interrogatory #11

Ref: Energy Probe Interrogatory #22

What was the additional cost in salaries, wages and benefits associated with the 3 month overlap between the "former" manager of operations and the new appointment?

Wellington North Power Inc. - Response:

During the three month hand-over / transition period between the "former" and "new" Manager of Operations, WNP calculates the "additional" cost incurred in this period is \$33,635 as illustrated in the table below:

	Salaries & Wages & Benefits		Additional Cost
	Former Manager of Operations	New Manager of Operations	
Aug-2011	\$9,230	\$8,302	\$9,230
Sep-2011	\$9,230	\$8,302	\$9,230
Oct-2011	\$15,174	\$8,302	\$15,174
Total	\$33,635	\$24,906	\$33,635

It should be noted that in the above table for the month of October 2011, the former Manager of Operations received a pro-rated payment for unused sick and vacation days as part of his salary for this month.

Supplemental Interrogatory #12

Ref: Energy Probe Interrogatory #32

Has WNPI entered into any agreements for long-term debt other than the instruments shown in the original evidence?

Wellington North Power Inc. - Response:

At the time of this response, WNP has not entered into any agreements for long-term debt, other than the instruments shown in the original evidence. However, the company expects an increase to their long-term debt instruments imminently. Financing from a third party, bank or financial institution will be required to facilitate some of the necessary capital expenditures. For example:

- A major capital expenditure, which will need to be financed, is the building renovations or new-build. Wellington North Power is currently having a feasibility study conducted and expects the final report from B.M. Ross and Associated in October of 2012.
- Expansion of the 44 kV feeder and substation to facilitate growth, to feed the proposed Murphy Property Development.
- Wellington North Power's substation, MS-3 has experienced two failures in the first quarter of 2012 and may need to be replaced before the initial Cost of Service Capital Budget forecast of 2013.

Supplemental Interrogatory #13

**Ref: Energy Probe Interrogatory #34 &
Exhibit 10, Tab 1, Schedule 1**

Please explain why the proposed distribution charges have changed in the rate impact tables provided in the interrogatory response compared to those filed in the original evidence.

Wellington North Power Inc. - Response:

The proposed distribution charges have changed as a result of the amendments requested by Intervenors and Board Staff through the Interrogatories and Supplemental Interrogatories process.

In response to Energy Probe Supplemental IR # 19b, WNP has provided a table that lists all of the changes that have resulted in revised revenue requirements, of which some of these items will have directly affected the proposed distribution charges. Please refer to WNP's response to this Supplemental IR.

Supplemental Interrogatory #14

Ref: Energy Probe Interrogatory #35

- a) **Please explain why there is no change in the 2011 CGAAP additions and depreciation figures from the original evidence.**
- b) **Please explain why the MIFRS depreciation number is significantly larger than that shown in the original evidence.**

Wellington North Power Inc. - Response:

- a. In responding to Energy Probe IR #35, the actual 2011 data did not correctly update the MIFRS PP&E Deferral Account for the 2011 CGAAP Additions and Depreciation figures.

WNP did not have the models that took into consideration the PP&E changes such as those models provided to the 2013 COS filers. (The 2013 CoS filers are provided with a file to calculate the PP&E adjustment in the Chapter 2 appendices. They also have updated Revenue Requirement Workform and an updated Cost Allocation model modified to take the PP&E adjustments into consideration.)

WNP has calculated the PP&E adjustment which solely reflects a change in depreciation rates which took effect January 1, 2012 since there are no other capitalization policy changes. The PP&E adjustment has been reflected by WNP as a reduction to the 2012 Amortization Expense which directly reduces the Revenue Requirement.

WNP is not clear on the reason for adjusting 2011 which results in a reduction to the Revenue Requirement but has followed the instructions of the Board. If it is determined in the future that this reduction to Revenue Requirement should not have taken place WNP would like the Board to approve the recovery of any dispositions related to this issue.

