Wellington North Power Inc.
2012 Rate Rebasing Application
EB-2011-0249

Board Staff Supplemental Interrogatories

Pursuant to Procedural Order No. 3, the following are Board staff's supplemental interrogatories in Wellington North Power Inc.'s ("WNP") 2012 Cost of Service Application, EB-2011-0249. The numbering sequence follows that applied to Board staff's interrogatories, submitted June 5, 2012.

Operating Revenue

56. Reference: VECC IR #14
Exhibit 3, Tab 2, Schedule 1, page 349

WNP has applied a billed kWh adjustment for CDM of 452,000 kWh in 2011 and 904,000 kWh in 2012, representing 10% and 20% of its targets. VECC IR response #14 provides actual CDM results of 109,701 kWh for 2011 and 9,789 kWh for Q1 2012.

a. Would WNP consider a 10% CDM adjustment for 2012 to be more appropriate, given the limited activity in 2011 and time required to ramp up activity in 2012? If not, why not?

Wellington North Power Inc. - Response:

Wellington North Power Inc. is of the opinion that a reduction in the 2012 forecast of 20 percent of its conservation target is not necessary. According to the Ontario Power Authority verified Draft 2011 Results shown below, the company has reached **13 percent** of its target, when the province wide share is added to its accumulated energy savings for 2011.

Programs were very slow to start in 2011, as noted in WNP's response to VECC IR #14 (a), the 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."

However, Wellington North Power has been very aggressive in our 2012 planning, advertising and marketing of the conservation initiatives available to customers. We have met with social service agencies, to promote the Home Assistance Program, held Conservation Information sessions for small businesses, developers and builders and continue to attend home shows and other community events.

Ontario Power Authority verified draft 2011 – LDC: Wellington North Power Inc:

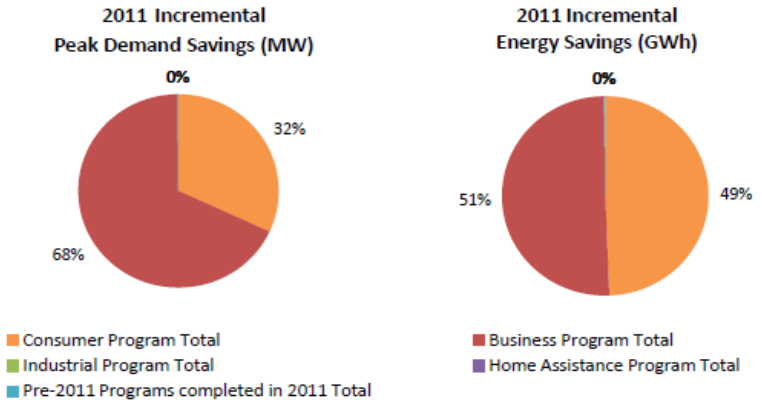
OPA-Contracted Province-Wide CDM Programs DRAFT 2011 Results

LDC: Wellington North Power Inc.

DRAFT Progress to Targets	Incremental 2011	Scenario 1: % of Target Achieved	Scenario 2: % of Target Achieved
Net Annual Peak Demand Savings (MW)	0.0	3.8%	4.7%
Net Cumulative Energy Savings (GWh)	0.2	13.0%	13.0%

Scenario 1 = Assumes that demand resource resources have a persistence of 1 year
Scenario 2 = Assumes that demand response resources remain in your territory until 2014

Achievement by Sector



Comparison: Your Achievement vs. LDC Community Achievement

The following graphs assume that demand response resources remain in your territory until 2014 (aligns with Scenario 2)

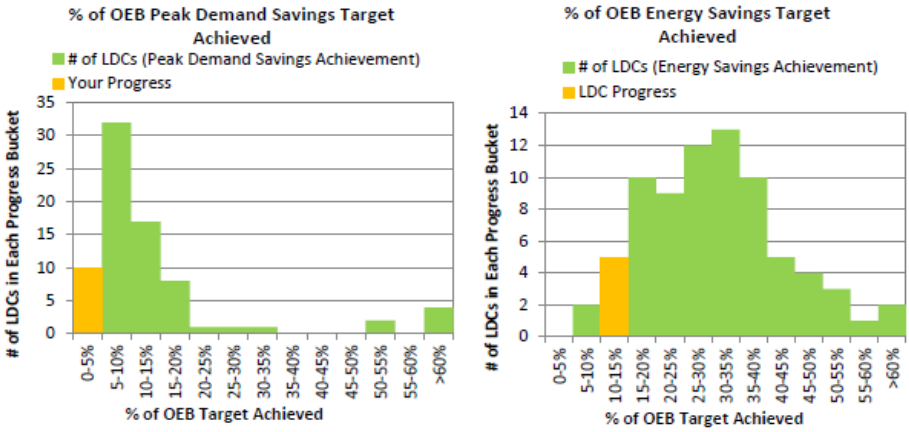


Table 1: Participation**

#	Initiative	Activity Unit	Uptake/ Participation Units
Consumer Program			
1	Appliance Retirement	Appliances	59
2	Appliance Exchange	Appliances	2
3	HVAC Incentives	Equipment	29
4	Conservation Instant Coupon Booklet	Products	305
5	Bi-Annual Retailer Event	Products	550
6	Retailer Co-op	Products	0
7	Residential Demand Response	Devices	0
8	Residential New Construction	Houses	0
Business Program			
9	Efficiency: Equipment Replacement	Projects[1]	1
10	Direct Install Lighting	Projects	30
11	Existing Building Commissioning Incentive	Buildings	0
12	New Construction and Major Renovation Incentive	Buildings	0
13	Energy Audit	Audits	0
14	Commercial Demand Response (part of the Residential program schedule)	Devices	0
15	Demand Response 3 (part of the Industrial program schedule)	Facilities	0
Industrial Program			
16	Process & System Upgrades	Projects[2]	0
17	Monitoring & Targeting	Projects[3]	0
18	Energy Manager	Managers[2 3]	0
19	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	Projects[1]	0
20	Demand Response 3	Facilities	0
Home Assistance Program			
21	Home Assistance Program	Homes	0
Pre 2011 Programs Completed in 2011			
22	Electricity Retrofit Incentive Program	Projects	0
23	High Performance New Construction	Projects	0
24	Toronto Comprehensive	Projects	0
25	Multifamily Energy Efficiency Rebates	Projects	0
26	Data Centre Incentive Program	Projects	0
27	EnWin Green Suites	Projects	0

*** Please see "Methodology" tab for more information regarding attributing savings to LDCs*

[1] *Breakdown by sector to be provided in final results report*

[2] *Results are based on completed incentive projects (see "Methodology" tab for more information)*

[3] *Includes: Roving Energy Managers, Key Account Managers and Embedded Energy Managers*

Table 5. Summarized Program Results

Program	Gross Savings		Net Savings	
	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)
Consumer Program Total	23	111,800	14	75,574
Business Program Total	28	81,631	29	77,175
Industrial Program Total	0	0	0	0
Home Assistance Program Total	0	0	0	0
Pre-2011 Programs completed in 2011 Total	0	554	0	277
Total OPA Contracted Province-Wide CDM Programs	**51**	**195,985**	**43**	**153,025**

#	Initiative	Total Adjustments to Net Savings		Gross Savings		Net Savings	
		Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)
Consumer Program							
1	Appliance Retirement	52%	52%	0	49,256	3	24,838
2	Appliance Exchange	51%	51%	0	680	0	349
3	HVAC Incentives	60%	60%	14	34,489	9	20,522
4	Conservation Instant Coupon Booklet	114%	111%	1	10,565	1	11,367
5	Bi-Annual Retailer Event	112%	110%	1	17,010	1	18,496
6	Retailer Co-op	n/a	n/a	0	0	0	0
7	Residential Demand Response	n/a	n/a	0	0	0	0
8	Residential New Construction	n/a	n/a	0	0	0	0
Business Program							
9	Efficiency: Equipment Replacement	70%	101%	1	2,921	1	2,232
10	Direct Install Lighting	163%	83%	27	80,710	29	74,943
11	Existing Building Commissioning Incentive	n/a	n/a	0	0	0	0
12	New Construction and Major Renovation Incentive	n/a	n/a	0	0	0	0
13	Energy Audit	n/a	n/a	0	0	0	0
14	Commercial Demand Response (part of the Residential program schedule)	n/a	n/a	0	0	0	0
15	Demand Response 3 (part of the Industrial program schedule)	n/a	n/a	0	0	0	0
Industrial Program							
16	Process & System Upgrades	n/a	n/a	0	0	0	0
17	Monitoring & Targeting	n/a	n/a	0	0	0	0
18	Energy Manager	n/a	n/a	0	0	0	0
19	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	n/a	n/a	0	0	0	0
20	Demand Response 3	n/a	n/a	0	0	0	0
Home Assistance Program							
21	Home Assistance Program	n/a	n/a	0	0	0	0
Pre-2011 Programs completed in 2011							
22	Electricity Retrofit Incentive Program	n/a	n/a	0	0	0	0
23	High Performance New Construction	50%	50%	0	554	0	277
24	Toronto Comprehensive	n/a	n/a	0	0	0	0
25	Multifamily Energy Efficiency Rebates	n/a	n/a	0	0	0	0
26	Data Centre Incentive Program	n/a	n/a	0	0	0	0
27	EnWin Green Suites	n/a	n/a	0	0	0	0

** Includes BOTH adjustments due to Realization Rate and Net-to-Gross Ratio; See "Methodology" tab for more information*

*** Please see "Methodology" tab for information regarding determining LDC-specific savings*

Assumes demand response resources have a persistence of 1 year

Program	Contribution to Targets	
	Program-to-Date: Net Annual Peak Demand Savings (kW) in 2014	Program-to-Date: 2011-2014 Net Cumulative Energy Savings (kWh)
Consumer Program Total	14	302,245
Business Program Total	21	285,493
Industrial Program Total	0	0
Home Assistance Program Total	0	0
Pre-2011 Programs completed in 2011 Total	0	1,108
Total OPA Contracted Province-Wide CDM Programs	**35**	**588846.2**

#	Initiative	Contribution to Targets	
		Program-to-Date: Net Annual Peak Demand Savings (kW) in 2014	Program-to-Date: 2011-2014 Net Cumulative Energy Savings (kWh)
Consumer Program			
1	Appliance Retirement	3	99,350
2	Appliance Exchange	0	1,347
3	HVAC Incentives	9	82,090
4	Conservation Instant Coupon Booklet	1	45,470
5	Bi-Annual Retailer Event	1	73,983
6	Retailer Co-op	0	0
7	Residential Demand Response	0	0
8	Residential New Construction	0	0
Business Program			
9	Efficiency: Equipment Replacement	1	8,928
10	Direct Install Lighting	21	276,565
11	Existing Building Commissioning Incentive	0	0
12	New Construction and Major Renovation Incentive	0	0
13	Energy Audit	0	0
14	Commercial Demand Response (part of the Residential program schedule)	0	0
15	Demand Response 3 (part of the Industrial program schedule)	0	0
Industrial Program			
16	Process & System Upgrades	0	0
17	Monitoring & Targeting	0	0
18	Energy Manager	0	0
19	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	0	0
20	Demand Response 3	0	0
Home Assistance Program			
21	Home Assistance Program	0	0
Pre-2011 Programs completed in 2011			
22	Electricity Retrofit Incentive Program	0	0
23	High Performance New Construction	0	1,108
24	Toronto Comprehensive	0	0
25	Multifamily Energy Efficiency Rebates	0	0
26	Data Centre Incentive Program	0	0
27	EnWin Green Suites	0	0

** Includes BOTH adjustments due to Realization Rate and Net-to-Gross Ratio; See "Methodology" tab for*

*** Please see "Methodology" tab for information regarding determining LDC-specific savings*

Assumes demand response resources have a persistence of 1 year

Progress Towards CDM Targets

Table 6: Net Peak Demand Savings at the End User Level (MW)

Implementation Period	Annual			
	2011	2012	2013	2014
2011 - Verified	0.04	0.04	0.04	0.04
2012				
2013				
2014				0.00
Verified Net Annual Peak Demand Savings Persisting in 2014:				0.04
Wellington North Power Inc. 2014 Annual CDM Capacity Target:				0.93
Verified Portion of Peak Demand Savings Target Achieved in 2014(%):				3.78%
LDC Milestone submitted for 2011				-%
Variance				

Table 7: Net Energy Savings at the End User Level (GWh)

Implementation Period	Annual				Cumulative
	2011	2012	2013	2014	2011-2014
2011 - Verified	0.15	0.15	0.15	0.13	0.59
2012					
2013					
2014					
Verified Net Cumulative Energy Savings 2011-2014:					0.59
Wellington North Power Inc. 2011-2014 Cumulative CDM Energy Target:					4.52
Verified Portion of Cumulative Energy Target Achieved (%):					13.03%
LDC Milestone submitted for 2011					-%
Variance					

Table P1: Province-Wide Participation

#	Initiative	Activity Unit	Uptake/ Participation Units
Consumer Program			
1	Appliance Retirement	Appliances	56,209
2	Appliance Exchange	Appliances	3,688
3	HVAC Incentives	Equipment	111,176
4	Conservation Instant Coupon Booklet	Products[4]	544,778
5	Bi-Annual Retailer Event	Products[5]	870,332
6	Retailer Co-op	Products	152
7	Residential Demand Response	Devices	19,577
8	Residential New Construction	Houses	7
Business Program			
9	Efficiency: Equipment Replacement[1]	Projects	2,918
10	Direct Installed Lighting	Projects	20,325
11	Existing Building Commissioning Incentive	Buildings	-
12	New Construction and Major Renovation Incentive	Buildings	9
13	Energy Audit	Audits	13
14	Commercial Demand Response (part of the Residential program schedule)	Devices	264
15	Demand Response 3 (part of the Industrial program schedule)	Facilities	148
Industrial Program			
16	Process & System Upgrades[2]	Projects	-
17	Monitoring & Targeting[2]	Projects	-
18	Energy Manager[2 3]	Managers	
19	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)[1]	Projects	
20	Demand Response 3	Facilities	134
Home Assistance Program			
21	Home Assistance Program	Homes	46
Pre 2011 Programs Completed in 2011			
22	Electricity Retrofit Incentive Program	Projects	1,471
23	High Performance New Construction	Projects	145
24	Toronto Comprehensive	Projects	548
25	Multifamily Energy Efficiency Rebates	Projects	110
26	Data Centre Incentive Program	Projects	1
27	EnWin Green Suites	Projects	3

[1] *Breakdown by sector to be provided in final results report*

[2] *Results are based on completed incentive projects (see "Methodology" tab for more information)*

[3] *Includes: Roving Energy Managers, Key Account Managers and Embedded Energy Managers*

[4] *196,396 valid coupons redeemed*

[5] *369,446 valid coupons redeemed*

Table P1: Province-Wide Participation

#	Initiative	Activity Unit	Uptake/ Participation Units
Consumer Program			
1	Appliance Retirement	Appliances	56,209
2	Appliance Exchange	Appliances	3,688
3	HVAC Incentives	Equipment	111,176
4	Conservation Instant Coupon Booklet	Products[4]	544,778
5	Bi-Annual Retailer Event	Products[5]	870,332
6	Retailer Co-op	Products	152
7	Residential Demand Response	Devices	19,577
8	Residential New Construction	Houses	7
Business Program			
9	Efficiency: Equipment Replacement[1]	Projects	2,918
10	Direct Installed Lighting	Projects	20,325
11	Existing Building Commissioning Incentive	Buildings	-
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Industrial Program			
16	Process & System Upgrades[2]	Projects	-
17	Monitoring & Targeting[2]	Projects	-
18	Energy Manager[2 3]	Managers	
19	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)[1]	Projects	
20	Demand Response 3	Facilities	134
Home Assistance Program			
21	Home Assistance Program	Homes	46
Pre 2011 Programs Completed in 2011			
22	Electricity Retrofit Incentive Program	Projects	1,471
23	High Performance New Construction	Projects	145
24	Toronto Comprehensive	Projects	548
25	Multifamily Energy Efficiency Rebates	Projects	110
26	Data Centre Incentive Program	Projects	1
27	EnWin Green Suites	Projects	3

[1] *Breakdown by sector to be provided in final results report*

[2] *Results are based on completed incentive projects (see "Methodology" tab for more information)*

[3] *Includes: Roving Energy Managers, Key Account Managers and Embedded Energy Managers*

[4] *196,396 valid coupons redeemed*

[5] *369,446 valid coupons redeemed*

Program	Contribution to Targets	
	Program-to-Date: Net Annual Peak Demand Savings (kW) in 2014	Program-to-Date: 2011-2014 Net Cumulative Energy Savings (kWh)
Consumer Program Total	33,256	530,225,875
Business Program Total	45,168	881,015,070
Industrial Program Total	0	2,978,648
Home Assistance Program Total	0	0
Pre-2011 Programs completed in 2011 Total	31,865	754,825,520
Total OPA Contracted Province-Wide CDM Programs	**110,290**	**2,169,045,114**

#	Initiative	Contribution to Targets	
		Program-to-Date: Net Annual Peak Demand Savings (kW) in 2014	Program-to-Date: 2011-2014 Net Cumulative Energy Savings (kWh)
Consumer Program			
1	Appliance Retirement	3,124	92,084,366
2	Appliance Exchange	114	1,581,664
3	HVAC Incentives	27,039	237,194,969
4	Conservation Instant Coupon Booklet	1,307	82,351,123
5	Bi-Annual Retailer Event	1,672	116,978,841
6	Retailer Co-op	0	10,481
7	Residential Demand Response	0	21,457
8	Residential New Construction	0	2,973
Business Program			
9	Efficiency: Equipment Replacement	28,537	657,312,974
10	Direct Installed Lighting	16,523	221,910,236
11	Existing Building Commissioning Incentive		
12	New Construction and Major Renovation Incentive	108	1,376,346
13	Energy Audit		
14	Commercial Demand Response (part of the Residential program schedule)	0	162
15	Demand Response 3 (part of the Industrial program schedule)	0	415,353
Industrial Program			
16	Process & System Upgrades	0	0
17	Monitoring & Targeting	0	0
18	Energy Manager	0	0
19	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)		
20	Demand Response 3	0	2,978,648
Home Assistance Program			
21	Home Assistance Program		
Pre-2011 Programs completed in 2011			
22	Electricity Retrofit Incentive Program	14,308	352,441,795
23	High Performance New Construction	5,086	104,492,604
24	Toronto Comprehensive	11,289	279,821,143
25	Multifamily Energy Efficiency Rebates	1,180	18,019,205
26	Data Centre Incentive Program	2	50,456
27	EnWin Green Suites	0	317

* Includes BOTH adjustments due to Realization Rate and Net-to-Gross Ratio (weighte

** Please see "Methodology" tab for information regarding determining LDC-specifi

Assumes demand response resources have a persistence of 1 year

Summary - Provincial Progress

2011 Results: Province-Wide Results

Table P3: Province-Wide Net Peak Demand Savings at the End User Level (MW)

Implementation Period	Annual			
	2011	2012	2013	2014
2011	220.4	121.7	121.0	113.6
2012				
2013				
2014				
Verified Net Annual Peak Demand Savings in 2014:				113.6
2014 Annual CDM Capacity Target				1,330
Verified Peak Demand Savings Target Achieved - 2011 (%):				8.54%

Table P4: Province-Wide Net Energy Savings at the End-User Level (GWh)

Implementation Period	Annual				Cumulative
	2011	2012	2013	2014	2011-2014
2011	556.0	552.4	550.4	529.7	2,189
2012					0
2013					0
2014					0
Verified Net Cumulative Energy Savings 2011-2014:					2,189
2011-2014 Cumulative CDM Energy Target:					6,000
Verified Portion of Energy Target Achieved - 2011 (%):					36.48%

57. Reference: VECC IRR #16
Board staff IRR #17
Exhibit 3, Tab 3, Schedule 2, Table 3-30

VECC IR #16 requests an update to WNP's Table 3-30 to include 2011 actuals. Board staff IR #17 requests an explanation of variances in the table. WNP's response requires further clarification.

a. Please explain the changes in the table provided in response to VECC #16 to the table originally filed for the following expense types in 2012:
    - Rent from electric property
    - Miscellaneous service revenues
    - Revenues from non-utility operations
    - Expenses from non-utility operations
b. Please provide an updated Table 3-30 that includes the adjustments as described in part c) of WNP's response to Board staff IRR #16.
c. Please provide an explanation of any remaining year over year variances in the table exceeding +/-10%.

