Westario Power Inc.
24 East Ridge Road
R.R. #2
Walkerton, ON
N0G 2V0
Tel: (519) 507-6937
Fax: (519) 507-6777

January 21, 2013

Ontario Energy Board
PO Box 231
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary
Regarding: EB-2012-0176 Cost of Service Application

Dear Ms. Walli,

Westario Power Inc. is pleased to submit to the Ontario Energy Board its Response to Interrogatories as filed by Board Staff, Energy Probe, School Energy Coalition and the Vulnerable Energy Consumers Coalition. This application is being filed pursuant to the Board's e-Filing Services. Two hard copies of Responses will be delivered to the Board over the next two business days. In addition, one hard copy and one electronic copy will be forwarded to all Interveenors listed above.

Excel versions in support of the Responses to Interrogatories that are being filed pursuant to the Board's e-Filing Services include the following:

- WPI EB-2012-0176 2011 Final Annual Report Data_Westario Power Inc_20130121 .xlsm
- WPI EB-2012-0176 2013 RTSR MODEL_V3_20121231-amended_20130121.xlsm
- WPI EB-2012-0176 2013_Rev_Reqt_Work_Form_V3_20120628 IFRS - amended_20130121.xlsm
- WPI EB-2012-0176 2013_Smart_Meter_Model_V3.0_20120703_amended_20130121 .xlsm
- WPI EB-2012-0176 2013_Test_year_IncomeTax_PILs_Workform_V2_20120703_IFRS _20130121.xlsm
- WPI EB-2012-0176 2013COS EDDVAR_Continuity_Schedule_CoS_v3_20130121.xlsm
- WPI EB-2012-0176 2013COS Filing_Requirements_Chapter2_Appendices_V1.1_amended_20130121.xlsm
- WPI EB-2012-0176 Revised Bill Impacts_ 20130121.xlsm
- WPI EB-2012-0176 Westario_APPL_2013EDR_RateMaker_v3 - IFRS - amended_20130121.xlsm
- WPI EB-2012-0176_2006-2010 Final OPA CDM Results Westario Power Inc_20130121.xlsm

We would be pleased to provide any further information or details that you may require relative to this application by contacting me at 519-507-6666 x-216 or lisa.milne@westario.com.

Respectfully submitted,

Lisa Milne, CGA
President/CEO

Exhibit 1 - General and Administrative Documents

Board Staff

1.0-Staff-1 – Responses to Letters of Comment

Following publication of the Notice of Application, the Board received one letter of comment. Please confirm whether a reply was sent from the applicant to the author of the letter. If confirmed, please file that reply with the Board. Please ensure that the author's contact information except for the name is redacted. If not confirmed, please explain why a response was not sent and confirm if the applicant intends to respond.

WPI Response:

WPI acknowledges that it did not receive any letters of comment directly. WPI is aware of the above noted letter as it is posted under Board's website under WPI's application with a redacted email address.

WPI did not respond to the letter, nor does it intend to respond as the comments and questions in the letter of comment are of a general and rhetorical nature, and a written response by WPI would be extremely general and speculative at best.

1.0-Staff-2 – Updated RRWF

Upon completing all interrogatories from Board staff and intervenors, please provide an updated RRWF with any corrections or adjustments that the applicant wishes to make to the amounts in the previous version of the RRWF included in the middle column. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note.

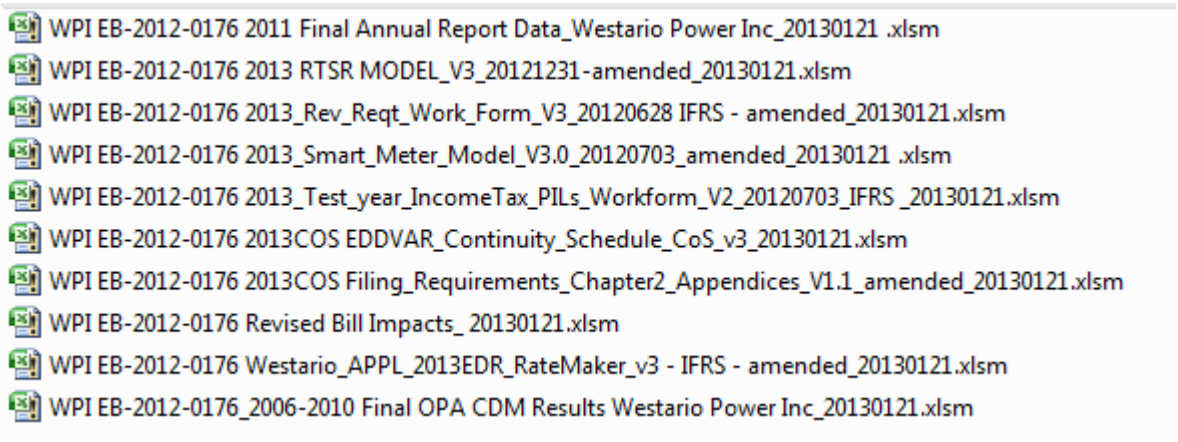
WPI Response:

Please see below a proposed list of changes in response to various Interrogatories. The proposed list of changes reconciles to the amounts as submitted in the Updated RRWF.

Summary of Proposed Changes

Reference	Item	Regulated Return On Capital	Regulated Rate Of Return	Rate Base	Working Capital	Working Capital Allowance	Amortization	PILs	OM&A	Service Revenue Requiremen
	Original Submission October 2012	2,875,064	6.97%	41,694,299	51,873,750	6,743,588	1,379,137	-	6,325,500	10,579,701
Board Staff IR#4, Board Staff IR # 5 c (b) & EP IR #7	Update of Smart Meter Model and Capital Continuity Schedules to reflect actual SM additions for 2012 & proposed 2013	*6,067*		*87,000*	*0*	-	*6,000*		-	*12,067*
		2,881,131	6.97%	41,781,299	51,873,750	6,743,588	1,385,137		6,325,500	10,591,768
Board Staff IR #30	Increase in OMERS pension costs	*291*		*4,171*	*14,200*	*1,846*	*50*		*14,200*	*14,541*
		2,881,422	6.97%	41,785,470	51,887,950	6,745,434	1,385,187		6,339,700	10,606,309
Board Staff IR #31	Update Cost of Capital for Deemed Debt Rate on Shareholder Notes	- *119,339*		-	-	-	-		-	- *119,339*
		2,762,082	6.69%	41,785,470	51,887,950	6,745,434	1,385,187		6,339,700	10,486,969
Board Staff IR #36	Updated RTSR Rates	- *364*		- *5,442*	- *41,861*	- *5,442*	-		-	- *364*
		2,761,718	6.69%	41,780,028	51,846,089	6,739,992	1,385,187		6,339,700	10,486,605
Board Staff IR # 5 c (b)	Included 2013 MIFRS costs that had been erroneously excluded in original application	*1,798*		*26,891*	-	-	*4,361*		-	*6,159*
		2,763,517	6.69%	41,806,919	51,846,089	6,739,992	1,389,548		6,339,700	10,492,765
Energy Probe IR #5c, d & #7	Updated Capital Continuity Schedules to reflect 2012 projects that have been deferred to 2013	- *15,337*		- *229,328*	-	-	*5,153*		-	- *10,184*
		2,748,179	6.69%	41,577,591	51,846,089	6,739,992	1,394,701		6,339,700	10,482,580
Energy Probe IR # 16 b & c	Update to Commodity Price	- *4,515*		- *67,512*	- *519,323*	- *67,512*	-		-	- *4,515*
		2,743,664	6.69%	41,510,079	51,326,767	6,672,480	1,394,701		6,339,700	10,478,065
Energy Probe IR #25	Update of Cost of Capital Parameters	- *31,548*		-	-	-	-		-	- *31,548*
		2,712,116	6.61%	41,510,079	51,326,767	6,672,480	1,394,701		6,339,700	10,446,517
Board Staff IR #4 b	Update balance for SM asset balance as December 31, 2012 due to deferral of a proportionh of GS>50 project to 2013	- *4,760*		- *71,994*	-	-	- *12,000*		-	- *16,760*
	Revised Submission as per above IR responses	2,707,356	6.61%	41,438,084	51,326,767	6,672,480	1,382,701		6,339,700	10,429,757
	Difference	- 167,708	-0.36%	- 256,215	- 546,983	- 71,108	3,564	-	14,200	- 149,944

Please note that the following files are being resubmitted electronically per the proposed list of changes.



WPI recognizes that a revised Cost Allocation Model has not been submitted, and acknowledges that a revised model will be completed prior to the approval of final rates.

1.0-Staff-3 – Updated Appendix 2-W, Bill Impacts

Upon completing all interrogatories from Board staff and intervenors, please provide an updated Appendix 2-W for all classes at the typical consumption / demand levels (i.e. 800 kWh for residential, 2,000 kWh for GS<50).

WPI Response:

WPI has updated the Bill Impacts as previously applied for based on the updates provided as per Board Staff IR #2.

The Projected Revenues at Existing Rates as previously submitted are as follows:

2013 Projected Revenue at Existing Rates	**Net Distribution Revenue** *(A)*	**Fixed Charge Revenue** *(B)*	**Fixed %** *(C)*	**Variable %** *(D)*	**Total %** *(E)*
Residential	5,605,008	2,726,499	48.64%	51.36%	62.70%
General Service Less Than 50 kW	1,205,485	615,872	51.09%	48.91%	13.49%
General Service 50 to 4,999 kW	1,779,790	806,904	45.34%	54.66%	19.91%
Unmetered Scattered Load	19,549	8,136	41.62%	58.38%	0.22%
Street Lighting	329,107	280,571	85.25%	14.75%	3.68%
Sentinel Lighting	496	273	55.13%	44.87%	0.01%
TOTAL	**8,939,434**	**4,437,981**	**49.64%**	**50.36%**	**100.00%**

Revised Projected Revenues at Proposed Rates based on updates provided as per Board Staff IR #2 are as follows:

2013 Projected Revenue at Proposed Rates	**Net Distribution Revenue** *(E)*	**Fixed Charge Revenue** *(F)*	**Fixed %** *(G)*	**Variable %** *(H)*	**Total %** *(I)*
Residential	6,545,460	3,183,320	48.63%	51.37%	66.95%
General Service Less Than 50 kW	1,338,872	615,872	46.00%	54.00%	13.69%
General Service 50 to 4,999 kW	1,520,517	689,371	45.34%	54.66%	15.55%
Unmetered Scattered Load	10,715	4,457	41.59%	58.41%	0.11%
Street Lighting	360,269	307,326	85.30%	14.70%	3.68%
Sentinel Lighting	884	487	55.12%	44.88%	0.01%
TOTAL	**9,776,717**	**4,800,346**	**49.10%**	**50.90%**	**100.00%**

Revised Bill Impacts have been filed electronically as File "WPI_Revised Bill Impacts_20130121.xlsm". Any amendments between the file submitted on October 9, 2012 and the attached file have been highlighted in yellow.

EXHIBIT 1 – ADMINISTRATIVE DOCUMENTS

1.0 Energy Probe # 1
Ref: Exhibit 1, Tab 3, Schedule 3

Please provide details on the Taxes Other Than Income Taxes which have been removed from the regulatory OM&A expense.

WPI Response:

Taxes Other Than Income Taxes which have been removed from the regulatory OM&A expenses include property tax, capital tax and PILs taxes. The amounts have been itemized in the table below:

Taxes Other Than Income Taxes

	2009	2010	2011
Capital Tax	57,255	29,671	- 9,185
Municipal Tax	48,740	50,685	53,230
PILs Property Taxes	4,884	4,366	3,876
Total	**110,879**	**84,722**	**47,921**

SEC

There are no SEC IR's related to Exhibit 1

VECC

There are no VECC IR's related to Exhibit 1

Exhibit 2 – Rate Base

Board Staff

2.0-Staff-4 – Smart Meters<50kWh
Ref. Exhibit 2/Tab 3/Schedule 3, Attachment 1;
Exhibit 10/Tab 2/Schedule 3, page 2;
Exhibit 9/Tab 3/Schedule 5, p. 9

Appendix 2-B (Exhibit 2/Tab 3/Schedule 3, Attachment 1) is showing $105,634 of additions for smart meters (account 1860) in 2011, $38,652 (CGAAP) in the 2012 bridge year and $168,851(MIFRS) in the 2013 test year. In addition, WPI transferred smart meter assets from account 1555 in the 2013 test year.
In Exhibit 9/Tab 3/Schedule 2, p. 9 WPI notes that "approx. one-third of the GS>50kW meters are scheduled to be replaced in 2012 with costs forecasted under the smart meter capital expenditures.

a. Please confirm that the addition of $38,652 in account 1860 Smart Meter for the 2012 bridge year is incremental to smart meters for the GS>50 kWh customer classes included in the transfer from account 1555;

WPI Response:

We wish to confirm that the addition of $38,652 in account 1860 Smart Meter for the 2012 bridge year is incremental to smart meters for the GS>50 kWh customer classes included in the transfer from account 1555.

b. If so, please state how many Smart meters for the GS>50kW customer class were installed in 2011, 2012 and 2013 and provide the average cost per meter;

WPI Response:

No smart meters for the GS>50 kW customer class were installed in 2011. For 2012, the utility had planned to install 80 smart meters under the smart meter program at an average cost of $3,125 per meter. Approximately 20 meters were installed in 2012; the remaining 60 are to be installed in 2013. These 60 meters are in addition to the 80 smart meters that the utility has planned to install under the capital program at an

average cost of $3,008 per meter (CGAAP value). This deferral has resulted in an additional $180,000 being added to meters in 2013.

c. If not, please explain the capital additions under Account 1860 – Meters (Smart Meters) documented for each of 2011 and 2012 in Appendix 2-B (Exhibit 2/Tab 3/Schedule 3/Attachment 1).

WPI Response:

Part a was confirmed under Part b and therefore no response is required under Part c.

2.0-Staff-5 – Metering Capital Costs

Ref: Exhibit 2/Tab 3/Schedule 3/Attachment 1

Exhibit 2/Tab 4/Schedule 3

On pages 27-28 of Exhibit 2/Tab 4/Schedule 3, WPI documents $280,648 as capital expenditures to be undertaken in 2013 to upgrade metering for GS > 50 kW customers to meet Measurement Canada requirements. WPI states that it expects that this will be a two year project and that, upon completion, all of WPI's customers, including GS > 50 kW, will be "on the Smart Meter network". This would also avoid the need to switch meters when customers may switch from GS < 50 kW to GS > 50 kW, or vice versa, as a result of a persistent change in a customer's level of demand and consumption.

a) Please explain what is meant by all of customers being "on the Smart Meter network". Does this mean that all of WPI's customers with have automated and remote meter reading? Does this also involve improved SCADA-type functionality of the AMI network and related infrastructure?

WPI Response:

Yes, all of WPI's customers (with the exception of streetlighting, USL and sentinel light customers) will have automated and remote meter reading capabilities.

Section 12 of the Electricity and Gas Inspection Act and Regulations requires meters to be reverified within appropriate periods, established on the basis of their stability of

performance, application and usage. Reverification periods shall be established such that meter inspection or removal is carried out prior to any probable change in accuracy that is of significance in the course of the meters' use.

WPI has deployed an Elster Rex Advanced Metering Infrastructure (AMI) system. WPI has supplied and installed the required AMI communications infrastructure to support this Industrial Smart Meter Deployment Project, as well as supplied the necessary Elster smart meters. Hourly readings flow via WPI's Elster network to the MDM/R on a daily basis. WPI's mesh network uses an unlicensed frequency (902 – 928 MHz). Each Smart Meter communicates to the Regional Collector (AMRC), then communicates to WPI's Advanced Metering Control Computer (AMCC), then communicates to WPI's Operational Data Store (MeterSense) which then communicates the kWh, kW and kVa usage (CMEP files) to WPI's Customer Information & Billing System. The Operational Data Store (MeterSense) will also be able to provide WPI with enhanced outage management capabilities.

The overall project includes the exchange of approximately 260 Industrial poly-phase electric meters throughout the WPI service territory. WPI's service territory covers the Towns of Clifford, Elmwood, Hanover, Harriston, Kincardine, Lucknow, Mildmay, Neustadt, Palmerston, Port Elgin, Ripley, Southampton, Teeswater, Walkerton and Wingham. The meters due for exchange are scattered across all of these towns.

WPI's contractor will be changing out meters, rings, meter seals, "A-S base" adapters, padlocks & hasps, replacement test blocks, replacement or additional VT's, and replacement service orders to perform the work.

Deployment services include but are not limited to meter exchange, data collection (including cross phase testing), deployment planning, scheduling, reporting, inventory reconciliation for both new and returned meters and equipment, field inspections, quality control, meter imaging, work documentation, staffing and training, crew scheduling, safety plan execution and other installation related work as applicable. The Ontario Energy Board did have a requirement that transformer rated installations would have a cross phase test performed every 6 years with the results kept on file. The Ontario Energy Board have dropped the requirement for ongoing tests, however WPI should have at least one on file for each installation whenever it is first installed, or changes such as rewiring/upgrading are performed.

b) WPI states that this meter upgrading is expected to be a two-year project. Please provide WPI's estimate of the expected capital expenditures for 2014 for this project.

WPI Response:

Expected capital expenditures for this project in 2014 will be $227,000 under MIFRS. Due to this project spanning over a two year period, manual meter reading will continue to be required for any of those meters (3 registers for each meter) not changed out.

c) In Appendix 2-B (Exhibit 2/Tab 3/Schedule 3/Attachment 1), WPI documents $105,634 as additions in 2011 for Account 1860 – Meters (Smart Meters). For 2012, WPI documents $38,652(CGAAP) of additions to Account 1860 – Meters (Smart Meters). WPI forecasts an additional capital addition of $316,432(under CGAAP $168,851under MIFRS) for 2013 for Account 1860 – Meters (Smart Meters). These amounts are separate from the smart meter capital costs previously recorded in Account 1555.
    a. Please reconcile the $280,648 capital expenditures documented in Exhibit 2/Tab 4/Schedule 3 against the $316,432 documented for Account 1860 additions for 2013 in Appendix 2-B.

WPI Response:

$280,648 per Exhibit 2/Tab 4/Schedule3/p.28 is for the GS>50 kW meter conversion to smart meters. Included in the $316,432 Account 1860 additions for 2013 in Appendix 2-B is the $280,648 for the GS>50 kW conversion to smart meters as well as $22,793 for metering for new 3 phase customers (see Exhibit 2/Tab 4/Schedule3/p.42) and $12,991 for metering for new low voltage service connections (see Exhibit 2/Tab 4/Schedule3/p.43).

    b. Please explain the changes in capitalization policy that lead to the difference in this smart meter capital additions between CGAAP and MIFRS.

WPI Response:

The difference in the smart meter capital additions between CGAAP and MIFRS is not entirely due to changes in the capitalization policy. The budgeted 2013 additions for CGAAP of $316,432 include additional $ contracted services and materials (before burdens). These amounts were erroneously not budgeted for under the MIFRS 2013 additions; which total $58,143. The remaining difference is due to decreased engineering and stores burdens under MIFRS as only direct labour costs can be capitalized. WPI has respectfully amended the 2013 MIFRS budget to include the amount of $58,143 that had erroneously been missed.

2.0-Staff-6 – Capital Expenditure Forecast
Ref. Exhibit 2/Tab 3/Schedule 1, p. 3

WPI noted on page 3 that it is aware that the Board has requested a three year capital forecast as per the filing requirements, but that at the time the application was prepared this information was not available. Please provide a three year forecast of all expected capital expenditures for the 2014, 2015 and 2016 rate years in a summary table format.

WPI Response:

Please find the attached summary table which outlines the 2014-2016 capital expenditures. These amounts have been presented under MIFRS.

2014-2016 Capital Budget Forecast (MIFRS)

Project	2014	2015	2016
Capital #6 Primary Replacement	$ 1,213,000	$ 1,222,000	$ 1,342,000
Capital Poles - Priority Level 5	465,000	465,000	465,000
Capital Poles	387,000	387,000	387,000
Upgrade Station Metering	133,000	133,000	133,000
Station Grid Upgrade - 25 Stations	224,000	-	-
Port Elgin 5KV Cable & Poletran Replacement	612,000	612,000	612,000
Underground Butyl Rubber Replacement	213,000	216,000	220,000
New 3 Phase Customers	230,000	230,000	230,000
New low voltage services	169,000	169,000	169,000
Non-demarcation Customers	40,000	40,000	40,000
New Lots Developed	187,000	187,000	187,000
Metering	227,000	-	-
Buildings	9,000	9,000	9,000
Office Furniture & Equipment	2,000	2,000	2,000
Computer Hardware	29,000	29,000	29,000
Computer Sofware	45,000	45,000	45,000
Transportation Equipment	-	50,000	50,000
Tools, Shop & Garage Equipment	72,000	72,000	72,000
Contributed Capital	- 344,000	- 344,000	- 344,000
Total	**$ 3,913,000**	**$ 3,524,000**	**$ 3,648,000**

2.0-Staff-7
Ref. Exhibit 2/Tab 4/Schedule 1

Please provide a table listing the up-to-date capital expenditures for the 2012 bridge year including all capital contributions and provide the 2011 capital expenditures for the corresponding time period.

WPI Response:

Please find the summary table below which lists the up-to-date capital expenditures for the 2012 bridge year including all capital contributions as well as the 2011 capital expenditures for the corresponding time period:

Capital Expenditure History (Year To Date)

		Amount ($K)		
Month	**Year**	**Gross Capital**	**Capital Contributions**	**Net**
November	2011	3,809	230	3,579
November	2012	3,237	302	2,935

In addition to the $3,237K as at November 30, 2012 there are purchase orders for capital that will be received prior to year end totalling $840K. The total balance of these two items is $4,077K. It is expected that this will be further adjusted when the burdens are balanced at year end.

2.0-Staff-8
Ref. Exhibit 2/Tab 4/Schedule 3, Appendix 2-A

Note 2 in Appendix 2-A states that "amounts should be reported on a MIFRS basis for the adoption year and any subsequent years only". WPI filed Appendix 2-A showing CGAAP only. Please update Appendix 2-A by adding a column showing the 2013 test year capital project under MIFRS.

WPI Response:

Please see the revised "WPI_2013COS_Filing_Requirements_Chapter2_Appendices_V1.1_amended_20130121.xlsm" for the amendment to Appendix 2-A as requested. This file has been uploaded to the RESS.

2.0-Staff-9
Ref. Exhibit 2/Tab 4/Schedule 3, pp.1- 2 - #6 Copper Replacement Program

WPI forecasted $1,404,459 in the 2013 test year for the #6 copper replacement programs. This is an increase of 59% over 2011 actual and 173.8% over 2010 actual.

WPI noted that from 2012 onward this project will be to be completed by third party contractors as chosen utilizing the Purchasing Policy.

a. WPI noted that an incident occurred in 2008 when a live wire fell on a pedestrian. WPI also noted that the net variances year-over-year is due to the prioritization of capital projects. Please explain why this project was not given greater priority in the intervening years since last rebasing. Elaborate on why WPI feels that this project has gain greater priority in the bridge and test year.

WPI Response:

As identified in WPI's DAMP (Exhibit 2, Tab 4, Sch 4, Appendix 1), when WPI was formed in November 2000 it was the merger of 8 local municipal utilities serving 15 communities over a large service territory. Merging such a collection of small utilities spread over a large area produced a number of significant customer service and distribution system operating/maintenance issues.