The table below supersedes Table 9-5 of Exhibit 9, Schedule 4 of WNP's application with the updated values reflecting the following factors:

- 2011 actual data being used;
- As per Board Staff Supplemental IR #58, WNP has removed the Smart Meter costs (smart meters and smart meter hard/software costs) from 2011 continuity tables;
- For CGAAP, for 2011 the same depreciation rates as 2010 were applied;
- For MIFRS, for 2011 the "revised" depreciation rates as introduced by WNP that were applied with effect from January 1, 2012. (As per Exhibit 11, WNP has introduced revised depreciation rates reviewed the useful life of its assets with the aid of the Asset Depreciation Study by Kinectrics (Kinectrics Report). The LDC has used the mid-range typical useful life for its assets (as illustrated in Table 11-9 of Exhibit 11, Schedule 3 of WNP's application) as described in the Kinectrics Study.)

Wellington North Power Inc. - MIFRS PP&E Deferral Account					
	2011	2012	2013	2014	2015
	IRM	Rebase COS			
	Forecast	Forecast			
PP&E Values under CGAAP					
Opening Net PP&E	\$ 4,789,593	Opening Net PPE Value = \$10,569,965 LESS: Opening Accumulated Depreciation = \$5,780,372			
Additions	+ \$ 572,505	Additions = \$576,440			
Depreciation	- (\$474,858)	LESS: Disposals = \$3,935			
Closing Net PP&E	= \$4,887,240	Additions = \$478,916 LESS: Disposals = \$4,058			
		<i>* as per 2011 CGAAP Continuity Schedules</i>			
PP&E Values under MIFRS					
Opening Net PP&E	\$ 4,789,593				
Additions	+ \$ 572,505	Additions = \$333,227			
Depreciation	- (\$329,169)	LESS: Disposals = \$4,058			
Closing Net PP&E	= \$5,032,928				
		<i>* as per 2011 Modified IFRS Continuity Schedules</i>			
	2011	2012	2013	2014	2015
Difference on Closing Net PP&E, CGAAP vs MIFRS					
Opening Balance	\$0	(\$145,689)	(\$109,267)	(\$72,844)	(\$36,422)
Amount added in the year	(\$145,689)	N/A	N/A	N/A	N/A
Sub-total	(\$145,689)	(\$145,689)	(\$109,267)	(\$72,844)	(\$36,422)
Amount of Amortization including in Dep'n Exp	\$0	\$36,422	\$36,422	\$36,422	\$36,422
Closing Balance in Deferral Account:	(\$145,689)	(\$109,267)	(\$72,844)	(\$36,422)	\$0
Average Balance in Deferral Account:		(\$127,478)	(\$91,055)	(\$54,633)	(\$18,211)
	2011	2012	2013	2014	2015
Closing Balance in Deferral Account:	(\$145,689)	(\$109,267)	(\$72,844)	(\$36,422)	\$0
Amount of Amortization including in Dep'n Exp	-	\$36,422	\$36,422	\$36,422	\$36,422
Annual Regulated Rate of Return:	-	6.20%	6.20%	6.20%	6.20%
Return on PP&E Account		\$9,038			
Total Forecasted IFRS Adjustment *		\$45,461			
	<i>* (Amount of Amortization x Regulated Rate of Return)</i>				

- b. As per revised table illustrated in response to part (a) above, the MIFRS depreciation is lower than as shown in the original evidence. This is due to the factors described in WNP's explanation in part (a) above.

Supplemental Interrogatory #15

Ref: VECC Interrogatory #1

- a) Please prioritize the capital expenditures in 2012 related to office renovations and office equipment.
- b) Which expenditures have been undertaken to date in 2012? Please provide the expenditures made to date for each of the projects that comprise the \$334,000.
- c) Which projects could be deferred to 2013?

Wellington North Power Inc. - Response:

- 1. The table below prioritizes the capital expenditures in 2012 related to office renovations and office equipment.