Wellington North Power Inc. - Response:

a) The changes in the Table provided in response to VECC #16, was the result of updating the bridge year with actual 2011 data.

> *VECC's #16 a) Please provide the actual 2011 Other Operating Revenue by the account shown in Table 30-0.*

Table 3-30 and 3-31 were both updated to reflect the actual 2011 information. Because the Specific Service Charge model calculated on averages, by updating with actual 2011 data, it automatically updated Table 3-30 which is linked to Table 3-31. As a result the updated Table 3-30, was then inserted in the response to VECC #16.

The update to Table 3-31 to reflect 2011 actual changed the forecast for 2012 as shown in the Table below:

Specific Service Charges

Rate Code	Description	Standard Amount (Rate) $	Applicable?	2010 Volume	2011 Volume	2012 Volume	Test Year Volume (3 yr. avg.)	Calc. Method (attach. calc. & justification)	Amount for Rate Calculations $
Previously Approved Charges:									
3	Pulling post dated cheques	15.00	N	0	0	0	0	Standard	0.00
5	Request for other billing information	15.00	N	0	0	0	0	Standard	0.00
7	Income tax letter	15.00	N	0	0	0	0	Standard	0.00
8	Notification charge	15.00	Y	1,389	1,736	1,106	1,410	Standard	21,150.00
9	Account history	15.00	Y	5	1	1	2	Standard	30.00
11	Returned cheque charge (plus bank charges)	15.00	Y	71	59	51	60	Standard	900.00
13	Legal letter charge	15.00	Y	82	57	78	72	Standard	1,080.00
14	Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	30.00	Y	693	627	545	622	Standard	18,660.00
15	Special meter reads	30.00	Y	1	1	1	1	Standard	30.00
16	Collection of account charge - no disconnection	30.00	Y	19	36	25	27	Standard	810.00
18	Disconnect/Reconnect at meter - during regular hours	65.00	Y	158	110	112	127	Standard	8,255.00
19	Install/Remove load control device - during regular	65.00	Y	1	1	1	1	Standard	65.00
20	Disconnect/Reconnect at meter - after regular hours	185.00	Y	9	2	1	4	Standard	740.00
22	Disconnect/Reconnect at pole - during regular hours	185.00	Y	3	2	1	2	Standard	370.00
23	Disconnect/Reconnect at pole - after regular hours	415.00	Y	1	1	1	1	Standard	415.00
24	Meter dispute charge plus Measurement Canada fees (if meter found correct)	30.00	Y	1	1	1	1	Standard	30.00
25	Service call - customer-owned equipment	30.00	Y	1	1	1	1	Standard	30.00
26	Service call - after regular hours	165.00	Y	1	1	1	1	Standard	165.00
27	Temporary service install & remove - overhead - no transformer	500.00	Y	1	2	0	1	Standard	500.00
28	Temporary service install & remove - underground - no transformer	300.00	Y	1	1	1	1	Standard	300.00
33	Interval Meter Load Management Tool Charge	50.00	Y	36	36	36	36	Additional	1,800.00
1	Arrears certificate	15.00	Y	1	1	1	1	Standard	15.00
2	Statement of account	15.00	Y	1	1	1	1	Standard	15.00
4	Duplicate invoices for previous billing	15.00	Y	1	1	1	1	Standard	15.00
6	Easement letter	15.00	Y	1	1	1	1	Standard	15.00
10	Credit reference/credit check (plus credit agency costs)	15.00	Y	1	1	1	1	Standard	15.00
12	Charge to certify cheque	15.00	Y	1	1	1	1	Standard	15.00
17	Collection of account charge - no disconnection - after regular hours	165.00	Y	1	1	1	1	Standard	165.00
21	Install/Remove load control device - after regular hours	185.00	Y	1	1	1	1	Standard	185.00
29	Temporary service install & remove - overhead - with transformer	1,000.00	Y	1	1	1	1	Standard	1,000.00
30	Microfit Generation Monthly Service Chg	5.25	Y	8	9	11	9	Standard	273.00
								Total Specific Service Charge Revenue Account #4235	57,043.00
30	Specific Charge for Access to the Power Poles $/pole/year	22.35	Y	1,220	1,220	1,220	1,220	Standard	27,267.00
								Total Electricity Property Rents Account #4210	27,267.00

Therefore, **Rent from electric property** in account 4210 after the 2011 actual update is $27,267 for the 2012 Test Year.

Miscellaneous service revenue in account 4325 after the 2011 actual information was updated is$57,043.

The original filing the amounts in **Revenue from non-utility operations** and **Expenses from non-utility operations** in 2012 didn't include Water / Sewer portion. The updated version of Table 3-0 below has been corrected and is consistent with previous years.

Revisions have been made to **Table 3-30** below. In both the original filing and the response provided in VECC IRR # 16, some of the data in the table was incorrect.

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.
A revised table has been provided in Reference 57 (b).

2011-2012 Revision

As mentioned above the Water / Sewer figures for the Bridge Year and Test Year were inadvertently omitted. This has been corrected in the revised Table 3-0 below, in part (b).

b) As requested, the table below is an updated Table 3-30 that includes the adjustments as described in part c) of WNP's response to Board staff IRR #16:

Summary of Other Distribution Revenue							
Expense Description	**2008 Board Approved**	**2008 Actual**	**Variance from 2008 Board Approved**	**2009 Actual**	**2010 Actual**	**2011 Bridge**	**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	0	0	0	0	0	0
4390-Miscellaneous Non-Operating Income	4,673	9,473	4,800	(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**	**229,467**	**19,852**	**387,372**	**155,813**	**130,239**	**136,201**
4080-Distribution Services Revenue- SSS Admin Fee	21,795	13,438	(8,357)	13,433	13,567	**13,673**	13,792
Total	**231,410**	**242,904**	**11,495**	**400,805**	**169,369**	**143,912**	**149,993**
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	11,259	238,001	35,074	11,262	12,366
Total	**231,410**	**242,904**	**11,495**	**400,805**	**169,369**	**143,912**	**149,993**

c. <u>2009 Revisions:</u>

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.

The overall increase in 2009 Miscellaneous Revenue is the result of an insurance claim for a substation, which was struck with lighting, as well as the sale of used utility equipment. The settlement of the insurance claim and sale of used equipment was allocated to Account 4360 Gain on Disposition of Utility and Other Property in the amount of $192,174.92 and $41,606.71.

4084 – Service Transaction Requests Revenue decreased 24% in 2009. WNP believes the main reason for the decrease in Service Transaction Requests was that many of its customers returned to Standard Service Supply. Many customers didn't resign their contracts with retailers which causes the revenue drop in 2009.

4090 – In 2009, the Electric Services Incidental to Energy Sales amount decreases 41% compared to 2008. Wellington North Power believes an incorrect transaction of $8,297 for Long Term Load Transfer revenue was booked to account 4090 in 2008. The SSS admin fee was $11,897 in 2008. If excluding the Long Term Load Transfer portion, there is only $4 difference when compared to 2008 figures.

4325 – In 2009, other electric revenues amount increases 215%. The majority of the increase was the result of $6,893.22 billed to a local cable company for make ready work for fiber attachment on Wellington North Power poles. The majority of the cable company's infrastructure was installed as underground. However in 2009, the remaining section in Mount Forest was installed as overhead. There was no make-ready work in 2008.

4225 – In 2009 Late Payment Charges increases 13%. Wellington North Power feels that the increase is mainly due to the economic downturn in 2008 and 2009.

4355 – Gain on Disposition of Utility and Other Property increases 1063% in 2009 vs. 2008. The increase was due to a 5,000 kVA transformer owned by Wellington North Power Inc. was struck by lightning and an insurance proceeds was received for $192,174.92. This was an extraordinary event which had not occurred in any prior years. There was also the disposal of used company equipment for $41,606.71 in 2009.

4375 – Revenues from Non-Utility Operations increase 97%. The main reason for this increase is Wellington North Power received a total of $264,256.39 to initiate CDM programs from Ontario Power Authority. The unused portion of $102,030.43 was moved to Balance Sheet. The breakdown for the Conservation and Demand Management amounts are listed below:

- $140,330 - Direct Install Program
- $169 - Summer Savings Program
- $2,612 - Refrigerator Roundup
- $19,115 – ERIP

Account 4375 also includes $98,312 for Water / Sewer billing and collection services provide to municipality. Please see the table below:

	2008	2009	2009 Variance in %	2010	2010 Variance in %	2011	2011 Variance in %
Revenue							
Direct Install	6,754.83	140,330.16	1977%	38,040.16	-73%	(13,094.34)	-134%
Summer Savings	5,943.93	168.60	-97%		-100%		
MEER Funding							
LDC Community Initiative Fund	367.27		-100%			1,155.17	
Refrigerator Round-Up	3,032.37	2,612.05	-14%	2,686.09	3%	269.11	-90%
ERIP	22,865.52	19,115.15	-16%	3,300.79	-83%	6,028.48	83%
SS Customer	450.40		-100%				
Commercial & Institutional						19,132.14	
Industrial						7,068.56	
Residential						13,576.10	
Low - Income						607.31	
Water / Sewer	92,528.68	98,312.81		90,897.89		104,140.33	
Total Revenue	**131,943.00**	**260,538.77**		**134,924.93**		**138,882.86**	

4380 – Expenses from Non-Utility Operations increase 153%. A total of $162,225.96 is spent to fund OPA programs. An unused portion of $102,030 is moved to Balance Sheet. There were more customers who participated in the CDM program in 2009 compared to 2008. The total amount for Water / Sewer expense is $90,740. Please see the table below:

Expense	2008	2009	2009 Variance in %	2010	2010 Variance in %	2011	2011 Variance in %
Direct Install	(6,754.83)	(140,330.16)	1977%	(38,040.16)	-73%	13,094.34	-134%
Summer Savings	(5,943.93)	(168.60)	-97%		-100%		
LDC Community Initiative Fund	(367.27)		-100%			(1,155.17)	
Refrigerator Round-Up	(3,032.37)	(2,612.05)	-14%	(2,686.09)	3%	(269.11)	-90%
ERIP	(22,865.52)	(19,115.15)	-16%	(3,300.79)	-83%	(6,028.48)	83%
SS Customer	(450.40)		-100%				
Commercial & Institutional						(19,132.14)	
Industrial						(7,068.56)	
Residential						(13,576.10)	
Low - Income						(607.31)	
Water / Sewer	(60,581.55)	(90,740.44)		(78,240.22)		(101,789.04)	
Total Expense	**(99,995.87)**	**(252,966.40)**		**(122,267.26)**		**(136,531.57)**	

4390 – In 2009, Misc Non-Operating Income decreases 190%. A total payment of $9,473 was received from a local company for the sale of scrapped inventory.

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%

Details for 2010 :

4084 – In 2010, service transaction requests revenues increase 87%. Retailers were actively promoting their service in the area and more customers choosing to enroll with them. The increased amounts are mainly due to enrolment request, change bill option request and acceptance.

4210 – Rent from Electric Property decreases 12%. The tenant who rented the space was moved to own building in 2010.

4325 – Other Electric Revenues decrease 71%. There was no make-ready work for 2010. Wellington North Power charged $1,042.72 to a local factory for isolation of substation maintenance. A payment of $1,638.11 was charged to a local manufacturing company for isolation of substation maintenance.

4330 – In 2010, costs and expenses of merchandising and jobbing increase 101%. Wellington North Power believes that some of the costs were booked to OM&A accounts instead of the 4330 account in 2009. It causes the major increase in 2010.

4235 – Miscellaneous Service Revenues decrease 10%. Customers on a Payment Arrangement Plan affect timeliness of cash-flow. Inability to apply disconnection charges for customers on a Payment Arrangement Plan. Please see the table below:

	Description	2008	2009	2009 Variance in %	2010	2010 Variance in %	2011	2011 Variance in %
4235	Meter Data Management	2,400.00	2,026.67	-16%	1,800.00	-11%	1,800.00	-
4235	Occupancy Change	19,770.00	20,610.00	4%	20,790.00	1%	18,825.00	(0.09)
4235	NSF Charges	960.00	1,050.00	9%	1,070.00	2%	885.00	(0.17)
4235	Legal Letter Charge	925.00	780.00	-16%	1,230.00	58%	856.95	(0.30)
4235	Reconnection Chg	8,735.00	10,820.00	24%	10,330.00	-5%	7,165.00	(0.31)
4235	Customer History Report	-	-		75.00	100%	15.00	(0.80)
4235	Temporary Service Fee	1,500.00	500.00	-67%	500.00	0%	1,185.00	1.37
4235	Microfit Generation S/C						388.50	1.00
4235	Collection Charge	27,391.04	29,310.00	7%	23,025.00	-21%	14,750.00	(0.36)
	Total	**61,681.04**	**65,096.67**		**58,820.00**		**45,870.45**	

4355 – Gain on Disposition of Utility and Other Property decrease 93%. An insurance claim
proceeds of $16,713 is for MS6 transformer. In 2009, there was an extraordinary event that a 5,000 kVA transformer owned by Wellington North Power Inc. was struck by lightning. An insurance proceeds was received for $192,174.92 in 2009. The event did not occurred in 2010.

4375 – Revenues from Non-Utility Operations decrease 48%. Wellington North Power received a total of $214,223.54 for CDM programs from OPA. A total of $170,197 unused OPA payment portion is moved to Balance Sheet. The breakdowns for used amount are $38,040.16 for Direct Install, $2,686.09 for Refrigerator Round Up and $3,300.79 for ERIP. Water / Sewer portion is $90,898. Please see the table below:

	2008	2009	2009 Variance in %	2010	2010 Variance in %	2011	2011 Variance in %
Revenue							
Direct Install	6,754.83	140,330.16	1977%	38,040.16	-73%	(13,094.34)	-134%
Summer Savings	5,943.93	168.60	-97%		-100%		
MEER Funding							
LDC Community Initiative Fund	367.27		-100%			1,155.17	
Refrigerator Round-Up	3,032.37	2,612.05	-14%	2,686.09	3%	269.11	-90%
ERIP	22,865.52	19,115.15	-16%	3,300.79	-83%	6,028.48	83%
SS Customer	450.40		-100%				
Commercial & Institutional						19,132.14	
Industrial						7,068.56	
Residential						13,576.10	
Low - Income						607.31	
Water / Sewer	92,528.68	98,312.81		90,897.89		104,140.33	
Total Revenue	**131,943.00**	**260,538.77**		**134,924.93**		**138,882.86**	

4380 – Expenses from Non-Utility Operations decrease 52%. In 2010, there were not as many customers who participated in the CDM programs compared to 2009. Also, Wellington North Power was waiting for further instructions about the CDM targets. A total of $44,027.04 was spent to fund OPA programs. An unused portion of $170,197 is moved to Balance Sheet. The total amount for Water / Sewer expense is $78,240. Please see the table below

Expense	2008	2009	2009 Variance in %	2010	2010 Variance in %	2011	2011 Variance in %
Direct Install	(6,754.83)	(140,330.16)	1977%	(38,040.16)	-73%	13,094.34	-134%
Summer Savings	(5,943.93)	(168.60)	-97%		-100%		
LDC Community Initiative Fund	(367.27)		-100%			(1,155.17)	
Refrigerator Round-Up	(3,032.37)	(2,612.05)	-14%	(2,686.09)	3%	(269.11)	-90%
ERIP	(22,865.52)	(19,115.15)	-16%	(3,300.79)	-83%	(6,028.48)	83%
SS Customer	(450.40)		-100%				
Commercial & Institutional						(19,132.14)	
Industrial						(7,068.56)	
Residential						(13,576.10)	
Low - Income						(607.31)	
Water / Sewer	(60,581.55)	(90,740.44)		(78,240.22)		(101,789.04)	
Total Expense	**(99,995.87)**	**(252,966.40)**		**(122,267.26)**		**(136,531.57)**	

4390 – Miscellaneous Non Operating Income decreased by 102%. Only one payment of $150 was received due to the sale of scraped inventory.

Details for 2011:

4082 – Retail Services Revenues decrease 12%. There were 3 new retailers added in 2010 and service agreement charge was $100/retailer. There was no new retailer added in 2011.