Generally, the former utilities had little, if any, documentation on the distribution assets. Collection of data on the distribution system has been a multi-year project, with data still being collected on overhead transformers and poles.

Only after significant time and effort was spent to collect the data of WPIs diverse service territory did WPI have the ability to fully assess the amount of #6 Copper still in service and develop a plan to address the replacement of said infrastructure.

As WPI recognizes the implications to both public and worker safety and the improvement to system reliability (as evidenced in the improvement to line losses); an increased effort has been focused on this specific project in order to address and improve the issues noted above.

b. Please provide the projected capital budget for this project for the 2014, 2015 and 2016 rate years and elaborate on why this project is forecasted to continue for another 8-10 years. Provide a forecast for the total project cost upon completion.

WPI Response:

WPI estimates that at the end of 2012 the total cost to replace the remaining #6 Copper projects within its service territory is approximately $10 million. This estimate is based on known projects and the projected time and materials required to replace this infrastructure.

The projected capital budget for this project for 2014 – 2016 has been provided in response to Board Staff IR #6. WPI anticipates that all #6 Copper replacement should be substantially complete by the end of 2018 at an average annual cost of approximately $1.2 MM - $1.4 MM per year.

c. Please provide further explanation as to why this ongoing capital project will be completed by a third party and highlight any benefits of outsourcing this project versus completing this project in-house.

WPI Response:

Due to WPI's large service territory, it is sometimes beneficial to employ third party contractors as they do not incur the downtime and travel costs that are non-productive hours attributed to a job. WPI linestaff work an 8 hour, 5 day work week as opposed to third party contractors who work a 10 hour, 4 day work week. As set up and tear down of capital jobs is required on a daily basis, there are more 'productive hours' in a 10 hour 4 day work week as the third party contractors work longer hours on a daily basis.

The most practical reason to utilize third party contractors for this type of work is that they can dedicate their full time to the job without the interruption that WPI crews often face. As WPI has one service crew to serve its entire service territory, linestaff that are working on capital projects are often displaced to assist with service requests, customer requests or unplanned outages. In order to ensure quality customer service, system reliability and meet the established 'Service Quality Indices', WPI staff must react to the operations of the business, which can cause disruption to large scale projects and delays in completion.

2.0-Staff-10
Ref. Exhibit 2/Tab 4/Schedule 3, p. 4-5 – Pole Replacement
On page 5 WPI notes that a forecast of 50 pole replacements per year is estimated for the 2012 bridge year and the 2013 test year for a capital cost of $472,558 and $476,954

respectively. WPI also shows capital investments in poles, priority level 5, at a capital expense of $573,418 in 2012 and $567,155 in 2013.

a. Please confirm that these 50 poles are incremental to the proposed 50 pole replacement under the Priority level 5 pole replacement project.

WPI Response:

WPI confirms that the 50 poles are incremental to the proposed 50 pole replacements identified as Priority level 5 under the pole replacement project. To clarify, WPI anticipates replacing a total of 100 poles between these two projects.

b. Please provide the criteria for differentiation between WPI two pole replacement projects and explain the impact if this capital project was delayed.

WPI Response:

The poles that have been identified as Priority level 5 are poles that are in need of immediate replacement as the pole may already be broken, rotted at the base or the top of pole or hollow inside. These poles have been identified as immediate replacement as they compromise both public and worker safety and the reliability of WPIs system.

The 50 poles identified under the Capital Pole project are poles that have been identified as being non-compliant with Ontario Regulation 22/04. These poles need to be replaced because they do not meet the safety standard and/or equipment standard as established in the above Ontario Regulation and as per WPI's Construction Verification Program ('CVP'). Failure to replace these poles as identified exposes WPI to disciplinary action by the Electrical Safety Authority for non-compliance with the above standard.

2.0-Staff-11
Ref. Exhibit 2/Tab 4/Schedule 5 – Stranded Meters
In Exhibit 2/Tab 4/Schedule 5. WPI states:

> "WPI reallocated the gross cost and accumulated amortization of stranded assets to the appropriate smart meter deferral account. This exercise was repeated in each year of 2009-2011. WPI ceased to calculate any further

depreciation on stranded meters once the meters were no longer in service."

Table 1 of that exhibit shows that the accumulated depreciation for the stranded meters increases. In particular, while the Gross Book Value of stranded meters is $1,221,695 for each of 2011 and 2012, the accumulated depreciation increases from $511,911 in 2011 to $649,731. Thus Table 1 appears to contradict the statement quoted above.

a) Please confirm whether or not WPI continued to record depreciation expense of stranded meters.

WPI Response:

WPI confirms that we continued to record depreciation expense of stranded meters. The statement that we ceased to record depreciation in Exhibit 2/Tab 4/Schedule 5 was incorrect. Please see our response in part b of this interrogatory for further information.

b) WPI noted that it did not continue to accumulate depreciation expense of stranded meters. These meters continued to be included in WPI's rate base in its 2009 Cost of Service application, and hence the distribution rates approved in that case and any subsequent rates based on IRM applications, thus continue to recover depreciation expense as well as a return on the capital investments. Why would depreciation expense not be applicable to determine the net book value of stranded meters to be recovered through the Stranded Meter Rate Rider.

WPI Response:

Exhibit 2/Tab 4/Schedule 5 should have stated that WPI did continue to record depreciation expense. Therefore depreciation expense is applicable to determine the net book value of stranded meters to be recovered through the Stranded Meter Rate Rider.

2.0-Staff-12

Ref. Exhibit 2/Tab 6/Schedule 1, p.1 – Service Quality Indicators ("SQI")
In 2011 WPI shows the following SQIs, SAIDI 11.77, SAIFI 1.93 and CAIDI 6.09. Please explain these results and describe the incidents that caused SAIDI to be substantially higher in 2011 versus the previous two years.

WPI Response:

The SQI figures that are reported above for SAIDI, SAIFI, and CAIDI include Loss of Supply from Hydro One Networks Inc.

SAIDI is higher in 2011 versus previous years as WPI experienced more frequent outages due to Loss of Supply from Hydro One; specifically where the entire communities of Port Elgin, Southampton and Kincardine lost power for extended periods of time. As WPI is a fully embedded utility, it relies of Hydro One Networks for the delivery of power to its' Distribution Stations. WPI works closely with Hydro One Networks in instances of loss of supply in order to ensure power is restored in a timely manner.

Please also refer to VECC IR #1 for further information on WPIs Service Quality Indicators.

Energy Probe

2.0 Energy Probe # 2
Ref: Exhibit 2, Tab 3, Schedule 3, Attachment 1, page 6

a) Please confirm that the continuity schedule for 2012 includes 6 months of actual capital expenditures. If this cannot be confirmed, please indicate how many months of actual capital expenditures are reflected in the continuity schedule.

WPI Response:

The continuity schedule for 2012 is based on approximately 4 months of capital expenditures and the balance based on budgeted figures.

b) Please update the 2012 continuity schedule to reflect the most recent actual year-to-date capital expenditures closed to rate base along with the forecast for

the remainder months of the capital expenditures that will be put into service by the end of 2012 and included in rate base.

WPI Response:

Please refer to the table below for the updated 2012 continuity schedule as requested above.

Appendix 2-B
Fixed Asset Continuity Schedule - CGAAP

Year 2012

				Cost				Accumulated Depreciation				
CCA Class	OEB	Description	Depreciation Rate	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
12	1611	Computer Software (Formally known as Account 1925)					$ -				$ -	$ -
DEC	1612	Land Rights (Formally known as Account 1906)					$ -				$ -	$ -
N/A	1806	Land		$ 227,759			$ 227,759				$ -	$ 227,759
47	1808	Buildings	2.00%	$ 2,486,318	$ 5,000		$ 2,491,318	-$ 225,197	-$ 49,937		-$ 275,134	$ 2,216,184
13	1810	Leasehold Improvements					$ -	$ -			$ -	$ -
47	1815	Transformer Station Equipment >50 kV					$ -	$ -			$ -	$ -
47	1820	Distribution Station Equipment <50 kV	2.50%	$ 4,269,129	$ -		$ 4,269,129	-$ 1,575,655	-$ 138,328		-$ 1,714,983	$ 2,554,146
47	1825	Storage Battery Equipment					$ -	$ -			$ -	$ -
47	1830	Poles, Towers & Fixtures	4.00%	$ 7,106,083	$ 888,906		$ 7,994,989	-$ 2,348,062	-$ 327,658		-$ 2,675,719	$ 5,319,269
47	1835	Overhead Conductors & Devices	4.00%	$ 9,746,857	$ 838,997		$ 10,585,854	-$ 3,339,848	-$ 441,852		-$ 3,781,700	$ 6,804,154
47	1840	Underground Conduit	4.00%	$ 3,044,636	$ 290,681		$ 3,335,317	-$ 959,558	-$ 136,788		-$ 1,096,346	$ 2,238,971
47	1845	Underground Conductors & Devices	4.00%	$ 8,848,611	$ 454,468		$ 9,303,079	-$ 2,651,522	-$ 392,366		-$ 3,043,887	$ 6,259,192
47	1850	Line Transformers	4.00%	$ 8,007,561	$ 592,656		$ 8,600,217	-$ 2,691,469	-$ 360,782		-$ 3,052,251	$ 5,547,966
47	1855	Services (Overhead & Underground)	4.00%	$ 4,430,482	$ 637,257		$ 5,067,739	-$ 1,314,320	-$ 201,040		-$ 1,515,360	$ 3,551,879
47	1860	Meters	4.00%	$ 1,579,564			$ 1,579,564	-$ 417,283	-$ 67,812		-$ 485,095	$ 1,094,469
8	1860	Meters (Smart Meters)	6.67%	$ 105,634	$ 38,652		$ 144,286	-$ 2,150	-$ 8,418		-$ 10,568	$ 133,718
N/A	1905	Land					$ -	$ -			$ -	$ -
47	1908	Buildings & Fixtures					$ -	$ -			$ -	$ -
13	1910	Leasehold Improvements					$ -	$ -			$ -	$ -
8	1915	Office Furniture & Equipment (10 years)	10.00%	$ 262,476	$ 5,000		$ 267,476	-$ 186,029	-$ 15,084		-$ 201,113	$ 66,364
8	1915	Office Furniture & Equipment (5 years)					$ -	$ -			$ -	$ -
10	1920	Computer Equipment - Hardware	20.00%	$ 275,946			$ 275,946	-$ 152,871			-$ 152,871	$ 123,075
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	30.00%	$ 52,212			$ 52,212	-$ 146,241			$ 146,241	-$ 94,029
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	30.00%	$ 153,837	$ 22,000		$ 175,837	-$ 107,594	-$ 27,104		-$ 134,698	$ 41,239
12	1925	Computer Software (Formally known as Account 1925)	52.00%	$ 944,456	$ 50,000		$ 994,456	-$ 813,572	-$ 70,279		-$ 883,851	$ 110,605
10	1930	Transportation Equipment	12.50%	$ 1,984,171	$ 450,000	-$ 150,000	$ 2,284,171	-$ 1,188,623	-$ 229,861	$ 150,000	-$ 1,268,484	$ 1,015,687
8	1935	Stores Equipment	10.00%	$ 85,037			$ 85,037	-$ 26,166	-$ 8,296		-$ 34,462	$ 50,575
8	1940	Tools, Shop & Garage Equipment	10.00%	$ 296,781	$ 72,000		$ 368,781	-$ 184,380	-$ 22,364		-$ 206,744	$ 162,037
8	1945	Measurement & Testing Equipment	10.00%	$ 67,544			$ 67,544	-$ 34,989	-$ 6,645		-$ 41,634	$ 25,909
8	1950	Power Operated Equipment	12.50%	$ 89,272			$ 89,272	-$ 37,867	-$ 7,997		-$ 45,864	$ 43,408
8	1955	Communications Equipment	10.00%	$ 176,173			$ 176,173	-$ 105,991	-$ 20,382		-$ 126,373	$ 49,801
8	1955	Communication Equipment (Smart Meters)					$ -	$ -			$ -	$ -
8	1960	Miscellaneous Equipment	10.00%	$ 43,493	$ 40,000		$ 83,493	-$ 29,742	-$ 4,342		-$ 34,084	$ 49,409
47	1975	Load Management Controls Utility Premises	10.00%	$ 258,631			$ 258,631	-$ 258,631			-$ 258,631	$ -
47	1980	System Supervisor Equipment					$ -	$ -			$ -	$ -
47	1985	Miscellaneous Fixed Assets	10.00%	$ 1,427			$ 1,427	-$ 1,427			-$ 1,427	$ 0
47	1995	Contributions & Grants	4.00%	-$ 8,188,457	-$ 433,861		$ 8,622,318	$ 1,719,307	$ 336,986		-$ 2,056,293	-$ 6,566,025
	etc.						$ -				$ -	$ -
		Total		$ 48,355,641	$ 3,951,756	-$ 150,000	$ 50,157,397	-$ 17,079,279	-$ 2,201,349	$ 150,000	-$ 19,130,628	$ 31,026,769

2.0 Energy Probe # 3
Ref: Exhibit 2, Tab 3, Schedule 3, Attachment 1

Please provide a table that shows for each year 2007 through 2013 the total Contributions and Grants, along with this total broken down into the OEB Accounts to which the amounts are related.

WPI Response:

Please see the table below that shows for each year 2007 through 2013 the total Contributions and Grants, along with this total broken down into the OEB Accounts to which the amounts are related.

Annual Contributions and Grants - Broken Down by OEB Account

Corresponding OEB Account	2007	2008	2009	2010	2011	2012	2013
1830 Poles, Towers and Fixtures	28,826	92,493	225,706	52,021	65,797	36,978	35,359
1835 Overhead Conductors & Devices	479,406	146,887	248,556	52,371	66,782	45,478	43,859
1840 Underground Conduit	-	-	-	-	-	12,972	12,567
1845 Underground Conductors & Devices	- 136,971	94,973	205,756	34,594	157,042	93,391	90,961
1850 Line Transformers	55,142	318,036	423,828	42,799	166,552	177,765	169,665
1855 Services (Overhead & Underground)	305,861	217,250	114,814	103,831	142,403	41,832	41,022
1860 Meters	- 54,715	22,777	45,697	1,997	34,144	25,445	24,230
Total	**677,549**	**892,416**	**1,264,357**	**287,613**	**632,720**	**433,861**	**417,663**

2.0 Energy Probe # 4
Ref: Exhibit 2, Tab 3, Schedule 3, Attachment 1, page 7

a) Please confirm that the costs related to the stranded meters are included in the opening or closing balances for 2013.

WPI Response:

WPI wishes to confirm that costs related to the stranded meters are <u>not</u> included in the opening or closing balances for 2013.

b) When did WPI remove the stranded assets from the rate base calculation? If this was done prior to the end of 2012, please explain why.

WPI Response:

WPI removed the stranded assets from the rate base calculation in the years 2009-2011 as per Board Direction by Letter dated January 16, 2007 entitled "Stranded Meter Costs Related to the Installation of Smart Meters".

2.0 Energy Probe # 5
Ref: Exhibit 2, Tab 4, Schedule 3

a) What does WPI do with the copper that is replaced through the #6 Copper Replacement Program? Is it sold as scrap? If so, please provide the value of the copper sold in each of 2009 through 2013.

WPI Response:

WPI sells copper replaced through the #6 Copper Replacement Program as scrap. Our records do not provide a breakdown of the monies received specifically for copper, but our records of the scrap value received for all metals are listed in the table below:

Scrap Value of Metal

Year	$
2009	3,175
2010	3,684
2011	23,964
2012	20,000
2013	20,000

c) What is the status of Hanover MS1 Reactor Installation? Will it still be completed on time and on budget and placed into service by the end of 2012?

WPI Response:

The Hanover MS1 Reactor installation was not completed in 2012 due to WPI changing Substation Maintenance service providers. It is anticipated that the project will be completed in 2013 at a cost equivalent to the 2012 cost.

d) What is the status of Harriston T2 Upgrade? Will it still be completed on time and on budget and placed into service by the end of 2012?

WPI Response:

The Harriston T2 Upgrade was not completed in 2012; however, it is anticipated that the project will be completed in 2013 at a cost equivalent to the 2012 cost. At this time, engineering studies are being undertaken and Requests for Proposals are being prepared in anticipation of this project being completed by Q3 2013.

e) Please quantify the reduction in meter reading costs (page 28) in the 2013 test year associated with the meter capital forecast shown for Meters. Please indicate whether or not this reduction has been explicitly incorporated in the OM&A forecast for the test year.

WPI Response:

Meter reading costs are anticipated to decrease $3,500 in the 2013 test year as a result of the meter capital forecast shown for Meters. This reduction has been explicitly incorporated in the OM&A forecast for the test year.

f) Please explain what is driving the significant increase in New 3 Phase Customer costs in 2012 and 2013 relative the levels recorded in previous years.

WPI Response:

The increase in new 3 Phase Customers is based on information received by WPI from potential developers and businesses regarding connecting to the system. Included in these figures are two significant commercial projects which both include an expansion to WPI's existing plant and the connection of customer owned substations.

Work completed in this category is 100% customer paid through contributed capital and has no net impact on WPIs Revenue Requirement.

g) Based on the most recent year-to-date actuals and forecasts for the remainder of 2012, what is the actual capital expenditure in 2012 for New 3 Phase Customer expenditures?

WPI Response:

Please refer to the schedule prepared for interrogatory Energy Probe -7 for response to this query.

h) Please explain what is driving the significant increase in New Low Voltage Service costs in 2012 and 2013 relative the levels recorded in previous years.

WPI Response:

In 2010, WPI like many utilities experienced a significant reduction in new lots developed due to the economic downturn. In 2011, the costs associated with new subdivision expansions were 400% over that of 2010. Due to the significant increase in new subdivisions in 2011, WPI projected an increase in new Low Voltage Service connection requests due to the increase in available lots, thereby increasing the relevant costs.

i) Based on the most recent year-to-date actuals and forecasts for the remainder of 2012, what is the actual capital expenditure in 2012 for New Low Voltage Service expenditures?

WPI Response:

Please refer to the schedule prepared for interrogatory Energy Probe -7 for response to this query.

j) What is the most recent year-to-date contributed capital (page 78) recorded in 2012?

WPI Response:

The contributed capital as at November 30, 2012 is $300,498.

2.0 Energy Probe # 6
Ref: Exhibit 2, Tab 4, Schedule 3

a) Has the new double bucket truck, budgeted for 2012 at a cost of $450,000 been purchased and placed in service? If not, when is it forecast to be purchased and placed into service?

WPI Response:

The new double bucket truck, budgeted for 2012 at a cost of $450,000 has been purchased and placed in service.

b) Please provide further explanation as to the increase in Tools, Shop & Garage Equipment expenditures forecast for 2012 and 2013 relative to previous years.

WPI Response:

Please see response to VECC IR #11 a.

c) Please provide the actual year-to-date expenditures in 2012 for Tools, Shop & Garage Equipment.

WPI Response:

As at November 30, 2012, WPI has incurred $9,478 for 2012 Tools, Shop & Garage Equipment expenditures. Additional capital expenditures of $6,085 were incurred in December 2012 for a total of $15,563 for 2012.

2.0 Energy Probe # 7
Ref: Exhibit 2, Tab 4, Schedule 3, Appendix 2-A

Please provide a table that reflects only 2012 and 2013 projects. Please update the 2012 and 2013 figures to reflect actual year-to-date expenditures made in 2012 and the forecast for the remainder of the year. Please include any projects not originally included in the forecast. Please also include any adjustments to 2013 related to deferrals from 2012 to 2013, or from 2013 to later years, if applicable.

WPI Response:

Please see the table below for the information requested above. We wish to point out that the forecast to the end of the year is based on best estimates at this point in time as not all data has been entered into our system. In addition, any burden adjustments will only be made just prior to finalization of the financial statements. We are not in a position to speculate what this adjustment will be at this time.

Appendix 2-A
Capital Projects Table
Updated As Per 2.0-Energy Probe #7

Projects	2012 Bridge Year (As Originally Filed)	2012 Bridge Year (Actual YTD + forecast to year end)	2013 Test Year (As Originally Filed)	2013 Test Year (with known revisions at Jan 2013)
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP
Capital #6 Primary Replacement				
Poles, Towers & Fixtures	322,551	296,747	351,114	351,114
Overhead Conductors & Devices	387,061	356,096	421,338	421,338
Underground Conduit		0		
Underground Conductors & Devices	64,510	59,349	70,223	70,223
Line Transformers	258,040	237,397	280,892	280,892
Services	258,040	237,397	280,892	280,892
Meters				
Sub-Total	1,290,202	1,186,986	1,404,459	1,404,459
Capital Poles - Priority Level 5				
Poles, Towers & Fixtures	200,696	200,696	198,504	279,634
Overhead Conductors & Devices	229,367	229,367	226,862	319,582
Underground Conduit	14,336	14,336	14,179	19,974
Underground Conductors & Devices	43,006	43,006	42,537	59,922
Line Transformers	28,671	28,671	28,358	39,948
Services	57,342	57,342	56,715	79,895
Meters				
Sub-Total	573,418	573,418	567,155	798,956
Capital Poles				
Poles, Towers & Fixtures	283,535	110,472	286,173	147,092
Overhead Conductors & Devices	118,139	46,030	119,238	61,288
Underground Conduit		0		0
Underground Conductors & Devices	11,814	4,603	11,924	6,129
Line Transformers	35,442	13,809	35,771	18,386
Services	23,628	9,206	23,848	12,258
Meters				
Sub-Total	472,558	184,120	476,954	245,153

Appendix 2-A
Capital Projects Table
Updated As Per 2.0-Energy Probe #7

Projects	2012 Bridge Year (As Originally Filed)	2012 Bridge Year (Actual YTD + forecast to year end)	2013 Test Year (As Originally Filed)	2013 Test Year (with known revisions at Jan 2013)
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP
Emergency Transformer Refurb & Ready Stations				
Distribution Station Equipment			256,064	256,064
Poles, Towers & Fixtures			30,125	30,125
Overhead Conductors & Devices			15,063	15,063
Sub-Total	0	0	301,252	301,252
Upgrade Station Metering				
Distribution Station Equipment			129,422	129,422
Sub-Total	0	0	129,422	129,422
Hanover MS1 Reactor Installation				
Project deferred to 2013		-242,020		
Distribution Station Equipment	242,020	242,020		242,020
Sub-Total	242,020	0	0	242,020
Station Grid Upgrade - 25 Stations				
Project deferred to 2013		-120,928		
Distribution Station Equipment	120,928	120,928	209,369	330,297
Sub-Total	120,928	0	209,369	330,297
Harriston T2 Upgrade				
Project deferred to 2013		-143,891		
Distribution Substation Equipment	143,891	143,891		143,891
Sub-Total	143,891	0	0	143,891
Port Elgin 5KV Cable & Poletran Replacement				
Poles, Towers & Fixtures	24,503	24,503	37,068	37,068
Overhead Conductors & Devices	24,503	24,503	37,068	37,068
Underground Conduit	220,529	220,529	333,610	333,610
Underground Conductors & Devices	122,516	122,516	185,339	185,339
Line Transformers	49,007	49,007	74,135	74,135
Services	49,007	49,007	74,135	74,135
Meters				
Sub-Total	490,065	490,065	741,355	741,355