Year	Description of Spend	Estimate	Priority	Committed Spend to Date
2012	Shop addition - Add 2 bays to the existing building to allow conversion of the west-side shop for office space	\$200,000	5.0	\$0
2012	Building Renovations - Accessibility (Front Entrance), Close in Stairway to Operations, Washroom Alterations and Flooring for Health & Safety of Employees	\$40,000	4.0	\$26,400
2012	Garland Canada (Watertight) - Roof Replacement - replace roof as leaking	\$66,000	1.0	\$2,000
2012	Installation of Security Cameras - Front counter, Rear Entrance, Yard for security and safety	\$4,000	2.0	\$0
2012	Replacement of HP 8100 Laser Printer - Purchased in 1999 and concerned unit will fail. This printer is used for all customer bill printing	\$9,500	6.0	\$0
2012	Replace Existing Board Room Table - Table has mould, may be emitting mould spores	\$2,500	3.0	\$0
2012	West Shed Insulation, heating and new garage doors to be able to use for trucks and storage	\$12,000	7.0	\$0
Total		\$334,000		

As Wellington North Power Inc. has engaged a structural engineer and architect to complete a building feasibility study on our existing facility, WNP management has put this spend on-hold until the final report is available and the 2012 Cost of Service application has been approved by the Board.

In the above table, a priority rating has been assigned to each of the renovation related projects. The priority rating considered the following criteria when prioritizing projects:

1. Projects that improve or maintain worker health and safety were given top priority. For example, ensuring 2012 capital funding is available to make the necessary repairs the roof is critical. Wellington North Power Inc. is limiting spending on the existing roof until a decision can be made based on the feasibility study on how to proceed with the planned renovation or new build. In recent years the existing flat roof has remained a continuous workplace hazard as a result of water penetration, which rots the roof structure as well as roof insulation.
 2. Projects that ensure compliance with Ontario legislation and regulations were prioritized next. For example, the new accessibility laws in Ontario requiring public spaces and workplaces to be accessible to Ontarians with disabilities. Wellington North Power Inc.'s current facility is not a barrier-free workplace or public space.
 3. Project that support business objectives were prioritized last on the list; however, these projects are important capital projects that ensure the company continues to support its everyday business activities as a local distribution business.
- b. To date, approximately \$28,400 2012 spend has been committed to renovation-related projects. This spend relates to two of the projects mentioned above, namely:
- The feasibility study and;
 - A roof repair.

The feasibility study will cost \$26,400 and is a preliminary step towards both the renovation and roof replacement projects. More spending could occur for the renovation project in 2012, pending the final report and Board application approval.

A commitment of \$2,000 has been made to repair a failed flat roof, a problem the company is currently handling. The roof issue has not been resolved at present and the cost could escalate as the project is implemented as the repair work will provide better visibility of the extent of the problem. The pictures below clearly highlight the extent of the problem:



Water damage to building's roof



A slip-hazard puddle in the garage caused due to the leaking roof.

Capital spend for 2012 will include the cost of the renovation feasibility study, the cost to repair water damaged roof and any items identified in BM Ross' final report as critical safety issues where immediate resolution is recommended. These projects will be immediately undertaken to eliminate these potential workplace hazards.

The approximately \$30,000 spend to date in 2012 is significantly lower than the forecast 2012 spend, however, Wellington North Power Inc. has decided to take a more deliberate and methodical look at the renovation project, hiring engineers and architects to provide their professional opinions, with the focus on ensuring the final decision is best for company staff, its rate payers, shareholders and health and safety of its employees.

The final report from BM Ross will provide a detailed assessment of the existing facility which can then be used to further understand and prioritize capital projects related to renovations and/or new build. BM Ross, with their sub-contractor Adolfo Spaleta Architect, will provide the leadership team at Wellington North Power Inc. with the necessary information to make an informed decision with regards to the renovation project.

- c. Wellington North Power Inc. could defer a portion of the following projects with respect to the office renovations until 2013:
1. Shop addition at \$200,000;
 2. Building renovation for accessibility at \$40,000;
 3. Roof replacement at \$66,000; and
 4. The west shed insulation at \$12,000.

The following projects are still planned for 2012 execution, pending Board approval of WNP's 2012 Cost of Service rate application:

1. Replacement of laser printer at \$9,500; and
2. Replacement of the boardroom table at \$2,500.

As mentioned, capital spend will occur for both the feasibility study and roof repair in 2012.