4084 – Service Transaction Requests Revenues drop 29%. Retailers' promotions decreased and fewer customers signed contracts with them in 2011. As a result, less enrolment, less change bill option and more drop request and acceptance were received by LDC.

4325 – Other Electric Revenues increase 1328%. WNP billed $30,994.36 to a local cable company for Hydro Pole make-ready to convert their infrastructure from older coax to dark fiber.

4330 – Costs and Expenses of Merchandising and Jobbing increase 2755%. The main reason is due to the total of $25,762.50 was spent for a local cable company project.

4225 – Late Payment Charges increase 25%. Wellington North Power feels that the increase in late payment charges is mainly due to the economic downturn. An increasing number of customers were late in meeting due dates for electricity bills.

4235 – Miscellaneous Service Revenues decrease 22%. Customers on a Payment Arrangement Plan affect timeliness of payments and impact cash-flow. Inability to apply a collection trip charges for customers on a Payment Arrangement Plan. Please see the table below:

	Description	2008	2009	2009 Variance in %	2010	2010 Variance in %	2011	2011 Variance in %
4235	Meter Data Management	2,400.00	2,026.67	-16%	1,800.00	-11%	1,800.00	-
4235	Occupancy Change	19,770.00	20,610.00	4%	20,790.00	1%	18,825.00	(0.09)
4235	NSF Charges	960.00	1,050.00	9%	1,070.00	2%	885.00	(0.17)
4235	Legal Letter Charge	925.00	780.00	-16%	1,230.00	58%	856.95	(0.30)
4235	Reconnection Chg	8,735.00	10,820.00	24%	10,330.00	-5%	7,165.00	(0.31)
4235	Customer History Report	-	-		75.00	100%	15.00	(0.80)
4235	Temporary Service Fee	1,500.00	500.00	-67%	500.00	0%	1,185.00	1.37
4235	Microfit Generation S/C						388.50	1.00
4235	Collection Charge	27,391.04	29,310.00	7%	23,025.00	-21%	14,750.00	(0.36)
	Total	**61,681.04**	**65,096.67**		**58,820.00**		**45,870.45**	

4380 – Expenses from Non-Utility Operations reduce 12%. A total of $34,742.53 was spent to fund OPA programs. The unused portion of $149,907 is moved to Balance Sheet. The delay in the start of the programs impacted the utility's ability to begin customer conservation initiatives before August of 2011. The total amount for Water / Sewer expense is $101,789.

Expense	2008	2009	2009 Variance in %	2010	2010 Variance in %	2011	2011 Variance in %
Direct Install	(6,754.83)	(140,330.16)	1977%	(38,040.16)	-73%	13,094.34	-134%
Summer Savings	(5,943.93)	(168.60)	-97%		-100%		
LDC Community Initiative Fund	(367.27)		-100%			(1,155.17)	
Refrigerator Round-Up	(3,032.37)	(2,612.05)	-14%	(2,686.09)	3%	(269.11)	-90%
ERIP	(22,865.52)	(19,115.15)	-16%	(3,300.79)	-83%	(6,028.48)	83%
SS Customer	(450.40)		-100%				
Commercial & Institutional						(19,132.14)	
Industrial						(7,068.56)	
Residential						(13,576.10)	
Low - Income						(607.31)	
Water / Sewer	(60,581.55)	(90,740.44)		(78,240.22)		(101,789.04)	
Total Expense	**(99,995.87)**	**(252,966.40)**		**(122,267.26)**		**(136,531.57)**	

4390 – Miscellaneous Non-Operating Income increase 487%. In the Table below, the total amount of revenue in 2011 was $880.06 received for the sale of scrapped, as opposed to the sale of scrap in 2010 of $150:

Expense Description	2008 Board Approved	2008 Actual	Variance from 2008 Board Approved	2009 Actual	2010 Actual	2011 Bridge	2012 Test
4390-Miscellaneous Non-Operating Income	4,673	9,473	4,800	(8,569)	150	880	150

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 rage monthly balance. A total of $7,457.41 reflects the interest earned from the bank. 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%

Fixed Asset Continuity Schedules

58. Reference: WNP COS Filing Requirement Ch 2 Appendices June 12, App 2B Smart Meter Model v. 2 June 12

Board staff notes that the opening balance of fixed assets in 2011 exceeds the closing balance in 2010 by $980,342. This variance is related to entries that appear to be smart meter-related.

a. Please confirm that WNP is requesting approval for its smart meter cost for 2012, and that 2011 should be unaffected.
b. Please remove smart meter costs from the 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.

Wellington North Power Inc. - Response:

a) WNP confirms that as part of its 2012 Cost of Service rate application, it is requesting approval for its Smart Meter costs for 2012 and therefore 2011 should be unaffected. The LDC is seeking approval to include Smart Meter costs (Smart Meters, Smart Meter Hardware and Smart Meter Software) in its 2012 rate base.

b) 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).

The table below summarises the 2011 Continuity Schedule where Smart Meter costs have been removed as instructed:

2011 Continuity Schedule (excluding Smart Meters and Smart Meter Hard/Software)

		Cost				Accumulated Depreciation				
OEB Account	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
1860	Meters	$686,882	$25,582	$0	$712,464	$391,516	$25,991	$0	$417,507	$294,957
1920	Computer Equipment - Hardware	$285,555	$29,173	$0	$314,728	$182,613	-$19,868	$0	$162,745	$151,983
1925	Computer Software	$362,308	$244,594	$0	$606,902	$227,045	$71,093	$0	$298,138	$308,765

The table below summarises the 2012 Continuity Schedule where Smart Meter costs have been included in the 2012 Opening Balances as instructed:

2012 Continuity Schedule (including Smart Meters and Smart Meter Hard/Software)

		Cost				Accumulated Depreciation				
OEB Account	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
1860	Meters	$1,342,029	$17,591	$510,744	$848,876	$499,972	$66,964	$309,511	$257,424	$591,452
1920	Computer Equipment - Hardware	$423,680	$28,000	$0	$451,680	$195,161	$37,088	$0	$232,249	$219,431
1925	Computer Software	$869,585	$73,500	$0	$943,085	$404,612	$101,425	$0	$506,037	$437,048

The table below summarises the costs and depreciation solely for Smart Meters and Smart Meter Hard/Software that have been included in 2012 Continuity Schedule. These values reconcile to WNP's Smart Meter model (Version 2.17).

Smart Meters and Smart Meter Hard/Software values that have been included in 2012 Opening Balances:

		Cost				Accumulated Depreciation				
OEB Account	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
1860	Meters	$629,564	$1,200	$0	$630,764	$82,465	$42,011	$0	$124,476	$506,288
1920	Computer Equipment - Hardware	$108,952	$0	$0	$108,952	$32,416	$21,790	$0	$54,206	$54,746
1925	Computer Software	$262,682	$0	$0	$262,682	$106,474	$52,536	$0	$159,011	$103,671

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)

WNP wishes to express the following points regarding Fixed Asset Continuity Schedules and Depreciation Expenses to Board Staff and Intervenors:

- WNP filed its 2012 Cost of Service rate application was filed using MIFRS, as directed by the Board, with the intention of transitioning to Modified IFRS from January 1, 2012;
- Between filing its application, there have been communication updates from the OEB and the Accounting Standards Board (AcSB) regarding the transition to IFRS for regulated entities / utilities. As a result of these updates, WNP has decided to defer its transition to IFRS

- WNP amended its deprecation periods with effect from January 1, 2012 with the LDC adopting the deprecation periods for its assets as illustrated in table 2-15 of Exhibit 2, Tab 3, Schedule 1 of the WNP 2012 Cost of Service rate application.

- In its application, 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.

- WNP would like to confirm that its revenue requirement and revenue deficiency for 2012 Test Year is based upon the following dynamics:
  - Removing 2011 Smart Meter costs and Smart Meter Hard/Software costs from 2011 Continuity Schedules (as per request from Board Staff in Supplemental IR #58);

    This information is contained in the worksheet "App.2-B Fxd Asst Con 2011-CGAAP" of file "WNP_COS_Filing-Reqt_Chp_Appendices_July12" that has been uploaded on the OEB's RESS site.

  - Adjusting the Opening Balances of the 2012 Continuity Schedules to include Smart Meter costs and Smart Meter Hard/Software costs as reflected in WNP's Smart Meter model (version 2.17) that has been filed with the OEB (as per request from Board Staff in Supplemental IR #58)

    This information is contained in the worksheet "App.2-B FA Cont 2012 Kinectric" of file "WNP_COS_Filing-Reqt_Chp_Appendices_July12" that has been uploaded on the OEB's RESS site.

- 2011 Depreciation Expenses are based upon the depreciation rates that were applied in 2010 (as per Energy Probe Supplemental IR #10 b).
  This information is contained in the worksheets "App.2-B Fxd Asst Con 2011-CGAAP" and "App.2-M Depn Exp 2011 Not Kinec" of file "WNP_COS_Filing-Reqt_Chp_Appendices_July12" that has been uploaded on the OEB's RESS site.

- 2012 Depreciation Expense are based upon the depreciation rates that were adopted by WNP in January 2012 (as illustrated in table 2-15 of Exhibit 2, Tab 3, Schedule 1 of the WNP 2012 Cost of Service rate application and as per Energy Probe Supplemental IR #10 b).
  This information is contained in the worksheets "App.2-B FA Cont 2012 Kinectric" and "App.2-M Depn Exp 2012 Kinectric" of file "WNP_COS_Filing-Reqt_Chp_Appendices_July12" that has been uploaded on the OEB's RESS site.

WNP would also like to highlight to Board Staff and Intervenors that for Account 1820 – Distribution Station Equipment in worksheets "App.2-B Fxd Asst Con 2011-CGAAP" and "App.2-M Depn Exp 2011 Not Kinec" of file "WNP_COS_Filing-Reqt_Chp_Appendices_July12" that has been uploaded on the OEB's RESS site, there is a depreciation expense credit value of $144, 722.

As shown in the table on the following page , 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 Finanical 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 worksheets "App.2-B Fxd Asst Con 2011-CGAAP" and "App.2-M Depn Exp 2011 Not Kinec" of file "WNP_COS_Filing-Reqt_Chp_Appendices_July12" below reflects the above 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).

Capital Budget

59. Reference: Board staff IRR #8
Exhibit 2, Tab 5, Schedule 5, Table 2-56

Board staff IR #8 asks for capital expenditures by category both in amounts spent and proportion of total annual spending, using WNP's capital project categories provided in Exhibit 2, Tab 5, Schedule 5. WNP has responded that it is unable to provide the information prior to 2011.

a. Please list the capital budget categories that were in use prior to 2011.
b. How did WNP identify projects in its capital budget that were undertaken in response to customer requests for new or upgraded service prior to 2011?
c. Are there employees at WNP who do have the experience to assess prior years' projects to determine which are customer driven? Using input from other staff, is WNP able to provide a response to part a) of Board staff IR #8 as requested, using current capital budget categories?
d. If WNP is unable to provide the information requested on the basis of the current categories, can this information be provided for 2008 to 2012 using the categories in use prior to 2011? If so, please provide. Please also identify the projects for which a capital contribution was required, and the amount of the capital contribution.

Wellington North Power Inc. - Response:

a. Prior to 2011, WNP used the following ranking system to assist with prioritisation, with a rating of 1 being the highest priority:

Ranking	Criteria
1	Critical projects that require attention that ensure a safe and reliable distribution system
2	Projects that: • Ensure compliance with Codes (i.e. ESA, Health & Safety, Distribution Code, Retail Settlement Code, Standards of Service Code); • Provide safe and secure working conditions for WNP employees; • Enable improvements to provide and maintain a safe, reliable, cost-effective and efficient distribution system; • Are necessary to fulfill customer requirements and expectations
3	Projects that could be executed to take advantage of conditions or opportunities (e.g. opportunities to replace poles along a street if they require replacing (age / condition) and the street is temporarily closed for other repair work)
4	Projects that could be included subject to the LDC's budgets, resources, timing and conditions (i.e. weather)

It should be noted that the above are the opinions of WNP and other parties may have alternative views to those expressed by the LDC.

b. New or upgraded service initiatives were, and still are, raised by the Manager of Operations at the monthly Operations Committee meetings held at WNP. These initiatives are collectively reviewed by the Manager of Operations, the President and CEO and two of Board of Directors, which makes up the Operations Committee.

c. As instructed, WNP has attempted to use the 2011/2012 Capital Budget Categories and applied them to the capital projects that were completed between the years of 2008 to 2011. The tables below summarize the capital amount spent in each year (except 2012 which is a forecast) and a count of the number of categorized projects each year.

It should be noted that this is the opinion of WNP and other parties may have alternative views to those expressed by the LDC.

	Capital Budget Year: 2008		Capital Budget Year: 2009		Capital Budget Year: 2010	
Capital Budget Category	**Actual Spend**	**% of Total**	**Actual Spend**	**% of Total**	**Actual Spend**	**% of Total**
Asset Mgt		0.00%	$275,691	40.96%	$144,469	34.25%
Critical	$154,605	10.77%	$31,603	4.69%	$173,538	41.15%
Customer-Driven	$87,088	6.07%	$87,077	12.94%	$30,909	7.33%
Future Proof System		0.00%	$2,930	0.44%	$3,636	0.86%
Obligation of Code		0.00%	$22,785	3.39%	$178,875	42.41%
Software	$90,429	6.30%	$12,702	1.89%	$24,816	5.88%
System Reliability & Safety	$651,642	45.39%	$200,984	29.86%	$184,394	43.72%
Work Conditions	$451,781	31.47%	$39,351	5.85%	$51,136	12.12%
Reclassification of Smart Meters as per OEB					-$370,023	-87.73%
Total	**$1,435,546**		**$673,123**		**$421,750**	

	Capital Budget Year: 2011		Capital Budget Year: 2012	
Capital Budget Category	**Actual Spend**	**% of Total**	**Forecast**	**% of Total**
Asset Mgt	$35,092	5.88%	$23,891	2.43%
Critical	$45,970	7.70%	$75,348	7.66%
Customer-Driven	-$19,030	-3.19%	$260,028	26.43%
Future Proof System	$717	0.12%	$54,905	5.58%
Obligation of Code	$292,373	48.95%	$91,258	9.28%
Software	$8,800	1.47%	$35,000	3.56%
System Reliability & Safety	$22,006	3.68%	$39,000	3.96%
Work Conditions	$185,602	31.07%	$79,872	8.12%
Reclassification of Smart Meters as per OEB	$25,769	4.31%	$324,500	32.98%
Total	**$597,299**		**$983,803**	

	Count of Capital Budget Categories per Year				
	2008	2009	2010	2011	2012
Asset Mgt		2	1	2	2
Critical	2	11	6	8	2
Customer-Driven	11	9	10	15	2
Future Proof System		1	1	1	2
Obligation of Code		2	6	7	2
Software	2	3	1	1	2
System Reliability & Safety		14	3	2	3
Work Conditions	9	7	10	14	2
Reclassification of Smart Meters as per OEB	7		5	4	6
Total	**31**	**49**	**43**	**54**	**23**

A copy of these above tables and the Capital Projects for each year has been uploaded onto the OEB's RESS site under the following filename:

(Filename: WellingtonNorth_SUppIR_Responses_Appendix_July12)

d. As WNP has responded to part (c), there is no requirement to respond to part (d)

60. Reference: Board staff IRR #11
Exhibit 2, Tab 5, Schedule 6, 2012 capital projects

WNP's response to Board staff IR #11 states that item #2012-008 will extend the 44kV line to connect a proposed new subdivision. Exhibit 2, Tab 5, Schedule 6 describes this project as a new service for an OPP building in Mount Forest.

a. Please clarify the description of project #2012-008.

b. Please provide a description of the project to connect a new subdivision and the proposed capital budget.

c. Does WNP propose to undertake both of these projects in 2012? If so, please update the 2012 capital budget accordingly.

Wellington North Power Inc. - Response:

a. In its application in Exhibit 2, Tab 5, Schedule 6 item #2012-008 was correctly titled Murphy Property with the correct estimated cost of $215,087; however the descriptive text was incorrect. (The text refers to the OPP's forensic building and this relates to a 2011 Capital Project which was described in Exhibit 2, Tab 5 Schedule 5 under project #2011-010. This OPP capital project was completed in 2011 with an estimated cost of $18,619 an actual spend of $21,602 – as per column 'H', worksheet "App.2-A_Cap Projects 2011 IFRS" of the "WellingtonNorth_IRR_COS_Filing_Reqt_Chp2_Appendices_2012_June12" spreadsheet that was uploaded on the RESS site in June 2012 in response to Board Staff IR #9.)

In its application in Exhibit 2, Tab 5, Schedule 6 the text under item #2012-008 Project 2012-008 should have read:

> "This project is scoped to expand Wellington North Power Inc.'s 44kV distribution system to connect a proposed new subdivision (residential/commercial) commonly referred to as the "Murphy property" as well as extend the company's distribution system to its southern-most boundary in Mount Forest for future growth."

b. Project 2012-008 is the first of a portfolio of capital projects planned to extend Wellington North Power Inc.'s distribution system to the southern-most boundary of its licensed service area. The 2012 project would see WNP's 44kV circuit extended south in Mount Forest across the Saugeen River. The 2012 capital budget as proposed for this project is $215,087; however, the portfolio represents a planned expenditure of $1.2 million between 2012 and 2016.

   This project will expand the distribution system to allow Wellington North Power Inc. to service the proposed "Murphy property". It is expected that the developer of the "Murphy property" will provide a capital contribution; however, the amount of this capital contribution cannot be estimated until an initial economic evaluation can be performed. At this time, the developer has not provided Wellington North Power Inc. with subdivision (residential / commercial) drawings or other development plans, necessary inputs in the creation of a system expansion construction estimate. The capital budget of $1.2 million provided for this portfolio has assumed that a capital contribution will be provided by the developer.

c. As per response to part (a) above, the Capital Project referring to the OPP Forensic building was completed in 2011 and is not a 2012 capital project. As per response to Board Staff IR #11, Capital Project #2012-008 is an anticipated capital project to extend the 44kV line to connect to a proposed new subdivision (residential/commercial). At the time of filing its application and to date, the LDC has not yet been provided with subdivision (residential / commercial) drawings or other development plans. Therefore WNP is unable to conduct an initial economic evaluation to assess the value of the contributed capital.

