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December 17, 2012

VIA MAIL and E-MAIL

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

Dear Ms. Walli:

Re: EB-2012-0176 - Westario Power Inc.
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)

Please find enclosed the interrogatories of VECC in the above-noted proceeding.

Yours truly,

Michael Janigan
Counsel for VECC

Encl.
cc. Westario Power Inc.- Ms. Lisa Milne - lisa.milne@westario.com

REQUESTOR NAME	**VECC**
INFORMATION REQUEST ROUND NO:	**# 1**
TO:	**Westario Power Inc. (Westario or WPI)**
DATE:	**December 17, 2012**
CASE NO:	**EB-2012-0167**
APPLICATION NAME	**2013Cost of Service Electricity Distribution Rate Application**

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1. GENERAL (Exhibit 1)

2.0-VECC- 1.0

Reference: Exhibit 2, Tab 6, Schedule1, pg. 1

a) Please explain the significant decrement in SAIDI and CAIDI (excluding loss of supply) between 2009 and 2011.

b) Please explain why during this period SAIFI metrics improve while SAIDI and CAIDI metrics deteriorate.

c) Please provide Westario's SAIDI, CAIDI and SAIFI targets for 2012 and 2013.

2. RATE BASE (Exhibit 2)

2.0-VECC- 2.0

Reference: Exhibit 2, Tab 3, Schedule1, page 2-3/Tab 4, Schedule 3, pg.87/ Schedule 4, Asset Management Plan pg. 57-58

a) Westario states that is has acquired bucket trucks in 2011 ($284k) and in 2010 ($275k). Please provide the number of bucket trucks at year-end 2009 and the total number projected for year-end 2013.

b) Please provide a list of all current vehicles (year end 2012) and all expected vehicles at year-end 2013. Please provide the estimated value of each vehicle at year-end and the salvage value of each vehicle retired prior to year-end 2013.

2.0 – VEC – 3.0

Reference: Exhibit 2, Tab 4, Schedule 3, pg.2/ Schedule 4 Asset Management Plan pgs. 44-48

a) Please explain why the capital expenditures shown in the table at page 2 of the exhibit are increasing by over 100% (e.g. Poles, Overhead Conductors, Services, Line Transformers) from the average levels in 2009 and 2010. Why is it that Westario did not identify earlier the system inadequacies and increase its capital expenditures in these areas in 2008 through 2011?

b) Please explain what due diligence Westario did prior to the OEB mandated asset management plan to ensure its distribution system was safe and reliable.

2.0 – VECC – 4.0

Reference: Exhibit 2, Tab 4, Schedule 3, pg.4

a) Please explain how it is that service poles were recently installed that do not meet current ESA standards.

b) Please explain the difference between the current services poles and the ESA standard. Please provide how many poles do not meet this standard and the total cost of replacing these assets.

2.0 – VECC – 5.0

Reference: Exhibit 2, Tab 4, Schedule 3, pg. 8

a) Please explain why the Southhampton Saugeen Street pole line was installed as “substandard.” Please provide the total cost of this project and its start to finish timelines

2.0 – VECC – 6.0

Reference: Exhibit 2, Tab 4, Schedule 3, page 19

a) Please provide the status of the Hanover MS1 Reactor project including the amount spent to-date and the expected completion date of this project.

2.0 - VECC-7.0

Reference: Exhibit 2, Tab 4, Schedule 3, pg. 24

a) Please explain why there are capital costs related to the Harriston T2 Upgrade given the project is to replace the failed transfer installed in 2009 (i.e. why are all the costs not covered by the manufacture of the failed equipment).

2.0 - VECC- 8.0

Reference: Exhibit 2, Tab 4, Schedule 31, pg. 27

a) Please provide the cost benefit analysis that supports the replacement of all GS>50 meters.

b) The evidence states that $280,648 is to be spent on this project in 2013. Please provide the costs of this project in 2014 through 2016.

c) Please provide the estimate of offsetting meter reading and other OM&A and capital costs related to this project.

2.0 - VECC- 9.0

Reference: Exhibit 2, Tab 4, Schedule 3, pg. 73&74

a) Please how the 2012 "Burden Clearing" adjustment is calculated and what the current estimate for 2012 is for this adjustment.

2.0 - VECC- 10.0

Reference: Exhibit 2, Tab 4, Schedule 3, pg. 78

a) Please show how the 2013 capital contribution estimate of $417,663 is calculated.