Supplemental Interrogatory #16

Ref: Board Staff Interrogatory #5

- a) Please provide further details on why the cost of power adjustment (account 4710) is required to calculate the cost of power.**
- b) Please explain what amounts go into account 4710.**
- c) Please provide a copy of an IESO invoice that shows the line item 0142 to which WNPI is referring.**

Wellington North Power Inc. - Response:

- a. WNP wishes to confirm that its statement in Exhibit 2, Tab 4 Schedule 2 is incorrect and would like to clarify that IESO line item 0142 is **not** required to be included in cost of power calculations.

An adjustment was made during 2011 which was entered into Account 4710 Cost of Power Adjustments to the value of \$1,087,751.19. This adjustment was necessary in light of the error and resolution summarized below:

Between the period of January 2009 to December 2011, WNP were allocating two of the three IESO 142 line items to 1588 GA. After contacting other LDCs, it was established that all amounts attributed to IESO line item 142 should be allocated to 1588 Power. (From December 2011 onwards, WNP has allocated IESO line items 142 to 1588 Power). This error was been corrected in our systems and approved by the LDC's financial auditor. The adjustment was made in our December 2010 GL (for the period 2009 & 2010) and for all months in 2011. WNP have reconciled 1588 accounts back to the Dec-31-2008 which is when the last COS application was approved. The adjustment for 1588 Power and 1588 GA account cover the period 2009 & 2010. The adjustment for the period January 2011 to November 2011 was made in December 2011 with a value of \$1,087,751 being attributed to Account 4710 – Cost of Power Adjustments.

In WNP's application, the LDC included the Cost of Power Adjustment amount in Table 2-37 of Exhibit 2, Tab 4, Schedule 2 to best forecast the cost of power for the 2011 Bridge Year. Unfortunately, WNP also used the same table layout for Table 2-45 in Exhibit 2, Tab 4, Schedule 2 to illustrate the forecasted cost of power values for the 2012 Test Year and inadvertently did not remove the "4710 Cost of Power Adjustment" line item and value. The table below shows the correct entry that should have been included in WNP's application and supersedes Table 2-45:

Cost of Power Account	2012
4705-Power Purchased	\$7,352,944
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	8,945,407

Regrettably, the same format was used in WNP's response to Board Staff Interrogatory #5, including the line item referencing Account 4710 – Cost of Power Adjustment. WNP's response to reflect the Cost of Power summary for the 2012 Test Year should have appeared as:

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	9,572,857

- b. WNP can confirm that no amounts are entered in Account 4710.

- c. Given WNP's response to parts (a) and (b) above, the LDC re-confirms that an error was made in its application and advises that no amounts from the IESO invoices are entered in Account 4710. Based upon this statement, the LDC does not feel that it is necessary to provide a copy of an IESO invoice.

Supplemental Interrogatory #17

Ref: Board Staff Interrogatory #14

- a) Please update the tables provided in the response to part (a) with actual data for 2011.
- b) Please provide a table for the 3 sensitive customers that shows the forecasted purchases by month along with the actual purchases by month for all months that are available for 2012.
- c) Please provide a table for all the other customers that shows the forecasted purchases by month along with the actual purchases by month for all months that are available for 2012.

Wellington North Power Inc. - Response:

a. Please see updated tables below showing 2011 actual data as requested:

3 sensitive customers:											
	Historic Purchase Load - kWh						2009 compared to Other Years				
	2007	2008	2009	2010	2011 Actual	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	2,435,984	2,102,907	-46.85%	-43.39%	-37.30%	-43.06%	-34.04%
February	2,269,021	2,380,861	1,278,828	1,973,695	2,335,707	2,079,269	-43.64%	-46.29%	-35.21%	-45.25%	-38.50%
March	2,535,329	2,413,471	1,599,507	2,333,570	2,656,454	2,256,266	-36.91%	-33.73%	-31.46%	-39.79%	-29.11%
April	2,356,887	2,438,737	1,681,721	2,176,410	2,129,747	2,165,552	-28.65%	-31.04%	-22.73%	-21.04%	-22.34%
May	1,979,088	2,233,215	1,481,789	2,343,664	2,308,697	2,185,488	-25.13%	-33.65%	-36.77%	-35.82%	-32.20%
June	2,542,493	2,207,700	1,480,618	2,300,956	2,359,470	2,318,289	-41.77%	-32.93%	-35.65%	-37.25%	-36.13%
July	2,212,821	1,926,360	1,533,239	2,325,624	2,118,772	2,300,315	-30.71%	-20.41%	-34.07%	-27.64%	-33.35%
August	2,703,102	2,199,035	1,842,378	2,526,908	2,641,948	2,293,858	-31.84%	-16.22%	-27.09%	-30.26%	-19.68%
September	2,374,030	1,694,540	2,152,613	2,397,724	2,553,255	2,262,447	-9.33%	27.03%	-10.22%	-15.69%	-4.85%
October	2,403,860	2,236,506	2,250,006	2,469,206	2,742,886	2,178,488	-6.40%	0.60%	-8.88%	-17.97%	3.28%
November	2,290,755	1,816,146	2,214,423	2,399,219	2,504,779	2,198,389	-3.33%	21.93%	-7.70%	-11.59%	0.73%
December	1,861,939	1,318,681	1,953,857	2,171,049	2,369,547	2,246,092	4.94%	48.17%	-10.00%	-17.54%	-13.01%
Total	28,138,783	25,315,444	20,855,974	27,630,193	29,157,246	26,587,360	-25.88%	-17.62%	-24.52%	-28.47%	-21.56%

All other customers:											
	Historic Purchase Load - kWh						2009 compared to Other Years				
	2007	2008	2009	2010	2011 Actual	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	7,467,524	7,213,341	7.72%	1.61%	0.66%	-1.02%	2.47%
February	6,598,887	6,901,835	6,382,454	6,539,527	6,794,516	6,746,756	-3.28%	-7.53%	-2.40%	-6.06%	-5.40%
March	6,667,522	6,922,293	6,590,037	6,459,810	7,168,803	7,032,520	-1.16%	-4.80%	2.02%	-8.07%	-6.29%
April	5,919,941	5,771,971	5,694,696	5,603,257	5,870,756	6,022,420	-3.80%	-1.34%	1.63%	-3.00%	-5.44%
May	6,131,081	5,650,380	5,229,715	5,757,226	5,663,513	5,823,844	-14.70%	-7.44%	-9.16%	-7.66%	-10.20%
June	5,651,527	5,579,675	5,369,116	5,683,543	5,588,002	5,611,912	-5.00%	-3.77%	-5.53%	-3.92%	-4.33%
July	5,490,379	5,889,247	5,288,185	6,025,352	6,163,969	5,839,727	-3.68%	-10.21%	-12.23%	-14.21%	-9.44%
August	5,677,124	5,611,458	5,739,569	6,165,214	6,240,041	5,784,597	1.10%	2.28%	-6.90%	-8.02%	-0.78%
September	5,336,346	5,982,746	5,417,984	5,702,200	5,830,412	5,489,733	1.53%	-9.44%	-4.98%	-7.07%	-1.31%
October	5,933,088	6,011,474	6,096,676	6,032,362	6,203,366	5,936,254	2.76%	1.42%	1.07%	-1.72%	2.70%
November	6,452,490	6,350,282	6,171,735	6,433,663	6,371,649	6,294,196	-4.35%	-2.81%	-4.07%	-3.14%	-1.95%
December	7,046,049	7,248,924	7,187,686	7,232,578	7,022,209	7,199,702	2.01%	-0.84%	-0.62%	2.36%	-0.17%
Total	73,766,416	75,194,816	72,559,407	74,978,072	76,384,759	74,995,002	-1.64%	-3.50%	-3.23%	-5.01%	-3.25%

- b. As requested, please see table below which illustrates forecasted purchases by month and the actual purchases by month for all months available for 2012 for the 3 sensitive customers:

3 sensitive customers:			Variance between Actual and Forecast	
	Forecasted 2012 kWh Purchases With Losses as per Application	Actual 2012 kWh Purchases with Losses	kWh	%
Jan-12	2,113,203	2,658,660	545,456	25.812%
Feb-12	1,885,400	2,606,185	720,785	38.230%
Mar-12	2,229,175	2,834,712	605,537	27.164%
Apr-12	2,079,047	2,633,018	553,972	26.645%
May-12	2,238,818	2,706,007	467,189	20.868%

- c. As requested, please see table below which illustrates forecasted purchases by month and the actual purchases by month for all months available for 2012 for all other customers:

All other customers:			Variance between Actual and Forecast	
	Forecasted 2012 kWh Purchases With Losses as per Application	Actual 2012 kWh Purchases with Losses	kWh	%
Jan-12	7,272,191	7,311,000	38,809	0.534%
Feb-12	6,746,252	6,660,610	-85,642	-1.269%
Mar-12	7,015,912	6,574,905	-441,007	-6.286%
Apr-12	6,036,882	5,886,437	-150,445	-2.492%
May-12	5,826,347	5,906,157	79,810	1.370%

Supplemental Interrogatory #18

Ref: Board Staff Interrogatory #48c

Please explain the following with respect to the continuity schedules provided for 2011 and 2012 under both MIFRS and CGAAP in response to this interrogatory:

- a) Please explain why the opening balance for 2011 cost is higher by about \$50,000 in MIFRS as compared to CGAAP.**
- b) Please explain why the opening balance for 2011 accumulated depreciation is about \$19,000 lower in MIFRS as compared to CGAAP.**
- c) Please explain the different additions to costs in 2011 under CGAAP and MIFRS.**
- d) Please explain the different depreciation expenses in 2011 under CGAAP and MIFRS.**
- e) Are any of the depreciation expenses shown (for MIFRS and CGAAP) for 2011 based on the new depreciation rates?**
- f) Please explain the \$144,722 reduction to accumulated depreciation shown for account 1820 in the 2011 MIFRS schedule.**
- g) Please explain the disposal of \$510,744 shown in the CGAAP and MIFRS schedules for 2012, along with the reduction in accumulated depreciation of \$309,511.**
- h) If the response to part (g) above is related to removal of the stranded meters, please explain why this adjustment was not made at the end of 2011 rather than in the 2012 test year. Does WNPI agree that if these stranded meters had been removed from rate base at the end of 2011, the opening net assets would be about \$200,000 lower and the 2012 rate base would be about \$100,000 lower?**
- i) As a result of the foregoing, please provide a continuity schedule for 2011 and 2012 based on CGAAP that incorporates actual 2011 data, includes smart meters in the closing balance for 2011, excludes stranded meters in the closing balance for 2011, uses the existing depreciation rates for 2011 and the proposed depreciation rates for 2012 and reflects the appropriate opening balances in 2011.**

Wellington North Power Inc. - Response:

a. WNP acknowledge that there was an error made in the Continuity Schedules provided in response to Board Staff IR #48c. This error between the MIFRS and CGAAP 2011 Continuity Schedules was due to the inclusion of not all of the Smart Meter asset costs and depreciation expenses in the 2011 Bridge Year CGAAP Continuity Schedule.

WNP apologizes for this oversight and has provided revised information. The following comments should be taken into consideration when reviewing the revised Continuity Schedules:

Worksheet Name	Smart Meter Costs	Depreciation Method
App.2-B Fxd Asst Con 2011-CGAAP <i>(Fixed Assets)</i>	Smart Meter Costs <u>excluded</u> as per BdStaff Supplemental IR #58	Depreciation rates as per 2010
App.2-B Fxd Asst Con 2012-CGAAP <i>(Fixed Assets)</i>	Smart Meter Costs <u>included</u> in Opening Balances as per BdStaff Supplemental IR #58	Depreciation rates as per 2010
App.2-B FA Cont 2011 Kinectric <i>(Fixed Assets)</i>	Smart Meter Costs <u>excluded</u> as per BdStaff Supplemental IR #58	"New" Depreciation rates as per mid-life Kinectrics TUL
App.2-B FA Cont 2012 Kinectric <i>(Fixed Assets)</i>	Smart Meter Costs <u>included</u> in Opening Balances as per BdStaff Supplemental IR #58	"New" Depreciation rates as per mid-life Kinectrics TUL
App.2-M Dep Exp 2011 Not Kinec <i>(Depreciation Expense)</i>	Smart Meter Costs <u>excluded</u> as per BdStaff Supplemental IR #58	Depreciation rates as per 2010
App.2-M Dep Exp 2012 Not Kinec <i>(Depreciation Expense)</i>	Smart Meter Costs <u>included</u> in Opening Balances as per BdStaff Supplemental IR #58	Depreciation rates as per 2010
App.2-M Dep Exp 2011 Kinectric <i>(Depreciation Expense)</i>	Smart Meter Costs <u>excluded</u> as per BdStaff Supplemental IR #58	"New" Depreciation rates as per mid-life Kinectrics TUL
App.2-M Dep Exp 2012 Kinectric <i>(Depreciation Expense)</i>	Smart Meter Costs <u>included</u> in Opening Balances as per BdStaff Supplemental IR #58	"New" Depreciation rates as per mid-life Kinectrics TUL

WNP has provided revised Continuity Schedules and Depreciation Expenses. This information has been uploaded on to the OEB's RESS site with the filename below:

[\(Filename: WNP_COS_Filing_Reqt_Chp2_Appendices_July12\)](#)

- b. WNP acknowledge that there was an error made in the Continuity Schedules provided in response to Board Staff IR #48c. As per response to part (a), WNP has submitted revised Continuity Schedules and Depreciation Expenses.
- c. WNP acknowledge that there was an error made in the Continuity Schedules provided in response to Board Staff IR #48c. As per response to part (a), WNP has submitted revised Continuity Schedules and Depreciation Expenses.
- d. WNP acknowledge that there was an error made in the Continuity Schedules provided in response to Board Staff IR #48c. As per response to part (a), WNP has submitted revised Continuity Schedules and Depreciation Expenses.
- e. Yes, in the Continuity Schedules provided in response to Board Staff IR #48c, the 2011 and 2012 MIFRS Continuity Schedules show depreciation expenses based on the new depreciation rates.
- f. There is a reduction of \$144,722 to accumulated depreciation for Account 1820 - Distribution Station Equipment in the 2011 MIFRS Continuity Schedule. When converting to a new financial system, Wellington North Power Inc. reallocated some accumulated depreciation accounts to reflect changes that had been made to the General Ledger Accounts. Prior to 1999, both Arthur and Mount Forest PUCs had Sub-Transmission accounts 1730. The allocation of accumulated depreciation was to Accounts 2105.1.25, 2105.01.26, 2105.07 and 2105.01.56

When merging the two utilities these assets were moved from **(Transmission Plant) Account 1730 Overhead Conductors and Devices** to **(Distribution Plant) 1830 Overhead Conductors and Devices**. However, that accumulated depreciation accounts were never changed, until the conversion to the new financial software.

Old Financial GL Number	Old GL Description	Amount		New Financials System Moved to GL	New GL Description	Amount	Include Depreciation for 2011
2105.01.25	Acc.Dep-Subtrans Feeders/Sub Station	-24,472.00		1-2105-2100-105-004	Acc Dep - Lines OH	-24,472.00	26,302.66
2105.01.26	Acc.Dep-Subtrans Feeders-MF/Sub Station	-94,760.93		1-2105-2100-105-004	Acc Dep - Lines OH	-94,760.93	
2105.01.27	Acc.Dep-Subtrans Feeders-Arthur/Sub Station	-51,792.09		1-2105-2100-105-004	Acc Dep - Lines OH	-51,792.09	
Total Reallocation of Accumulated Depreciation		-171,025.02				-171,025.02	26,302.66

The Continuity Schedules reflect the reallocation for Accumulated Depreciation in General Ledger Accounts to correct the accumulated depreciation overstated for Sub-stations by $(\$171,025.04) + \$26,302.86 = (\$144,722.18.)$

WNP has updated the Continuity Schedules and Depreciation Expenses and this information has been uploaded on to the OEB's RESS site with the filename below:
 (Filename: [WNP_COS_Filing_Reqt_Chpt2_Appendices_July12](#))

- g. As part of WNP's Cost of Service rate application, the LDC is WNP is seeking recovery of the stranded meter costs incurred. As proposed in the "Guideline: Smart Meter Funding and Cost Recovery – Final Disposition (G-2011-0001)" issued by the OEB on December 15, 2011, Wellington North Power Inc. is utilizing the 2012 Cost of Service application to recover stranded meter costs.