   At time of filing 2012 Cost of Service application, planners at the Township of Wellington North suggested this development would be moving forward in 2012. If this project does not occur in 2012, Wellington North Power Inc. will move other capital projects from future years to 2012.

61. Reference: Board staff IRR #11

Exhibit 2, Tab 5, Schedule 6, 2012 capital projects
Appendix – Sheets H1-H4

WNP's response to Board staff IR #11 states that at the time of filing the application, WNP had been unable to conduct an economic evaluation to assess the value of contributed capital.

a. Please provide WNP's policy related to capital contributions.
b. Under this policy, which 2012 projects would be required to provide capital contributions?
c. Please provide an estimate of capital contributions for 2012.

Wellington North Power Inc. - Response:

a. Wellington North Power Inc. has the following policy statements with respect to capital contributions. The company discusses the need for capital contributions within its "Conditions of Service", which references the Distribution System Code, as well as WNP's Variable Connection Fee Document.

Excerpt from Wellington North Power Inc.'s Conditions of Service – General 1.1.1.:

> Customers may be required to pay Capital Contributions for the addition of new and upgraded electrical services. In some instances an Economic Evaluation as defined in the Distribution System Code (DSC) may be required. Customers installing distributed generation may be required to pay for additions of new or upgraded Distributor electrical plant associated with the connection of the generation and the associated engineering studies.
>
> COS Version 7.0 R1 – 2011 Page- 5

Excerpt from Distribution System Code – Section 3.1.4.:

Distribution System Code

3.1.4 For residential customers, a distributor shall define a basic connection and recover the cost of the basic connection as part of its revenue requirement. The basic connection for each customer shall include, at a minimum:

(a) supply and installation of overhead distribution transformation capacity or an equivalent credit for transformation equipment; and

(b) up to 30 meters of overhead conductor or an equivalent credit for underground services.

Excerpt from Distribution System Code – Section 3.2:

3.2 Expansions

3.2.1 If a distributor must construct new facilities to its main distribution system or increase the capacity of existing distribution system facilities in order to be able to connect a specific customer or group of customers, the distributor shall perform an initial economic evaluation based on estimated costs and forecasted revenues, as described in Appendix B, of the expansion project to determine if the future revenue from the customer(s) will pay for the capital cost and on-going maintenance costs of the expansion project.

Wellington North Power Inc. Variable Connection Fees:

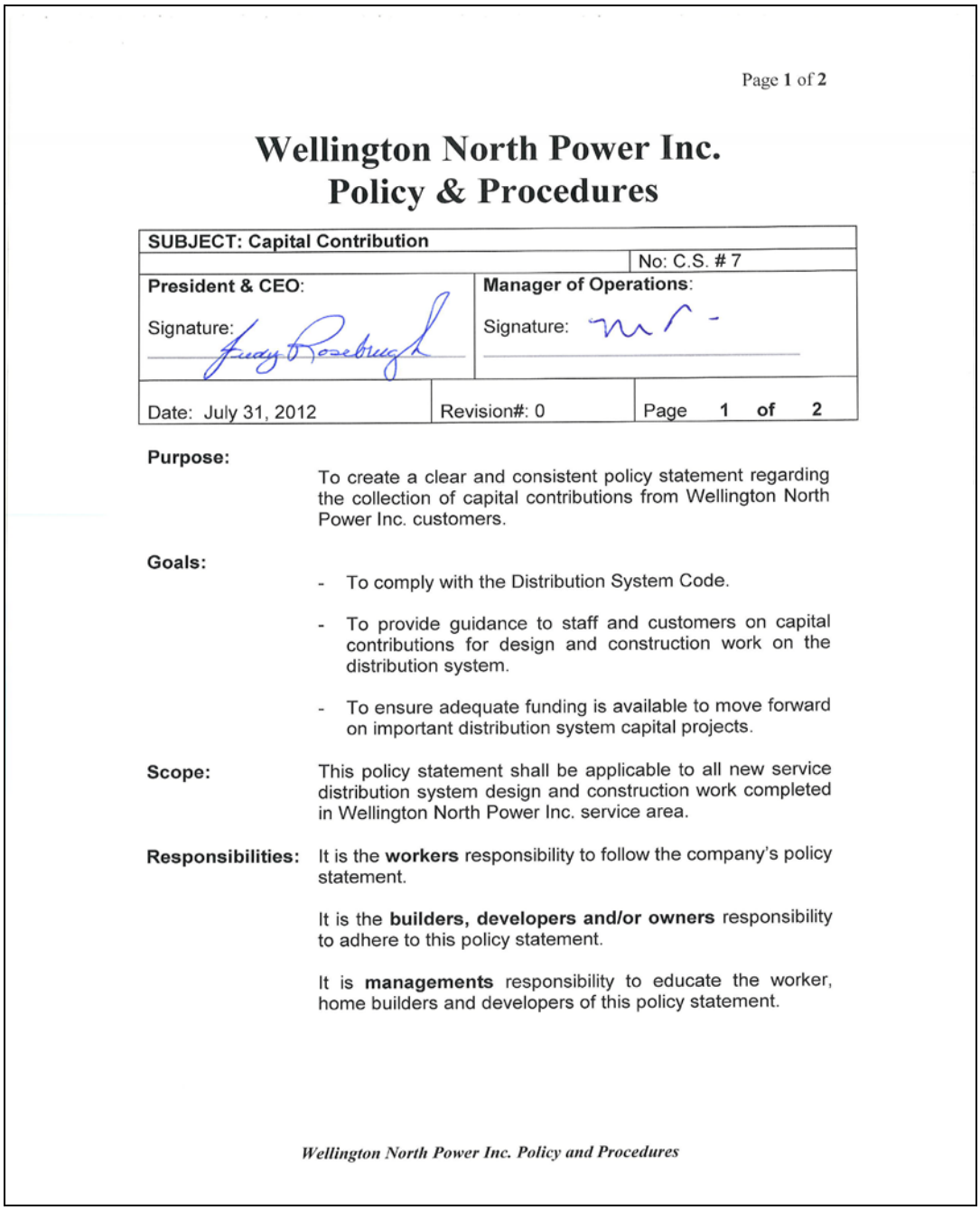
Wellington North Power Inc. - Variable Connection Fees

Basic Connection Allowance for 30m x $17.00 per metre = $510.00

CUSTOMER CLASS			
Residential	Overhead	30m of line x cost per metre = $510.00	No Charge
	Undergound	100% of Cost **"less"** the Basic Connection of $510.00	
	Pole Line	Single Phase/Per Pole	$800.00
	Pole Line	Three Phase/Per Pole	$1,200.00
	Meter	Single Phase	No Charge
General Service 0-500 kW	Overhead	30 m of line x cost per metre = $510.00	No Charge
	Underground	100% of Cost **"less"** the Basic Connection of $510.00	
	Pole Line	Single Phase/Per Pole	$800.00
	Pole Line	Three Phase/Per Pole	$1,200.00
	Meter	Single Phase	No Charge
	Meter	Poly Phase Self Contained/Per Metered Service	$435.00
	Meter	Poly Phase CTs Only/Per Metered Service	$2,201.44
	Meter	Poly Phase CTs & PTs/Per Metered Service	$2,601.54
General Service >500 kW	Transformation	Customer Owned Sub-Station Required	
	Pole Line	100% of the Cost/44 kV Pole Line required	
	Meter	Poly Phase CTs Only/Per Metered Service	$2,201.44
	Meter	Poly Phase CTs & PTs/Per Metered Service	$2,601.54

DEMARCATION POINT		
Residential	Overhead	Distribution company owns to the top of the customer service mast
	Underground	Distribution company owns to the line side of the meter base
General Service 0-500 kW	Overhead	Distribution company owns to the top of the customer service mast
	Underground	Secondary side of the transformer customer bears full cost and
		responsibility for installation and maintenance.
General Service >500 kW		Customer owned sub-station required, including all high voltage
		switchgear.

In addition, Wellington North Power Inc. recognizes the advantage of a clear policy statement with regards to capital contributions and wishes to thank the Board staff for bringing this to WNP's attention. WNP has produced the following policy statement on a go forward basis.



Page 1 of 2

Wellington North Power Inc.
Policy & Procedures

SUBJECT: Capital Contribution		
	No: C.S. # 7	
President & CEO: Signature: Judy Rosebrugh	**Manager of Operations**: Signature:	
Date: July 31, 2012	Revision#: 0	Page 1 of 2

Purpose:

To create a clear and consistent policy statement regarding the collection of capital contributions from Wellington North Power Inc. customers.

Goals:

- To comply with the Distribution System Code.
- To provide guidance to staff and customers on capital contributions for design and construction work on the distribution system.
- To ensure adequate funding is available to move forward on important distribution system capital projects.

Scope: This policy statement shall be applicable to all new service distribution system design and construction work completed in Wellington North Power Inc. service area.

Responsibilities: It is the **workers** responsibility to follow the company's policy statement.

It is the **builders, developers and/or owners** responsibility to adhere to this policy statement.

It is **managements** responsibility to educate the worker, home builders and developers of this policy statement.

Wellington North Power Inc. Policy and Procedures

Policy Statement

1. All distribution system expansions undertaken to connect a specific customer or a group of customers shall undergo the economic evaluation process as described in the Distribution System Code (DSC 3.2.1).

2. At the discretion of management, an expansion deposit (DSC 3.2.20) and/or capital contribution (DSC 3.2.4) may be required

3. For single service connections the builder and/or owner is provided up to 30m of overhead conductor installed including labour, equipment and material by Wellington North Power Inc. as outlined within the Distribution System Code (DSC 3.1.4).

   If an underground service, overhead service greater than 30m or other premium-type service is preferred or necessary, the builder and/or owner is provided equivalent credit towards the installation of 30m of overhead conductor. Any costs required to provide the underground service connection that are over and above the credit given will require a capital contribution from the builder and/or owner.

4. Transformation up to 500KVA is provided by Wellington North Power Inc.

The following table is a listing of the 2012 capital budget projects complete with an indication of where 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

b. To date in 2012, Wellington North Power Inc. has not received any capital contributions. At this time, WNP continue to forecast no capital contributions will be received in 2012.

62. Reference: Board staff IRR #12
Exhibit 2, Tab 5, Schedule 6, 2012 capital projects
VECC IR #1

WNP has retained BM Ross to conduct a feasibility study to improve and increase staff workspace, create an accessible front entrance and enhance the customer service area. BM Ross's proposal is dated March 22, 2012 and the Board of Director's approval for selection of the candidate to conduct the feasibility study is dated April 24, 2012. WNP's capital budget includes $306,000 for renovation projects related to this study. In part c) of Board staff IRR #12, WNP states that it is not proposing to complete the renovations in one year and that further expenditures are projected for 2013. In response to VECC IR #1, WNP states that the forecast is subject to the recommendations of engineers and architects, as well as approval of WNP's rate application request.

a. What is the status of BM Ross' feasibility study? Specifically, has WNP received the final report as described in page 3 of the BM Ross proposal?

b. Please provide an update of the cost, timing and scope of renovations proposed. Does WNP still propose to undertake projects 2012-012, -013 and -014 as proposed in its evidence in 2012?

c. What further renovations and expenses are proposed in 2013, as stated in the response to VECC IR #1?

Wellington North Power Inc. - Response:

a. The BM Ross feasibility study is on-going with a final report expected in October 2012. The final report has not been received.

b. A detailed cost, timing and scope for the renovation project is pending the final report from BM Ross. The preliminary assessment from BM Ross suggests the renovation project budget may exceed the amount proposed in the forecast capital budget, however, until a final report is received from BM Ross this cannot be confirmed. It is estimated that design work for a renovation or new build project will be scheduled for 2013 with construction activities occurring in 2014.

Projects 2012-012, -013 and -014 will not be fully completed in 2012 although capital spending on the renovation projects will occur. This will include the cost of the

renovation feasibility study, the cost to repair water damaged roof and any items identified in the 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.

c. The table below summarizes the amounts that Wellington North Power Inc. has spent on building renovations between the years of 2008 and 2011, together with the forecast for 2012 Test Year and 2013:

Year	Amount Spent	Forecast
2008	$9,170	
2009	$3,495	
2010	$15,085	
2011	$13,668	
2012		$322,000
	$41,418	**$322,000**
2013		$70,000

It is important to note that Wellington North Power Inc. owns and maintains four buildings; three buildings at the main site in Mount Forest and one building in Arthur.

It should be noted that the proposed forecast for the 2012 Test Year and 2013 is:

- A forecast view;
- Subject to recommendations contained within BM Ross' final report.
- Subject to approval of WNP's rate application request in order to finance some / all of the required renovations capital spend in conjunction with debt from a bank or other financial institution.

The table below illustrates the items that WNP has spent between 2008 and 2011 on building renovations, together with forecasted amounts for the years of 2012 and 2013:

Year	Description	Amount Spent
2008	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.	$9,170
2009	Lighting Retrofit in middle-office and back-office of main building	$2,930
2009	Security System Upgrade - installation of upgrade site alarm	$565
2010	Office Storage Space	$2,125
2010	Repairs to Shop Roof (Arthur Shop)	$12,960
2011	Building Upgrades - replacing drywall, installing receptacles, repairing floor	$10,268
2011	Barrier Free Drawings - building drawings to assess access to/from building	$3,400
Year	**Description**	**Forecast Spend**
2012	Shop addition - Add 2 bays to the existing building to allow conversion of the west-side shop for office space	$200,000
2012	Building Renovations - Accessibility (Front Entrance), Close in Stairway to Operations, Washroom Alterations and Flooring for Health & Safety of Employees	$40,000
2012	Garland Canada (Watertight) - Roof Replacement - replace roof as leaking	$66,000
2012	Installation of Security Cameras - Front counter, Rear Entrance, Yard for security and safety	$4,000
2012	West Shed Insulation, heating and new garage doors to be able to use for trucks and storage	$12,000
2013	Office re-structure required and storage of maintenance vehicles - increase office space and covert one bay in garage for two offices	$70,000

Operating Costs

63. Reference: Board staff IRR #19
Employee Working Agreements 2008-10 and 2011-13

WNP has provided detail of its compensation expense from 2008-2012 in terms of number of employees, total compensation, average compensation and rate of change year over year. WNP has also provided its employee agreements applicable to this period, outlining employment conditions and compensation rates. Board staff notes that increases mandated for all staff were 4% in 2009 and 3% for each year thereafter. Board staff also notes considerable variability in average compensation rates, particularly in the management and non union categories.

a. Please provide a detailed variance explanation for average compensation changes between years for management and non union staff.

Wellington North Power Inc. - Response:

a. In its interrogatory response to Board Staff IR #19 Wellington North Power Inc. used the employee description of Executive, Management and "Non-Union". A more accurate description of WNPI's workforce would be Board of Directors, Management and "Non-Management" positions. Wellington North Power is a non-unionized company.

Compensation variance for 2008 - 2009

	Number of Employees 2008	Total Compensation 2008	Number of Employees 2009	Total Compensation 2009	% Change 2008 vs 2009
Board of Directors	5.0	$32,900.00	5.0	$32,812.00	-0.3%
Managment	3.0	$257,790.57	3.0	$267,533.06	3.8%
Non-management	7.5	$321,947.55	7.5	$358,461.84	11.3%

As requested, the table above compares the number of employees and the total compensation variance for Management and Non-Management staff.

The number of company employees in 2008 and 2009 remained unchanged. The total compensation variance between 2008 and 2009 for Management was 3.8%. The increase is related to salary negotiations, between the employees and the Organization and Personnel Committee, which is made up of two members of the Board of Directors and the CEO. Once an agreeable settlement has been reached, the Committee submits a recommendation to the Board of Directors for approval. Both Managment and Non-Management employees negotiate, wage and benefit increases. In 2009 there was no change in employee benefits.

For Non-Management employees, the increase in compensation costs was 11.3%. There was a 4% increase in wages for Non-Management staff to bring them to a rate comparable to neighbouring LDCs. If Wellington North Power does not remain compatible in the wages it pays to employees, they leave to work for other utilities. In addition the company implement a new NorthStar CIS system in 2009. Throughout the training, installation and conversion process, two full-time Customer Service employees worked with the CIS vendor, during regular business hours to input customer data and test the system, including parallel billing with the old system and the new one, ensuring calcualtions for customer accounts were the same. The process took two months to complete. During the conversion period, after regular business hours, overtime was required to complete their regular daily duties, to ensure the customer care, and billing were kept current. Wellington North Power's part-time employee also worked, throughout this time period, to ensure customer service was maintained.

Compensation variance 2009 - 2010

	Number of Employees 2009	Total Compensation 2009	Number of Employees 2010	Total Compensation 2010	% Change 2009 vs 2010
Board of Directors	5.0	$32,812.00	5.0	$33,983.82	3.57%
Managment	3.0	$267,533.06	3.7	$320,291.17	19.72%
Non-management	7.5	$358,461.84	7.5	$349,400.83	-2.53%

The table above compares the number of employees and the total compensation variance for Management and Non-Management staff.

In 2010 the compensation of Management as 19.72%. There was a 3% increase in wages and Wellington North Power creating an additional operations management position for an Engineering Technican to assist the Manager of Operations, with distribution system connections, GIS mapping, Asset Manaagment and project layouts and drawings. In the absence of the Manager of Operations, this employee would also be responsible for supervising the line crew. The employee started in the position May 31, 2010. As a result the number of Management employees in 2010, was increase by .6 percent to reflect the last seven months of the year.

In December, of 2010 the Regulatory/Finance employee resigned because of workload. At the time the company was trying to hire a certified finance person to reduce the workload and overtime for the regulatory/finance position. However, the employee had another job offer and chose to resign, effective the third week of January 2011. A replacement finance person was hired in December of 2010 and had some initial training provided by the departing employee. The additional employee for the month of December, resulted in the Management employee count was increase by 0.1 percent.

The Non-Management compensation variance between the years of 2009 and 2010 was -2.53%. The number of employees remain the same in 2010 as in 2009. Although there was a wage increase of 3%, the reduction in compensation was attributed to not having the CIS system implementation, training and testing, which also reduce the hours of the part-time employee for 2010.