Appendix 2-A
Capital Projects Table
Updated As Per 2.0-Energy Probe #7

Projects	2012 Bridge Year (As Originally Filed)	2012 Bridge Year (Actual YTD + forecast to year end)	2013 Test Year (As Originally Filed)	2013 Test Year (with known revisions at Jan 2013)
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP
New 3 Phase Customers				
Poles, Towers & Fixtures	32,009	24,967	30,389	30,389
Overhead Conductors & Devices	32,009	24,967	30,389	30,389
Underground Conduit	8,002	6,242	7,597	7,597
Underground Conductors & Devices	48,014	37,451	45,584	45,584
Line Transformers	160,046	124,836	151,946	151,946
Services	16,005	12,484	15,195	15,195
Meters	24,006	18,725	22,793	22,793
Sub-Total	320,091	249,671	303,893	303,893
New low voltage services				
Poles, Towers & Fixtures	7,323	4,095	6,496	6,496
Overhead Conductors & Devices	7,323	4,095	6,496	6,496
Underground Conduit	7,323	4,095	6,496	6,496
Underground Conductors & Devices	29,293	16,380	25,983	25,983
Line Transformers	7,323	4,095	6,496	6,496
Services	219,703	122,854	194,874	194,874
Meters	14,646	8,190	12,991	12,991
Sub-Total	292,934	163,804	259,832	259,832
Non-demarcation Customers				
Poles, Towers & Fixtures	4,757	976	6,300	6,300
Overhead Conductors & Devices				
Underground Conduit	26,959	5,532	35,700	35,700
Underground Conductors & Devices				
Line Transformers				
Services				
Meters				
Sub-Total	31,716	6,508	42,000	42,000
New Lots Developed				
Poles, Towers & Fixtures	13,532	18,827	12,407	12,407
Overhead Conductors & Devices	40,595	56,480	37,221	37,221
Underground Conduit	13,532	18,827	12,407	12,407
Underground Conductors & Devices	135,315	188,265	124,071	124,071
Line Transformers	54,127	75,307	49,629	49,629
Services	13,532	18,827	12,407	12,407
Meters				
Sub-Total	270,633	376,534	248,142	248,142

Appendix 2-A
Capital Projects Table
Updated As Per 2.0-Energy Probe #7

Projects	2012 Bridge Year (As Originally Filed)	2012 Bridge Year (Actual YTD + forecast to year end)	2013 Test Year (As Originally Filed)	2013 Test Year (with known revisions at Jan 2013)
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP
Non-budgeted Work Orders				
Poles, Towers & Fixtures		4,678		
Overhead Conductors & Devices		13,738		
Underground Conduit		526		
Underground Conductors & Devices		6,836		
Line Transformers		1,793		
Services		281,954		
Meters		8,476		
Sub-Total	0	318,000	0	0
Metering				
Meters			280,648	460,648
Sub-Total	0	0	280,648	460,648
Other				
Buildings	5,000	0	9,000	9,000
Office Furniture & Equipment	5,000	2,642	2,000	2,000
Computer Hardware	22,000	9,258	28,600	28,600
Computer Sofware	50,000	24,179	45,000	45,000
Transportation Equipment	450,000	393,169	400,000	400,000
Stores Equipment				
Tools, Shop & Garage Equipment	72,000	15,563	72,000	72,000
Measurement & Testing Equipment				
Power Operated Equipment				
Communications Equipment				
Miscellaneous Equipment	40,000	16,125	45,000	45,000
Sub-Total	644,000	460,936	601,600	601,600
Miscellaneous				
Total	4,892,456	4,010,042	5,566,081	6,252,920
Contributed Capital	-433,861	-329,373	-417,663	-417,663
Net Total	4,458,595	3,680,669	5,148,418	5,835,257

2.0 Energy Probe # 8
Ref: Exhibit 2, Tab 4, Schedule 4

Please provide a copy of the most recent presentation from management to the Board of Directors in 2012 as referenced on page 16 of the DAMP.

WPI Response:

Please see Attachment # 1

2.0 Energy Probe # 9
Ref: Exhibit 2, Tab 4, Schedule 5

The evidence states that WPI ceased to calculate any further depreciation on stranded meters once the meters were no longer in service.

a) Please confirm that WPI continued to calculate depreciation on the stranded meters in the smart meter deferral account.

WPI Response:

Please refer to the response to Board Staff interrogatory 2.0-Staff-11 part a.

b) Please provide a version of Table 1 that shows the calculation of the residual net book value of the meters that were stranded in 2010 in order to provide an illustration of how the depreciation for these meters was handled in 2010, 2011 and 2012.

WPI Response:

Please see the table below in response to your query. As per the table, WPI did not "book" depreciation in 2010 or 2011, however in 2012, the depreciation that should have been calculated on the stranded meters was "realized" and recorded in the 2012 financial statements.

2010 Stranded Meters - Illustative Example of How Depreciation Was Handled in Each Year (2010 - 2012)

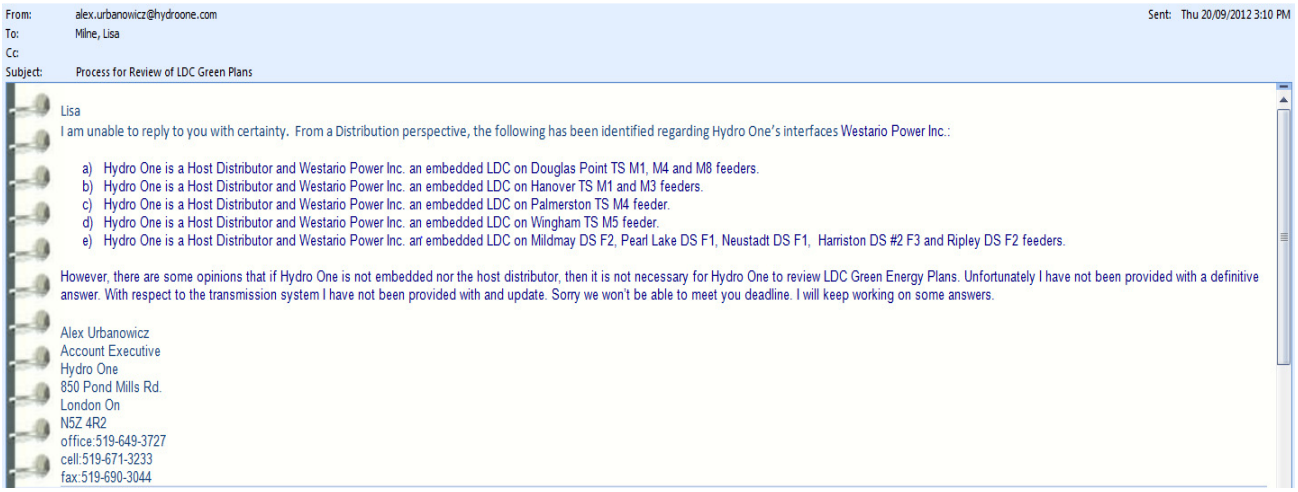
	Gross Asset Value - Opening	Stranded Meters Realized	Gross Asset Value - Closing	Accumulated Amortization - Opening	Accumulated Amortization Realized	Depreciation	Accumulated Amortization - Closing	Contributed Capital (Net of Amortization)	Net Asset	Proceeds on Disposition	Residual Net Book Value
2010	-	286,177	286,177		154,963		154,963	1,752	129,462	1,116	128,346
2011	286,177	-	286,177	154,963			154,963		131,214		131,214
2012	286,177	-	286,177	154,963		28,600	183,563		102,614		102,614

2.0 Energy Probe # 10

Ref: Exhibit 2, Tab 7, Schedule 1
Please provide any response from Hydro One to the request for comments.

WPI Response:

The last email correspondence received from Hydro One on September 20, 2012 is as follows:



From: alex.urbanowicz@hydroone.com Sent: Thu 20/09/2012 3:10 PM
To: Milne, Lisa
Cc:
Subject: Process for Review of LDC Green Plans

Lisa
I am unable to reply to you with certainty. From a Distribution perspective, the following has been identified regarding Hydro One's interfaces Westario Power Inc.:

a) Hydro One is a Host Distributor and Westario Power Inc. an embedded LDC on Douglas Point TS M1, M4 and M8 feeders.
b) Hydro One is a Host Distributor and Westario Power Inc. an embedded LDC on Hanover TS M1 and M3 feeders.
c) Hydro One is a Host Distributor and Westario Power Inc. an embedded LDC on Palmerston TS M4 feeder.
d) Hydro One is a Host Distributor and Westario Power Inc. an embedded LDC on Wingham TS M5 feeder.
e) Hydro One is a Host Distributor and Westario Power Inc. an embedded LDC on Mildmay DS F2, Pearl Lake DS F1, Neustadt DS F1, Harriston DS #2 F3 and Ripley DS F2 feeders.

However, there are some opinions that if Hydro One is not embedded nor the host distributor, then it is not necessary for Hydro One to review LDC Green Energy Plans. Unfortunately I have not been provided with a definitive answer. With respect to the transmission system I have not been provided with and update. Sorry we won't be able to meet you deadline. I will keep working on some answers.

Alex Urbanowicz
Account Executive
Hydro One
850 Pond Mills Rd.
London On
N5Z 4R2
office:519-649-3727
cell:519-671-3233
fax:519-690-3044

To date, nothing further has been received from Hydro One.

SEC

2-SEC-1
[Ex.2/3/3/Appendix 2-B] Please provide an updated 2012 forecast (or year-end actuals if available) for the Appendix 2B Fixed Asset Continuity tables.

WPI Response:

Please see the response to 2.0 Energy Probe #2b and the related table.

2-SEC-2
[Ex.2/3/1/p.2] Please provide the number of polls replaced or forecasted to be replaced, from 2009-2013.

WPI Response:

The number of poles replaced related to capital pole and decrepit pole projects include the following:

2013	*100*
2012	*67*
2011	*83*
2010	*32*
2009	*26*

2-SEC-3
[Ex.2/3/1p.2] Please explain why the Applicant purchased a bucket truck each year from 2010-2012.

WPI Response:

Westario Power purchased bucket trucks in each of these years to replace trucks that were at the end of their life. In 2012 Westario decommissioned three large trucks and replaced them with one. The cost to repair the trucks rather than replace them was cost prohibitive. The trucks that were replaced were each at least 15 years old.

2-SEC-4
[Ex.2/4/3/Appendix 2-A]
Please provide a column comparing the 2012 Bridge Year forecast to 2012 actuals (year-to-date or year-end if available).

WPI Response:

Please see the response to 2.0 Energy Probe #7 and the related table. The response for 2.0 Energy Probe #7 addresses the year to date actual as at November 30, 2012 and includes a forecast to the end of the year.

2-SEC-5
[Ex.2/4/4] Please provide an updated on the in-service status of all capital projects projected to go into-service in 2012.

WPI Response:

WPI has assumed that SEC had intended to reference Ex.2/4/4 and WPI will proceed with responding to this interrogatory based on this assumption. Please refer to the table below for the estimated percentage of completion of all capital projects projected to go into service in 2012. This status listing is as of December 31, 2012.

In-service Status of Projected 2012 Capital Projects

Description	Budget ($)	% Of Project Completed By Year End (Estimated)
Capital #6 Copper Primary Replacement	1,290,202	92%
Priority Level 5 Capital Pole Replacements	573,418	100%
Harriston T2 Upgrade	143,891	0%
Hanover MS1 Reactor Installation	242,020	0%
Capital Poles	472,558	42%
Station Grid Code Upgrade - Stations Non compliant	120,928	0%
Port Elgin 5KV Cable and Poletran Replacement	490,065	100%
New 3 Phase Customers	320,091	78%
New Underground Service Connections	292,934	56%
New Lots Developed	270,633	100%
Non-demarcation Customers	31,716	21%
Less: Contributed Capital	- 433,861	76%
Computer Hardware	22,000	42%
Computer Software	50,000	48%
Vehicle Replacement	450,000	100%
Tools and Equipment	72,000	22%
Pole Trailer	40,000	100%
Facilities Enhancements	5,000	0%
Office Furniture and Equipment	5,000	53%

VECC

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.

WPI Response:

Upon further review of its Reliability Metrics; WPI has concluded that it had improperly calculated its Reliability Metrics for 2009 and 2010. WPI submits that prior to the RRR Filing Guide prepared by Board Staff issued on April 3, 2012; the amounts submitted for SAIDI, SAIFI and CAIDI were inconsistent with the methodology provided in the Board Staff Report.

Please see amended SAIDI, SAIFI and CAIDI metrics calculated as per the methodology in the above noted Filing Guide.

Reliability Metrics – excluding Loss of Supply	***2009***	***2010***	***2011***
SAIDI (System Average Interruption Duration Index)	*0.74*	*1.19*	*1.44*
SAIFI (System Average Interruption Frequency)	*0.53*	*0.44*	*0.48*
CAIDI (Customer Average Interruption Duration Index)	*1.39*	*2.70*	*3.02*
Reliability Metrics – All Interruptions			
SAIDI (System Average Interruption Duration Index)	*2.08*	*1.58*	*11.77*
SAIFI (System Average Interruption Frequency)	*0.97*	*0.61*	*1.93*
CAIDI (Customer Average Interruption Duration Index)	*2.14*	*2.60*	*6.09*

Based on the revised Reliability Metrics above, the SAIFI numbers excluding Loss of Supply have been fairly consistent from 2009-2011.

WPI acknowledges that the SAIDI Metrics have increased from 2009 to 2011.

The increase in 2010 can be attributed to two separate events that affected the entire community of Lucknow. In May, a large tree fell on the overhead lines causing loss of power to the entire community while remediation was undertaken. Due to the design of WPIs distribution system, there is no back up supply for Lucknow; therefore, load could not be transferred while repairs were made. In December, Lucknow was experiencing voltage fluctuations, therefore, the substation needed to be taken out of service until such time as the problem could be remediated. If these three events were excluded from the SAIDI measure, the metric would improve to 0.78; which is a slight increase over the prior year.

The increase in 2011 can be attributed to three main events. In March; there was excessive snow and wind that created downed trees limbs on the overhead wires causing significant damage and outages in the Town of Walkerton. In June; there were tornado like winds that affected the communities along Lake Huron; creating damage to the overhead plant with broken poles and downed tree limbs on the overhead wires. These two weather events would be considered more significant than what is typical for WPIs service territory. In August; the whole town of Lucknow was out of power for approximately 5 hours for a planned outage in order to conduct regular substation maintenance. As indicated above, due to the design of WPIs distribution system, there is no back up for Lucknow to transfer load in circumstances such as planned station maintenance. If these three events were excluded from the SAIDI measure, the metric would improve to 0.71; which is an improvement over the above adjusted 2010 figure.

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

WPI Response:

Based on the revised table in response to part a) above; the SAIFI metrics have slightly improved from 2009 to 2011. While there has been a decrease in the number of interruptions per customers, because there has been an increase to the length of the interruption, both SAIDI and CAIDI have increased.

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

WPI Response:

WPI does not establish numerical targets for SAIDI, CAIDI and SAIFI, and continuously focuses its efforts to improve these indices which reflect WPIs commitment to providing safe and reliable power to its customers.

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.

WPI Response:

At the end of 2009 there were eleven bucket trucks in service. Eight of these were ten to sixteen years old and were obtained during the amalgamation of the Public Utility Companies that formed Westario Power in 2000. At the end of 2013 it is expected that there will be 7 bucket trucks in service.

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.

WPI Response:

The following is a list of all vehicles at year-end 2012 along with their Dec 31, 2012 book value. The eight bucket trucks are highlighted. The subsequent table indicates Westario Power intends to retire two more trucks in 2013 and replace them with a Digger truck.

2012 Vehicle List

Type	Yr	Make	Mod	#	2012 Book Value
Pick-up	2005	Dodge	RAM	1	$Nil
Dump Truck	1999	GMC	8500	3	$Nil
Double Bucket	1999	International	4900	5	$Nil
Single Bucket	2005	Freightliner	M2	11	$Nil
Dump Truck	2006	Ford	F350	13	$5,700
Single Bucket	2007	International	7400	15	$71,000
Pick-up	2006	Dodge	RAM	19	$4,000
Pick-up	2005	Dodge	RAM	21	$Nil
Pick-up	2006	Dodge	RAM	23	$4,000
Single Bucket	2006	Freightliner	M2	24	$30,000
Pick-up	2006	Dodge	RAM	31	$4,000
Car	2009	Toyota	Matrix	43	$11,000
Pick-up	2008	Toyota	Tundra	44	$12,000
Pick-up	2008	Toyota	Tundra	45	$12,000

Pick-up	2010	Ford	F150	50	$16,000
Single Bucket	2010	Freightliner	M2	52	$152,000
Pick-up	2011	Chevrolet	SIL	53	$19,000
Boom Truck	2011	Freightliner	M2	54	$231,000
Double Bucket	2012	Freightliner	FM2	55	$369,000
Boom Truck	1995	GMC	Topkick	106	$Nil

		Planned 2013	**Changes**		Estimated
Type	Yr	Make	Mod	#	Salvage
Boom Truck	1995	GMC	Topkick	106	$8,000
Double Bucket	1999	International	4900	5	$8,000
Digger Truck			Purchase		

2.0 – VECC – 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?

WPI Response:

Please see response to Board Staff IR #9

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.

WPI Response:

Prior to a Distribution Asset Management Plan (DAMP) being mandated by the OEB WPI had conducted a number of activities to ensure that its distribution system was safe and reliable.

In 2001 a due diligence study was undertaken by an independent third party which included the review and assessment of many facets of WPIs business including but not limited to Overhead and Underground Lines, Municipal Substations and Fixed Assets. The study was the foundation for the utility to assess the safety and reliability of the system.

Prior to the OEB mandating an asset management plan, WPI had initiated the collection of data for its distribution assets. This program also included the verification and upgrading of nomenclature of its distribution plant. This data was then updated to WPI's distribution system maps, which are updated on a continuous basis as it is integral to the planning and maintenance of the distribution system.

For a number of years WPI has had an established inspection and maintenance program (i.e. visual inspection, oil analysis, etc.) on all of its municipal substations, which allows WPI to quickly identify any anomalies and/or issues that can be remediated prior to any significant problems arising.

Prior to the OEB mandated DAMP, WPI has been an active member of the Utilities Standard Forum (USF) which is a collaboration of approximately 35 utilities in the province that establishes technical standards and sharing of industry best practices for the design, construction and maintenance of distribution assets. The standards, information and best practices that have been obtained through this group have been applied to WPIs business.

With the introduction of Ontario Regulation 22/04 in 2004; WPI developed a Construction Verification Standard which established internal processes and practices to ensure that its distribution plant was built and maintained in a safe and reliable manner. This process has evolved over time, and due diligence inspections have become a normal course of action for the operations of WPIs business.

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.

WPI Response:

The poles referenced in this Exhibit were installed prior to the introduction of Ontario Regulation 22/04 and USF standards. As a result of adding equipment to the pole, many of these poles need to be replaced as the clearances do not meet the current technical 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.

WPI Response:

When Ontario Regulation 22/04 was established, distribution assets that were built prior to the Regulation (February 2004) were 'grandfathered' as not having to be upgraded to the new established standard. While these assets are grandfathered, the Regulation further stipulates that any additional equipment that is added to or expanded on the 'grandfathered' plant must be brought up to the current standard established under the Regulation.

Due to the above Regulation, it is difficult to estimate exactly how many of these types of poles there are and the cost to replace them. Many of these poles meet the standard today as they are grandfathered, however, as noted above, they will no longer meet the standard should there be a new attachment or expansion.

2.0 – VECC – 5.0
Reference: Exhibit 2, Tab 4, Schedule 3, pg. 8

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

WPI Response:

The pole line in question was built in the 1940s. At the time of construction in the 1940s it is expected that the pole line met the standards at the time. Over the years the poles started to lean over roofs, thereby creating a public hazard. With insufficient property to properly guy new poles the only solution was to install the new hydro plant underground. This was a two part project started in 2008 with directional boring installing the conduit. The project was completed in 2009 with the installation of new underground wire and transformer vaults, and transformers. Total cost of this project was $138,542.

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.

WPI Response:

Please refer to response to Energy Probe IR #5 c

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).

WPI Response:

The costs submitted in the 2012 Bridge Year have taken into account costs to be recovered from the supplier of the failed equipment. The amount submitted is net of a credit offered by the supplier.

Please refer to response to EP IR #5 b for further information on this project.

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.

WPI Response:

The costs associated with the replacement of meters includes the costs associated with the new Smart Meter, installation services conducted by a third party contractor, cross phase testing and administrative paperwork to satisfy the requirements of Measure Canada.

The costs associated with the installation of a conventional dial meter, or like for like replacement would be identical to the above with the exception that instead of costs associated with the purchase of a new Smart Meter, the existing meter can be recertified by an accredited lab to extend its seal date.

In calculating the cost benefit analysis, WPI compared the unique costs of each of the two options. The following information was taken into account:

Install of Smart Meter

Cost of new Smart Meter

Cost to remotely read meter on an annual basis

Install of Conventional Meter

Cost to recertify existing meter

Cost to manually read meter on an annual basis

As illustrated in the table below, while the upfront capital cost of the new Smart Meter appears to be high, this is more than offset by the decrease in costs associated with the ability to read the meter remotely.

As the incremental costs associated with installing a Smart Meter are approximately 50% of the cost of recertifying the Conventional Meter, the direction taken was based on the most cost effective option.

	Smart Meter	Conventional Meter
Cost of Meter	$500.00	$0.00
Annual Amortization	$33.33	$0.00
Cost of Recerficiation	$0.00	$45.00
Monthly Meter Reading Costs	$0.13	$5.88
Annual Meter Reading	$1.56	$70.56
Total Costs (Year 1)	$34.89	$115.56
Total Costs (Year 2-15)	$488.51	$987.84
Total Cost (15 Years)	**$523.40**	**$1,103.40**

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.

WPI Response:

WPI anticipates this project to be completed in approximately 3 years. As the project commenced in 2012, it should be substantially complete by the end of 2014. It is projected that costs in 2014 will be approximately $285,000, with no costs projected for 2015 and 2016.

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

WPI Response:

As per the table provided in response to a) above, the total annual savings over a 15 year period are $450.00 per meter. Based on approximately 240 meters to be replaced, the total savings over a 15 year period is approximately $133,000 or $8,900 per year.

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.

WPI Response:

There is no budgeted amount for the 2012 "Burden Clearing" adjustment. In prior years at year end WPI settles all jobs that are finalized to capital and then reviews the over/under of the burden accounts. For example, the engineering burden is comprised of the salary of support staff, benefits, cost of clothing and tools, etc. The total of the burden charged is compared to the actual costs incurred. If there is a variance, the variance is allocated based on actual labour hours between capital (allocated amongst the various G/L accounts) and maintenance accounts. WPI's system does not allow for the balancing to be as granular so as to allocate it to specific jobs. This same exercise is completed for both the administration burden and stores burden as well.

As WPI is still in the process of finalizing year end figures, an estimate for 2012 for this adjustment cannot be determined at this time. In 2011 the balancing of the over collection of burdens was 57% to capital (2011) and 48% to capital (2010). The split amongst the various G/L accounts is unknown at this time but it is expected that the allocation would be similar to that of 2011.

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.

WPI Response:

The 2013 capital contribution estimate of $417,663 was calculated based on the following three job types:

New low voltage services – many of these customers would qualify for the basic service allowance (BSA) and therefore, the total capital costs will exceed the capital contribution. WPI offers the BSA to all qualifying new customers or upgrades as described in the distribution system code. The estimated capital contribution amount for 2013 on the anticipated capital of $259,832 is $28,770, which represents the customer paying approximately $200 upon connection.

