

Wellington North Power Inc.

290 Queen Street West, PO Box 359, Mount Forest, ON N0G 2L0

Phone: 519.323.1710

Fax: 519 323 2425

Email: wnp@wellingtonnorthpower.com

www.wellingtonnorthpower.com

December 20, 2012

Attention: Kirsten Walli, Board Secretary
Ontario Energy Board
2300 Yonge Street
27th Floor P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Walli:

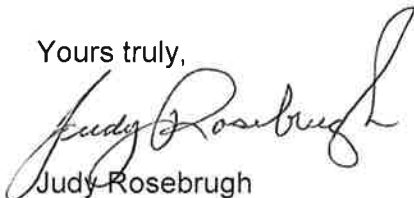
Re: Wellington North Power Inc. – ED-2002-0511
2013 3rd Generation Incentive Rate Mechanism Adjustment Application
Response to Board Staff Interrogatories
OEB File Number: EB-2012-0174

Enclosed are Wellington North Power Inc.'s responses to Board Staff Interrogatories relating to the LDC's 3rd Generation Incentive Rate Mechanism Adjustment Application for 2013 Distribution rates (file number: EB-2012-0174).

An electronic copy of these Interrogatory Responses has been filed on the RESS site and two hard copies have been sent by courier to the Board's office for the attention of the Board Secretary.

Should the Board have questions regarding this matter please contact Richard Bucknall at rbucknall@wellingtonnorthpower.com or myself at jrosebrugh@wellingtonnorthpower.com or call 519-323-1710.

Yours truly,



Judy Rosebrugh

President & CEO

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

**Wellington North Power Inc. ("WNPI")
2013 Rate Applications
Board Staff Interrogatories
EB-2012-0174**

Manager's Summary

1. Ref: Manager's summary, page 15

WNPI has noted the variances between WNPI's 2011 audited financial statements and WNPI's filed RRR reporting for the year ending December 31, 2011 for Account 1562 Deferred Payment in Lieu of Taxes, Account 1588 Power excluding Global Adjustment, and Account 1588 Power sub-account Global Adjustment. WNPI noted that no revisions have been made to the balances recorded in the RRR filing for the period ending December 31, 2011.

- a) Please justify why WNPI did not file amendments to its RRR filings once it discovered adjustments needed to be made.

Wellington North Power Inc. - Response:

- a) Wellington North Power did not file amendments to its RRR filings on the basis of:
- If the LDC had revised its RRR reporting for the year-ending December 31, 2011 then this information would be inconsistent to the filed 2011 Audited Financial statements.
 - In April 2012, WNP submitted its 2012 Cost of Application to the OEB (EB-2011-0249). In Exhibit 9, Schedule 3 of its Application, the LDC explained the variances of the Deferral / Variance accounts Continuity Schedule, in particular referencing the issues identified with the 1588 GA account and 1588 Power account. The LDC was hesitant to file amendments during its Cost of Service Application process as this potentially could cause confusion to those parties that were reviewing the application.
 - For the 1588 GA account and 1588 Power account any adjustment is between the sub-account and the control account, resulting in no financial impact to the LDC or its ratepayers.

- Regarding Account 1562 Deferred Payment in Lieu of Taxes, WNP requested disposition of this account as part of its 2012 Cost of Service Application (EB-2011-0249 Exhibit 12). In its Application, the LDC submitted 2001-2005 SIMPIL models and Continuity schedules. In response to Board Staff IR#45a to IR#45j, on June 27 2012 WNP filed updated evidence to show revised Interest Expense calculations, SIMPILS models and Continuity Schedules. This updated evidence, based upon Board Staff IRs, showed a different disposal balance to that which was originally filed in April 2012.

In WNP's 2013 IRM Application, Attachment 1 contains a copy of Wellington North Power Inc.'s Decision and Order arising from the LDC's 2012 Cost of Service Application (EB-2011-0249). In Attachment 1, page 71, the first bullet-point states that all *"parties agreed that the balance in Account 1562 for PILS – recovery of \$8,270 will be disposed of. The continuity schedule was revised to exclude interest related to customer deposits."*

Given that WNP's 2012 Decision and Order was issued on September 20, 2012, which included approval to dispose of the revised balance of Account 1562 Deferred Payment in Lieu of Taxes, the LDC has recorded the "approved" disposal balance in its latest RRR filings that were submitted in November 2012 (as described in IR#2 below.)

It should be noted that Wellington North Power Inc. is willing to file amendments to its RRR filings should Board Staff deem this is necessary. However, as noted above, this information would be inconsistent to the LDC's filed 2011 Audited Financial statements.

2. Ref: Manager's summary, page 16

WNPI also indicated that on November 30, 2012, WNPI is due to file its RRR filing for Deferral/Variance account balances as at September 30, 2012 and will ensure that the balances recorded in Account 1588 RSVA Power are purely for power only.

- a) Please confirm that WNPI has submitted its quarter end RRR filing for Deferral/Variance account balances as at September 30, 2012.