Compensation variance 2010 - 2011

	Number of Employees 2010	Total Compensation 2010	Number of Employees 2011	Total Compensation 2011	% Change 2010 vs 2011
Board of Directors	5.0	$33,983.82	4.5	$29,848.26	-12.17%
Managment	3.7	$320,291.17	5.0	$452,414.36	41.25%
Non-management	7.5	$349,400.83	8.5	$476,045.66	36.24%

The table above compares the number of employees and the total compensation variance for Management and Non-Management staff between 2010 and 2011.

The increase in Management compensation for 2011 versus 2010 was 41.25%. This was the result of hiring a CA for the finance position in December of 2010 and a Regulatory Compliance Analyst in February of 2011. The retiremement of the Operations Manager after thirty-five years of service and the hiring of a new Manager of Operations. There was a three month overlap between the retirement of the Opeations Manager and the starting of the new Manager of Operation, in order to familarizing the new manager with the distribution system and organization and to initiate knowledge transfer. Further expense was incurred as a result of the overtime for the Regulatory Compliance Analyst in preparing the 2012 Cost of Service Rate Application. There was addition cost for the Financial Analyst, in preparing and setting up the new financial system, required for the transition to the International Financial Reporting Standards. The conversion to Great Plains required re-mapping and formating the general ledger accounts, setting up a CGAAP chart of accounts and an IFRS chart of accounts.

The Non-Management variance in compensation for 2011 versus 2010 was 36.25%. The number of employees increased from 7.5 to 8.5. Wellington North Power hired an additional staff member to focus on the MDM/R implementation, testing, and cut-over to production. Additional overtime was required for training and implementation of the MDM/R module, within Wellington North Power's CIS system. All of the metering and billing business processes had to be revised and tested in the sandbox environment, before the company could certify readiness, to cut-over to the MDM/R production system at the IESO.

Once cut-over was acheived, after regular business hours, customer service began testing Time of Use rates with customer usage in the CIS test environment. This required shadow billing, which has the test system producing bills using meter data hourly consumption with Time-of-Use rates and the live system producing regular RPP bills using previous meter readings and current meter readings. The two bills are then compared to ensure the consumption for the time period is the same, but the Time of Use buckets are at the correct rate for the Off-Peak, On-Peak and Mid-Peak time bands.

The increase in costs for 2011 over 2010 can also be seen as a result of the Finance Assistant training on the new financial system and completing all of the data input and testing to ensure everything was reconciled with the old system, after regular business hours. There were a number of related modules to be tested, during the conversion, including inventory, job cost, asset module and payroll. All of these modules required reports to be configured to ensure our data transfer from one system to another was seamless.

64. Reference: Board staff IRR #20
Market Salary Report September 2008

The referenced report calculates 3% increases for each year on top of the adjustment to bring WNP to market rates.

a. How was the 3% increase determined?

b. Did WNP instruct Barcon Consulting to apply a 3% increase to the adjusted rates?

c. The 2008 market salary report recommends a review of on call procedures prior to making any adjustments to rates. Adjustments to these rates appear to have been made in the subsequent report. Did WNP conduct this review? If not, who did? What changes were made to on call procedures as a result?

Wellington North Power Inc. - Response:

a. The 3% increased was determined after a negotiation process with staff and the Organization and Personnel Committee, which consists of two, Board of Directors, the CEO and employee representatives. The employees investigate the wage increases and / or settlements reached by neighbouring LDCs and their employees.

   Once a reasonable settlement is reached with the employees, the Committee takes a recommendation to the Board of Directors for approval. In order to attract and maintain qualified employees, Wellington North Power feels it must ensure it is paying workers at competitive rate.

b. At the end of the Employee Working Agreement period, which could be one, two or three years, Barcon Consulting reviews the document, to ensure current labour laws are complained with. The consultant does not suggest the rate increases, but instead is supplied with the resolution and final decision of the Board of Directors. The Employee Working Agreement is then updated to reflect the negotiated settlement and signed by the employees.

c. Wellington North Power did conduct a review of the on-call procedures, as recommended in the Barcon Consulting September 2, 2008 Report to the Board of Directors. (**Page 2 of the Report last paragraph**)

The change in procedures, are set out below in the Board of Director's resolution and approval, dated November 29, 2008:

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: November 29, 2008

Resolution: # 2008-1129-

Moved by:

Seconded by: Wayne Lytle

Be it Resolved

THAT the Board of Directors for Wellington North Power Inc., having made a decision effective November 25, 2008 to amend a section of the Employee Working Agreement January 1, 2008-December 31, 2010.

The changes affect Section 4 of the Employee Working Agreement regarding the On-Call procedure and remuneration for the Operations Department.

- Going forward the Manager of Operations, will not be entitled to standby or overtime pay. However as the supervisor of operations, in the event of an emergency, he will be available at all hours of the day or night.
- Effective immediately, one line person for Wellington North Power will be on-call weekly, in a rotation.
- An increase from $146 to $184.66 per week when the lineman is on standby will be implemented November 26th. In the future, the standby rate will be adjusted by the same percentage as approved by the Board of Directors in the Employee Working Agreement.

Chairman

Cost of Capital

65. Reference: Board staff IRR #24
WNP IR responses Appendix, Sheet I2

The continuity table provided for the Twp of Wellington North loan does not include 2012 payments.

a. Please provide a revised continuity table for the Twp of Wellington North loan that includes 2012 payments.

Wellington North Power Inc. - Response:

a. As requested, WNP has updated the continuity table for the Township of Wellington North loan to include 2012 payments made to date.

   A copy of the data has been uploaded on to the OEB's RESS site with the file name below:
   (Filename: WellingtonNorth_SuppIR_Responses_Appendix_July12)

Smart Meter Cost Recovery

66. Reference: Board staff IRR #28
Exhibit 10, Tab 1, Schedule 3, Table 10-6

WNP's response to Board staff IR #28 indicates that it installed smart meters in 2007 and 2008 for new construction connections and meters requiring reverification.

a. Were the meters installed in 2007 and 2008 the same meter types as those installed following the approved procurement process?
b. Were any of these meters subsequently replaced to be consistent with the meter types installed in WNP's smart meter program from August 2008 onward?
c. If these meters were replaced, are they included in the stranded meter account? If so, what is the net book value of these meters?

Wellington North Power Inc. - Response:

a. The meters installed by Wellington North Power in 2007 and 2008 were Elster meters. As a result of the Fairness Commissioner, approving the company's move to its second vendor Elster, during the approved procurement process the meters are the same.

b. No the meters were not replaced, as WNP's AMI system is Elster.

c. No the meters from 2007 and 2008 were not replaced, nor are they included in the stranded meter account.

67. Reference: Board staff IRR #37

Board staff IR #37 indicates that the Board has determined that it is preferable to calculate SMFA revenues based on actual revenues collected from each rate class. WNP's response indicates that it has the information but that it is not readily available at the time of responding to this question.

a. Please recalculate the SMDA to reflect actual SMFA revenues billed by rate class.

Wellington North Power Inc. - Response:

a. The table below summarises the annual actual revenues collected using the Smart Meter Rate Adder for each rate class:

Year	Residential	General Service <50kW	General Service 50 - 999 kW	General Service 1000 - 4999 kW	Annual Total	Annual Total as per Filed Smart Meter Model (v2.17)	Variance
2006	$13,005.05	$1,983.46	$195.16	$17.92	$15,201.59	$15,208.87	$7.28
2007	$14,995.81	$2,271.00	$218.56	$23.28	$17,508.65	$17,508.64	-$0.01
2008	$19,878.49	$3,050.30	$297.56	$21.36	$23,247.71	$23,247.69	-$0.02
2009	$39,291.56	$6,049.31	$595.40	$57.69	$45,993.96	$45,993.81	-$0.15
2010	$36,948.38	$5,764.00	$503.00	$60.00	$43,275.38	$43,275.38	$0.00
2011	$69,847.87	$10,758.32	$911.00	$112.50	$81,629.69	$81,629.69	$0.00
2012	$38,985.01	$5,845.00	$487.55	$62.50	$45,380.06	$45,380.06	$0.00
Total	**$232,952.17**	**$35,721.39**	**$3,208.23**	**$355.25**	**$272,237.04**	**$272,244.14**	**$7.10**

When comparing the table above to the Smart Meter model (v2.17) that was filed by the WNP in its' application, there is a variance of $7.10 (i.e. the figures collated from the LDC's billing statistics, by rate class, is $7.10 lower than the General Ledger Journal Entry revenues. The General Ledger Journal Entry amounts were inputted into the Smart Meter model).

The table below illustrates how WNP has recalculated the Smart Meter Disposition Rider. This method applies the Board's preference of calculating the SMFA revenues per class on the basis of the revenues collected from the separate classes, with General Service 50 – 999 kW and General Service 1000 – 4999 kW revenues being divided evenly between the Residential and General Service <50 kW classes:

		Residential	General Service <50kW	Other Classes	Total
a	Total Revenue Collected	($232,952.17)	($35,721.39)	($3,563.48)	
b	Allocation of Other Classes' Revenue	($1,781.74)	($1,781.74)		
c	Allocation of variance	($3.55)	($3.55)		
d	**Total Revenue Allocated**	**($234,737.46)**	**($37,506.68)**		**($272,244.14)**
e	Ratios	86.22%	13.78%		
		Residential	**General Service <50kW**	**Interest**	**Total**
f	Interest	($7,822.23)	($1,249.85)	($9,072.08)	
g	**Total Smart Meter Rate Adder Revenues**	**($242,559.69)**	**($38,756.53)**		**($281,316.22)**
h	Carrying Charges	$4,050.60	$647.21		$4,697.82

The steps taken in creating the above table are:

a. "Total Revenue Collected" is the revenue collected from the Smart Meter Rate Adder derived from the billing statistics as illustrated in the table on the previous page. "Other classes" is aggregation of General Service 50 – 999 kW and General Service 1000 – 4999 kW revenues;
b. "Allocation of Other Classes' Revenue" is the allocation of the "Other Classes" evenly divided between Residential and General Service <50kW;
c. "Allocation of Variance" – as mentioned on the previous page, there is a variance of $7.10 between billing statistics and General Ledger Journal Entry values. This $7.10 variance has been included so that the Total Revenue collected reconciled to the Smart Meter Model (version 2.17 – worksheet 8. Funding_Adder_Revs). This amount has been evenly allocated to both rate classes;
d. "Total Revenue" is the summation of the values of a + b + c.
The total of $272,244.14 reconciles to the value shown in cell K109 of the Smart Meter Model (version 2.17 – worksheet 8. Funding_Adder_Revs);
e. "Ratios" is the percentage of each class's Smart Meter Revenue when compared to the Total Smart Metter Revenue of $272,244.14;

f. "Interest" – as per the Smart Meter Model (version 2.17) worksheet 8. Funding_Adder_Revs, cell M109, the total Interest is $9,072.08.
WNP has used the ratios (explained above in e) to allocate the Interest between the two rate classes;

g. "Total Smart Meter Rate Adder Revenues" is the addition of:
(d) Total Revenue Allocated + (f) Interest

h. "Carrying Charges" has been taken from the Smart Meter Model (version 2.17) – worksheet 9. SMFA_SMDR_SMIRR, cells G32:Q32. This is the Interest on Deferral and Forecasted OM&A and Amortization Expense.
WNP has used the ratios (explained above in e) to allocate the Carrying charges across both rate classes.

Using the above steps, the table below shows the updated values of Smart Meter Rate Adder Revenues between the two classes (shaded cells represent the updated values):

Smart Meter Actual Cost Recovery Rate Rider - Smart Meter Disposition Rider (SMDR) Calculated by Rate Class			
Allocators	**Total**	**Residential**	**GS < 50kW**
Smart Meter Unit Cost		$224.18	$735.94
Smart Meter Cost	$1,067,966	$708,459	$359,508
Allocation of Smart Meter Costs	100.00%	66.3%	33.7%
Number of meters installed	3,649	3,160	489
Allocation of Number of meters installed	100.00%	86.6%	13.4%
Total Return (Deemed Interest plus Return on Equity)	$ 118,163	$ 78,386	$ 39,777
Amortization	$ 221,355	$ 146,841	$ 74,514
OM&A	$ 87,888	$ 76,122	$ 11,767
Total Before PILs	$ 427,407	$ 301,349	$ 126,058
PILs	($4,764)	($3,359)	($1,405)
Total Revenue Requirement 2006 to 2011	$ 422,642	$ 297,990	$ 124,653
	100%	70.5%	29.5%
Smart Meter Rate Adder Revenues	($281,316)	**($242,560)**	**($38,757)**
Carrying Charge	$ 4,698	**$4,051**	**$647**
Smart Meter True-up:	**$146,024**	**$59,480**	**$86,544**
Metered Customers	3,649	3,160	489
	Total	**Residential**	**GS < 50kW**
Recovery Period in Months	**48**	**48**	**48**
Rate Rider to Recover Smart Meter Costs	$0.83	**$0.3921**	**$3.6908**

The effect of applying this approach compared to (i) WNP's Cost of Service Application and (ii) subsequent revisions during Interrogatories in June 2012 are shown in the table below:

Smart Meter Disposition Rider by Class per metered customer			
	WNP's COS Application *(Table 10-12 - Ex10, Tab3, Sch1)*	Amendments made as directed under IR in June 2012	Recalculation as per BdStaff Supplemental IR #6
Residential	$0.87	$0.68	$0.39
General Service <50kW	$2.37	$1.84	$3.69

Note: As per WNP's Cost of Service Application, the LDC is seeking recovery over four years.

The bill impact of applying the revised Smart Meter Disposition Rider for the Residential rate class is shown below and reduces the overall bill impact from 17.06% to 16.79%:

Wellington North Power Inc.
Bill Impacts - Residential

◉ Application of New Loss Factor to all applicable items ○ Application of new Loss Factor to Del

Consumption 800 kWh

		Charge Unit	Current Board-Approved Rate ($)	Current Board-Approved Volume	Current Board-Approved Charge ($)	Proposed Rate ($)	Proposed Volume	Proposed Charge ($)	Impact $ Change	Impact % Change
1	Monthly Service Charge		$ 13.8800	1	$ 13.88	$ 18.7700	1	$ 18.77	$ 4.89	35.23%
2	Smart Meter Rate Adder		$ 2.5000	1	$ 2.50	$ 0.3921	1	$ 0.39	-$ 2.11	-84.32%
3	Service Charge Rate Adder(s)			1	$ -		1	$ -	$ -	
4	Service Charge Rate Rider(s)		$ 0.1500	1	$ 0.15	$ -	1	$ -	-$ 0.15	-100.00%
5	Distribution Volumetric Rate		$ 0.0139	800	$ 11.12	$ 0.0188	800	$ 15.04	$ 3.92	35.25%
6	Low Voltage Rate Adder		$ 0.0016	800	$ 1.28	$ 0.0018	800	$ 1.42	$ 0.14	10.88%
7	Volumetric Rate Adder(s)			800	$ -		800	$ -	$ -	
8	Volumetric Rate Rider(s)			800	$ -		800	$ -	$ -	
9	Smart Meter Disposition Rider			800	$ -		800	$ -	$ -	
10	LRAM & SSM Rate Rider		$ 0.0004	800	$ 0.32	$ -	800	$ -	-$ 0.32	-100.00%
11	Deferral/Variance Account Disposition Rate Rider		-$ 0.0058	800	-$ 4.64	-$ 0.0081	800	-$ 6.51	-$ 1.87	40.26%
12	Stranded Meter Rate Rider				$ -	$ 1.1490	1	$ 1.15	$ 1.15	
13					$ -			$ -	$ -	
14	Mitigation Rider				$ -		800	$ -	$ -	
15					$ -			$ -	$ -	
16	**Sub-Total A - Distribution**				**$ 24.61**			**$ 30.26**	**$ 5.65**	**22.97%**
17	RTSR - Network		$ 0.0053	855.886	$ 4.54	$ 0.0054	857.361	$ 4.66	$ 0.12	2.69%
18	RTSR - Line and Transformation Connection		$ 0.0037	855.886	$ 3.17	$ 0.0038	857.361	$ 3.25	$ 0.08	2.63%
19	**Sub-Total B - Delivery (including Sub-Total A)**				**$ 32.31**			**$ 38.17**	**$ 5.86**	**18.13%**
20	Wholesale Market Service Charge (WMSC)		$ 0.0052	855.886	$ 4.45	$ 0.0052	857.361	$ 4.46	$ 0.01	0.17%
21	Rural and Remote Rate Protection (RRRP)		$ 0.0013	855.886	$ 1.11	$ 0.0011	857.361	$ 0.94	-$ 0.17	-15.24%
22	Special Purpose Charge			855.886	$ -		857.361	$ -	$ -	
23	Standard Supply Service Charge		$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
24	Debt Retirement Charge (DRC)		$ 0.0070	800	$ 5.60	$ 0.0070	800	$ 5.60	$ -	0.00%
25	Energy		$ 0.0684	855.886	$ 58.53	$ 0.0807	857.361	$ 69.18	$ 10.65	18.21%
26	Smart Metering Charge (IESO)	monthly			$ -	$ 0.8100	1	$ 0.81	$ 0.81	
27					$ -			$ -	$ -	
28	**Total Bill (before Taxes)**				**$ 102.25**			**$ 119.41**	**$ 17.16**	**16.78%**
29	HST		13%		$ 13.29	13%		$ 15.52	$ 2.23	16.78%
30	**Total Bill (including Sub-total B)**				**$ 115.54**			**$ 134.94**	**$ 19.40**	**16.79%**
31	**Ontario Clean Energy Benefit (OCEB)**		-10%		**-$ 11.55**	-10%		**-$ 13.49**	**-$ 1.94**	**16.80%**
32	**Total Bill (including OCEB)**				**$ 103.99**			**$ 121.45**	**$ 17.46**	**16.79%**
33	**Loss Factor (%)**	Note 1	6.99%			7.17%				

The bill impact of applying the revised Smart Meter Disposition Rider for the General Service <50kW rate class is shown below and increases the overall bill impact from 11.18% to 11.89%:

Wellington North Power Inc.
Bill Impacts - General Service < 50 kW

○ Application of New Loss Factor to all applicable items ○ Application of new Loss Factor to Deliver