New lots developed – customers in this category fall under the economic evaluation model (EEM) which is derived by the OEB. Under the EEM, the developer will pay for his portion of the expansion based on the net present value of the net revenues derived from the connections. It is difficult to estimate what the EEM will produce as there are many variables involved for each EEM and therefore an estimated capital contribution of $85,000 for the capital amount of $248,142 has been utilized, which is consistent with the historical ratio between capital cost and capital contributions.

New 3 phase customers – customers in this category do not fall under the BSA provisions and therefore they pay the entire capital amount. In 2013, the capital projected is $303,893 and thus the capital contribution is also $303,893.

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.

WPI Response:

WPI budgets for Tools, Shop & Garage Equipment to ensure that equipment functionality is maintained and also to provide safe, reliable tools and equipment. The budget figures are derived by combining the costs associated with replacing existing equipment as well as funds available for new equipment that is required due to legislative changes or to improve safety and efficiencies.

In 2013 WPI will be expanding its Ergonomic Change Team ('ECT') to include the line staff as the existing ECT is focused on the inside staff only. The increase in costs allocated to this account will provide the opportunity to replace existing equipment or purchase new equipment that is more ergonomically friendly to decrease the potential of musculoskeletal disorders and improve the health and safety of our workers.

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

WPI Response:

The spending year to date as at December 31, 2012 for "Tools, Shop & Garage Equipment" is approximately $16,000.

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

WPI Response:

WPI records equipment such as pole and reel trailers in this asset account. Management reviews the existing equipment and prepares a cost benefit analysis to determine if the equipment should be repaired or replaced. If it is cost prohibitive to repair the equipment, management will spec the equipment required to meet the needs of the corporation and a quoting process will commence in order to determine the budgeted amount.

The spending year to date as at December 31, 2012 for "Miscellaneous Equipment" is approximately $16,000.

Exhibit 3 – Load Forecast and Operating Revenue

Board Staff

3.0-Staff-13
Ref. Exhibit 3/Tab 1/Schedule 2, Attachment 1- Load forecast methodology
WPI provided a multi-regression analysis that includes HDD, CDD, month of the days and Ontario Employment data.

a. Please describe what alternative modelling efforts, such as alternative econometric model forms or additional variables, were examined by WPI to improve the system load regression model.

WPI Response:

The most significant alternative modeling effort attempted was to try to introduce class specific regression equation specifications, as was discussed in the Introduction of the filed Load Forecast Report. Unfortunately these efforts were not successful due to the poor observed correlation between monthly billed consumption and degree days in some of the classes. Other alternative modeling efforts included the inclusion of alternative variables, such as "peak days", for example. The chosen specification yielded the best fit in terms of goodness of fit statistics, statistical significance of the estimates, and appropriate signs of the estimated coefficients, in the opinion of the expert consultant who prepared the forecast.

b. In many load forecasting multivariate regression models filed in cost of service applications in recent years, distributors often include binary seasonal variables (i.e. spring/fall flag) to account for seasonal variability (beyond that of HDD and CDD). Was the inclusion of a spring/fall flag attempted? If so, please explain the reason for excluding it in the final model.

WPI Response:

In the case of WPI's wholesale model as specified, no spring/fall binary variable was considered for inclusion. The reason for this is the model, as specified, yielded an adjusted R-squared statistic of 0.94. In the opinion of the consultant that prepared the forecast, the addition of such a binary variable would be unnecessary given that the

majority of the variance in the data is explained by the regression equation as specified. However, to test this opinion, we have added a spring/fall binary variable to the current specification. We have found the estimated coefficient is not statistically significant below the 15% level (p=0.1669) and does not contribute to a higher adjusted R-squared.

c. Why is the measure of population and/or economic activity used in the documented model Ontario Employment? Please explain why WPI believes that this variable is representative?

WPI Response:

We interpret this question to mean: why did WPI use Ontario Employment as a measure of economic activity in its load forecast model, since WPI did not use a measure of population in its model? WPI's consultant believes using monthly employment is the most appropriate variable to use to represent monthly changes in economic activity for the purposes of load forecasting and has had success doing so for many years. This is based on the fact that income from employment and labour sources represents the largest portion of GDP on an income basis, and employment data is available on a monthly basis in a very timely manner, unlike GDP or population data. For example, in the latest Provincial Economic Accounts, which released annual GDP figures for 2011 for Ontario on November 19, 2012, compensation for employees represents over 53 per cent of Ontario current dollar GDP in 2011. In addition, in an article published in May 2009, Statistics Canada's then Chief Economic Analyst indicated that "turning points in the growth of output and employment appear to have been virtually the same over the past three decades."[1]

d. What alternative measures of population and/or economic activity were tried? Please summarize why these were not used in the proposed load forecasting equation.

[1] Philip Cross, "Cyclical changes in output and employment," Canadian Economic Observer, may 2009.

WPI Response:

No alternative measures were tried. WPI's consultant believes employment is the appropriate variable, as outlined in response to part c. In addition, since the fit of the model as submitted explains almost all the variation, it is difficult to justify the expense of experimenting with alternative specifications to a specification that already works. We also note that both the Board and Board Staff have commented in past proceedings on variables such as population resulting in "counter-intuitive" results.[2]

e. The load forecasting model documented by WPI in its Application does not include any variable for CDM activity/impacts during the regression period.
   i. Was any CDM activity variable tried?
   ii. If not, why not?
   iii. If a CDM variable was tried, please define the CDM variable attempted, the regression results, and the reasons that the variable was rejected in the final model.

WPI Response:

No CDM activity variable was tried. WPI's consultant is of the opinion that CDM (referring specifically to program-related conservation and demand management) should be dealt with in a deterministic way as opposed to using statistical techniques. Therefore, specifically documented ex-post forecast adjustments are preferable to using arbitrary adjusted data to determine the CDM adjusted load forecast statistically.

3.0-Staff-14

Ref: Exhibit 3/Tab 1/Schedule 2/Attachment 1 – Load Forecasting

In the multivariate regression model prepared by Elenchus to prepare WPI's load forecast, Heating Degree Days (HDDs) and Cooling Degree Days (CDDs) are taken from Environment Canada meteorological data from Wiarton Airport.

Wiarton Airport is outside of WPI's service territory, and is in fact distant (around 95 km) from portions of WPI's service territory around Harriston, Mildmay, Neustadt, and Hanover. Other common meteorological data are available from weather reporting stations in places like Goderich and Mount Forest.

[2] Burlington Hydro Inc. EB-2009-0259, Decision and Order, March 1, 2010, pp.4-5 and p.7.

While all of these weather reporting stations are outside of WPI's service territory, these localities would form a triangle that would effectively enclose and cover all of WPI's service territory.

Please provide WPI's views as to using an average of HDD and CDD from the combination of Goderich, Mount Forest and Wiarton Airport as a more suitable proxy for HDD and CDD generally in WPI's service territory.

WPI Response:

WPI's consultant does not believe that Board Staff's suggestion would result in a meaningful difference from the approach used. That the monthly degree days observed at Wiarton correctly reflect the degree days observed in WPI's service territory is indicated by the strong statistical significance on each of the degree day variables, as well as the overall fit of the regression. An additional complication with the suggestion is that the stations at both Mount Forest and Goderich contain some missing observations. WPI's consultant believes that monthly degree day trends at Wiarton accurately represent the degree day trends for all of Bruce and Grey, and even northern Wellington and Dufferin.

3.0-Staff-15
Ref: Exhibit 3/Tab 1/Schedule 2/Attachment 1 – Load Forecasting

On page 4 of the attachment, WPI's consultant Elenchus states: "The mean absolute percentage error (MAPE) for annual estimates for the period 2004 to 2011 is 0.9%. This combined with the Adjusted R^2 of 0.94 and Theil's U of 0.35 should provide confidence in the predictive power of the model."

The regression model is estimated using monthly data. Calculating the mean absolute percentage error for annual results will lower the estimate, as forecasting errors in monthly results will be smoothed through monthly aggregation. Please provide the mean average absolute error based on the monthly forecasts.

WPI Response:

It is correct that the regression model is estimated using monthly data. However, the forecasts the model is used for are annual; therefore, an annual MAPE is an appropriate measure for predictive accuracy. The MAPE calculated on a monthly basis would be 2.9%, compared to the 0.9% on an annual basis.

3.0-Staff-16
Ref: Exhibit 3/Tab 1/Schedule 3

Exhibit 3/Tab 1/Schedule 3/Attachment 1 – Load Forecasting and CDM

On page 2 of the attachment, WPI's consultant states:

> With respect to the energy forecast adjustment, WPI proceeded first by grossing up the weather normalized forecast prepared by Elenchus by the average results of the 2006-2010 CDM programs of the previous five years (2006 to 2011). The grossed up forecast was then netted down with the expected persistence in CDM reductions from those same programs in 2013. This provides a revised load forecast from which the 30% CDM target is subtracted. The CDM target reduction is allocated by class based on their respective revised energy volume.

It appears that the CDM data used are provided in Exhibit 3/Tab 1/Schedule 3/Attachment 1.

a. The top of Exhibit 3/Tab 1/Schedule 3/Attachment 1 states that the results are "Province-Wide". If these are the data used, please explain why Ontario province-wide data is used as opposed to CDM results for WPI's service area.

WPI Response:

WPIs initial submission erroneously included the province wide numbers as opposed to the LDC specific results. Please see the table below for the LDC specific results.

OPA Conservation & Demand Management Programs

Annual Results at the End-User Level

For: Westario Power Inc.

Net Summer Peak Demand Savings (MW)

#	Program Year	Results Status	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1	2006 Programs	Final	0.9628	0.0941	0.0941	0.0941	0.0941	0.0941	0.0875	0.0875	0.0685	0.0685	0.0685	0.0685	0.0685	0.0685
2	2007 Programs	Final	0.0000	1.3607	0.1894	0.1583	0.1583	0.1564	0.1505	0.1505	0.1505	0.1307	0.1244	0.1116	0.1116	0.1116
3	2008 Programs	Final	0.0000	0.0000	1.8760	0.1351	0.1351	0.1351	0.1317	0.1317	0.1249	0.1226	0.1127	0.0952	0.0938	0.0938
4	2009 Programs	Final	0.0000	0.0000	0.0000	1.7619	0.1785	0.1785	0.1772	0.1670	0.1452	0.1432	0.1432	0.1371	0.1371	0.1333
5	2010 Programs	Final	0.0000	0.0000	0.0000	0.0000	1.7466	0.4172	0.4170	0.4140	0.3977	0.3695	0.3692	0.3692	0.2388	0.2363
Total			0.9628	1.4548	2.1594	2.1494	2.3126	0.9813	0.9639	0.9508	0.8867	0.8344	0.8180	0.7816	0.6498	0.6434

Net Energy Savings (MWh)

#	Program Year	Results Status	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1	2006 Programs	Final	1,942	1,942	1,942	1,942	337	337	309	309	290	290	274	274	274	274
2	2007 Programs	Final	0	1,323	1,017	979	979	979	950	950	950	337	278	174	174	174
3	2008 Programs	Final	0	0	933	931	931	931	837	836	739	666	496	350	310	310
4	2009 Programs	Final	0	0	0	948	672	672	671	610	442	390	389	316	316	277
5	2010 Programs	Final	0	0	0	0	2,714	2,223	2,220	2,217	2,146	1,904	1,894	1,764	1,489	367
Total			1,942	3,265	3,892	4,800	5,633	5,142	4,986	4,922	4,566	3,586	3,330	2,877	2,563	1,402

Gross Summer Peak Demand Savings (MW)

#	Program Year	Results Status	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1	2006 Programs	Final	0.9801	0.1114	0.1114	0.1114	0.1114	0.1114	0.1042	0.1042	0.0830	0.0830	0.0830	0.0830	0.0830	0.0830
2	2007 Programs	Final	0.0000	2.9407	0.7349	0.4764	0.4764	0.4719	0.4346	0.4346	0.4346	0.4059	0.3898	0.3726	0.3726	0.3726
3	2008 Programs	Final	0.0000	0.0000	1.9980	0.2543	0.2543	0.2543	0.2453	0.2453	0.2304	0.2243	0.2055	0.1722	0.1687	0.1687
4	2009 Programs	Final	0.0000	0.0000	0.0000	1.9832	0.3971	0.3971	0.3943	0.3730	0.3327	0.3284	0.3284	0.3149	0.3149	0.3063
5	2010 Programs	Final	0.0000	0.0000	0.0000	0.0000	1.9732	0.6442	0.6442	0.6359	0.5981	0.5457	0.5451	0.5451	0.4134	0.4087
Total			0.9801	3.0521	2.8443	2.8253	3.2125	1.8790	1.8226	1.7929	1.6787	1.5872	1.5518	1.4878	1.3526	1.3393

Gross Energy Savings (MWh)

#	Program Year	Results Status	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1	2006 Programs	Final	2,169	2,169	2,169	2,169	386	386	354	354	333	333	315	315	315	315
2	2007 Programs	Final	0	4,411	1,913	1,600	1,600	1,599	1,512	1,512	1,512	654	505	367	367	367
3	2008 Programs	Final	0	0	2,100	2,092	2,092	2,092	1,848	1,848	1,629	1,434	1,110	843	749	749
4	2009 Programs	Final	0.0000	0.0000	0.0000	1,847.0610	1,510.0446	1,510.0446	1,507.1571	1,387.2924	1,072.2873	975.3581	972.8351	808.2272	808.2272	701.7551
5	2010 Programs	Final	0	0	0	0	3,889	3,410	3,409	3,401	3,258	2,764	2,746	2,615	2,337	664
Total			2,169	6,580	6,182	7,708	9,477	8,997	8,630	8,502	7,805	6,161	5,650	4,949	4,576	2,797

2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
0.0419	0.0286	0.0286	0.0286	0.0008	0.0008	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.1116	0.0830	0.0264	0.0262	0.0262	0.0132	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0883	0.0883	0.0873	0.0726	0.0674	0.0674	0.0043	0.0043	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.1333	0.1248	0.1248	0.1243	0.1149	0.1140	0.1140	0.0871	0.0129	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0970	0.0970	0.0968	0.0968	0.0968	0.0929	0.0925	0.0925	0.0867	0.0429	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.4721	**0.4217**	**0.3637**	**0.3485**	**0.3060**	**0.2883**	**0.2109**	**0.1839**	**0.0996**	**0.0429**	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**0.0000**

2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
248	216	216	216	116	116	68	68	68	68	68	11	11	11	11	11	0
174	159	59	56	56	41	0	0	0	0	0	0	0	0	0	0	0
301	301	300	269	103	103	5	5	0	0	0	0	0	0	0	0	0
276	249	249	245	211	191	187	162	35	0	0	0	0	0	0	0	0
204	204	201	201	201	191	179	179	173	98	0	0	0	0	0	0	0
1,203	**1,128**	**1,024**	**986**	**688**	**642**	**439**	**414**	**277**	**166**	**68**	**11**	**11**	**11**	**11**	**11**	**0**

2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
0.0535	0.0327	0.0327	0.0327	0.0009	0.0009	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.3726	0.1347	0.0362	0.0359	0.0359	0.0132	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.1563	0.1563	0.1547	0.1293	0.1138	0.1138	0.0043	0.0043	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.3063	0.2899	0.2899	0.2883	0.2568	0.2552	0.2552	0.2078	0.0209	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.1884	0.1884	0.1878	0.1878	0.1878	0.1787	0.1778	0.1778	0.1681	0.0613	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1.0771	**0.8020**	**0.7014**	**0.6740**	**0.5953**	**0.5619**	**0.4373**	**0.3899**	**0.1890**	**0.0613**	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**0.0000**

2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
287	240	240	240	129	129	75	75	75	75	75	12	12	12	12	12	0
367	246	71	66	66	41	0	0	0	0	0	0	0	0	0	0	0
727	727	726	669	175	175	5	5	0	0	0	0	0	0	0	0	0
701.6172	647.6393	647.6393	631.9072	511.6535	469.9845	441.3376	398.0134	78.5891	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
389	389	382	382	382	360	333	333	324	140	0	0	0	0	0	0	0
2,471	**2,250**	**2,067**	**1,988**	**1,264**	**1,177**	**854**	**811**	**478**	**216**	**75**	**12**	**12**	**12**	**12**	**12**	**0**

b. Please provide a definition of, and identify the source of, the CDM data used for this analysis.

WPI Response:

WPI used an LRAM summarization model calculating rate class by year of the annual 2006 to 2010 OPA programs including persistence to 2011 for "Net Energy Savings (MWh)" and the "Net Summer Peak Demand Savings (MW)" as reported as LDC Initiative Level in the "2006-2010 Final OPA CDM Results.Westario Power Inc.xls" in order to determine the 5 yr Avg (2006/11). The 2013 persistence were calculated in the same fashion. The file entitled "WPI_2006-2010 Final OPA CDM Results Westario Power Inc_20130121.xls" has been uploaded on RESS.

c. Exhibit 3/Tab 1/Schedule 3/Attachment 1 shows CDM impacts that are both "gross" and "net". Are the CDM data used for the adjustment gross (i.e. inclusive of) or net (i.e. excluding) "free drivers" or "free riders"?

WPI Response:

This is clarified in response b) above as being "net".

d. Are the CDM data used for the savings on CDM programs in each year from 2006 to 2011 estimates of the actual or totalized annual CDM savings of current and prior year CDM programs? "Actual" would refer to the estimated or measured savings taking into account when CDM programs were implemented, and seasonal or cyclical patterns (i.e. PeakSaver having more impact on summer consumption, while lighting or fuel conversion programs having a greater impact on winter season consumption). In contrast, "totalized" would refer to annual savings assuming that all programs in that year were in effect for the full calendar year.

WPI Response:

WPI used the values as reported in the "2006-2010 Final OPA CDM Results.Westario Power Inc..xls". kW results were adjusted to account for expected influence.

e. What is the rationale for using the average of 2006 to 2011 CDM savings to gross-up the base 2013 forecast arising from the model? In particular, estimated savings in 2006 would be smaller that year because only one year's worth of CDM would be involved. CDM savings would generally increase, with some drop off in the persistence of prior year CDM programs with the passage of time, so it would be expected, all other thing being equal, that the 2006-2011 CDM program average impact would understate the cumulative persistence even to 2013.

WPI Response:

Please reference response to f) below.

f. WPI has included 2011 actual data in the regression analysis, and the 2011 actual consumption would be impacted by 2011 CDM programs. However, the 2011 CDM program impact is excluded from the adjustment. Please explain how WPI or its consultant Elenchus have taken into account the presence and influence of 2011 CDM programs on the load forecast before the 2013 CDM adjustment.

WPI Response:

At the time of calculation the final 2011 OPA results had not been released. It was universally expected that the 2011 results would be reduced from previous years. It was determined by WPI that in using the 2006 to 2011 average as a reasonable and available proxy at the time, that it would compensate for the 2006 shortfall questioned in e) above. WPI also reasoned that ultimately the LRAMVA would be trued up and any significant change in the calculation would not be materially harmful to any affected party.

3.0-Staff-17
Ref: Guidelines for Electricity Distributor Conservation and Demand Management (EB-2012-0003), Section 13

The Board's CDM Guidelines established a Lost Revenue Adjustment Mechanism Variance Account 1568 ("LRAMVA") to account for the difference between the net results of actual, verified impacts of authorized CDM activities undertaken by distributors between 2011-2014 for both Board-Approved CDM programs and OPA-Contracted Province-Wide CDM programs and the level of CDM program savings included in the distributor's load forecast. In order for a distributor to dispose of its LRAMVA, it is necessary to identify the specific net CDM component that the distributor's load forecast has been adjusted.

a) Please confirm that the CDM adjustments listed below are the amounts that WPI will use to help calculate its LRAMVA beginning in 2013. If WPI is proposing other amounts for LRAMVA purposes, please provide the amounts and discuss the appropriateness of their use.

Class	**2013 CDM Component for LRAMVA Purposes**	
	Energy (kWh)	Demand (kW)
Residential	2,887,511	
GS < 50 (kWh)	912,901	
GS > 50 (kWh)	2,404,195	6,786
Street Lights (kWh)	76,286	212
Sentinel Lights (kWh)	255	
USL (kWh)	3,852	
Total (kWh)	6,285,000	6,999

WPI Response:

WPI confirms that the CDM adjustments listed above are the amounts that WPI will use to help calculate its LRAMVA beginning in 2013.

3.0-Staff-18
Ref. Exhibit 3/Tab 2/Schedule 1, Attachment 1, Appendix 2-F

Please provide a table in the same level of detail as Appendix 2-F that shows the most recent year-to-date revenues available for 2012 and the amount for the corresponding period in 2011.

WPI Response:

Please refer to the table below for the requested information:

Attachment

Appendix 2-F
Other Operating Revenue

January 9, 20

USoA #	USoA Description	2009 Actual	2010 Actual	2011 ActualF	2011 to Nov30	Bridge Year[3] 2012 to Nov 30	Bridge Year[3] 2012	Test Year 2013
	Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS
4235	Specific Service Charges	$ 161,105	$ 150,551	$ 126,903	$ 121,929	$ 115,454	$ 130,321	$ 130,636
4225	Late Payment Charges	$ 80,834	$ 83,639	$ 95,563	$ 89,982	$ 80,666	$ 89,685	$ 89,685
4082	Retail Services Revenues	$ 33,183	$ 30,429	$ 25,672	$ 21,921	$ 21,818	$ 20,960	$ 19,900
4080	Distribution Services Revenue	$ 56,468	$ 58,073	$ 60,111	$ 55,005	$ 1,169	$ 62,625	$ 65,756
4084	Service Transaction Requests (STR) Revenues	$ 126,246	$ 118,362	$ 103,948	$ 99,289	$ 102,133	$ 115,200	$ 115,125
4210	Specific Charge for Access to Power Poles	$ 122,947	$ 109,649	$ 109,627	$ 100,339	$ 100,501	$ 105,000	$ 105,000
	Other Income and Exp.	$ 226,448	$ 149,161	$ 266,026	$ 128,093	$ 141,621	$ 79,138	$ 71,938
4405	Interest & Dividend Inc.	$ 288,156	$ 83,143	$ 150,880	$ 136,051	$ 152,576	$ 55,000	$ 55,000
etc.								
Specific Service Charges		$ 161,105	$ 150,551	$ 126,903	$ 121,929	$ 115,454	$ 130,321	$ 130,636
Late Payment Charges		$ 80,834	$ 83,639	$ 95,563	$ 89,982	$ 80,666	$ 89,685	$ 89,685
Other Operating Revenues		$ 338,845	$ 316,513	$ 299,358	$ 276,554	$ 225,621	$ 303,785	$ 305,782
Other Income or Deductions		$ 514,604	$ 232,304	$ 416,906	$ 264,144	$ 294,197	$ 134,138	$ 126,938
Total		$ 1,095,387	$ 783,007	$ 938,730	$ 752,610	$ 715,938	$ 657,929	$ 653,041

Description	Account(s)
Specific Service Charges:	4235
Late Payment Charges:	4225
Other Distribution Revenues:	4080, 4082, 4084, 4090, 4205, 4210, 4215, 4220, 4240, 4245
Other Income and Expenses:	4305, 4310, 4315, 4320, 4325, 4330, 4335, 4340, 4345, 4350, 4355, 4360, 4365, 4370, 4375, 4380, 4385, 4390, 4395, 4398, 4405, 4415

Account Breakdown Details

For each "Other Operating Revenue" and "Other Income or Deductions" Account, a detailed breakdown of the account components is required. See the example below for Account 4405, Interest and Dividend Income.