Wellington North Power Inc. - Response:

- a) Wellington North Power Inc. can confirm that its quarter end RRR filing for Deferral / Variance account balances, as at September 30, 2012 was submitted. The LDC submitted "E2.1.1 Deferral / Variance Accounts" filing on November 26, 2012 - RRR filing number 1,259.

RTSR Adjustment Work Form

3. Ref: A portion of Sheet 4. "RRR Data" is reproduced below.

Rate Class	Unit	Non-Loss Adjusted Metered kWh	Non-Loss Adjusted Metered kW	Applicable Loss Factor	Load Factor	Loss Adjusted Billed kWh	Billed kW
Residential	kWh	22,862,125		1.0699		24,460,188	
General Service Less Than 50 kW	kWh	10,582,059		1.0699		11,321,745	
General Service 50 to 999 kW	kW	19,495,442	60,617		44.08%	19,495,442	60,617
General Service 1,000 to 4,999 kW	kW	36,434,298	78,957		63.25%	36,434,298	78,957
Unmetered Scattered Load	kWh	4,752		1.0699		5,084	
Sentinel Lighting	kW	25,437	74		46.83%	25,437	74
Street Lighting	kW	637,318	1,800		48.53%	637,318	1,800

- Please confirm that the amounts entered into the columns "Non-Loss Adjusted Metered kWh" and "Non-Loss Adjusted Metered kW" has not been adjusted by WNPI's Board approved loss factor. Once confirmed, Board staff will make any necessary updates to the model.
- Board staff is unable to verify the "Applicable Loss Factor" with WNPI's Board approved loss factor from the current tariff of rates and charges. Please confirm whether or not the amount entered is the correct Board approved loss factor. Once confirmed, Board staff will make any necessary updates to the model.

Wellington North Power Inc. - Response:

- Wellington North Power can confirm that the data entered in columns "Non-Loss Adjusted Metered kWh" and "Non-Loss Adjusted Metered kW" has not been adjusted by WNP's Board approved loss factor.
- Wellington North Power is of the opinion that this is a timing issue as described below:
 - In its IRM application, WNP completed the RTSR Adjustment Work Form, worksheet 4 "RRR Data" using the data that was filed with the OEB as per RRR filing "E2.1.5 Performance Based Regulation". The RRR filing "E2.1.5 Performance Based

Regulation” was filed by WNP on May 25th, 2012 (RRR filing number 1,862) using the Loss Factor of 1.0699. The Loss Factor of 1.0699 was approved by the Board in WNP’s 2008 Cost of Service Application, case number EB-2007-0693.

- Since submitting its RRR filing in May 2012, WNP has completed a 2012 Cost of Service Application (case number: EB-2011-0249). On September 27 2012, the Board issued the Rate Order detailing the approved Tariff of Rates and Charges for WNP effective from October 1, 2012. In this Rate Order, the Board Approved Loss Factor was adjusted to 1.0716.
- In WNP’s IRM application, Attachment 2 contains a copy of the 2012 Cost of Service Rate Order with page 137 showing the most recent approved Loss Factor of 1.0716. (Attachment 1 of the IRM Application contains the LDC’s Cost of Service Decision and Order, with page 70 illustrating the data and method used to calculate the Loss Factor of 1.0716 which was supported by all parties.)

Wellington North Power confirms that the most recent approved Loss Factor is 1.0716, as per Board Approved Rate Order dated September 27, 2012 (case number EB-2011-0249).

2013 IRM Rate Generator

4. Ref: A portion of Sheet 9 "Rev2Cost_GDPIPI" is reproduced below.

Price Escalator	2.00%	Choose Stretch Factor Group	II
Productivity Factor	0.72%	Associated Stretch Factor Value	0.4%
Price Cap Index	0.88%		

Rate Class	Current MFC	MFC Adjustment from R/C Model	Current Volumetric Charge	DVR Adjustment from R/C Model	Price Cap Index to be Applied to MFC and DVR	Proposed MFC	Proposed Volumetric Charge
Residential	18.00		0.0180		0.88%	18.16	0.0182
General Service Less Than 50 kW	38.21		0.0164		0.88%	38.55	0.0165
General Service 50 to 999 kW	268.64		3.5679		0.88%	271.00	3.5993
General Service 1,000 to 4,999 kW	2195.63		1.8423		0.88%	2214.95	1.8585
Unmetered Scattered Load	17.61		0.0142		0.88%	17.76	0.0143
Sentinel Lighting	5.11		18.8680		0.88%	5.15	19.0340
Street Lighting	6.93		7.7198		0.88%	6.99	7.7877
MicroFit	5.25					5.25	

The Report for Third Generation Incentive Regulation Stretch Factor Updates for 2013 was issued on November 28, 2012. In accordance with this report, please confirm that the Board has assigned WNPI to efficiency cohort 3, with a specific stretch factor of 0.6%. Once confirmed, Board staff will make any necessary updates to the model.

Wellington North Power Inc. - Response:

On November 28, 2012, the OEB's issued the "Board Determination of Stretch Factor Rankings for 2013 3rd Generation Incentive Regulation Applications (IRM3)".

The LDC can confirm that, according to this Letter and Supplemental Report, Wellington North Power has been assigned to Efficiency Cohort 3, with a specific Stretch Factor of 0.6%.