Consumption 2000 kWh

		Charge Unit	Current Board-Approved Rate ($)	Volume	Charge ($)	Proposed Rate ($)	Volume	Charge ($)	Impact $ Change	Impact % Change
1	Monthly Service Charge		$ 27.8800	1	$ 27.88	$ 38.1100	1	$ 38.11	$ 10.23	36.69%
2	Smart Meter Rate Adder		$ 2.5000	1	$ 2.50	$ 3.6908	1	$ 3.69	$ 1.19	47.63%
3	Service Charge Rate Adder(s)			1	$ -		1	$ -	$ -	
4	Service Charge Rate Rider(s)		$ 0.3300	1	$ 0.33	$ -	1	$ -	-$ 0.33	-100.00%
5	Distribution Volumetric Rate		$ 0.0120	2000	$ 24.00	$ 0.0164	2000	$ 32.80	$ 8.80	36.67%
6	Low Voltage Rate Adder		$ 0.0015	2000	$ 3.00	$ 0.0015	2000	$ 2.97	-$ 0.03	-0.91%
7	Volumetric Rate Adder(s)			2000	$ -		2000	$ -	$ -	
8	Volumetric Rate Rider(s)			2000	$ -		2000	$ -	$ -	
9	Smart Meter Disposition Rider			2000	$ -		2000	$ -	$ -	
10	LRAM & SSM Rider		$ 0.0022	2000	$ 4.40	$ -	2000	$ -	-$ 4.40	-100.00%
11	Deferral/Variance Account Disposition Rate Rider		-$ 0.0042	2000	-$ 8.40	-$ 0.0085	2000	-$ 17.01	-$ 8.61	102.54%
12	Stranded Meter Rate Rider				$ -	$ 1.1490	1	$ 1.15	$ 1.15	
13					$ -			$ -	$ -	
14					$ -			$ -	$ -	
15					$ -			$ -	$ -	
16	**Sub-Total A - Distribution**				**$ 53.71**			**$ 61.71**	**$ 8.00**	**14.89%**
17	RTSR - Network		$ 0.0049	2139.72	$ 10.48	$ 0.0050	2143.4	$ 10.77	$ 0.28	2.69%
18	RTSR - Line and Transformation Connection		$ 0.0031	2139.72	$ 6.63	$ 0.0032	2143.4	$ 6.81	$ 0.17	2.63%
19	**Sub-Total B - Delivery (including Sub-Total A)**				**$ 70.83**			**$ 79.28**	**$ 8.46**	**11.94%**
20	Wholesale Market Service Charge (WMSC)		$ 0.0052	2139.72	$ 11.13	$ 0.0052	2143.4	$ 11.15	$ 0.02	0.17%
21	Rural and Remote Rate Protection (RRRP)		$ 0.0013	2139.72	$ 2.78	$ 0.0011	2143.4	$ 2.36	-$ 0.42	-15.24%
22	Special Purpose Charge			2139.72	$ -		2143.4	$ -	$ -	
23	Standard Supply Service Charge		$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
24	Debt Retirement Charge (DRC)		$ 0.0070	2000	$ 14.00	$ 0.0070	2000	$ 14.00	$ -	0.00%
25	Energy		$ 0.0684	750	$ 51.29	$ 0.0807	750	$ 60.52	$ 9.23	18.00%
26			$ 0.0790	1389.72	$ 109.79	$ 0.0880	1393.4	$ 122.62	$ 12.83	11.69%
27	Smart Metering Charge (IESO)	monthly			$ -	$ 0.8100	1	$ 0.81	$ 0.81	
28	**Total Bill (before Taxes)**				**$ 260.06**			**$ 290.98**	**$ 30.93**	**11.89%**
29	HST		13%		$ 33.81	13%		$ 37.83	$ 4.02	11.89%
30	**Total Bill (including Sub-total B)**				**$ 293.87**			**$ 328.81**	**$ 34.94**	**11.89%**
31	**Ontario Clean Energy Benefit (OCEB)**		-10%		**-$ 29.39**	-10%		**-$ 32.88**	**-$ 3.49**	**11.87%**
32	**Total Bill (including OCEB)**				**$ 264.48**			**$ 295.93**	**$ 31.45**	**11.89%**
33	**Loss Factor**	(1)	6.99%			7.17%				

WNP has provided a copy of the data in the above tables data in an excel spreadsheet. This has been uploaded on to the OEB's RESS site with the file name below:
(Filename: WellingtonNorth_SuppIR_Responses_Appendix_July12)

GEA Plan

68. Reference: Board staff IRR 41
Board staff IRR 42

a. Are the activities associated with the connection of renewable generation contained in WNP's current 8-year capital plan strictly driven by works related to WNP's distribution system?
b. Keeping in mind the Framework for Determining Direct Benefits, would you characterize the activities associated with the connection of renewable generation as strictly benefitting WNP's ratepayers?
c. Please provide an explanation for the above determination.
d. If warranted, please complete the answer to Board staff IRR 41(e).

Wellington North Power Inc. - Response:

a. Activities associated with the connection of renewable generation are not explicitly contained within WNP's current 8-year plan as these GEA activities are driven by works related to WNP's distribution system asset management program.

The projects contained in the 8-year capital plan include activities such as increasing system capacity by installing conductor with greater current carrying capacity as conductor assets are replaced. The new conductor with its increased current carrying capacity is beneficial for WNP's customers who want to connect renewable generation; however, it also satisfies the company's objective of replacing aged assets with standardized material built to modern-day construction standards.

b. Within the Framework for Determining Direct Benefits the GEA related work contained within the 8-year capital plan would qualify as "renewable enabling improvements". These costs are the distributor responsibility and these improvements are just a normal consideration when designing projects at Wellington North Power Inc.

These system improvements benefit WNP's ratepayer by increasing system safety and reliability installing standardized material built to modern-day construction standards, as well, reducing overall line loss experienced on WNP's system. The last benefit to come from renewable enabling improvements is that these activities facilitate future green-energy, generation project investment within WNP's service area. This has an overall positive impact on the local green economy.

c. These projects have been identified as "renewable enabling improvements" because the main objective in project execution is to improve safety and reliability by replacing aged assets in a proactive manner. A side-benefit these projects also improve the distribution system's current carrying capacity, which would enable renewable generation to connect more readily.

Wellington North Power Inc. considers the upgrading required to support future connection of renewable generation when creating its capital plan. These improvements, however, are "renewable enabling improvements" and achieved through the normal course of asset replacement at Wellington North Power Inc.

As stated above, these system improvements benefit WNP's ratepayer by increasing system safety and reliability installing standardized material built to modern-day construction standards, as well, reducing overall line loss experienced on WNP's system. The last benefit to come from renewable enabling improvements is that these activities facilitate future green-energy, generation project investment within WNP's service area. This has an overall positive impact on the local green economy.

d. Activities associated with the connection of renewable generation are not explicitly contained within WNP's current 8-year plan as these GEA activities are driven by works related to WNP's distribution system asset management program.

However, if a large-scale FIT generation project was planned for Wellington North Power Inc.'s service area a connection impact assessment would be completed which would identify specific connection costs, expansion costs and renewable enabling improvements that would be required prior to connection of the generation project. As no large-scale FIT generation project has completed a connect impact assessment study at present the OMA and capital costs related to such a project cannot be estimated.

69. Reference: Board staff IRR 42d)

a. Are the expenditures in the reference included in the 8-year capital plan?
b. If yes, do the improvements/ works exclusively benefit WNP's ratepayers?
c. If not, would WNP be adopting the 6%-94% provincial benefit ratios outlined in the Framework for Determining Direct Benefits?
d. Please quantify the rate impact of the activities contained in the table in the reference.

Wellington North Power Inc. - Response:

a. Yes, the 8-year capital plan includes the forecast expenditures detailed in Board staff IRR 42d). These expenditures would be included as part of the budget for Projects 2012-009, 2013-007, 2014-006, 2015-008, 2016-007, and 2017-006, respectively.

b. Yes, the work detailed in Board staff IRR 42d) represent an exclusive benefit to WNP's ratepayer as the execution of these projects result in a local source of clean, green, energy.

   These system improvements benefit WNP's ratepayer by increasing system safety and reliability installing standardized material built to modern-day construction standards, as well, reducing overall line loss experienced on WNP's system. The last benefit to come from renewable enabling improvements is that these activities facilitate future green-energy, generation project investment within WNP's service area. This has an overall positive impact on the local green economy.

c. As these expenditures are included in the 8-year capital plan no response is provided here. WNP has 13 MicroFIT generators connected to its distribution system and does not currently intend to adopt a provincial benefit ratio. However, if a large scale FIT project in planned in the future, a CIA will be carried out and the company would make use of the provincial benefits ratios outlined in the Framework for Determination of Direct Benefits.

d. The rate impact of renewable enabling improvement (REI) activities was considered within the cost of service application previously submitted by Wellington North Power Inc. These costs were previously forecast within the capital budgets as presented within the original submission. These costs would be within projects referenced 2012-009, 2013-007, 2014-006, 2015-008, 2016-007, and 2017-006.

Below, Wellington North Power Inc. has quantified the rate impact of these REI activities. This has been done by dividing the annual forecasted spend by the number of the customers the company currently services (forecasted customer numbers were used for 2013, 2014, 2015). As shown below, the annual rate impact of these MicroFIT projects is minimal.

Forecast 2012 MicroFIT Project Capital Rate Impact

MicroFIT Projects				
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-MIM6FD9	MS5 – F2	2012	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-M9HPMKW	MS3 – F4	2012	MicroFIT Project: Upgrade Service Cable	$600.00
Total Capital Expenditure (2012)				$2,400.00

Wellington North Power Inc.	
Forecast Annual Rate Impact - MicroFIT-related Capital Work	
2012	
Forecast MicroFIT-related Capital Work	$2,400.00
Number of Customers	3,694
Annual Rate Impact Per Customer	$0.65

Forecast 2013 MicroFIT Project Capital Rate Impact

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-MWDXQP8	MS2 – F1	2013	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MJ8C86W	MS3 – F1	2013	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MURCUVC	MS1 – F1	2013	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-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-MB8THFI	MS2 – F3	2013	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MNHV8PY	MS6 – F2	2013	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MH4W39	MS2 – F3	2013	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MHWVF39	MS 5 – F3	2013	MicroFIT Project: Upgrade Service Cable	$600.00
Total Capital Expenditure (2013)				$8,400.00

Wellington North Power Inc.	
Forecast Annual Rate Impact - MicroFIT-related Capital Work	
2013	
Forecast MicroFIT-related Capital Work	$8,400.00
Number of Customers	3,706
Annual Rate Impact Per Customer	$2.27

Forecast 2014 MicroFIT Project Capital Rate Impact

MicroFIT Projects				
FIT-MKFIRMB	Biogas	2014	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MYMP8H4	Biogas	2014	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-M88EIJ4	Biogas	2014	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-M3FU4AK	MS3 – F4	2014	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
Total Capital Expenditure (2014)				$4,200.00

Wellington North Power Inc.	
Forecast Annual Rate Impact - MicroFIT-related Capital Work	
2014	
Forecast MicroFIT-related Capital Work	$4,200.00
Number of Customers	3,718
Annual Rate Impact Per Customer	$1.13

Forecast 2015 MicroFIT Project Capital Rate Impact

MicroFIT Projects				
FIT-MK3HCJN	MS3 – F3	?	MicroFIT Project: Upgrade Service Cable	$600.00
FIT-MJATMWG	MS3 – F4	?	MicroFIT Project: Upgrade Service Cable	$600.00
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
Total Capital Expenditure (2015)				$3,000.00

Wellington North Power Inc.	
Forecast Annual Rate Impact - MicroFIT-related Capital Work	
2015	
Forecast MicroFIT-related Capital Work	$3,000.00
Number of Customers	3,730
Annual Rate Impact Per Customer	$0.80

Forecast 2012 FIT Project Capital Rate Impact

Wellington North Power Inc.	
Forecast Annual Rate Impact - MicroFIT-related Capital Work	
2012	
Forecast FIT-related Capital Work	$20,000.00
Number of Customers	3,694
Annual Rate Impact Per Customer	$5.41

The FIT project, when executed, will have a $5.41, one-time, annual rate impact, however, as detailed within the Distribution System Code the distributor is to contribute to expansion costs up to the renewable energy generation facility's renewable energy expansion cost cap.

With regards the FIT project detailed within the table provided in Wellington North Power Inc.'s response to Board staff IRR 42 d) a connection impact assessment is pending which would in detail identify connection costs, expansion costs and REI costs necessary to connect this large-scale generation project.

Connection costs would be the responsibility of the proposed generator. Expansion costs would be responsibility of Wellington North Power Inc. up to $90,000/MW of installed renewable generation as per the renewable energy generation facility's renewable energy expansion cost cap (DSC 3.25A). Any expansion costs over and above the renewable energy generation facility's renewable energy expansion cap would be the responsibility of the proposed generator. REI costs would be the responsibility of Wellington North Power Inc.

The provided forecast for the FIT project detailed within Wellington North Power Inc. response to Board staff IRR 42 d) is for the required REI activities as projected at this time. This estimate is subject to the findings of a connection impact assessment.

70. Reference: Board staff IRR 43a), 43b)

WNP's answer to Board Staff IR 43(a) and 43(b) suggest that the implementation of the GEA plan will result in additional labour requirements, and OM&A expenditures.

a. Please provide a forecast figure for: labour, operations and maintenance, and administrative expenses for the 2012 test year.

Wellington North Power Inc. - Response:

a. Wellington North Power Inc. would estimate that the annual OMA costs associated with the GEA connections are $12,072, using the calculations illustrated below:.

Wellington North Power Inc.			
Estimate of GEA OMA Cost			
2012 Test Year			
	# of hour per month	Wages per hour	Sub-total
Management	2	$ 88.00	$ 176.00
Technician	2	$ 65.00	$ 130.00
Material	1	$ 10.00	$ 10.00
Equipment	2	$ 65.00	$ 130.00
Collections Analyst	4	$ 65.00	$ 260.00
Collections Clerk	6	$ 50.00	$ 300.00
		Monthly Estimate	$ 1,006.00
		Annual Estimate	**$ 12,072.00**
Notes:			
1. 15 MicroFIT accounts were assumed, currently Wellington North Power Inc. has 13 connected.			
2. $120 annual allowance provided for material including meter replacement.			

Labour:

Wellington North Power Inc. would estimate that the annual OMA costs associated with the GEA connections are $10,392:

Wellington North Power Inc.			
Estimate of GEA Labour Cost			
2012 Test Year			
	# of hour per month	Wages per hour	Sub-total
Management	2	$ 88.00	$ 176.00
Technician	2	$ 65.00	$ 130.00
Collections Analyst	4	$ 65.00	$ 260.00
Collections Clerk	6	$ 50.00	$ 300.00
		Monthly Labour	$ 866.00
		Annual Estimate	**$ 10,392.00**
Notes:			
1. 15 MicroFIT accounts were assumed, currently Wellington North Power Inc. has 13 connected.			

Operations:

Wellington North Power Inc. would estimate that the annual operations costs associated with the GEA connections are $1,560:

Wellington North Power Inc.			
Estimate of GEA Operations Cost			
2012 Test Year			
	# of hour per month	Wages per hour	Sub-total
Technician	1	$ 65.00	$ 65.00
Equipment	1	$ 65.00	$ 65.00
		Monthly Estimate	$ 130.00
		Annual Estimate	**$ 1,560.00**
Notes:			
1. 15 MicroFIT accounts were assumed, currently Wellington North Power Inc. has 13 connected.			

Maintenance:

Wellington North Power Inc. would estimate that the annual maintenance costs associated with the GEA connections are $1,680:

Wellington North Power Inc.			
Estimate of GEA Maintenance Cost			
2012 Test Year			
	# of hour per month	Wages per hour	Sub-total
Technician	1	$ 65.00	$ 65.00
Material	1	$ 10.00	$ 10.00
Equipment	1	$ 65.00	$ 65.00
		Monthly Estimate	$ 140.00
		Annual Estimate	**$ 1,680.00**
Notes:			
1. 15 MicroFIT accounts were assumed, currently Wellington North Power Inc. has 13 connected.			
2. $120 annual allowance provided for material including meter replacement.			

Administration:

Wellington North Power Inc. would estimate that the annual administration costs associated with the GEA connections are $8,832:

Wellington North Power Inc.			
Estimate of GEA Administration Cost			
2012 Test Year			
	# of hour per month	Wages per hour	Sub-total
Management	2	$ 88.00	$ 176.00
Collections Analyst	4	$ 65.00	$ 260.00
Collections Clerk	6	$ 50.00	$ 300.00
		Monthly Estimate	$ 736.00
		Annual Estimate	**$ 8,832.00**
Notes:			
1. 15 MicroFIT accounts were assumed, currently Wellington North Power Inc. has 13 connected.			

71. Reference: Board staff IRR 43(c)

WNP indicates in part that it "reserves the right to pursue a Green Energy Act rate-rider under a 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".

a. Notwithstanding that the rate rider application may come later, please explain why WNP would prefer not to record expenditures associated with the connection of renewable generation in the earmarked deferral accounts?
b. To avoid double counting at a later stage, please outline how is WNP planning to separate the GEA plan costs from the overall costs contained within its 8-year capital plan.
c. Please complete the response to Board staff IRR 43 (c).

Wellington North Power Inc. - Response:

a. Wellington North Power Inc. is currently tracking costs associated with the connection of renewable generation in work-in-progress accounts that will be allocated at year-end. At this time, the deferral accounts will be utilized. Any non-incremental costs are allocated to WNP's OMA accounts. Incremental costs are allocated to the deferral accounts.

b. Wellington North Power Inc. does not plan on pursuing capital costs associated with its normal asset replacement activities that support the GEA plan through a GEA rate-rider. These construction activities would be consider renewable enabling improvements.

   However, if a large-scale FIT generation project was planned for Wellington North Power Inc.'s service area a connection impact assessment would be completed which would identify specific connection costs, expansion costs and renewable enabling improvements that would be required prior to connection of the generation project. At this time, Wellington North Power Inc. may seek to recover GEA plan costs under separate application if a large renewable generation project was executed within WNP's service area.

c. Wellington North Power Inc. will use the deferral accounts as outlined in the Distribution System Plan Filing Requirements to record OM&A and capital expenses related to renewable generation and Smart Grid costs.

72. Reference: Board staff IRR 43(d)

WNP states in part that it "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".

a. Please complete the response to 43(d), include cost recovery for expansions and REI works and indicate whether recovery will be from WNP's or provincial ratepayers, and the percentage.
b. Please indicate the accounting mechanism planned for cost recovery as per the accounting provisions in the *DSP Filing Requirements*.