Account 4084 - Service Transaction Requests (STR) Revenues

	2009 Actual	2010 Actual	2011 ActualF	2011 to Nov30	2012 to Nov 30	Bridge Year	Test Year
	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS
Arrears Certificate	$ 825	$ 450	$ 345	$ 325	$ 115	$ 225	$ 150
Statement of Account	$ 1,110	$ 480	$ 375	$ 360	$ 435	$ 225	$ 225
Income Tax Letter	$ 30	$ 30	$ 60	$ 60	$ 15		
Notification Change	$ 123,465	$ 116,235	$ 102,300	$ 97,700	$ 100,993	$ 114,000	$ 114,000
Service Transaction Request - request fee (per request)	$ 329	$ 430	$ 309	$ 301	$ 208	$ 250	$ 250
Service Transaction Request - processing fee (per processed request)	$ 487	$ 737	$ 559	$ 543	$ 367	$ 500	$ 500
Total	$ 126,246	$ 118,362	$ 103,948	$ 99,289	$ 102,133	$ 115,200	$ 115,125

Attachment

January 9, 201

Appendix 2-F
Other Operating Revenue

Account 4082 - Retail Service Revenues

	2009 Actual	2010 Actual	2011 Actual[2]	2011 to Nov30	2012 to Nov 30	Bridge Year[3]	Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS
Retailer Service Agreement – standard charg	$ 300	$ 100	$ 300	$ 300	$ -	$ 100	$ 100
Retailer Service Agreement – monthly fixed c	$ 2,740	$ 3,240	$ 3,820	$ 3,480	$ 3,680	$ 3,260	$ 3,200
Retailer Service Agreement – monthly variab	$ 18,948	$ 17,225	$ 13,491	$ 10,080	$ 11,538	$ 11,000	$ 10,000
Distributor-Consolidated Billing – monthly cha	$ 11,196	$ 9,865	$ 8,061	$ 8,061	$ 6,600	$ 6,600	$ 6,600
Total	$ 33,183	$ 30,429	$ 25,672	$ 21,921	$ 21,818	$ 20,960	$ 19,900

Account 4235 Misc Service Revenues

	2009 Actual	2010 Actual	2011 Actual[2]	2011 to Nov30	2012 to Nov 30	Bridge Year[3]	Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS
Credit reference/credit check (plus credit age	$ 1,500	$ 1,065	$ 945	$ 915	$ 900	$ 750	$ 750
Returned Cheque charge (plus bank charges	$ 2,625	$ 2,055	$ 2,160	$ 2,085	$ 1,830	$ 1,500	$ 1,500
Account set up charge / change of occupancy	$ 100,770	$ 102,660	$ 98,160	$ 93,690	$ 81,390	$ 100,500	$ 100,500
Special Meter reads	$ 180	$ 120	$ 60	$ 60	$ 30		
Disconnect/Reconnect at meter – during regu	$ 56,030	$ 44,525	$ 24,765	$ 24,491	$ 29,497	$ 26,000	$ 26,000
Disconnect/Reconnect at pole – during regula					$ 185	$ 185	$ 185
Misc Revenue - microFIT service charge		$ 126	$ 813	$ 688	$ 1,622	$ 1,386	$ 1,701
Total	$ 161,105	$ 150,551	$ 126,903	$ 121,929	$ 115,454	$ 130,321	$ 130,636

Account 4225 - Late Payment Charges

	2009 Actual	2010 Actual	2011 Actual[2]	2011 to Nov30	2012 to Nov 30	Bridge Year[3]	Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS
Late Payment - per month	$ 80,834	$ 83,639	$ 95,563	$ 89,982	$ 74,186	$ 86,685	$ 86,685
Collection of account charge – no disconnect					$ 6,480	$ 3,000	$ 3,000
Total	$ 80,834	$ 83,639	$ 95,563	$ 89,982	$ 80,666	$ 89,685	$ 89,685

Other Income and Expenses

	2009 Actual	2010 Actual	2011 Actual[2]	2011 to Nov30	2012 to Nov 30	Bridge Year[3]	Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS
4325 - Revenues from Merchandise	$ 270,835	$ 122,480	$ 218,034	$ 90,417	$ 69,326	$ 212,138	$ 210,938
4330 - Costs and Expenses of Merchandising	-$ 44,419	-$ 21,431	-$ 11,061	-$ 11,061	$ -	-$ 167,000	-$ 167,000
4355/4360 - Gains/Losses on Capital Items	-$ 6,110	$ 15,671	$ 15,000	-$ 6,110	$ 14,000	$ 14,000	$ 8,000
4375 - Revenues from non-utility operations	$ 21,774	$ 279,576	$ 203,499	$ 33,633	$ 44,880	$ 200,000	$ 200,000
4380 - Expenses of non-utility operations	-$ 19,974	-$ 250,819	-$ 182,206	$ -	-$ 1,000	-$ 200,000	-$ 200,000
4390 - Miscellaneous non-operating income	$ 4,342	$ 3,684	$ 22,760	$ 21,214	$ 14,415	$ 20,000	$ 20,000
Total	$ 226,448	$ 149,161	$ 266,026	$ 128,093	$ 141,621	$ 79,138	$ 71,938

Please note further clarification on the following accounts:

a) *Distribution Services Revenue was offset by a $56,000 PILS write-off as per rate order EB-2011-0205 that was allocated to 4080*

b) *Other Income and Expenses (4325 – 4390) are often subject to year-end entries that are currently not complete.*

3.0-Staff-19
Ref. Exhibit 3/Tab 2/Schedule 1, Attachment 1, Appendix 2-F– Other Revenue – Account 4330

Under Other Income and Expenses WPI shows an expense of $167,000 in account 4330 – Costs and Expenses of Merchandising for the 2012 bridge year as well as the 2013 test year. This is an increase of 1409% from $11,061 in 2011 actual.

a. Please explain this increase in greater detail.

WPI Response:

In 2011, expenditures for account 4330 - Costs and Expenses of Merchandising for recoverable work was netted on the income statement with Distribution, operation and maintenance expenditures and Administration expenses. This methodology did not change the bottom line of WPI but did affect the gross margin. This classification error was discovered in 2012 and was subsequently corrected when filing the 2013 COS rate application.

b. Please provide a breakdown of the item recorded in this account and identify the cause for this increase in expenses.

WPI Response:

*The manner in which the cost was budgeted for 2012 and 2013 was by taking the average revenues from these recoverable works from 2009 – 2011 and deducting 8/108 for the allowable regulated rate of return. The average was $180,000 less $13,000 ($180,000 * 8/108) = $167,000.*

c. Please provide the up-to-date balance in Account 4330.

WPI Response:

The up-to-date balance in Account 4330 as at November 30, 2012 is $71,675.

The balance as at November 30 in each of 2009 to 2011 was:

2009 - $145,957
2010 - $73,401
2011 - $65,084

3.0-Staff-20
Ref. Exhibit 3/Tab 2/Schedule 1, Attachment 1, Appendix 2-F– Other Revenue – Interest and Dividends Account 4405

In Appendix 2-F WPI shows a decline in interest and dividend income of 75% from 2009 actual to 2013 test year. Please provide the up-to-date balance in this account and provide further explanation as to the absence of revenues for these sub-accounts in the 2012 bridge and 2013 test years.

WPI Response:

The balance of Account 4405 as at November 30, 2012 is $152,576. This amount is comprised of $37,589 for interest and dividends from investments (mainly interest on surplus bank balance) and the remainder is interest on regulatory asset carrying charges.

The budgeted 2012 bridge and 2013 test year figures for purposes of the 2013 COS rate application is only interest on the surplus bank balance. WPI has been utilizing working capital to the point that the budgeted figure for 2012 and 2013 has been reduced to reflect the lower balances and lower interest rates currently being paid.

Energy Probe

3.0 Energy Probe # 11

Ref: Exhibit 3, Tab 1, Schedule 1

Please provide the change in wholesale purchases between 2011 and 2012. If actual data for all of 2012 are not yet available, please provide the change in wholesale purchases for the most recent actual year-to-date period available for 2012, from the corresponding period in 2011.

WPI Response:

The following table displays the total wholesale purchases for 2011 and 2012.

POWER / COMMODITY	**Total (KWh)**
2012 IESO Purchases - BASED ON GA CHARGE	459,810,870
2011 IESO Purchases - BASED ON GA CHARGE	471,649,879
(Decrease) / Increase	(11,839,009.49)

3.0 Energy Probe # 12

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

Please make the following changes to the wholesale equation as follows:

i) Please replace the Ontario Employment variable with a trend variable that starts with a value of 1.0 in January 2004 and increases by a value of 1.0 in each month;
ii) Please add the number of peak hours as an explanatory variable;
iii) Please add a spring/fall flag as an explanatory variable (value of 1 in March, April, May, September, October and November, 0 in all other months); and
iv) A dummy explanatory variable with a value of 1 in October 2008 and October 2010 and a value of 0 in all other months.

Please provide the regression statistics (Table 2), MAPE calculation (Table 3) and forecast (Table 6) for this equation leaving the other explanatory variables as used in the original equation.

WPI Response:

The requested modifications to the wholesale equation were applied. These modifications resulted in the following regression statistics, as requested:

OLS estimates using the 96 observations 2004:01-2011:12

Dependent variable: WholesalekWh

Unadjusted R^2 = 0.97

Adjusted R^2 = 0.97

F-statistic (7, 88) = 444.4 (p-value < 0.00001)

Durbin-Watson statistic = 1.26

Theil's U = 0.23

Variable Name	*Estimated Coeff.*	*T-Ratio*	*P-Value*
Const	*-9,087,525.5*	*-2.13*	*0.035629*
HDD	*25,704.0*	*40.71*	*7.14E-59*
CDD	*70,136.4*	*8.93*	*5.79E-14*
Monthdays	*1,029,868.7*	*7.14*	*2.55E-10*
Trend	*17,531.5*	*4.49*	*2.12E-05*
Peakhours	*17,870.4*	*2.68*	*0.008884*
SpringFall	*-1,676,787.9*	*-6.23*	*1.59E-08*
EPDummy	*-4,389,087.0*	*-5.71*	*1.48E-07*

Also, as requested, a table similar to Table 3 displaying actual kWh, predicted kWh and MAPE using the requested specification is displayed below:

	Actual	*Predicted*	*% Error*
2004	*451,255,185*	*451,707,166*	*0.1%*
2005	*456,178,576*	*458,290,308*	*0.5%*
2006	*446,710,143*	*445,818,611*	*-0.2%*
2007	*459,504,027*	*458,115,746*	*-0.3%*
2008	*454,616,955*	*455,827,246*	*0.3%*
2009	*468,534,412*	*460,009,937*	*-1.8%*
2010	*457,120,491*	*456,873,547*	*-0.1%*
2011	*458,002,862*	*465,280,089*	*1.6%*
		MAPE	*0.6%*

Finally, a table similar to Table 6 displaying the normalized and forecast values is displayed below:

	Actual	*%chg*	*Normal*	
2004	*451,255,185*		*451,022,608*	
2005	*456,178,576*	*1.1%*	*451,945,416*	*0.2%*
2006	*446,710,143*	*-2.1%*	*454,469,947*	*0.6%*
2007	*459,504,027*	*2.9%*	*457,566,332*	*0.7%*
2008	*454,616,955*	*-1.1%*	*456,445,717*	*-0.2%*
2009	*468,534,412*	*3.1%*	*462,043,539*	*1.2%*
2010	*457,120,491*	*-2.4%*	*460,178,983*	*-0.4%*
2011	*458,002,862*	*0.2%*	*466,806,673*	*1.4%*
2012			*470,647,000*	*0.8%*
2013			*471,283,880*	*0.1%*

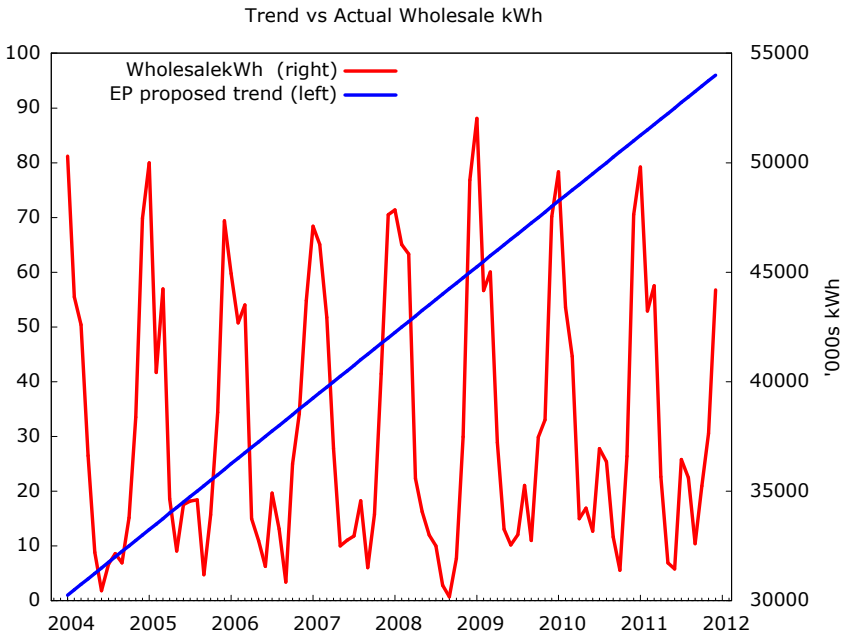
However, WPI's consultant recommends that these results should be interpreted with caution.

The model as specified by Energy Probe contains two "dummy" variables (the October 2008/2010 dummy and the Spring/Fall dummy), a "trend" index variable, and two separate "calendar" variables (Monthdays and Peakhours). It does not contain any variable to proxy economic growth.

A generally accepted approach in applied econometric modelling exercises is that economic theory be used as the basis to specify the statistical model. The statistical model is helpful to empirically confirm the theoretical model. However, a statistical relationship, in itself, is not proof that a theoretical relationship exists if there is no plausible theoretical basis for it. For example, a correlation between sunspots and the output of watches in Switzerland (if it exists) would not imply that observed sunspots

have an effect on watch production. The two processes are unrelated. Furthermore, with respect to unrelated processes that have an historical correlation, because the processes are unrelated, and since the correlation is simply coincidence, it may very well be that reliance on the spurious model to predict future watch production may be foolhardy, if not downright ruinous.[3]

Theory, practice, and common sense suggest that changes in monthly LDC energy sales in the short and medium term are influenced primarily by weather (degree days) and economic conditions (measured by an appropriate and timely monthly economic indicator). For the proposed WPI model, employment was chosen as the economic explanatory variable (see response to Board Staff IR #13 (c) for the justification for using employment). As can be seen from the chart below, the trend variable chosen by Energy Probe bears no resemblance to actual wholesale kWh. As Table 1 in the filed Load Forecast Report shows, total wholesale kWh has been fairly stable in the 2004 to 2011 period. The average growth over 2004 to 2011 is approximately 0.2%.

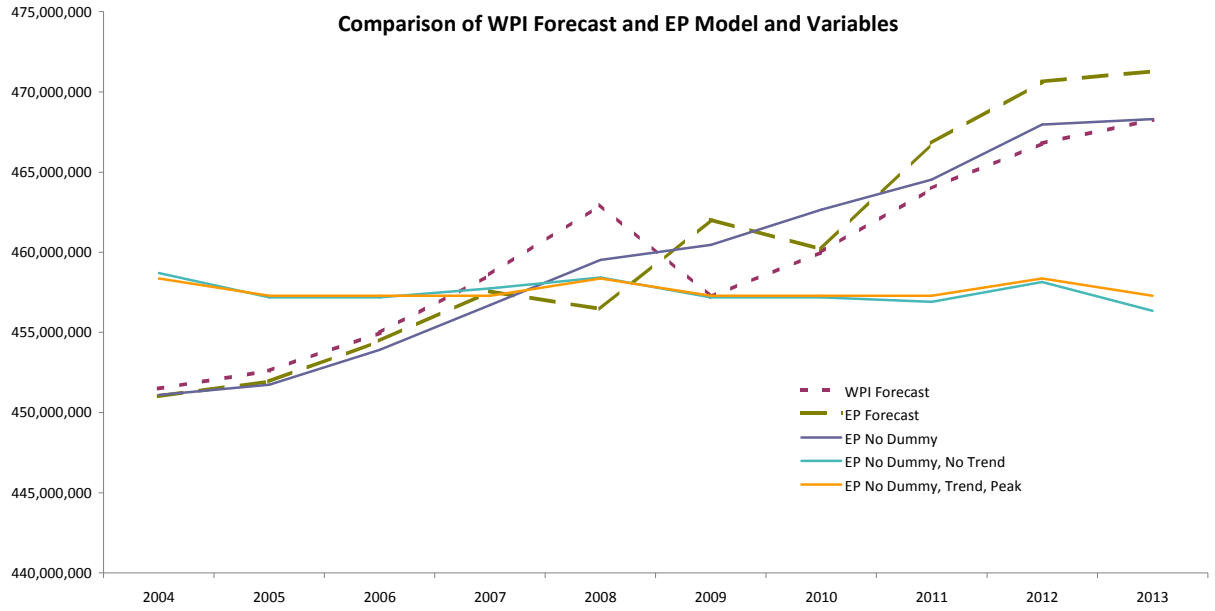


Another concern is the inclusion of the October 2008 and 2010 "dummy" variable. Such variables do have legitimate use, in that they can compensate for one time

[3] A discussion of these concepts and the philosophical basis for econometric research can be found in one of the classic texts on the subject: J. Johnston, Econometric Methods 3rd Ed.(1984). See Chapter 1 and Chapter 12.

extraordinary events. However, they can also be abused, trying to "force fit" a model that has no predictive power. It may be possible to design a regression with strategic dummy variables to "fit" a set of historical data without explaining the variation in the data with causal variables. Such a model would be worthless as a forecasting model although it may display a reasonably high R-squared value on the historic data. We are unaware of any specific "extraordinary" event that requires a "dummy" variable for October 2008 and October 2010.

In order to show graphically how the proposed Energy Probe (EP) model, the filed WPI model, and the trend and "dummy" variables proposed by EP interact, we have prepared a chart that compares each.



When the "EP Dummy" for October 2008 and October 2010 is removed from the proposed EP model, the EP forecast for 2013 is almost identical to the WPI model as filed. When the EP trend variable is also removed, the EP Model significantly underestimates what the filed WPI model forecasts for 2013. Removing the peak hours from the EP model has an additional marginal downward influence on the EP Model. Including both peak hours and number of days in the month as independent variables in the regression model could be problematic, as the number of peak hours in a month is likely related to the number of days in the month. This means these two explanatory variables may be collinear, thus violating the assumptions behind OLS (ordinary least

squares) regression. The reported Durbin-Watson statistic of 1.28 for the EP model is also below the lower threshold of the Durbin-Watson statistic for a regression with the number of specified regressors and observation, indicating that the EP model may suffer from serial correlation of the error term, a violation of an assumption behind OLS regression. While WPI's consultant is pragmatic about multi-collinearity and autocorrelated errors in applied work, taken in totality with the specification of the proposed EP Model, the model results should be treated with scepticism.

3.0 Energy Probe # 13

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

a) Please explain how the 2011 actual figures were normalized as shown in Table 10.

WPI Response:

Table 10 is a summary table, which summarizes the results given in Tables 7, 8 and 9. The calculation of the weather sensitive classes' normalized consumption is described on page 6 of the load forecast report.

> *Weather normal wholesale kWh is allocated to the weather sensitive retail classes based on each class' actual consumption share in actual wholesale kWh in any given year. In the bridge year and test year, the share in the most recent actual year (2011) is used. Table 7 presents class specific weather normal retail kWh sales for those classes that have weather sensitive load (residential, GS<50 kW and GS>50 kW classes).*

For example, for the Residential Class in 2011, actual Residential Class consumption is 200,817,509 kWh and actual Wholesale kWh is 458,002,862. Normalized Wholesale kWh is 463,976,845. Therefore, normalized Residential Class kWh in 2011 is derived as follows:

$$\left(\frac{200,817,509}{458,002,862}\right)\times 463,976,845 = 203,436,881$$

b) Please provide the normalized figures for each rate class in each of 2007 through 2010 using the same methodology as used in Table 10 for 2011.

WPI Response:

Please see Table 7 at page 6 and 7 of the Load Forecast Report.

c) Please provide a table similar to Table 10 that shows the normalized actual volumes for the most recent year-to-date period available for 2012, along with the normalized volumes for the corresponding period in 2011.

WPI Response:

Please find a modified table 10 below with 2011 normalized and 2012 actual figures, as requested. The 2012 figures are for January to December 2012 inclusive.

Volume Forecast Summary

	2011 Normalized	2012 Actual
Residential (kWh)	203,436,881	187,382,193
GS<50 (kWh)	64,660,135	64,298,984
GS>50 (kWh)	170,233,099	168,870,864
(kW)	472,526	468,555
Street Lights (kWh)	5,431,816	4,945,222
(kW)	15,101	13,471
Sentinel Lights (kWh)	18,155	17,821
(kW)	17	22
USL (kWh)	283,437	303,174
Losses (kWh)	19,913,321	20,714,855
Total Wholesale kWh	463,976,845	446,533,113

3.0 Energy Probe # 14

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

a) Please expand Table 11 to reflect actual data for 2004 through 2006.

WPI Response:

Please find an expanded Table 11 below:

Average Annual Customer Connections – Westario Power

	Residential	%chg	GS<50	%chg	GS>50	%chg	USL	%chg	Street Light	Sent Light
2004	17,667		2,340		245		70		6,025	9
2005	17,906	*1.4%*	2,327	*-0.5%*	247	*0.6%*	70	*-0.2%*	6,025	9
2006	18,132	*1.3%*	2,338	*0.5%*	251	*1.8%*	70	*-0.5%*	6,025	9
2007	18,363	*1.3%*	2,352	*0.6%*	249	*-0.7%*	69	*-1.7%*	6,025	9
2008	18,702	*1.8%*	2,377	*1.1%*	250	*0.4%*	68	*-1.0%*	6,025	9
2009	18,956	*1.4%*	2,398	*0.9%*	270	*7.7%*	67	*-1.6%*	6,010	9
2010	19,193	*1.2%*	2,439	*1.7%*	275	*2.1%*	63	*-5.1%*	6,020	9
2011	19,483	*1.5%*	2,441	*0.1%*	278	*1.0%*	62	*-2.1%*	6,026	9
2012f	19,758	*1.4%*	2,456	*0.6%*	279	*0.4%*	61	*-1.6%*	6,026	9
2013f	20,036	*1.4%*	2,471	*0.6%*	280	*0.4%*	60	*-1.6%*	6,026	9

c) Please explain why the growth rate used to forecast the number of customers shown in Table 11 is based on 2004 through 2011 data rather than the 2007 through 2011 data shown in the table.