As per WNP's application in Exhibit 10, Tab 2 Schedule 1 and table 10-10, the LDC is seeking to recover the amounts shown in the table below which are reflected in the Continuity Schedules:

Stranded Meters Calculation:	
Capital Cost	\$ 510,744
Accumulated Depreciation (to 31-Dec-2010)	\$ 290,565
2011 Depreciation	\$ 18,946
Net Book Value:	\$ 201,233

- h. WNP did make the adjustment for Stranded meter costs at end of the 2011 Bridge Year because the LDC is seeking permission from the Board to dispose of the Stranded Meter amounts from its assets and rate base. As the rate base Test Year is 2012, the LDC has included the Stranded Meter values in 2012.

WNP is adhering to the guidelines issued by the OEB on December 15, 2011 "Guideline: Smart Meter Funding and Cost Recovery – Final Disposition (G-2011-0001," and excerpts from this document, Section 3.7 "Stranded Meter Rate Rider ("SMRR") declare:

"starting in the 2012 EDR process, distributors seeking recovery of stranded meter costs should bring forward these requests in a cost of service application. It is preferable for the Board to review concurrently a distributor's smart meter and stranded meter costs in the same application where all the required adjustments to the rate base and the revenue requirement are reflected in rates at the same time. Requests for the recovery of stranded meter costs should be in accordance with the guidance provided in this section of the guideline and the cost of service filing requirements previously issued by the Board. Also, the stranded meter costs should be removed from any Cost Allocation run."

“While it would be preferable, conceptually, to also deal with stranded meter costs in a non-cost of service (i.e. stand-alone) application, the Board recognizes the practical difficulties that arise since there is no restatement of rate base and base rates. The Board therefore expects that stranded meter costs will be left in rate base until the distributor’s next cost of service application.”

“It is expected that a distributor, as part of its application for the disposition of smart meter costs in a cost of service application, will propose (a) rate rider(s) to recover the NBV of the stranded meters.”

In light of the above excerpts from the OEB’s document, WNP is of the opinion that the Stranded Meters should not be removed from the 2012 Test Year. (If the Stranded Meters were removed, then this would not adhere to the OEB’s guidelines because these associated values will not be included in the LDC’s 2012 rate base.) Consequently, WNP does not agree with the Intervenor’s statement.

- i. Given WNP’s response to part (h) above, the LDC is of the opinion that Continuity Schedules for 2011 and 2012 should not be adjusted. The Continuity Schedules described in part (a) of this response are still valid given WNP’s adherence to the OEB guidelines for handling disposal of Stranded Meters during its Cost of Service application.

Supplemental Interrogatory #19

**Ref: All Interrogatories &
File Wellington North_OEB_2012_Rev_Reqt_Work_Form_Kinectrics
June 12**

- a) **Does the referenced file contain the revised revenue requirement calculations based on all changes/corrections proposed by WNPI as a result of the interrogatory process? If not, please provide such a work form.**
- b) **Please provide a list of all the changes made in the referenced work form (or in the requested work form in part (a)) and a reference to the interrogatory response that relates to the change/correction.**

Wellington North Power Inc. - Response:

- a. As a result of further amendments performed in responding to Supplemental Interrogatories, the referenced file has been superseded. The amended file is:
[WellingtonNorth_OEB_2012_Rev_Reqt_Workform_Kinectrics_July12](#)

WNP has uploaded this updated file on the OEB's RESS site, together with other relevant files that support the LDC's application and responses to Supplemental IRs.

- b. WNP has provided this a list and it has uploaded onto the OEB's RESS site with the filename below:
[\(Filename: WellingtonNorth_SupplIR_Responses_Appendix_July12\)](#)