Wellington North Power Inc. - Response:

a. Wellington North Power cost recovery for renewable enabling improvements intends to recover the cost of this design and construction work from WNP's ratepayers. Expansion and connection costs would be handled as per the Distribution System Code.

   If a large-size generation project was planned for Wellington North Power Inc.'s service area a connection impact assessment would be completed which would identify specific connection costs, expansion costs and renewable enabling improvements that would be required prior to connection of the generation project. At that time the company would be able to determine if there are costs to be recovered from provincial ratepayers.

b. Wellington North Power Inc. has filed a Basic GEA Plan with the Ontario Power Authority. (A copy of this Basic GEA Plan was included in the LDC's application in Exhibit 2, Tab 9, Schedule 1.) The company will also use the OM&A deferral accounts outlined in the DSP Filing Requirements including Account 1531 (Renewable Generation Connection Capital Deferral Account) and Account 1532 (Renewable Generation Connection OM&A Deferral Account). The recovery of these costs would be from WNP's ratepayer.

Deferral and Variance Accounts

73. Reference: Board staff IRR 50
VECC IRR #26
EP IRR #35d)
Exhibit 9, Schedule 5, Table 9-6, page 777
Exhibit 9, Schedule 5, Table 9-7, page 782

WNP confirmed in Board staff IR #50 that it is seeking disposition of the costs related to IFRS in this application. In addition, WNP has chosen to take the deferral of implementation to IFRS to January 1, 2013. WNP also stated that any further incremental costs incurred by WNP to date in preparation to transition to IFRS will be captured into a sub account of 1508. These costs will be included in a future rate application for proposed recovery.

Furthermore, in its response to VECC IR #26 and EP IR #35, WNP stated that WNP anticipates to incur further IFRS transition costs (e.g. consultancy and training expenses, IS system and training costs) when the LDC does migrate from CGAAP to IFRS.

a. Given WNP's responses above, please update all related evidence including Table 9-6 and Table 9-7.

Wellington North Power Inc. - Response:

a. The company anticipates spending approximately $15,000 in further costs related to the transition to IFRS on January 1, 2013. The cost is for staff training and expenses. In 2010 and 2011 Wellington North Power trained two different employees in the International Financial Reporting Standards. However, both of these employees have ended their relationship with the company. As a result of these terminations, other employees will need to have IFRS training.

Given that WNP has decided to take deferral of implementation to IFRS until January 1, 2013, the LDC has re-considered the used of sub-account 1508 for any further incremental costs incurred. WNP wishes to advise Board Staff and Intervenors that for this anticipated training and expenses of $15,000 will be expensed and will not be allocated to sub-account 1508, and therefore there is no action to further update evidence of Tables 9-6 and 9-7.

74. Reference: Board staff IRR 51 a) and c)
Exhibit 9, Schedule 5, Table 9-6, page 777
Exhibit 9, Schedule 5, Table 9-7, page 782
Chapter 2, *Filing Requirements for Transmission and Distribution Applications, June 22, 2011*, s. 2.12.1 and 2.12.2
Updated 2012 EDDVAR Continuity Schedule, June 12
EP IRR #18 (updated Table 3-26)

WNP stated that Account 1592, sub account HST/OVAT ITC has a balance as at April 30, 2012 of $5,248. After applying the 50% return calculation, WNP arrives at the total value of the credit ($2,624) to customers, which it considers minimal.

a. Please update all related evidence including Table 9-6 for Account 1592, sub account HST/OVAT ITC, the updated DVA Continuity Schedule Work Form and Table 9 -7.
b. In its response to Board staff IR #51c), WNP's intention to continue using Account 1592, sub account HST/OVAT ITC differs from Board's 2012 COS Filing Requirements, S.2.12.2 as follows:

No more amounts should be recorded in Account 1592 (PILs and Tax Variances, Sub-account HST/OVAT ITCs for the Test Year and going forward, as the impact of the HST and associated ITCs on capital and operating costs in the Test Year should be reflected in the applied-for revenue requirement.

Please confirm that WNP will follow the Board filing requirements for Account 1592, PILs and Tax Variances, Sub-account HST/OVAT ITCs and stop using Account 1592, sub account HST/OVAT ITC for the test year and moving forward.

Wellington North Power Inc. - Response:

a. Wellington North Power Inc. wishes to advise Board Staff that in its response provided to Board Staff IR #51a, the balance reported is incorrect. The table below shows the correct balance and the amount that WNP is requesting disposition for which considers the 50% return disposal calculation being applied:

Balance:	Principle	Interest
31-Dec-10	($7,161.36)	($11.61)
31-Dec-11		($237.90)
30-Apr-12		($149.53)
Amount to be Refunded to Customers:	**Principle**	**Interest**
50% of Principle + Interest as at 31-Dec-10	($3,580.68)	($5.81)
50% of Interest as at 31-Dec-11		($118.95)
50% of Interest earned between 1-Jan-12 and 30-Apr-12 *[Calculation: ($399.04 less $249.51) x 50%]*		($74.77)
Total Amount to Request for Disposition	**($3,580.68)**	**($199.52)**

As instructed, WNP has updated the OEB's 2012 EDDVAR model to reflect the balances in Account 1592, sub account HST/OVAT ITC, to reflect a total disposition of -$3,780.20.

Note: in the EDDVAR model:

- Cell BV70 shows a value of -$3,657 which is understating the value as calculated by WNP in the above table (i.e. according to WNP's calculations as per table above, the total to refund to customers is -$3,580.68 + -$199.52 = -$3,780.20). (The model understates the Projected Interest for 2011 (cell BT70) and understates Projected Interest for Jan-Apr 2012 (cell BU70) – these cells are protected and cannot be amended.)
- Cell BV83 reconciles to WNP's calculations as per the table above.

Wellington North Power has uploaded an updated copy of the OEB's 21012 EDDVAR model on the RESS site:

(Filename: WNP_2012_EDDVAR_Cont_schedule_CoS_July12)

As requested, WNP has now included Account 1592, sub account HST/OVAT ITC, in Group 2 Accounts that the LDC is requesting disposition. This is illustrated in the table below, with the 50% return calculation being applied to Account 1592. The table below supersedes Table 9-6 in WNP's application in Exhibit 9, Schedule 5.

Account Description		Account Number	Principal Amounts as of Dec-31 2010	Recoveries in 2011	Interest to Dec 31-10	Interest Jan-1 to Dec 31-11	Interest Jan 1-11 to Apr 30-12	Total Claim
RSVA - Wholesale Market Service Charge		1580	$ (135,016)		$ (597)	$ (1,985)	$ (662)	$ (138,259)
						$ -	$ -	$ -
RSVA - Retail Transmission Network Charge		1584	$ 40,517		$ 135	$ 596	$ 199	$ 41,446
RSVA - Retail Transmission Connection Char		1586	$ (357,615)		$ (5,236)	$ (5,257)	$ (1,752)	$ (369,860)
RSVA - Power - (excluding GA)		1588	$ (405,043)		$ (25,923)	$ (5,954)	$ (1,985)	$ (438,904)
RSVA - Power - Global Adjustment		1588	$ 451,628		$ 23,998	$ 6,639	$ 2,213	$ 484,478
	Sub-Totals		$ (405,528)		$ (7,622)	$ (5,961)	$ (1,987)	$ (421,098)
Other Regulatory Assets		1508	$ 13,739		$ 109	$ 202	$ 67	$ 14,118
Retail Cost Variance Account - Retail		1518	$ 160,781		$ 3,744	$ 2,363	$ 788	$ 167,676
Retail Cost Variance Account - STR		1548	$ 5,374		$ (91)	$ 79	$ 26	$ 5,388
Deferred PILs (as per submission)		1562	$ 4,406		$ 3,778	$ 65	$ 22	$ 8,270
Special Purpose Variance		1521	$ 14,118	$ (15,521)	$ 133	$ 27	$ (2)	$ (1,245)
Low Voltage		1550	$ (126,645)		$ (2,786)	$ (1,862)	$ (621)	$ (131,913)
Misc. Deferred Debits		1525	$ 275		$ (275)	$ 4	$ 1	$ 5
Disposition of 2008 Reg Balances		1595	$ (7,836)		$ 3,894	$ (115)	$ (38)	$ (4,096)
HST/OVAT ITC		1592	$ (3,581)		$ (6)	$ (119)	$ (75)	$ (3,780)
	Sub-Totals		$ 60,632	$ (15,521)	$ 8,498	$ 644	$ 169	$ 54,423
	Totals per column		**$ (344,896)**	**$ (15,521)**	**$ 876**	**$ (5,317)**	**$ (1,818)**	**$ (366,676)**

The table below supersedes Table 9-7 in WNP's application in Exhibit 9, Schedule 8 and includes Account 1592:

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	$ 1,914	$ 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	$ 1,121	$ 324	$ 9	$ 1	$ 8,270
1521	$ (1,245)	Dx Revenue	$ (637)	$ (215)	$ (174)	$ (169)	$ (49)	$ (1)	$ (0)	$ (1,245)
1592	$ (3,780)	# of Customers	$ (3,216)	$ (497)	$ (41)	$ (4)	$ (3)	$ (17)	$ (1)	$ (3,780)
Subtotal - Non RSVA, Variable	$ 190,432		$ 154,849	$ 25,921	$ 4,794	$ 3,067	$ 965	$ 789	$ 47	$ 190,432
Total to be Recovered	$ (366,676)		$ (89,782)	$ (80,306)	$ (72,487)	$ (123,415)	$ (1,386)	$ 693	$ 8	$ (366,676)
Balance to be collected or refunded (Excl GA & Smart Meters)	$ (851,153)		$ (117,706)	$ (91,354)	$ (212,983)	$ (422,632)	$ (6,946)	$ 464	$ 3	$ (851,153)
Number of years for Variable	2									
Balance to be collected or refunded per year, Variable	$ (425,577)		$ (58,853)	$ (45,677)	$ (106,492)	$ (211,316)	$ (3,473)	$ 232	$ 1	$ (425,577)

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)		$ (0.0024)	$ (0.0043)	$ (2.1122)	$ (2.4745)	$ (1.8045)	$ 2.8859	$ 0.0004	
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	$ 484,478
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	$ 242,239

An updated copy of WNP's EDDVAR Continuity Schedule and WNP's proposed Deferral / Variance Account Riders have been uploaded onto the RESS site

(Filename: WNP_2012_EDDVAR_Cont_schedule_CoS_July12)

(Filename: WNP_Deferral and Variance Acc Riders_July12)

The bill impact of amending the disposal balance for Account 1592, sub account HST/OVAT ITC and including this in Group 1 and Group 2 Deferral and Variance Accounts disposals, over a two-year period would be:

- Residential = reducing from 17.06% to 17.01%
- General Service <50 kW = reducing from 11.18% to 11.16%

The bill impacts are shown below:

Residential Bill Impact:

Wellington North Power Inc.
Bill Impacts - Residential

◉ Application of New Loss Factor to all applicable items ○ Application of new Loss Factor to Del

Consumption 800 kWh

		Charge Unit	Current Board-Approved Rate ($)	Volume	Charge ($)	Proposed Rate ($)	Volume	Charge ($)	Impact $ Change	Impact % Change
1	Monthly Service Charge		$ 13.8800	1	$ 13.88	$ 18.7700	1	$ 18.77	$ 4.89	35.23%
2	Smart Meter Rate Adder		$ 2.5000	1	$ 2.50	$ 0.6787	1	$ 0.68	-$ 1.82	-72.85%
3	Service Charge Rate Adder(s)			1	$ -		1	$ -	$ -	
4	Service Charge Rate Rider(s)		$ 0.1500	1	$ 0.15	$ -	1	$ -	-$ 0.15	-100.00%
5	Distribution Volumetric Rate		$ 0.0139	800	$ 11.12	$ 0.0188	800	$ 15.04	$ 3.92	35.25%
6	Low Voltage Rate Adder		$ 0.0016	800	$ 1.28	$ 0.0018	800	$ 1.42	$ 0.14	10.88%
7	Volumetric Rate Adder(s)			800	$ -		800	$ -	$ -	
8	Volumetric Rate Rider(s)			800	$ -		800	$ -	$ -	
9	Smart Meter Disposition Rider			800	$ -		800	$ -	$ -	
10	LRAM & SSM Rate Rider		$ 0.0004	800	$ 0.32	$ -	800	$ -	-$ 0.32	-100.00%
11	Deferral/Variance Account Disposition Rate Rider		-$ 0.0058	800	-$ 4.64	-$ 0.0082	800	-$ 6.56	-$ 1.92	41.39%
12	Stranded Meter Rate Rider				$ -	$ 1.1490	1	$ 1.15	$ 1.15	
13					$ -			$ -	$ -	
14	Mitigation Rider				$ -		800	$ -	$ -	
15					$ -			$ -	$ -	
16	**Sub-Total A - Distribution**				**$ 24.61**			**$ 30.50**	**$ 5.89**	**23.92%**
17	RTSR - Network		$ 0.0053	855.886	$ 4.54	$ 0.0054	857.361	$ 4.66	$ 0.12	2.69%
18	RTSR - Line and Transformation Connection		$ 0.0037	855.886	$ 3.17	$ 0.0038	857.361	$ 3.25	$ 0.08	2.63%
19	**Sub-Total B - Delivery (including Sub-Total A)**				**$ 32.31**			**$ 38.40**	**$ 6.09**	**18.85%**
20	Wholesale Market Service Charge (WMSC)		$ 0.0052	855.886	$ 4.45	$ 0.0052	857.361	$ 4.46	$ 0.01	0.17%
21	Rural and Remote Rate Protection (RRRP)		$ 0.0013	855.886	$ 1.11	$ 0.0011	857.361	$ 0.94	-$ 0.17	-15.24%
22	Special Purpose Charge			855.886	$ -		857.361	$ -	$ -	
23	Standard Supply Service Charge		$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
24	Debt Retirement Charge (DRC)		$ 0.0070	800	$ 5.60	$ 0.0070	800	$ 5.60	$ -	0.00%
25	Energy		$ 0.0684	855.886	$ 58.53	$ 0.0807	857.361	$ 69.18	$ 10.65	18.21%
26	Smart Metering Charge (IESO)	monthly			$ -	$ 0.8100	1	$ 0.81	$ 0.81	
27					$ -			$ -	$ -	
28	**Total Bill (before Taxes)**				**$ 102.25**			**$ 119.65**	**$ 17.39**	**17.01%**
29	HST		13%		$ 13.29	13%		$ 15.55	$ 2.26	17.01%
30	**Total Bill (including Sub-total B)**				**$ 115.54**			**$ 135.20**	**$ 19.66**	**17.02%**
31	**Ontario Clean Energy Benefit (OCEB)**		-10%		**-$ 11.55**	-10%		**-$ 13.52**	**-$ 1.97**	**17.06%**
32	**Total Bill (including OCEB)**				**$ 103.99**			**$ 121.68**	**$ 17.69**	**17.01%**
33	**Loss Factor (%)**	Note 1	6.99%			7.17%				

General Service <50kW Bill Impact:

Wellington North Power Inc.
Bill Impacts - General Service < 50 kW

○ Application of New Loss Factor to all applicable items ○ Application of new Loss Factor to Deliver

Consumption 2000 kWh

		Charge Unit	Current Board-Approved Rate ($)	Volume	Charge ($)	Proposed Rate ($)	Volume	Charge ($)	Impact $ Change	Impact % Change
1	Monthly Service Charge		$ 27.8800	1	$ 27.88	$ 38.1100	1	$ 38.11	$ 10.23	36.69%
2	Smart Meter Rate Adder		$ 2.5000	1	$ 2.50	$ 1.8367	1	$ 1.84	-$ 0.66	-26.53%
3	Service Charge Rate Adder(s)			1	$ -		1	$ -	$ -	
4	Service Charge Rate Rider(s)		$ 0.3300	1	$ 0.33	$ -	1	$ -	-$ 0.33	-100.00%
5	Distribution Volumetric Rate		$ 0.0120	2000	$ 24.00	$ 0.0164	2000	$ 32.80	$ 8.80	36.67%
6	Low Voltage Rate Adder		$ 0.0015	2000	$ 3.00	$ 0.0015	2000	$ 2.97	-$ 0.03	-0.91%
7	Volumetric Rate Adder(s)			2000	$ -		2000	$ -	$ -	
8	Volumetric Rate Rider(s)			2000	$ -		2000	$ -	$ -	
9	Smart Meter Disposition Rider			2000	$ -		2000	$ -	$ -	
10	LRAM & SSM Rider		$ 0.0022	2000	$ 4.40	$ -	2000	$ -	-$ 4.40	-100.00%
11	Deferral/Variance Account Disposition Rate Rider		-$ 0.0042	2000	-$ 8.40	-$ 0.0085	2000	-$ 17.06	-$ 8.66	103.10%
12	Stranded Meter Rate Rider				$ -	$ 1.1490	1	$ 1.15	$ 1.15	
13					$ -			$ -	$ -	
14					$ -			$ -	$ -	
15					$ -			$ -	$ -	
16	**Sub-Total A - Distribution**				**$ 53.71**			**$ 59.81**	**$ 6.10**	**11.35%**
17	RTSR - Network		$ 0.0049	2139.72	$ 10.48	$ 0.0050	2143.4	$ 10.77	$ 0.28	2.69%
18	RTSR - Line and Transformation Connection		$ 0.0031	2139.72	$ 6.63	$ 0.0032	2143.4	$ 6.81	$ 0.17	2.63%
19	**Sub-Total B - Delivery (including Sub-Total A)**				**$ 70.83**			**$ 77.38**	**$ 6.55**	**9.25%**
20	Wholesale Market Service Charge (WMSC)		$ 0.0052	2139.72	$ 11.13	$ 0.0052	2143.4	$ 11.15	$ 0.02	0.17%
21	Rural and Remote Rate Protection (RRRP)		$ 0.0013	2139.72	$ 2.78	$ 0.0011	2143.4	$ 2.36	-$ 0.42	-15.24%
22	Special Purpose Charge			2139.72	$ -		2143.4	$ -	$ -	
23	Standard Supply Service Charge		$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
24	Debt Retirement Charge (DRC)		$ 0.0070	2000	$ 14.00	$ 0.0070	2000	$ 14.00	$ -	0.00%
25	Energy		$ 0.0684	750	$ 51.29	$ 0.0807	750	$ 60.52	$ 9.23	18.00%
26			$ 0.0790	1389.72	$ 109.79	$ 0.0880	1393.4	$ 122.62	$ 12.83	11.69%
27	Smart Metering Charge (IESO)	monthly			$ -	$ 0.8100	1	$ 0.81	$ 0.81	
28	**Total Bill (before Taxes)**				**$ 260.06**			**$ 289.08**	**$ 29.02**	**11.16%**
29	HST		13%		$ 33.81	13%		$ 37.58	$ 3.77	11.16%
30	**Total Bill (including Sub-total B)**				**$ 293.87**			**$ 326.66**	**$ 32.79**	**11.16%**
31	**Ontario Clean Energy Benefit (OCEB)**		-10%		**-$ 29.39**	-10%		**-$ 32.67**	**-$ 3.28**	**11.16%**
32	**Total Bill (including OCEB)**				**$ 264.48**			**$ 293.99**	**$ 29.51**	**11.16%**
33	**Loss Factor**	(1)	6.99%			7.17%				

b. WNP confirms that it will follow the Board filing requirements for Account 1592, PILs and Tax Variances, Sub-account HST/OVAT ITCs and stop using Account 1592, sub account HST/OVAT ITC for the 2012 Test year and moving forward.