WPI Response:

The filed Load Forecast Report states that the "Residential, GS<50 and USL customer forecast is based on average growth from 2004 to 2011". From the above expanded table, it can be seen that the growth rate for the Residential and GS<50 classes are very similar whether 2004 –2011 or 2007 – 2011 is used (1.4% vs 1.5% for Residential, 0.6% vs 0.9% for GS<50). For USL, 2004 – 2011 results in –1.6% whereas 2007 – 2011 results in –2.4%. It was thought prudent to use –1.6% as the expected pattern at the time of forecast was to decrease by roughly 1 connection per year.

d) Please provide the average number of customers for each rate class shown in Table 11 based on the average of the most recent year-to-date months available for 2012 and the corresponding figures for the same period in 2011.

WPI Response:

A modified table for average annual customers by class for 2011 and 2012, as requested, is displayed below. The 2012 values are for January to December 2012 inclusive.

Average Annual Customer Connections – Westario Power 2011 & 2012 Actuals

	Residential	%chg	GS<50	%chg	GS>50	%chg	USL	%chg	Street Light	Sent Light
2011	19,483	*1.5%*	2,441	*0.1%*	278	*1.0%*	62	*-2.1%*	6,026	9
2012	19,780	*1.5%*	2,467	*1.1%*	279	*0.5%*	60	*-2.7%*	6,026	9

3.0 Energy Probe # 15

Ref: Exhibit 3, Tab 1, Schedule 3

Please explain why the figures in the 5 Yr. Avg (2006/2011) column shown in Table 1 do not add up to total shown in the Total Customer (kWh) line.

WPI Response:

Each row is the average of the period 2006 to 2011. The average for Total Customer (kWh) column is uniquely calculated as the average of the totals for each year and by the sum of the averages.

	2006 - 2010 CDM Savings						
	2006	2007	2008	2009	2010	2011	Average 2006-2011
Residential (kWh)	1,942,115	3,162,049	3,788,213	4,403,501	3,244,542	3,231,817	3,295,373
GS<50 (kWh)			901	29,289	527,131	527,131	271,113
GS>50 (kWh)		103,059	103,059	367,383	1,861,591	1,382,954	763,609
Street Lights (kWh)							
Sentinel Lights (kWh)							
USL (kWh)							
Total Customer (kWh)	1,942,115	3,265,107	3,892,174	4,800,172	5,633,264	5,141,902	4,112,456

WPI would note that this does not impact the calculation as presented but has corrected this presentation in our interrogatory responses as follows.

	2006 - 2010 CDM Savings						
	2006	2007	2008	2009	2010	2011	Average 2006-2011
Residential (kWh)	1,942,115	3,162,049	3,788,213	4,403,501	3,244,542	3,231,817	3,295,373
GS<50 (kWh)			901	29,289	527,131	527,131	271,113
GS>50 (kWh)		103,059	103,059	367,383	1,861,591	1,382,954	763,609
Street Lights (kWh)							
Sentinel Lights (kWh)							
USL (kWh)							
Total Customer (kWh)	1,942,115	3,265,107	3,892,174	4,800,172	5,633,264	5,141,902	4,330,095

3.0 Energy Probe # 16

Ref: Exhibit 3, Tab 1, Schedule 3, &

Exhibit 3, Tab 1, Schedule 4, Attachment 1

a) Please explain and show the derivation of the 2013 volume of 472,111,691 kWh shown in Attachment 1 of Exhibit 3, Tab 1, Schedule 4 relative to the figure shown in Table 1 of Exhibit 3, Tab 1, Schedule 3.

WPI Response:

As illustrated in the table below, the difference between the values in each of the Exhibits is due to the applied for Line Loss.

Customer Class Name	Per Exhibit 3, Tab 1, Schedule 3	Applied for Line Loss	Per Exhibit 3, Tab 1, Schedule 4, Attachment 1
Residential	202,711,942	1.07	216,901,778
General Service < 50 kW	64,088,366	1.07	68,574,552
General Service > 50 to 4999 kW	168,781,699	1.07	180,596,418
Unmetered Scattered Load	270,442	1.07	289,373
Street Lighting	5,355,530	1.07	5,730,417
Sentinel Lighting	17,900	1.07	19,153
TOTAL	**441,225,879**		**472,111,691**

b) Please explain the use of the price of $0.0807 in Attachment 1 of Exhibit 3, Tab 1, Schedule 4 for 2013 relative the prices shown in the table on page 2.

WPI Response:

When calculating the Electricity Commodity Price, WPI erroneously used the RPP rate of $0.08069 as opposed to the Weighted Average Price of $0.0799. WPI submits that the commodity price will be updated with the Regulated Price Plan Report of October 17, 2012; and the Weighted Average Cost Price will be utilized for the purposes of rate setting.

c) Please update the table on page 2 and the calculations in Attachment 1 of Exhibit 3, Tab 1, Schedule 4 to reflect the October 17, 2012 Regulated Price Plan Price Report.

WPI Response:

The table below is updated to reflect the October 17, 2012 Regulated Price Plan Report. WPI will update its application to reflect the Weighted Average Price of $0.0796 as calculated below.

	2011 ACTUAL kWh's		
Customer Class Name	**Total**	**non-RPP**	**RPP**
Residential	200,817,509	17,769,775	183,047,734
General Service < 50 kW	63,827,597	12,462,639	51,364,958
General Service > 50 to 4999 kW	168,041,245	145,315,171	22,726,074
Unmetered Scattered Load	283,437	54,183	229,254
Street Lighting	5,431,816	5,162,433	269,383
Sentinel Lighting	18,155		18,155
TOTAL	**438,419,759**	**180,764,201**	**257,655,558**
%	***100.00%***	***41.23%***	***58.77%***
Forecast Price			
HOEP ($/MWh)		$20.65	
Global Adjustment ($/MWh)		$59.36	
TOTAL ($/MWh)		**$80.01**	**$79.32**
$/kWh		***$0.08001***	***$0.07932***
%		41.23%	58.77%
WEIGHTED AVERAGE PRICE	**$0.0796**	$0.0330	$0.0466

3.0 Energy Probe # 17

Ref: Exhibit 3, Tab 2, Schedule 1

a) Please provide the most recent year-to-date figures for 2012 in the same level of detail as the Appendix 2-F table along with the corresponding figures for 2011.

WPI Response:

Please refer to Board Interrogatory 3.0-Staff-18 for the response to this interrogatory.

b) Please explain the significant drop in margins in account 4325 and 4330 from more than $200,000 in 2011 to $44,000 in the 2013 test year.

WPI Response:

Please refer to Board Interrogatory 3.0-Staff-19 for the response to this interrogatory.

d) Please provide the most recent actual year-to-date figures for 2012 for accounts 4225 and 4330, along with the figures for the corresponding period in 2011.

WPI Response:

Please refer to Board Interrogatory 3.0-Staff-19 part c for the 2011 and 2012 figures for 4330 as at November 30.

The November 30 figures for account 4225 are:

2011 – $65,104
2012 - $69,315

e) Please explain the drop in account 4355/4360 in the 2013 test year relative to the figures shown for 2010, 2011 and forecast for 2012.

WPI Response:

In 2012, the company budgeted for one new bucket truck which would replace two fully depreciated bucket trucks. Based on recent sales of this type of vehicle, it was anticipated that proceeds of $14,000 would be realized. In 2013, WPI has forecast the purchase of one digger truck to replace one fully depreciated digger truck. Based on recent sales of this type of vehicle, it was anticipated that proceeds of $8,000 would be realized.

f) Please explain the drop in the margin in accounts 4375 and 4380 to $0 in the bridge and test years from the margins shown in 2010 and 2011. Please also indicate what these revenues and expenses are related to in the 2010 through 2013 period.

WPI Response:

2010-2011 revenues and expenses shown in accounts 4375 and 4380 are for the OPA programs. The net margin is due to the incentives that WPI received for administering these programs. 2012 and 2013 budgeted amounts are for the CDM programs under the new regime. WPI was under the understanding that there were no longer incentive payments and therefore the margin would be Nil. WPI accounts for monies received from the OPA to run these programs as deferred revenue and will realize the revenue once it is matched to related expenses.

g) Please show how the $55,000 figure was calculated for account 4405. Please indicate the average cash balance and interest rate forecast for 2013, along with the corresponding figures for 2011.

WPI Response:

The 2012 and 2013 interest and dividend income budgeted for account 4405 was based on the November 30, 2011 actual interest earned of $52,616 and extrapolated to the end of the year. WPI chose to be conservative as a forecasted increase for capital expenditures would decrease the cash balance. No interest from carrying charges was budgeted in these amounts for 2012 and 2013. Please see the table below for the average cash balance and interest rate forecast for 2013, along with the corresponding figures for 2011.

	Average Cash Balance	Interest Rate	
2011	$ 5,178,880	1.03%	Average Actual
2013	$ 1,199,998	1.82%	Forecast

h) How has the reduction in retailer service revenues (account 4082) been reflected in higher SSS administration charges (account 4080)?

WPI Response:

Customers enrolled with retailers have decreased from 2,741 at the beginning of 2010 to 1,685 at the end of 2012. Therefore, the reduction in retailer service revenues (account 4082) is directly correlated to the higher SSS administration charges (account 4080).

SEC

There are no SEC IR's related to Exhibit 3

VECC

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?

WPI Response:

There is no local measure of employment that specifically matches Westario. There are regional measures of employment; for example, the Stratford-Bruce economic region, which contains the areas that Westario serves. The reason Ontario was chosen rather than this regional measure was that the regression fit was more appropriate using the Ontario measure. This may have been due, in part, to economic events within the Stratford-Bruce economic region that disproportionately affected other areas more severely than Westario; for example, the downturn in the automotive sector.

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.

WPI Response:

The normalized kW values in Table 10 are reproduced from Table 8. The discussion in the Load Forecast Report at p.7 immediately preceding Table 8 states:

> *Normalized kW values are computed based on the annual ratio of class kW to class kWh. For the bridge year and test year, the ratio in the most recent actual year (2011) is used.*

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?

WPI Response:

The implicit loss for 2012 and 2013 would be the actual observed losses in 2011, or approximately 4.3% (calculated as actual losses divided by actual deliveries).

c) Please contrast the results from part (b) with the average loss factor set out in Appendix 2-R.

WPI Response:

There is a discrepancy between the loss factors determined by in Appendix 2-R and the loss factor resulting from Table 10. The discrepancy is due to the unbilled class consumption that is taken into account in the calculation set out in Appendix 2-R. The data provided for the load forecast is monthly metered data as billed. The data used for Appendix 2-R is annual retail data adjusted at year end for unbilled amounts for previous years.

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%.

WPI Response:

The 30% factor is simply a proxy calculation for what WPI estimates will be the net impact of new CDM programs introduced in 2013 that will ultimately reduce WPI retail consumption. This is premised on WPI's commitment to meet its licensed CDM targets. The 30% is factored on a simple acceleration model of program implementation to meet the 2014 target (10% in 2011, 20% in 2012, 30% in 2013 and finally 40% in 2014). Ultimately the true test of success will be upon the final publication of 2013 net CDM results and the calculation of the LRAMVA. WPI understands that this is intended to save harm to the customer and to the shareholder.

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.

WPI Response:

Elenchus has incorporated best practice econometric modeling to forecast the 2013 weather normalized load forecast. Ultimately the impact of previously implemented CDM programs and resultant persistence infiltrate into this calculation by osmosis. However reasonable calculation of the successful impact of CDM program implementation is a stretch at best. Elenchus has therefore attempted to temper this by adjusting the econometric model calculation with a proxy equivalent calculated from a reasonable quantifiable source, being the OPA 2006 – 2010 program results with 2011 persistence. At the time of calculation the final 2011 results were not available. However WPI reasoned that this calculation would stand to be a reasonable proxy. See response to Board staff interrogatory 3.0 Staff 16 f).

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.

WPI Response:

The 2006-2010 CDM programs was intended to reference the 2006- 2010 OPA Final Results report. The "5 yr Avg (2006/2011)" should have read "6 yr Avg (2006-2011)". The values presented represent the 2006 to 2010 program results with persistence and also include the 2011 persistence.

ENERGY (kWh)						
	Weather Normalized	2006-2010 CDM Programs		Weather Normalized	2011-2014 CDM Target	Weather Normalized
	2013F	6 yr. Avg.	2013	Revised	(30% of Target)	Adjusted
	(Elenchus)	(2006/11)	Persistence	2013F		2013F
	A	B	C	D = A + B - C	E	F = D - E
Residential (kWh)	205,315,665	3,295,373	3,011,584	205,599,453	2,887,511	**202,711,942**
GS<50 (kWh)	65,257,285	271,113	527,131	65,001,267	912,901	**64,088,366**
GS>50 (kWh)	171,805,239	763,609	1,382,954	171,185,894	2,404,195	**168,781,699**
Street Lights (kWh)	5,431,816	0	0	5,431,816	76,286	**5,355,530**
Sentinel Lights (kWh)	18,155	0	0	18,155	255	**17,900**
USL (kWh)	274,294	0	0	274,294	3,852	**270,442**
Total Customer (kWh)	**448,102,454**	**4,330,095**	**4,921,669**	**447,510,880**	**6,285,000**	**441,225,880**

Note: Column B has been corrected to sum averages.

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.

WPI Response:

Please reference response to Board Staff interrogatory 3.0 Staff 16a).

c) Please provide a copy of OPA Report regarding Westario's final 2011 CDM results.

WPI Response:

Please see electronic file submitted on the RESS titled "WPI_2011 Final Annual Report Data_Westario Power Inc_20130121.xlsm.

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.

WPI Response:

ENERGY (kWh)						
	Weather Normalized	2006-2010/2011 CDM Programs		Weather Normalized	2011-2014 CDM Target	Weather Normalized
	2013F	6 yr. Avg.	2013	Revised	(30% of Target)	Adjusted
	(Elenchus)	(2006/11)	Persistence	2013F		2013F
	A	B	C	D = A + B - C	E	F = D - E
Residential (kWh)	205,315,665	3,380,365	3,521,536	205,174,494	2,889,679	**202,284,814**
GS<50 (kWh)	65,257,285	480,579	1,364,993	64,372,870	906,628	**63,466,242**
GS>50 (kWh)	171,805,239	815,282	1,641,320	170,979,201	2,408,072	**168,571,129**
Street Lights (kWh)	5,431,816	0	0	5,431,816	76,502	**5,355,314**
Sentinel Lights (kWh)	18,155	0	0	18,155	256	**17,899**
USL (kWh)	274,294	0	0	274,294	3,863	**270,431**
Total Customer (kWh)	**448,102,454**	**4,676,226**	**6,527,849**	**446,250,830**	**6,285,000**	**439,965,830**

- Basis the 5th column's CDM adjustment on 20% of the CDM target.

WPI Response:

ENERGY (kWh)						
	Weather Normalized	2006-2010 CDM Programs		Weather Normalized	2011-2014 CDM Target	Weather Normalized
	2013F	6 yr. Avg.	2013	Revised	(20% of Target)	Adjusted
	(Elenchus)	(2006/11)	Persistence	2013F		2013F
	A	B	C	D = A + B - C	E	F = D - E
Residential (kWh)	205,315,665	3,295,373	3,011,584	205,599,453	1,925,007	**203,674,446**
GS<50 (kWh)	65,257,285	271,113	527,131	65,001,267	608,600	**64,392,666**
GS>50 (kWh)	171,805,239	763,609	1,382,954	171,185,894	1,602,797	**169,583,098**
Street Lights (kWh)	5,431,816	0	0	5,431,816	50,858	**5,380,958**
Sentinel Lights (kWh)	18,155	0	0	18,155	170	**17,985**
USL (kWh)	274,294	0	0	274,294	2,568	**271,726**
Total Customer (kWh)	**448,102,454**	**4,330,095**	**4,921,669**	**447,510,880**	**4,190,000**	**443,320,880**

Note: Column B has been corrected to sum averages.

- Includes the results of 2011 CDM programs in the calculation of the third and fourth columns and basis the 5th column's CDM adjustment on 20% of the CDM target.

WPI Response:

ENERGY (kWh)						
	Weather Normalized	2006-2010/2011 CDM Programs		Weather Normalized	2011-2014 CDM Target	Weather Normalized
	2013F	6 yr. Avg.	2013	Revised	(20% of Target)	Adjusted
	(Elenchus)	(2006/11)	Persistence	2013F		2013F
	A	B	C	D = A + B - C	E	F = D - E
Residential (kWh)	205,315,665	3,380,365	3,521,536	205,174,494	1,926,453	**203,248,041**
GS<50 (kWh)	65,257,285	480,579	1,364,993	64,372,870	604,419	**63,768,452**
GS>50 (kWh)	171,805,239	815,282	1,641,320	170,979,201	1,605,382	**169,373,820**
Street Lights (kWh)	5,431,816	0	0	5,431,816	51,001	**5,380,815**
Sentinel Lights (kWh)	18,155	0	0	18,155	170	**17,985**
USL (kWh)	274,294	0	0	274,294	2,575	**271,719**
Total Customer (kWh)	**448,102,454**	**4,676,226**	**6,527,849**	**446,250,830**	**4,190,000**	**442,060,830**

Note: Column B has been corrected to sum averages

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?

WPI Response:

Yes, Westario has MicroFit customers and there are 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?

WPI Response:

The revenues from the MicroFit Service Charges are recorded in USOA account 4235. The forecast revenues specific to the MicroFit Service Charges for 2013 are $1,700.

Exhibit 4 - Operating Costs

Board Staff

4.0-Staff-21

Ref: Assumptions for Increases to OM&A

Please identify the inflation rate used for the 2013 OM&A forecast and the source document for the inflation assumptions.

WPI Response:

When the 2013 OM&A budget was completed, every effort was made to submit amounts that were known costs as per discussions with vendors and suppliers and/or relying on costs as per existing contracts (i.e. Service agreements, Collective Agreement, etc.) For costs that were unknown, an assumed inflation *rate of 2% was utilized.*

The inflation rate was based on the Bank of Canada's Inflation-Control Target rate of 2%. As per the Bank of Canada's website (www.bankofcanada.ca), the inflation-control target is defined as the following:

> *"The inflation-control target was adopted by the Bank and the Government of Canada in 1991 and has been renewed five times since then, most recently in November 2011 for the five years to the end of 2016. The target aims to keep total CPI inflation at the 2 per cent midpoint of a target range of 1 to 3 per cent over the medium term. The Bank raises or lowers its policy interest rate, as appropriate, in order to achieve the target typically within a horizon of six to eight quarters—the time that it usually takes for policy actions to work their way through the economy and have their full effect on inflation."*

4.0-Staff-22

Ref: Exhibit 4/Tab1/Schedule 1, p. 2 Table 1 – OM&A Expenses

Please provide the actual year-to-date expenditures for the most recent period available in 2012 in the same level of detail as shown in Table 1. Please also provide the figures for the corresponding period in 2011.

WPI Response:

Please see below for the table requested above.

Appendix 2-I
Summary of Recoverable OM&A Expenses

	2011 Actuals	Jan - Nov 2011	Jan - Nov 2012	2012 Bridge Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP
Operations	$ 265,336	$ 245,482	$ 280,725	$ 289,000
Maintenance	$ 1,217,086	$ 1,217,357	$ 1,545,171	$ 1,427,000
SubTotal	**$ 1,482,422**	**$ 1,462,839**	**$ 1,825,896**	**$ 1,716,000**
%Change			24.8%	-6.0%
Billing and Collecting	$ 1,125,350	$ 905,112	$ 1,046,800	$ 1,130,000
Community Relations	$ 12,288	$ 12,288	$ 6,633	$ 45,000
Administrative and General	$ 1,986,959	$ 1,752,376	$ 1,876,928	$ 2,158,500
SubTotal	**$ 3,124,597**	**$ 2,669,776**	**$ 2,930,361**	**$ 3,333,500**
%Change			9.8%	13.8%
%Change (Test Year vs Last Rebasing Year - Actual)				
Total	**$ 4,607,019**	**$ 4,132,615**	**$ 4,756,257**	**$ 5,049,500**
%Change			15.1%	6.2%

	2011 Actuals	Jan - Nov 2011	Jan - Nov 2012	2012 Bridge Year
Operations	$ 265,336	$ 245,482	$ 280,725	$ 289,000
Maintenance	$ 1,217,086	$ 1,217,357	$ 1,545,171	$ 1,427,000
Billing and Collecting	$ 1,125,350	$ 905,112	$ 1,046,800	$ 1,130,000
Community Relations	$ 12,288	$ 12,288	$ 6,633	$ 45,000
Administrative and General	$ 1,986,959	$ 1,752,376	$ 1,876,928	$ 2,158,500
Total	**$ 4,607,019**	**$ 4,132,615**	**$ 4,756,257**	**$ 5,049,500**
%Change		-10.3%	15.1%	6.2%

4.0-Staff-23
Ref. Exhibit 4/Tab 3/Schedule 1, p. 3 – Account 5160 Maintenance of Line Transformers

On page 3 WPI shows an expense of $124,000 in Account 5160 – Maintenance of Line Transformers in the 2013 test year, which is an increase of 15.9% over the 2012 bridge year and a 21.3% over 2011 Actual. On page 3 WPI noted that account 5160 is used for transformer inspections and PCB oil disposals. WPI further noted that disposing of PCB transformers has been completed.

a. Please provide further explanation for this increase given that WPI has completed the disposal of PCB transformers.

WPI Response:

WPI has disposed of all known PCB transformers. WPI still continues to test transformer oil when a transformer has been removed from service when there are no records from an accredited laboratory. It should be noted that the costs associated with PCB oil testing were an average of $5,000 per year for the years 2009-2011. The main driver of the increase to the costs are largely due to the increase in costs associated with the transport and disposal of retired transformers; including those that do not contain PCBs from WPIs facility to the disposal facility located approximately 3 hours away.

b. Please provide a forecast for this account for the 2014, 2015 and 2016 rate years.

WPI Response:

The forecast amounts for this account are presented under MIFRS (not CGAAP as reference above) as follows:

2012 - $180,000
2013 - $215,000
2014 - $218,000
2015 - $220,500
2016 - $223,000

c. Please elaborate on the impact should this expense be reduced.

WPI Response:

As part of its normal business operations, WPI removes old transformers from the system on an on-going basis to improve the reliability and optimization of the system. Failure to do so on a regular basis will increase the potential for system failures and customer outages and create peaks and valleys in costs due to reactive behaviour. Further, WPI is licensed by the Ministry of Environment as a 'temporary site storage facility' and does not have the regulatory ability nor the storage space required should there be delays in disposing of transformers.

4.0-Staff-24
Ref. Exhibit 4/Tab 3/Schedule 1, p. 6 – Account 5065 – Meter Expense

On page 6 WPI shows an operating expense of $113,000 in the 2013 test year in Account 5065 – Meter Expense. This represents an increase of 39.5% over the bridge year and 57.0% over the 2011 Actual. On page 6 WPI notes that these costs include regularly scheduled maintenance as well as emergency call. In addition there are six wholesale meters that expire in 2012 and eighteen that expire in 2013. WPI further mentions that an increase in failure rates contributes to the increase in this expense.

a. Please elaborate on the failure rates for newly installed smart meters.

WPI Response:

In 2011, WPI changed out approximately 126 failed smart meters. In 2012, that number increased significantly to 223. This is greater than 1.5% of the meters that were installed with new technology. Previous to the deployment of smart meters, WPI may have changed out approximately five meters per year due to equipment failure, ice damage or fire.

b. Please provide a breakdown of these costs and state how much of this increase is due to meter failure vs. the installation of new meters. Please confirm that the expense for six wholesale meters in the 2012 bridge year are incremental to the smart meter costs included in the disposition of smart meter costs.