2.0 - VECC- 11.0

Reference: Exhibit 2, Tab 4, Schedule 3, pg. 88/pg.

a) Please explain how $72,000 “Tools,Shop & Garage Equipment” estimate is calculated.

b) Please provide the spending to-date in 2012 for this category.

c) Please provide the same as (a) and (b) for “Miscellaneous Equipment”.

3.0 LOAD FORECAST (Exhibit 3)

3.0-VECC – 12.0

Reference: Exhibit 3, Tab 1, Schedule 2, Attachment 1, page 2

a) Why Ontario employment used as opposed to a more local/regional measure of employment?

3.0-VECC – 13.0

Reference: Exhibit 3, Tab 1, Schedule 2, Attachment 1, page 8

a) Please explain how the normalized kW values for 2012 and 2013 were determined in Table 10.
b) Based on the forecast wholesale purchases from Table 6 and the forecast “delivered” kWh in Table 10 what are the implicit loss factors for 2012 and 2013?
c) Please contrast the results from part (b) with the average loss factor set out in Appendix 2-R.

3.0-VECC – 14.0

Reference: Exhibit 3, Tab 1, Schedule 3, page 1

a) Please confirm that the 30% factor includes the effect (in 2013) of Westario’s 2011, 2012 and 2013 CDM programs. If not, please explain the basis for the 30%.
b) Since 2011 electricity purchase data was used in the estimation of the load forecast equations, please explain why the load forecast prepared by Elenchus doesn’t already capture the impact of 2011 CDM programs.

3.0- VECC – 15.0

Reference: Exhibit 3, Tab 1, Schedule 3, page 2
Exhibit 3, Tab 1, Schedule 3, Attachment 1

a) With respect to Table 1, the third column in the first row of the header is titled “2006-2010 CDM Programs”. However the column immediately below it is titled “5 yr. Avg. (2006/2011)”. Please confirm that the averages are supposed to represent those for the years 2006-2010 inclusive.
b) The total for the” 5 Yr Avg” column does not reconcile with the average of the 2006-2010 data shown in Attachment 1. Similarly, the “2013 Persistence” column does not reconcile with the 2013 persisting values report in Attachment 1. Please revise Table 1 as necessary.
c) Please provide a copy of OPA Report regarding Westario’s final 2011 CDM results.
d) Please provide a revised version of Table 1 (corrected per part (b) as necessary) that:
    - Includes the results of 2011 CDM programs in the calculation of the third and fourth columns.
    - Basis the 5th column’s CDM adjustment on 20% of the CDM target.

OTHER REVENUE (Exhibit 3)

3.0-VECC – 16.0

Reference: Exhibit 3, Tab 2, Schedule 1, Attachment 1

a) Does Westario currently have any MicroFit customers and are any new MicroFit customers expected in 2013?

b) If yes, where (i.e., USOA account) are the revenues from the MicroFit Service Charges recorded and what are the forecast revenues for 2013?

4. OPERATING COSTS (Exhibit 4)

4.0 - VECC- 17.0

Reference: Exhibit 4, Tab 2, Schedule 2, pg. 2

a) The evidence indicates Westario has forecast onetime regulatory costs of $200,000. Please confirm this is the estimated cost of the 2013 cost of service application based on current spending to-date.

4.0 - VECC- 18.0

Reference: Exhibit 4, Tab 2, Schedule 2, page 2/ Schedule 3, page 8.

a) Please explain why meter reading costs (account 5310) have not declined since the introduction of smart meters.

b) Please provide a breakdown of Meter reading expenses in 2009 vs. 2013 (on CGAAP basis).

4.0 - VECC- 19.0

Reference: Exhibit 4, Tab 3, Schedule 1, pg. 18

a) Please show the calculation for the derivation of the bad debt expense estimate for 2013.

b) Please explain what costs are incurred under Community Relations – Sundry (account 5410) and how the estimate for 2013 is derived.

4.0 - VECC- 20.0

Reference: Exhibit 4, Tab 3, Schedule 1, pg. 7

a) Please provide the EDA membership fees for 2009 through 2013.

b) Please provide a list, with amounts, of all other membership fees in 2013.