WNP would like direction from the OEB whether to stop using Account 1592, sub account HST/OVAT ITC with effect from May 1, 2012 **or** the date that the LDC's 2012 rates are effective.

75. Reference: Board staff IRR 53
EDDVAR Report, page 24

The July 31, 2009 EDDVAR Report, page 24 states:

> *The Board also agrees the default disposition period used to clear the Account balances through a rate rider should be one year. However, a distributor could propose a different disposition period to mitigate rate impacts or address any other applicable considerations, where appropriate.*

a. Please explain why WNP is proposing 2 years instead of 1 year for the disposition period of its Group 1 and Group 2 Deferral and Variance Accounts and Non-RPP Global Adjustment.

Wellington North Power Inc. - Response:

a. WNP is proposing that the Rate Riders being requested as part of its 2012 Cost of Service application have a disposition period of 2 years. This is based upon the following:

- On April 14, 2010, the Ontario Energy Board's Decision and Order EB-2009-0253 approved disposition of the LDC's Group 1 account balances as of December 31, 2008, over a four year period, commencing May 1, 2010 and ending April 30, 2014. Through applying a two-year disposition period to the Rate Riders proposed in its 2012 Cost of Service Application, it was WNP's intention to have an end date also of 30 April, 2014.
  By having the same end date of 30 April 2014, WNP believes that it would simplify the effect on a customer's bill,)i.e. attempting to provide some consistency over a two-year period as opposed to removing Rate Riders after only a one-year period.)

- The OEB's Decision and Order EB-2009-0253 of April 14, 2010 involves the disposition of Group 1 account balances with a value of $753,360.16 over a four-year period commencing May 1, 2010, which equates to approximately $188,340 per year being credited to customers.

If the Rate Adders proposed in WNP's 2012 Cost of Service application were disposed of over a one-year period, this equates to a value of $861,775 being credited to customers. (This amount excludes Account 1588 Global Adjustment as well as both Smart Meter Disposition Rider and Stranded Meter Rate Rider.)

Consequently, WNP is very concerned that over a one-year period, over $1 million *($188,340 + $851,853 = $1,040,193)* will be credited to customers, which could have negative cash-flow implications to the LDC.

- As part of its application, WNP is requesting:
  - A Smart Meter Disposition Rider (SMDR) to recover of the deficiency between the Smart Meter roll-out and implementation costs and the Smart Meter Adder Revenue Requirement that has been collected by the LDC since May 2006; and
  - A Stranded Meter Rate Rider to recover Stranded Meter costs incurred;
  - The above items are discussed in detail in Exhibit 10 of WNP's application and WNP is seeking recovery of these costs over a four-year period.

Should Board Staff, Intervenors and the Board allow WNP to implement a Smart Meter Disposition Rider and Stranded Meter Rate Rider at the rates proposed by WNP, then the LDC could consider the disposal of Group 1 and Group 2 Deferral and Variance Accounts and Non-RPP Global Adjustment over a one-year period. Agreement of both the Smart Meter Disposition Rider and Stranded Meter Rate Rider would reduce WNP's cash-flow concerns.

If Board Staff, Intervenors and the Board allowed WNP to implement both:

- A Smart Meter Disposition Rider at the proposed rates and recovered over four-years and;
- A Stranded Meter Rate Rider at the proposed rates and recovered over four-years;

Then the bill impact of disposing Group 1 and Group 2 Deferral and Variance Accounts over a one-year period would be:

- Residential = reducing from 17.01% to 15.14%
- General Service <50 kW = reducing from 11.16% to 7.83%

The tables on the following pages show the bill impacts for Residential and General Service <50 kW rate classes:

Residential Rate Class – Bill Impact:

Wellington North Power Inc.
Bill Impacts - Residential

◉ Application of New Loss Factor to all applicable items ○ Application of new Loss Factor to Del

Consumption 800 kWh

		Charge Unit	Current Board-Approved Rate ($)	Volume	Charge ($)	Proposed Rate ($)	Volume	Charge ($)	Impact $ Change	Impact % Change
1	Monthly Service Charge		$ 13.8800	1	$ 13.88	$ 18.7700	1	$ 18.77	$ 4.89	35.23%
2	Smart Meter Rate Adder		$ 2.5000	1	$ 2.50	$ 0.6787	1	$ 0.68	-$ 1.82	-72.85%
3	Service Charge Rate Adder(s)			1	$ -		1	$ -	$ -	
4	Service Charge Rate Rider(s)		$ 0.1500	1	$ 0.15	$ -	1	$ -	-$ 0.15	-100.00%
5	Distribution Volumetric Rate		$ 0.0139	800	$ 11.12	$ 0.0188	800	$ 15.04	$ 3.92	35.25%
6	Low Voltage Rate Adder		$ 0.0016	800	$ 1.28	$ 0.0018	800	$ 1.42	$ 0.14	10.88%
7	Volumetric Rate Adder(s)			800	$ -		800	$ -	$ -	
8	Volumetric Rate Rider(s)			800	$ -		800	$ -	$ -	
9	Smart Meter Disposition Rider			800	$ -		800	$ -	$ -	
10	LRAM & SSM Rate Rider		$ 0.0004	800	$ 0.32	$ -	800	$ -	-$ 0.32	-100.00%
11	Deferral/Variance Account Disposition Rate Rider		-$ 0.0058	800	-$ 4.64	-$ 0.0106	800	-$ 8.48	-$ 3.84	82.78%
12	Stranded Meter Rate Rider				$ -	$ 1.1490	1	$ 1.15	$ 1.15	
13					$ -			$ -	$ -	
14	Mitigation Rider				$ -		800	$ -	$ -	
15					$ -			$ -	$ -	
16	**Sub-Total A - Distribution**				**$ 24.61**			**$ 28.58**	**$ 3.97**	**16.12%**
17	RTSR - Network		$ 0.0053	855.886	$ 4.54	$ 0.0054	857.361	$ 4.66	$ 0.12	2.69%
18	RTSR - Line and Transformation Connection		$ 0.0037	855.886	$ 3.17	$ 0.0038	857.361	$ 3.25	$ 0.08	2.63%
19	**Sub-Total B - Delivery (including Sub-Total A)**				**$ 32.31**			**$ 36.48**	**$ 4.17**	**12.91%**
20	Wholesale Market Service Charge (WMSC)		$ 0.0052	855.886	$ 4.45	$ 0.0052	857.361	$ 4.46	$ 0.01	0.17%
21	Rural and Remote Rate Protection (RRRP)		$ 0.0013	855.886	$ 1.11	$ 0.0011	857.361	$ 0.94	-$ 0.17	-15.24%
22	Special Purpose Charge			855.886	$ -		857.361	$ -	$ -	
23	Standard Supply Service Charge		$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
24	Debt Retirement Charge (DRC)		$ 0.0070	800	$ 5.60	$ 0.0070	800	$ 5.60	$ -	0.00%
25	Energy		$ 0.0684	855.886	$ 58.53	$ 0.0807	857.361	$ 69.18	$ 10.65	18.21%
26	Smart Metering Charge (IESO)	monthly			$ -	$ 0.8100	1	$ 0.81	$ 0.81	
27					$ -			$ -	$ -	
28	**Total Bill (before Taxes)**				**$ 102.25**			**$ 117.73**	**$ 15.47**	**15.13%**
29	HST		13%		$ 13.29	13%		$ 15.30	$ 2.01	15.13%
30	**Total Bill (including Sub-total B)**				**$ 115.54**			**$ 133.03**	**$ 17.49**	**15.14%**
31	**Ontario Clean Energy Benefit (OCEB)**		-10%		**-$ 11.55**	-10%		**-$ 13.30**	**-$ 1.75**	**15.15%**
32	**Total Bill (including OCEB)**				**$ 103.99**			**$ 119.73**	**$ 15.74**	**15.14%**
33	**Loss Factor (%)**	Note 1	6.99%			7.17%				

General Service <50 kW Rate Class – Bill Impact:

Wellington North Power Inc.

Bill Impacts - General Service < 50 kW

○ Application of New Loss Factor to all applicable items ○ Application of new Loss Factor to Deliver

Consumption 2000 kWh

		Charge Unit	Current Board-Approved Rate ($)	Volume	Charge ($)	Proposed Rate ($)	Volume	Charge ($)	Impact $ Change	Impact % Change
1	Monthly Service Charge		$ 27.8800	1	$ 27.88	$ 38.1100	1	$ 38.11	$ 10.23	36.69%
2	Smart Meter Rate Adder		$ 2.5000	1	$ 2.50	$ 1.8367	1	$ 1.84	-$ 0.66	-26.53%
3	Service Charge Rate Adder(s)			1	$ -		1	$ -	$ -	
4	Service Charge Rate Rider(s)		$ 0.3300	1	$ 0.33	$ -	1	$ -	-$ 0.33	-100.00%
5	Distribution Volumetric Rate		$ 0.0120	2000	$ 24.00	$ 0.0164	2000	$ 32.80	$ 8.80	36.67%
6	Low Voltage Rate Adder		$ 0.0015	2000	$ 3.00	$ 0.0015	2000	$ 2.97	-$ 0.03	-0.91%
7	Volumetric Rate Adder(s)			2000	$ -		2000	$ -	$ -	
8	Volumetric Rate Rider(s)			2000	$ -		2000	$ -	$ -	
9	Smart Meter Disposition Rider			2000	$ -		2000	$ -	$ -	
10	LRAM & SSM Rider		$ 0.0022	2000	$ 4.40	$ -	2000	$ -	-$ 4.40	-100.00%
11	Deferral/Variance Account Disposition Rate Rider		-$ 0.0042	2000	-$ 8.40	-$ 0.0129	2000	-$ 25.72	-$ 17.32	206.20%
12	Stranded Meter Rate Rider				$ -	$ 1.1490	1	$ 1.15	$ 1.15	
13					$ -			$ -	$ -	
14					$ -			$ -	$ -	
15					$ -			$ -	$ -	
16	**Sub-Total A - Distribution**				**$ 53.71**			**$ 51.15**	**-$ 2.56**	**-4.77%**
17	RTSR - Network		$ 0.0049	2139.72	$ 10.48	$ 0.0050	2143.4	$ 10.77	$ 0.28	2.69%
18	RTSR - Line and Transformation Connection		$ 0.0031	2139.72	$ 6.63	$ 0.0032	2143.4	$ 6.81	$ 0.17	2.63%
19	**Sub-Total B - Delivery (including Sub-Total A)**				**$ 70.83**			**$ 68.72**	**-$ 2.11**	**-2.97%**
20	Wholesale Market Service Charge (WMSC)		$ 0.0052	2139.72	$ 11.13	$ 0.0052	2143.4	$ 11.15	$ 0.02	0.17%
21	Rural and Remote Rate Protection (RRRP)		$ 0.0013	2139.72	$ 2.78	$ 0.0011	2143.4	$ 2.36	-$ 0.42	-15.24%
22	Special Purpose Charge			2139.72	$ -		2143.4	$ -	$ -	
23	Standard Supply Service Charge		$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
24	Debt Retirement Charge (DRC)		$ 0.0070	2000	$ 14.00	$ 0.0070	2000	$ 14.00	$ -	0.00%
25	Energy		$ 0.0684	750	$ 51.29	$ 0.0807	750	$ 60.52	$ 9.23	18.00%
26			$ 0.0790	1389.72	$ 109.79	$ 0.0880	1393.4	$ 122.62	$ 12.83	11.69%
27	Smart Metering Charge (IESO)	monthly			$ -	$ 0.8100	1	$ 0.81	$ 0.81	
28	**Total Bill (before Taxes)**				**$ 260.06**			**$ 280.42**	**$ 20.36**	**7.83%**
29	HST		13%		$ 33.81	13%		$ 36.45	$ 2.65	7.83%
30	**Total Bill (including Sub-total B)**				**$ 293.87**			**$ 316.88**	**$ 23.01**	**7.83%**
31	**Ontario Clean Energy Benefit (OCEB)**		-10%		**-$ 29.39**	-10%		**-$ 31.69**	**-$ 2.30**	**7.83%**
32	**Total Bill (including OCEB)**				**$ 264.48**			**$ 285.19**	**$ 20.71**	**7.83%**
33	**Loss Factor**	(1)	6.99%			7.17%				

Transition from CGAAP to MIFRS

76. Reference: Exhibit 11, Schedule 5, page 839
EP IRR #35b)
EP IRR #39

In WNP's response to EP IRR #35b), WNP's updated difference is $133,121 in amortization versus $109,003 in Table 11-11 in WNP's application. In the same IRR and in the calculation for the PP& E deferral account, WNP provided the calculation for the adjustment to the revenue requirement for each of the four year of the $41,439 broken down as $33,280 for depreciation and $8,259 for the return on PP&E account.

a. Please confirm that $133,121 is the correct difference in amortization as per WNP's response to IRR #35 to Energy Probe and not the amount of $109,003 as shown in WNP's original evidence.

Wellington North Power Inc. - Response:

a. WNP can confirm that $133,121 was the correct difference in amortization as per the LDC's response to IRR #35 to Energy Probe.
(The amount of $109,003 included in WNP's original evidence, Table 11-11 in Exhibit 11, Schedule 5, was based upon forecasted data for the 2011 Bridge Year. As per the Intervenor's request, Energy Probe IR#35b, the data in the table was updated to reflect 2011 actual data.)

WNP has updated table 9-5 Exhibit 9 Schedule 4 and table 11-11 of Exhibit 11 Schedule 5 to take into consideration the following factors:

- 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;
- 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.)

Tthe table below reflects the changes as result of the above changes:

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

		2011	2012	2013	2014	2015
		IRM Forecast	Rebase COS 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 LESS: Disposals = $3,935			
Depreciation	-	($474,858)	Additions = $478,916 LESS: Disposals = $4,058			
Closing Net PP&E	=	$4,887,240				
			** as per 2011 CGAAP Continuity Schedules*			
PP&E Values under MIFRS						
Opening Net PP&E		$ 4,789,593				
Additions	+	$ 572,505	Additions = $333,227 LESS: Disposals = $4,058			
Depreciation	-	($329,169)				
Closing Net PP&E	=	$5,032,928				
			** as per 2011 Modified IFRS Continuity Schedules*			

	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
Avergae 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**			

** (Amount of Amortization x Regulated Rate of Return)*

Based upon the above changes as result of the factors described above, WNP can confirm that the difference in amortization is $145,689.

WNP did not have the Board 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.

WNP wishes to express the following points regarding Fixed Asset Continuity Schedules and Depreciation Expenses to Board Staff and Intervenors:

- WNP filed its 2012 Cost of Service rate application was filed using MIFRS, as directed by the Board, with the intention of transitioning to Modified IFRS from January 1, 2012;
- Between filing its application, there have been communication updates from the OEB and the Accounting Standards Board (AcSB) regarding the transition to IFRS for regulated entities / utilities. As a result of these updates, WNP has decided to defer its transition to IFRS

- WNP amended its deprecation periods with effect from January 1, 2012 with the LDC adopting the deprecation periods for its assets as illustrated in table 2-15 of Exhibit 2, Tab 3, Schedule 1 of the WNP 2012 Cost of Service rate application.

- In its application, 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.

- WNP would like to confirm that its revenue requirement and revenue deficiency for 2012 Test Year is based upon the following dynamics:
  - Removing 2011 Smart Meter costs and Smart Meter Hard/Software costs from 2011 Continuity Schedules (as per request from Board Staff in Supplemental IR #58);

    This information is contained in the worksheet "App.2-B Fxd Asst Con 2011-CGAAP" of file "WNP_COS_Filing-Reqt_Chp_Appendices_July12" that has been uploaded on the OEB's RESS site.

  - Adjusting the Opening Balances of the 2012 Continuity Schedules to include Smart Meter costs and Smart Meter Hard/Software costs as reflected in WNP's Smart Meter model (version 2.17) that has been filed with the OEB (as per request from Board Staff in Supplemental IR #58)

    This information is contained in the worksheet "App.2-B FA Cont 2012 Kinectric" of file "WNP_COS_Filing-Reqt_Chp_Appendices_July12" that has been uploaded on the OEB's RESS site.

- 2011 Depreciation Expenses are based upon the depreciation rates that were applied in 2010 (as per Energy Probe Supplemental IR #10 b).
  This information is contained in the worksheets "App.2-B Fxd Asst Con 2011-CGAAP" and "App.2-M Depn Exp 2011 Not Kinec" of file "WNP_COS_Filing-Reqt_Chp_Appendices_July12" that has been uploaded on the OEB's RESS site.

- 2012 Depreciation Expense are based upon the depreciation rates that were adopted by WNP in January 2012 (as illustrated in table 2-15 of Exhibit 2, Tab 3, Schedule 1 of the WNP 2012 Cost of Service rate application and as per Energy Probe Supplemental IR #10 b).
  This information is contained in the worksheets "App.2-B FA Cont 2012 Kinectric" and "App.2-M Depn Exp 2012 Kinectric" of file "WNP_COS_Filing-Reqt_Chp_Appendices_July12" that has been uploaded on the OEB's RESS site.