WPI Response:

Please refer to the table below for the breakdown of costs in Account 5065 for 2012 and 2013. You will note that in 2012, there is no budgeted amount specifically for failed

meters. For 2013, $38,000 was budgeted for failed meters. There is nothing budgeted in either 2012 or 2013 for the installation of new meters as this would be a capital cost.

Account 5065 – Breakdown of Costs

	Regular meter maintenance	Replacement of failed smart meters	Replacement of wholesale meters	Phone and hydro services to operate PME's	Meter trouble report resolution and short term load transfer consulting	Total
2012	16,000		60,000		5,000	$ 81,000
2013	58,000	38,000		12,000	5,000	$ 113,000

WPI wishes to confirm that the expense for six wholesale meters in the 2012 bridge year are incremental to the smart meter costs included in the disposition of smart meter costs.

4.0-Staff-25
Ref. Exhibit 4/Tab 3/Schedule 1, p. 10 – Account 5130 – Maintenance of OH Services

On page 10 WPI shows a forecasted budget of $111,000 in the 2012 bridge year, which is an increase of 35.5% over 2011 Actual and $134,000 in the 2013 test year, which is an increase of 63.6% over 2011 Actual. Please provide further explanation for this increase and the up-to-date balance for this account.

WPI Response:

As can be seen from the trending, 2011 was an anomaly with almost half the hours charged compared to the previous two years before that. An average of 2009 to 2011 labour hours is 882 hours, which is reflective of what was budgeted for 2012 and 2013.

Below is trending data for the five years shown in Exhibit 4/Tab 3/Schedule 1, p.10 – Account 5130 – Maintenance of OH Services:

2009 – 974 hours
2010 – 1,078 hours
2011 – 595 hours
2012 – 800 hours
2013 – 750 hours

There are minimal materials or contracted services charged to this account.

The balance in Account 5130 – Maintenance of OH Services as at November 30, 2012 is approximately $139,000 representing 635 labour hours.

4.0-Staff-26
Ref. Exhibit 4/Tab 3/Schedule 1, pp. 11-12
Exhibit 1/Tab 2/Schedule 1, p. 4 – Account 5135 – OH Dist Lines and Feeders – Vegetation Management

On page 11, WPI shows an increase in its Tree Trimming and Line Clearing Operations of 224.1% or $298,029 in 2012 over the 2011 Actual for a total of $431,000 and 236.1% $314,029 in the 2013 test year over 2011 Actual for a total of $447,000.
WPI noted that in mid-2011 a vegetation study was undertaken.

a. Please provide a copy of the vegetation study.

WPI Response:

The vegetation study was conducted by an independent third party contractor that has a thorough knowledge of WPI's regulatory responsibilities for vegetation management as well as knowledge and experience of the utility industry.

The first step undertaken in performing the forestry audit was to obtain individual feeder maps of all Westario Power's service area. Westario Power already had these maps available however they could not be used to determine feeder distances. Even so, Westario had documentation that indicated individual feeder distances as well as the number of customers in each feed. Next, each feeder was driven to obtain a tree count. When determining the number of trees in each feeder, consideration was taken not only for trees that were in need of trimming but also those that would need attention in the next four to five years. In the past, an entire feeder or block of area had not been treated so there was no guide as to when it should be treated next. It was therefore necessary to assign a rating of each feed. After inspecting the entire feed, each was provided a number between zero and five with five requiring the most immediate attention. Once this was completed, as much data as possible was compiled into a spreadsheet.

The results of the vegetation study allow WPI to establish a forestry cycle maintenance program. Using the filtering option in the excel spreadsheet to separate the feeders in

most need of attention (number 5s) WPI can easily identify the number of trees in each of the feeders.

The vegetation study is shown on the following two pages.

Area	Station	Feeder	Km	# of Trees	Density	Customers	Rating
Clifford	MS1	F1	10.0	312	31	367	4
Elmwood	MS1	F2	3.3	165	50	184	5
Hanover	MS1	F1	1.6	69	43.1	362	2
Hanover	MS1	F2	2.6	77	29.6	139	2
Hanover	MS1	F3	3.9	113	29	292	3
Hanover	MS3	F1	3.5	140	40	291	1
Hanover	MS3	F2	0.5	25	50	357	4
Hanover	MS3	F3	2.9	54	18.6	135	2
Hanover	MS4	F1	0.6	1	1.7	42	0
Hanover	MS4	F2	2.7	93	34.4	154	2
Hanover	MS4	F3	3.1	130	42	292	2
Hanover	MS5	F1	7.8	314	40.3	804	3.5
Hanover	MS5	F2	2.1	5	2.4	169	0
Hanover	MS5	F3	3.7	21	5.7	157	0
Hanover	44KV		14.7	230	15.6		2
Harriston	MS1	F1	7.6	292	38.4	407	4
Harriston	MS1	F2	2.5	310	124	503	4
Harriston	44KV		0.5	0	0		0
Kincardine		GE	0.0	0	0	6	0
Kincardine	MS1	F1	2.6	54	20.8	156	2
Kincardine	MS1	F2	2.8	154	55	315	3.5
Kincardine	MS1	F3	2.6	143	55	290	3
Kincardine	MS2	F1	0.4	18	3.7	148	3.5
Kincardine	MS2	F2	4.0	287	71.8	652	3
Kincardine	MS2	F3	4.9	270	55.1	276	3
Kincardine	MS2	F4	0.2	23	115	113	3.5
Kincardine	MS3	F1	2.1	81	38.6	313	3
Kincardine	MS3	F2	2.8	43	15.4	20	2
Kincardine	MS3	F3	0.7	12	17.1	350	2
Kincardine	MS3	F4	0.8	72	90	151	2
Kincardine	MS4	F1	1.9	160	84.2	165	4.5
Kincardine	MS4	F2	6.1	182	29.8	320	4.5
Kincardine	MS4	F3	0.7	9	12.9	84	2
Kincardine	MS4	F4	0.7	9	12.9	36	0
Kincardine	44KV		11.1	103	9.3		2
Lucknow	MS1	F1	6.9	244	35.4	494	3
Lucknow	MS1	F2	2.5	134	53.6	148	3
Lucknow	44KV		0.5	20	40		2
Mildmay	MS1	F1	10.6	315	29.7	601	3
Neustadt	MS1	F1	6.2	210	33.9	275	3
Palmerston	MS1	F1	7.3	305	41.8	417	4
Palmerston	MS1	F2	3.8	169	44.5	337	4
Palmerston	MS1	F3	4.5	161	35.8	396	4
Palmerston	44KV		3.7	11	3		5

Area	Station	Feeder	Km	# of Trees	Density	Customers	Rating
Port Elgin	MS1	F1	0.7	22	31.4	96	3.5
Port Elgin	MS1	F2	1.2	98	81.7	116	4
Port Elgin	MS1	F3	2.0	86	43	187	4
Port Elgin	MS1	F4	1.1	56	50.9	85	4
Port Elgin	MS2	F1	1.7	66	38.8	160	3.5
Port Elgin	MS2	F2	1.5	38	25.3	147	4
Port Elgin	MS2	F3	2.4	69	28.8	157	4
Port Elgin	MS2	F4	2.7	82	30.4	281	4.5
Port Elgin	MS3	F1	0.03	0	0	144	0
Port Elgin	MS3	F2	3.5	333	95.1	258	4.5
Port Elgin	MS3	F3	1.9	81	42.6	120	4
Port Elgin	MS3	F4	2.8	194	69.3	285	3.5
Port Elgin	MS4	F1	2.1	88	41.9	171	3
Port Elgin	MS4	F2	1.2	47	39.2	154	1
Port Elgin	MS4	F3	2.5	12	4.8	167	1
Port Elgin	MS5	F1	0.7	11	15.7	148	2
Port Elgin	MS5	F2	1.2	99	82.5	192	3
Port Elgin	MS5	F3	1.7	75	44.1	258	2
Port Elgin	MS6	F1	1.6	95	59.4	118	5
Port Elgin	MS6	F2	1.6	31	19.4	241	2
Port Elgin	MS6	F3	0.6			0	
Port Elgin	44KV	44KV	3.3	95	28.8		4.5
Ripley	MS1	F1	5.6	316	56.4	328	4
Southampton	MS1	F1	1.3	70	53.8	68	5
Southampton	MS1	F2	3.3	147	44.5	274	4.5
Southampton	MS1	F3	3.7	220	59.5	243	3
Southampton	MS2	F1	7.2	638	88.6	450	5
Southampton	MS2	F2	6.6	875	132.6	583	5
Southampton	MS2	F3	8.2	617	75.2	418	5
Southampton	MS3	F1	4.1	384	93.7	102	5
Southampton	MS3	F2	3.5	702	200.6	125	5
Southampton	MS3	F4	6.4	696	108.8	178	4
Southampton	44KV		7.9	343	43.4		5
Teeswater	MS1	F1	3.3	106	32.1	221	4
Teeswater	MS1	F2	5.9	189	32	283	3
Walkerton	MS1	F1	5.0	161	32.2	247	4
Walkerton	MS1	F2	2.4	149	62.1	192	4
Walkerton	MS1	F3	1.0	37	37	26	2
Walkerton	MS1	F4	2.8	98	35	55	4.5
Walkerton	MS2	F1	2.8	109	38.9	245	4
Walkerton	MS2	F2	3.6	164	46	263	4.5
Walkerton	MS2	F3	3.8	195	51.3	341	4.5
Walkerton	MS2	F4	0.9	65	72.2	118	4
Walkerton	MS3	F1	5.9	160	27.1	410	5
Walkerton	MS3	F2	1.1	36	32.7	91	3
Walkerton	MS3	F3	4.3	178	41.4	389	4
Walkerton	44KV		6.7	388	57.9		4.5
Wingham	MS1	F1	2.9	86	29.7	104	2
Wingham	MS1	F2	0.7	25	35.7	37	2
Wingham	MS1	F3	4.0	158	39.5	297	4
Wingham	MS2	F1	1.3	58	44.6	453	3.5
Wingham	MS2	F2	2.2	81	11.9	217	3
Wingham	MS2	F3	2.0	96	48	194	4
Wingham	MS2	F4	3.6	92	25.6	225	3.5
Wingham	44KV		5.1	39	7.6		4.5
Total Trees				14896			

b. Staff noted that WPI tree trimming expense declined in 2010 by 10.3% or $31,838 over the previous year. This expense further declined in 2011 by 52.3% or $145,782 over the previous year. In Exhibit 1/Tab 2/Schedule 1, p. 4 WPI notes that Tree Trimming in all communities is carried out on a rotating five year schedule and trees are trimmed sufficiently to provide the required clearance for the time frame. Please explain the decline in Tree Trimming expenditures in the 2010 and 2011rate years and explain the protocol for vegetation management prior to the 2011 study.

WPI Response:

As per Exhibit 4, Tab 3, Schedule 1, pages 11-12; tree trimming was put on hold in 2011 due to two primary reasons. Firstly, WPI undertook a vegetation study in an effort to establish a systematic approach to vegetation management. As the study was conducted in mid 2011, all non-emergency tree trimming was put on hold until such time as the vegetation study was completed, which would allow WPI to access the results of the study and develop a systematic plan to ensure the areas that were identified as posing the greatest risk to public safety and system reliability were prioritized appropriately. Once the results of the vegetation study were received, WPI determined the areas of its service territory that required immediate attention.

Secondly, historically WPI performed its own tree trimming and line clearing services; however, due to the fatality suffered in late 2010, the number of line staff was reduced. The inability to complete tree trimming in house delayed normal tree trimming activities as a tender process was undertaken for the first time for these types of services. Due to the nature of the work involved, significant effort was spent by WPI to develop the tender, pre-qualify the respondents, analyze the proposals received, award the tender, and provide appropriate safety training and orientation. This process delayed the commencement of the 2011 tree trimming program, such that the tree trimming activities in that year were less than what they had been in prior years.

c. Please provide a forecast of this expense for the 2014, 2015 and 2016 rate years.

WPI Response:

The forecast amounts for this account are presented under MIFRS (not CGAAP as reference above) as follows:

2012 - $545,000
2013 - $580,000
2014 - $591,000
2015 - $598,000
2016 - $608,000

d. Please provide the up-to-date expenditures for this expense.

WPI Response:

The actual expenditures as at November 30, 2012 totalled $230,000. Purchase orders outstanding for expenditures to be realized before year end total $254,000 for a year end total of $484,000. It should be noted that this value may change in the event that amounts charged for burdens vary from the actual amount recorded in the year, in which case an over/under adjustment will be recorded. Based on year to date information, it is likely that a credit will be applied to this account.

4.0-Staff-27
Ref. Exhibit 4/Tab 3/Schedule 1, p. 13 – Account 5145 – Maintenance of UG Conduit

WPI noted that this account represent miscellaneous duct and foundation repairs and states that the 69% or $29,000 increase is due to fibre glass foundations that need to be replaced.

a. Please provide further explanation, i.e. how long has WPI used fibre glass foundations, and whether this has been an increasing trend given the 18% decrease in 2011.

WPI Response:

WPI does not currently nor has it historically utilized fibreglass foundations. WPI has identified 100 sites located in the Municipality of Kincardine that require replacement. These assets are legacy assets that were transferred at the time of amalgamation.

b. Please provide a three year budget forecast for this expenditure.

WPI Response:

WPI is proposing that the replacement of the fibreglass foundations be completed over a 4 year time frame (2013-2016). The proposed cost to replace the fibreglass foundations under MIFRS over the 4 year period is approximately $855,000. In the first year (2013), it is anticipated that 12-15 foundations will be replaced, with the remaining foundations to be replaced in 2014-2016.

The forecast amounts for this account are presented under MIFRS (not CGAAP as reference above) as follows:

2012 - $68,000
2013 - $115,000
2014 - $247,000
2015 - $247,000
2016 - $247,000

4.0-Staff-28
Ref. Exhibit 4/Tab 3/Schedule 1, p. 14 – Account 5310 – Meter Reading

WPI noted that costs in this account are fairly static with a slight increase due to additional requests for final meter reads. WPI further noted that it no longer requires manual meter reading due to smart meters.

a. Please explain why the costs in this account are increasing, albeit slightly, given the implementation of smart meters program and the subsequent reduction in manual meter readings.

WPI Response:

WPI's third party contractor continued to perform check meter readings and finals on residential and GS <50 kW smart meters up to June 1, at which time WPI transitioned to Time of Use rates and billing quantity requests (BQRs) with the provincial MDM/R. WPI's service territory experienced an increase in property sales, foreclosures and rental tenancies in 2012, which drives up the meter reading cost for the third party contractor to attend the property. WPI's third party contractor continued to read all GS > 50 kW customers meters in 2012 (3 registers for each meter).

b. Please provide a breakdown of costs included in this account.

WPI Response:

The 2012 costs booked to the income statement will not exceed the 2009 Board Approved amount of $272,000 as incremental costs related to the implementation of Smart Meters will be recorded in Account 1556 – Smart Meter OM&A Deferral account. Please see the table below for a breakdown of the 2013 costs included in this account.

2013 Meter Reading Costs - Breakdown

Smart Meter Network Infrastructure Operating Costs	66,000
AMI Installation Operational Verification Tools (Harris ODS)	40,000
Smart Meter Customer Presentment Tools (Whitecap)	13,000
Staff Training and Department Integration (See MDM/R Budget)	36,000
TOU Marketing Material	26,000
AMI Security Audits	16,000
Manual Meter Reading for GS>50 customers not yet converted to smart meter technology	14,000
Meter reading for interval customers	65,000
Total	**276,000**

c. Please provide a three year budget forecast for this expense.

WPI Response:

Please see the table below for a breakdown of the 2014-2016 three year budget forecast for this expense.

Meter Reading Costs - Three Year Budget Forecast			
	2014	**2015**	**2016**
Smart Meter Network Infrastructure Operating Costs	68,000	69,000	70,000
AMI Installation Operational Verification Tools (Harris ODS)	41,000	42,000	43,000
Smart Meter Customer Presentment Tools (Whitecap)	13,500	14,000	14,500
Staff Training and Department Integration (See MDM/R Budget)	37,000	38,000	39,000
TOU Marketing Material	26,000	26,500	27,000
AMI Security Audits	16,000	16,500	17,000
Manual Meter Reading for GS>50 customers not yet converted to smart meter technology	7,000	-	-
Meter reading for interval customers	66,000	67,000	68,000
Total	**274,500**	**273,000**	**278,500**

4.0-Staff-29
Ref. Exhibit 4/Tab 3/Schedule 1, pp. 17-18 – Account 5410 – Community Relations

WPI is showing a cost of $25,000 in the bridge year as well as the 2013 test year from $0 in 2009-2011. Last Board-approved expense in this account was $20,500. WPI noted that sundry Community Relation expenditures were recorded in Account 5665 from 2009-2011. Board staff notes that expenditures forecasted for Account 5665 have also increased by $ 3,188 in the bridge year over 2011 Actual.

a. Please provide further explanation for the increase in Account 5410 given that Account 5665 did not show any significant decrease based on WPI proposed transfer of community events expenses into account 5410.

WPI Response:

Minimal expenditures, although budgeted in 2009 - 2011 for "Community Relations", were actually realized. Any expenditures that were realized were recorded in Account 5105 (25%), 5305 (25%) and 5665 (50%) as per WPI's past practice. WPI management and union are strong supporters of working together collectively and

harmoniously and expenditures towards this initiative have been budgeted as management feels appropriate.

b. Please provide WPI up-to-date balance of this account and provide the spending for the 2011 for the equivalent period.

WPI Response:

As at November 30 in each year, expenditures that should be allocated to 5410 are:

2011 - $3,000
2012 - $6,000

It should be noted that expenditures related to holiday celebrations are not recorded until the December period end and are therefore not reflected in the above figures.

4.0-Staff-30

Ref: Exhibit 4/Tab 4/Schedule 1, p. 8 - Ontario Municipal Employees Retirement System (OMERS) Pension Costs

OMERS has announced a three-year contribution rate increase for its members and employers for the years 2011, 2012, and 2013. Please state whether or not the applicant's proposed pension costs include this increase. If so, please provide the forecasted increase by years and the documentation to support the increases. If not, please state how the applicant proposes to deal with this increase.

WPI Response:

As the 2013 OMERS rates were not announced until October 2012, the rates that had been projected in the 2013 Test Year as originally submitted were based on an incorrect assumption.

The 2013 OMERS rates effective January 1, 2013 is 9.0% up to the CPP earnings limit and 14.6% for earnings over the CPP earnings limit. Based on the new rates, WPI would have an additional $18,900 of costs associated to the increase in OMERS, approximately $4,700 of which would be capitalized, and the balance of $14,200 would be OM&A.

As these increases were not known at the time of submission, WPI respectfully requests that the above incremental cost be included in capital and OM&A costs for the 2013 Test Year.

Energy Probe

4.0 Energy Probe # 18

Ref: Exhibit 4, Tab 1, Schedule 1

Please provide the most recent year-to-date actual expenses for 2012, in the same level of detail as shown in Table 1. Please also provide the figures for the corresponding period in 2011.

WPI Response:

Please refer to the response to the Board Staff interrogatory 4.0-Staff-22.

4.0 Energy Probe # 19

Ref: Exhibit 4, Tab 2, Schedule 1

a) With reference to cost driver #3 on page 4, please explain what is meant by "these costs were on a one time basis". In particular, if the $152,562 are one time costs incurred in 2011, please explain why no reduction is shown for 2012.

WPI Response:

This cost represents a one-time severance package paid to a terminated employee who had worked for the Applicant for approximately 17 years. We note that we are not seeking recovery of this cost.

There is no reduction in 2012 because of a number of factors including additional costs associated with the shadowing of the Executive Assistant; in the amount of $32,000 (see also see response to e) below). Additionally, there was a manager that was on Maternity Leave during 2011; therefore, their full annualized salary and benefits was not fully realized until 2012; at an incremental cost of approximately $70,000.

The balance of the difference between 2011 and 2012 can be mainly attributed to incremental increases of benefits; most notably OMERS and extended health benefits.

b) With respect to cost driver #4 on page 4, please explain why there is no corresponding decrease in Appendix 2-J in 2012? Why isn't the fine in 2011 considered a one time cost?

WPI Response:

WPI acknowledges that there should have been a corresponding decrease in Appendix 2-J in 2012. Had the amount been included in 2012; the 'Other' category should have stated $54,425 as opposed to $(105,575).

c) With respect to cost driver #2 shown on page 5, please explain why tree trimming was put on hold in 2011.

WPI Response:

Please see response to Board Staff IR #26 b

d) Please provide the actual tree trimming expenses for 2009 through 2011, the forecasts for 2012 and 2013 and the actual expense for 2012 based on the most recent year-to-date figure available.

WPI Response:

Please see response to Board Staff IR #26 c

e) Please explain why there is no decrease shown for 2013 associated with cost driver #3 on page 5. If the increase in costs due to the shadowing of the Executive Assistant in 2012 increased costs, why would these costs not decrease in 2013 when only the replacement employee is being paid? Please

provide the portion of the $66,850 increase associated with this shadowing in 2012.

WPI Response:

The portion of the $66,850 increase in the Executive, Management and General Admin Salaries and Expenses associated with the shadowing of the Executive Assistant ('EA') position is approximately $32,000. There is a projected decrease in these accounts as per Exhibit 4, Tab 3, Schedule 1 in the amount of $36,000 from 2012 to 2013. This amount is not noted as a cost driver because it is less than the $50,000 threshold for defining a 'cost driver'.

f) Please explain the increases in both 2012 and 2013 for the "Other" line shown in Appendix 2-J.

WPI Response:

The amounts shown for 'Other' are the cumulative balance of accounts that are not in excess of $50,000. A variance analysis for all OM&A accounts for years 2009 COS to 2013 Test Year have been provided in Exhibit 4, Tab 3, Schedule 1.

4.0 Energy Probe # 20

Ref: Exhibit 4, Tab 3, Schedule 1

a) Please explain the increase to $25,000 in account 5410 in 2013 from $0 in 2011. Please indicate what these expenditures are related to and provide the most recent year-to-date expenditures incurred in 2012.

WPI Response:

Please refer to Board interrogatory 4.0-Staff-29 for a response to this query.

b) Please explain the increase to $7,000 in account 5425 in 2013 from $0 in 2011. Please indicate what these expenditures are related to and provide the most recent year-to-date expenditures incurred in 2012.

WPI Response:

WPI had previously budgeted for a customer satisfaction survey under account 5630. In 2012, WPI determined this expenditure would fit better under account 5425.

Expenditures in account 5425 as at December 31, 2012 total $10,100.

c) Please explain the increase to $37,000 in account 5330 in 2013 from $0 in 2011. Please indicate what these expenditures are related to and provide the most recent year-to-date expenditures incurred in 2012.

WPI Response:

For reporting purposes, WPI had grouped expenditures in account 5330 with account 5320. The total of account 5320 per Appendix 2-H found in Exhibit 4 Tab 3 Schedule 1 Attachment 1 was $398,059. The actual amount in account 5330 for the year ended December 31, 2011 was $32,397. These expenditures are related to payments made to a third party collection agency to recover outstanding receivables.

The expenditures in account 5330 as at November 30, 2012 are $25,772.

d) Please explain the relationship between accounts 4330 and 5320 and explain why there are significant increases shown in 2013 in both accounts.