4.0 - VECC- 21.0

Reference: Exhibit 4, Tab 3, Schedule 1, page 24/ Tab 6, Schedule 1, pg. 2

a) Westario indicates it was able to reduce its insurance costs by switching providers. Who was the previous provider and who is the current provider? Please indicate the amount of annual savings from this change.

b) The table at Tab 6, page 2 (non-affiliate service providers) indicates that the Employee Benefits & Insurance coverage is purchased based on a quote. Please indicate when was the last time Westario did a competitive tender for its insurance coverage? In the absence of a tender how does Westario assure itself that it is getting the best value for this service?

c) Westario's purchasing policy (section 6.2) states that invited quotations are not to exceed $100,000. The table at Tab 6 shows that a number of procurements over $100k are either through a sole provider or on the basis of a quote. For each item in the table over 100K which was not purchased as a result of an RFP please provide an explanation as to why competitive tender was not done and how Westario satisfies itself that it is getting value for money for these contracts.

4.0 - VECC- 22.0

Reference: Exhibit 4, Tab 3, Schedule 1, pg. 8/ Exhibit 2, Tab 4, Schedule 4

a) Westario is proposing significant increases in accounts 5120 and 5135 which are related to pole replacements. Yet at page 52 of the DAMP it appears to show that the average annual pole replacements in 2013 will be less that that done in either 2009 and 2010 when these costs were lower. Please explain this apparent discrepancy.

b) Please explain why there is a significant reduction in pole replacements (shown at page 52 of the DAMP) in 2012.

5.0 COST OF CAPITAL

3.0-VECC – 23.0

Reference: Exhibit 5, Tab 1, Schedule 2

a) Please explain why Westario's actual long-term debt ($14.2m) is significantly different than the deemed long-term debt ($22.9m).

b) What steps did Westario take in 2011 to ensure its CIBC loan was the best rate it could negotiate?

6.REVENUE DEFICIENCY/SUPRLUS (Exhibit 6)

No Questions

7.0 COST ALLOCATION (Exhibit 7)

7.0-VECC – 24.0

Reference: Cost Allocation Model
Smart Meter Model

a) With respect to the CA Model, Sheet I6.2, please confirm that each streetlight device is a separate connection. If not, please revise accordingly.
b) With respect to the CA Model, Sheet I7.1, please confirm that all Residential and GS<50 customers are assumed to use the same type of smart meter.
c) With respect to the Smart Meter Model, Sheet 10A, please provide the basis for the smart meter capital weighting factors set out in Row 25, columns T, V and X.
d) With respect to the Smart Meter, Sheet 10A, please contrast the % smart meters by customer class with the smart meter capital weighting factors and explain why they are different.
e) If the explanation is that the capital cost of smart meters varies by customer class, please revise Sheet I6.2 of the CA Model accordingly.

7.0-VECC – 25.0

Reference: Exhibit 7, Tab 2, Schedule 1, page 2

a) Please explain what relevance the size of class' revenue has in determining whether or not the individual customers in the class warrant rate mitigation plan.

8.0 RATE DESIGN (Exhibit 8)

8.0-VECC – 26.0

Reference: Exhibit 8, Tab 2, Schedule 1

a) Please explain how the "cost" of the transformer ownership allowance that some GS>50 customers receive is recovered.

8.0-VECC – 27.0

Reference: Exhibit 8, Tab 3, Schedule 3

a) What was the basis for the 2012 estimate of total LV charges referred to on page 1 (line 3) as the basis for the 2013 LV cost and reported on page 2 as $715,784?

9. DEFERRAL AND VARIANCE ACCOUNTS –SMART METERS (Exhibit 9)

9.0-VECC- 28.0

Reference: Exhibit 9, Tab 3, Schedule 2, pg. 25

a) Does the 2013 rate application include any costs for IESO MDM/R services? If yes, please identify the quantum of the costs and how the costs were estimated

9.0 – VECC –29.0

Reference: Exhibit 2, Tab 2, Schedule 3, pg. 2 (See Energy Probe IR #36)

a) Please provide a table comparing the Kinectric's recommended asset lives (low/average/high), the pre IFRS asset lives used by Westario and the post IFRS asset lives being adopted by Westario (may be answered in conjunction with Energy Probe IR #36)..

9.0 – VECC – 30.0

Reference: Exhibit 10, Tab 1, Schedule 1, pg. 18.

a) Please explain why (how) contributed capital is affected by the change from CGAAP to MIFRS.

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