WPI Response:

There is no relationship between accounts 4330 and 5320.

Please refer to 3.0 Energy Probe # 17 part b and d for the explanation for the increase in Account 4330.

The increase in 2013 for account 5320 has been explained in Exhibit 4 Tab 3 Schedule 1 pages 15-16. In addition to the explanation previously provided, a further increase is due to the inclusion of a full time Customer Service Representative that had been allocated as only part time in 2012.

4.0 Energy Probe # 21

Ref: Exhibit 4, Tab 4, Schedule 1

a) Please explain what WPI means when it states (page 1) that vacant positions are not accounted for in the actual years in table 1. In particular, if a position was filled at the beginning of a year and vacant at the end of the year, is this 1 FTE or 0.5 FTE?

WPI Response:

WPI has submitted that if a position had been vacant for the calendar year, it has not been included as an FTE. To clarify, if a position was filled at the beginning of the year, but vacant at the end of the year, it would be considered 0.5 FTE. Additionally if a position was filled for part of the year (e.g. May to November); it would represent 0.0 FTE as the position was vacant on both January 1st, and December 31st.

b) In Table 5, for 2009 through 2011, please provide the maximum average yearly STI that the Management employees were eligible for.

WPI Response:

STI Average	***2009***	***2010***	***2011***
Actual	*$7,372*	*$10,233*	*$6,800*
Maximum Eligible	*$8,387*	*$10,564*	*$8,790*

c) With respect to the $8,000 average yearly STI shown in Table 5, please indicate what percentage of the maximum STI this represents in each year.

WPI Response:

	2012	***2013***
Maximum STI	*$13,632*	*$14,268*
Submitted STI	*$8,000*	*$8,000*
Percentage of Maximum	*58.68%*	*56.07%*

d) What is the impact on the revenue requirement if the unionized annual salary adjustment for 2013 was reduced from 3.0% to 2.0%?

WPI Response:

The impact on the revenue requirement if the unionized annual salary adjustment for 2013 was reduced from 3.0% to 2.0% is approximately $12,000.

4.0 Energy Probe # 22

Ref: Exhibit 4, Tab 7, Schedule 1

Please confirm that WPI used the half year rule for depreciation in each of 2009, 2010 and 2011 on an actual basis.

WPI Response:

WPI wishes to confirm that WPI used the half year rule for depreciation in each of 2009, 2010 and 2011 on an actual basis.

4.0 Energy Probe # 23

Ref: Exhibit 4, Tab 8

a) Did WPI have any Apprenticeship Training Tax credits, Co-Operative Education Tax credits or Federal Job Creation tax credits in 2011? If yes, please provide details and quantify.

WPI Response:

WPI had Apprenticeship Training Tax credits in 2011 for two apprentices employed during the year. The total Federal ITC from apprenticeship job creation expenditure was $4,000 and the total Ontario apprenticeship tax training credit was $17,781. This information is detailed in the 2011 income tax return found at Exhibit 4, Tab 8, Schedule 2 and Attachment 2.

b) Has WPI claimed any of the tax credits noted above in part (a)? If not, please explain why not. If yes, please quantify.

WPI Response:

Yes, WPI claimed the tax credits detailed and quantified in part (a) above. The federal investment tax credit was claimed on line 652 and the Ontario apprenticeship tax training credit was claimed as per line 500. This can be confirmed by reviewing the last 2 pages of the 2011 income tax return.

4.0 Energy Probe # 24

Ref: Exhibit 4, Tab 11 & Exhibit 4, Tab 1, Schedule 1

Is the $12,500 for LEAP included in the $5,191,500 shown in Table 1 of Exhibit 4, Tab 1, Schedule 1 or is it in addition to this amount?

WPI Response:

Yes, the $12,500 for LEAP is included in the $5,191,500 shown in Table 1 of Exhibit 4, Tab 1, Schedule 1. This can be confirmed by reviewing page 3 (account 6205 – Donations, Sub-account LEAP Funding) of Exhibit 4, Tab 1, Schedule 1 Attachment 2.

SEC

4-SEC-6
[Ex.4/1/2/p.2] Please provide a similar table to Table 3 comparing the Applicant with all other utilities in the Mid-size Southern Medium-High Undergrounding Peer Group as determined in the *Report of the Board: Third Generation Incentive Regulation Stretch Factor Updates for 2013.*

WPI Response:

Please see updated table on the following page.

Table 3: Comparison of Costs per Customer as per OEB 2011 Yearbook of Electricity Distributors

Income Statement for the year ended December 31, 2011	Bluewatrer Power Distribution Corporation	COLLUS Power Corp.	E.L.K. Energy In.c	Entegrus Powerlines Inc. Chatham-Kent)	Erie Thames Powerlines Corporation	Essex Powerlines Corporation	Festival Hydro inc.	Kingston Hydro Corporation	Niagara Peninsula Energy Inc.	Peterborough Distribution Incorporated	St. Thomas Energy Inc.	Wasage Distribution Inc.	Welland Hydro-Electric System Corp.	Westario Power Inc.	Woodstock Hydro Services Inc.
Power and Distribution Revenue	$80,264,953	$35,016,067	$23,709,214	$79,799,313	$50,926,172	$62,832,286	$62,762,082	$72,834,711	$143,157,511	$84,066,272	$33,329,915	$15,151,932	$47,474,354	$45,662,061	$31,900,027
Cost of Power and related costs	$60,757,697	$29,031,935	$20,088,089	$64,316,280	$42,724,654	$51,143,998	$52,635,545	$62,084,765	$114,642,681	$68,935,891	$26,618,052	$11,132,422	$38,654,201	$36,641,937	$23,961,554
	$19,507,256	$ 5,984,132	$ 3,621,125	$15,483,033	$ 8,201,518	$11,688,288	$10,126,537	$10,749,946	$ 28,514,830	$15,130,381	$ 6,711,863	$ 4,019,510	$ 8,820,153	$ 9,020,124	$ 7,938,473
Other Income	$ 1,018,200	$ 31,855	$ 511,876	$ 177,416	$ 714,701	$ 754,345	$ 383,021	$ 206,357	$ 414,230	$ 724,735	$ 313,371	$ 78,491	$ 287,766	$ 395,796	$ 281,997
Expenses															
Operating	$ 3,177,397	$ 338,927	$ 246,823	$ 703,434	$ 307,305	$ 886,624	$ 616,923	$ 2,605,492	$ 4,071,987	$ 1,748,639	$ 558,750	$ 44,495	$ 1,161,145	$ 265,336	$ 766,170
Maintenance	$ 157,217	$ 1,818,120	$ 524,267	$ 1,052,368	$ 868,332	$ 1,425,359	$ 922,897	$ 810,263	$ 2,209,781	$ 1,775,876	$ 364,539	$ 582,372	$ 1,232,248	$ 1,217,086	$ 715,982
Administrative	$ 7,728,906	$ 1,919,440	$ 1,648,311	$ 4,958,276	$ 4,530,786	$ 3,234,946	$ 2,427,410	$ 2,595,986	$ 7,786,619	$ 3,479,194	$ 2,767,661	$ 1,594,111	$ 2,884,346	$ 3,114,097	$ 2,324,943
Other	$ 648,952	$ 6,833	$ 32,854	$ 1,916,522	$ 108,295	$ 234,286	$ 85,188	$ 507,694	$ 38,906	$ 476,051	$ 108,911	$ 43,051	$ 52,845	$ 68,184	$ 128,818
Depreciation & Amortization	$ 4,259,216	$ 1,053,169	$ 839,799	$ 3,699,640	$ 1,456,074	$ 2,602,727	$ 2,498,627	$ 2,155,653	$ 7,212,417	$ 3,424,461	$ 1,386,336	$ 606,263	$ 1,751,140	$ 2,010,837	$ 5,494,742
Financing	$ 1,731,522	$ 285,649	$ 307,318	$ 1,916,487	$ 1,057,607	$ 1,152,689	$ 1,305,015	$ 1,025,258	$ 2,868,517	$ 2,249,977	$ 890,441	$ 213,621	$ 997,984	$ 1,595,858	$ 2,328,904
	$11,712,472	$ 4,083,320	$ 2,452,255	$ 8,630,600	$ 5,814,718	$ 5,781,215	$ 4,052,418	$ 6,519,435	$ 14,107,293	$ 7,479,760	$ 3,799,861	$ 2,264,029	$ 5,330,584	$ 4,664,703	$ 3,935,913
Total Customers	35,772	15,723	11,276	32,132	18,090	28,094	19,865	26,844	51,162	35,270	16,436	12,324	21,768	22,257	15,181
	$ 327	$ 260	$ 217	$ 269	$ 321	$ 206	$ 204	$ 243	$ 276	$ 212	$ 231	$ 184	$ 245	$ 210	$ 259
Net Income Before Taxes	$ 2,822,246	$ 593,849	$ 533,629	$ 1,413,722	$ 587,820	$ 2,906,001	$ 2,653,499	$ 1,255,957	$ 4,740,834	$ 2,700,919	$ 948,597	$ 1,014,089	$ 1,028,213	$ 1,144,522	-$ 206,088
PILs and Income Taxes															
Current	$ 525,000	$ 147,729	$ 216,887	$ 372,028	$ 38,641	$ 383,000	$ 628,000	$ 54,755	$ 189,740	$ 750,496	$ 283,808	$ 61,542	$ 188,437	$ 501,000	$ 307,000
Future		-$ 22,291						$ 78,343	$ 1,152,536	$ 120,000		-$ 29,052		-$ 280,000	-$ 344,000
	$ 525,000	$ 125,438	$ 216,887	$ 372,028	$ 38,641	$ 383,000	$ 628,000	$ 133,098	$ 1,342,276	$ 870,496	$ 283,808	$ 32,490	$ 188,437	$ 221,000	-$ 37,000
Net Income	$ 2,297,246	$ 468,411	$ 316,742	$ 1,041,694	$ 549,179	$ 2,523,001	$ 2,025,499	$ 1,122,859	$ 3,398,558	$ 1,830,423	$ 664,789	$ 981,599	$ 839,776	$ 923,522	-$ 169,088

4-SEC-7
[Ex.4/2/1/p.4] Please provide details about the costs associated with the "replacement of a Management employee."

WPI Response:

Please see response to Energy Probe IR #19

4-SEC-8
[Ex.4/2/1/p.6] Please provide details about the one-time cost for Health and Safety related consulting fees.

WPI Response:

The one-time costs associated to Outside Services included services received from an outside Health and Safety consulting firm. The services that were provided included the review of WPIs existing Health and Safety program and the development of improvements in order to meet the WSIB Workwell standard. Improvements that have been initiated with the assistance of the Health and Safety consultants include updates to Corporate Health and Safety Policies and Procedures, development of new Safe Work Practices ("SWP"), updating of existing SWPs, development of a Risk Assessment model, development of standardized pre-use inspection and preventative maintenance records, access to video training modules and various meetings and training with all WPI employees to review the Health and Safety program improvements.

While WPI continues to incur costs associated with its Health and Safety program to ensure a safe and healthy work environment for all its employees, the noted consulting costs were limited to 2012 and do not reoccur in the test year.

4-SEC-9
[Ex.4/3/1/p.8] Please explain why costs increased in Account 5120 in 2012 and 2013.

WPI Response:

There is a direct correlation between the costs attributed to this account and the number of capital poles that are replaced on an annual basis. As per the original submission, costs allocated to this account included costs for pulling a pole after a joint use attacher

has transferred their plant to the new pole, for pole hole backfilling, and miscellaneous supplies.

As per responses to Board Staff IR # 5, WPI is proposing to increase to the number of poles it replaces on an annual basis. Many of these poles have third party attachments that are required to be transferred to the new pole. After the third party has completed their transfer, WPI must remove the old pole, back fill the hole, and dispose of the pole.

4-SEC-10
[Ex.4/3/1/p.11] Please explain the significant variance year over year in Tree Trimming and Line Clearing Operation costs.

WPI Response:

Please see response to Board Staff IR #26 b, c, and d

4-SEC-11
[Ex.4/3/1/p.12] Please provide a copy of the vegetation study.

WPI Response:

Please see response to Board Staff IR #26 a

4-SEC-12
[Ex.4/3/1/Appendix 2-H] Please provide the 2012 forecasted amounts and 2012 actuals (year-to date or year-end if available).

WPI Response:

We have updated Appendix 2-H as requested; and have submitted the file electronically as per file "WPI_ 2013COS Filing_Requirements_Chapter2_Appendices_V1.1_amended_20130121.xlsm" with Jan – Nov 2012 Actuals and the budget for the 2012 Bridge Year as requested.

4-SEC-13
[Ex.4/4/1/p.5] Please explain the length periods of position vacancies between 2009 and 2011.

WPI Response:

The following positions were vacant for the following periods between 2009 and 2011:

Chief Financial Officer	*January 19 – May 19, 2009*
	October 1 – December 31, 2009
Manager of Operations	*April 1, 2009 – March 1, 2010*
	February 20, 2011 – December 31, 2011
Accounting Supervisor	*October 18, 2010 – April 30, 2011 (Maternity Leave)*
Line Supervisor	*March 1 – November 2, 2009*
	January 19 –October 12, 2010

4-SEC-14
[Ex.4/4/1/p.6] With respect to the Short-Term Incentive ("STI") compensation:
a. Please explain the customer-focused metrics and targets used.

WPI Response:

WPI includes various performance metrics for its STI compensation that include various customer-focused metrics. Examples of specific customer focused metrics and targets include:

Improvement of SADI, SAIFI, CAIDI	*5% improvement over previous year*
Increase Conservation and Demand knowledge	*# of Customer Communication Pieces*
Increase Customer Industry knowledge	*# of Customer Communication Pieces and types of communication (i.e. web tools, website access)*
Decrease in A/R > 60 days old	*Reduce to 11% of gross total A/R*
Increasing Safety in the Workplace	*Zero lost time injuries; implementation of safety tracking software*
Improve Customer Satisfaction	*Overall Customer Satisfaction rating of 83%*

b. Please provide the documents provided to employees that outline the STI compensation program.

WPI Response:

Please note below an example of an STI provided to a member of the Executive

Westario Power Inc.

President and CEO
2012 Short Term Incentive Plan

1. Payout Summary

1.1 Basis

The maximum payout is 150% of the targeted amount. There is no payout if performance falls below the 50% payout level.

Position	% of Base Salary	
	Target Payout	Maximum Payout
President and CEO	20%	30%

1.2 Actual

Position	Base Salary	Target Payout	Maximum Payout
President and CEO			

2. 2012 Incentive Categories and Targets

Table 1

Category	Measure	Weight	(50%) Minimum	(100%) Target	(150%) Maximum
Human Resource	Management Training Employee/Labour Relations	15%	Subjective	Subjective	Subjective
Operating Costs	Controllable Operating Costs	20%	Budget plus 5%	Budget	Budget less 5%
Capital Costs	Controllable Capital Costs net of Customer Additions	15%	Budget plus 5%	Budget	Budget less 5%
Risk Management	Development of an Enterprise Risk Management System	10%	Subjective	Subjective	Subjective
Customer Satisfaction	Customer Satisfaction Survey	15%	81%	83%	85%
Safety	# Lost Time Accidents Implementation of Corporate Health and Safety Program	10% 15%	2 Subjective	1 Subjective	0 Subjective

Please note below an example of an STI provided to a member of Management

Westario Power Inc.

2012 Short Term Incentive Plan Review

Employee:
Position: Customer Service Manager

Payout Summary

Basis

The maximum payout is 150% of the targeted amount. There is no payout if performance falls below the 50% payout level.

Position	% of Base Salary	
	Target Payout	Maximum Payout
	7.5%	11.25%

Position	2011 Salary	Target Payout	Maximum Payout
Customer Service Manager			

Category	Measure	Weight	(50%) Minimum	(100%) Target	(150%) Maximum
Operating Costs	2012 Departmental Operating Costs	20%	Budget plus 5%	Budget	Budget less 5%
Customer Satisfaction	2012 Satisfaction Survey	20%	81%	83%	85%
Customer Satisfaction	Increase customer communications	20%	Subjective	Subjective	Subjective
Human Resources	Short Leave Sick Statistics	20%	Decrease of 5%	Decrease of 10%	Decrease of 15%
Financial	Accounts Receivable > 60 Days	20%	Less than 14%	Less than 11%	Less than 8%
		100%			

4-SEC-15
[Ex.4/4/1/p.7] Please provide a copy of the Applicant's current collective agreement with its union.

WPI Response:

Please see attached Attachment 2.

4-SEC-16
[Ex.4/4] For each new position since 2009, please provide a description and a justification for its creation.

WPI Response:

In 2010, during the business planning process, WPI reviewed its existing management roles and responsibilities and the ability to effectively perform those duties to the level that was required to ensure the health and safety of WPI's employees and the public, meet the regulatory obligations of the business and the ability to operate the business in a safe, reliable and cost effective manner.

While at the time WPI had one Line Supervisor it was becoming increasing difficult to perform the roles and responsibilities of the position due to the large service area of WPI and the necessity of on-site supervision for the line crews. The addition of a supervisor has greatly increased the supervision of our staff and third party contractors in the field, provided greater training and knowledge transfer to our line staff and improved our ability to meet customer requests and demands.

The job description of the Line Supervisor is as follows:

The essential duties and responsibilities of the job include but are not necessarily restricted to the following.

2.1 Work Planning

- *Plan work programs to achieve objectives, considering availability of staff, equipment, material and the need for safety, quality and economy.*
- *Reschedule and reorganize work schedules to meet unusual and emergency situations.*
- *Implement new or modified work methods and techniques to improve efficiency, safety, and accuracy and ensure their continuance.*
- *Maintain checks on work progress, through regular visits to job sites, ensuring quality and work practices are in compliance with the utility's mission statement and values.*
- *Evaluate, requisition and maintain appropriate stock of tools and equipment required by the Department to conduct its work.*

2.2 Functional Direction

- *Supervise field personnel and coordinate contractors, assigning work projects with risk management techniques, and other details as required.*
- *Maintain Shop, Garage and Yard facilities in cooperation with the Shared Services Department.*

2.3 Staff Relations/Training

- *Provide details of conditions and problems encountered by subordinates.*
- *Assist in staff training and development ensuring it is carried out according to approved programs and procedures.*
- *Recommend appropriate staffing levels; and assist in conducting interviews for hiring of new staff.*
- *Manage day-to-day staffing issues such as vacation/sick time, conduct performance reviews, administer discipline, and ensure apprenticeship training programs are undertaken.*

2.4 Reporting

- *Inform the Line Superintendent of daily operations and all matters requiring attention.*
- *Prepare and submit reports requested by the Line Superintendent outlining details and statistics of work assignments, conditions and problems.*
- *Assist with the preparation of annual budget for area of responsibility.*
- *Must be available on an "on-call" basis 24/7 to respond to outages and other emergencies.*

2.6 Vehicle Operation

- *Operate company vehicles as required.*
- *"DZ" Driver's License Required.*
- *Responsible for ensuring daily vehicle checks are performed and log books maintained.*

2.7 Company Policies

- *Be fully familiar with all company policies and procedures as they relate to the position and observe same.*

2.8 Safety and Regulatory Compliance

- *Must possess a thorough knowledge and understanding of all company safety policies and regulations, and have the ability to communicate these to employees, the public, and ensure the policies are adhered to.*
- *Participate in training and education to maintain certification in all relevant areas.*
- *Observe all Company safety standards, report unsafe conditions and recommend ways of improving the safety of the work environment.*
- *Ensure work practices are in compliance with the Occupational Health and Safety Act and any other applicable legislation.*
- *Evaluate and requisition safety equipment including, but not limited to Gloves, Protective Clothing and other PPE.*
- *Keep abreast of regulatory changes and industry best practices; implement new programs as needed.*
- *Assist in the preparation of and conduct of monthly Safety Meetings with departmental staff.*
- *Audits the safe work practice of staff and contractors against policy and legislation.*
- *Review written tailboards and traffic plans.*
- *Investigate and document incidents and accidents, and make written recommendations.*
- *Review safety concerns and make appropriate recommendations for improvement.*

Also as part of the Business Planning process it was determined that a new position be created titled Planning and Design Co-ordinator. Prior to the creation of this role the Line Superintendent was carrying out a number of the functions of this position; however, due to increased regulatory obligations, renewable generation requests,

increased technical requirements and in order to satisfy customer demand it was determined that a new position be created.

The job description of the Planning and Design Coordinator is as follows:

The essential duties and responsibilities of the job include but are not necessarily restricted to the following.

2.1 Planning

- *Prepare plans, cost estimates and layouts for new/upgraded service installations, and liaise with technical staff when requested for job planning and estimating purposes.*
- *Assist in the development and administration of the Operations Department's annual capital and operating budget and manages programs to be consistent with budget objectives*
- *Design and cost new Subdivision expansions and commercial customers over 50KW; and administer regulated documentation.*
- *Liaise with customers for all aspects of customer owned generation.*
- *Prepare long term capital betterment plans and maintenance works schedules, along with associated cost estimates.*
- *Recommends to Manager of System Reliability on project design, material requirements and planning*
- *Reviews variance analysis on each operating/maintenance budget on a monthly basis*
- *Schedule and maintain the fleet of vehicles for regulatory compliance.*
- *Schedule regular fleet servicing and annual certification as per CVOR requirements to include emission testing.*

2.2 Coordination

- *Coordinate project schedules with Line Superintendent to meet company and customer needs.*
- *Develop, review, and maintain the Emergency Preparedness Plan and the System Restoration Plan.*
- *Actively participate in Municipal Emergency Response Plans as a Community Control Group member.*
- *Liaise with Municipalities on project schedules and Municipal requirements for Street Lighting design cost on company projects.*
- *Participate in regular UCF meetings.*

2.3 Safety and Regulatory Compliance

- *Observe all Company safety standards, report unsafe conditions and recommend ways of improving the safety of the work environment.*
- *Keep abreast of regulatory changes and industry best practices; implement new programs and legal requirements as needed.*
- *Must possess a thorough knowledge and understanding of all company policies and regulations, and have the ability to communicate these to employees, the public, and ensure the policies are adhered to.*
- *Participate in training and education to maintain certification in all relevant areas.*

2.4 Reporting

- *Keep the Manager of System Reliability informed of daily operations and all matters requiring attention.*
- *Prepare relevant sections of departmental annual operating, maintenance and capital budgets.*

- *Prepare and submit reports requested by the Operations Manager outlining details and statistics of work assignments, conditions and problems.*
- *Liaises with appropriate external agencies to ensure regulatory compliance.*

2.5 Vehicle Operation

- *Operate company vehicles as required.*

2.6 Company Policies

- *Be fully familiar with all company policies and procedures as they relate to the position and observe same.*

4-SEC-17

[Ex.4/4/1/Appendix 2-K] Please provide a column for 2012 actuals.

WPI Response:

Please see amended file below to reflect 2012 actuals. An electronic version has also been submitted per File "WPI_2013COSFiling_Requirements_Chapter2_Appendices_V1.1_amended_20130121.xlsm

Appendix 2-K
Employee Costs

	Last Rebasing Year (2009 Board-Approved)	Last Rebasing Year (2009 Actuals)	2010 Actuals	2011 Actuals	2012 Actuals	2012 Bridge Year	2013 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS
Number of Employees (FTEs including Part-Time)[1]							
Executive	$ 10						
Management	$ 8	6.5	8.0	9.0	8.0	10.0	10.0
Non-Union							
Union	$ 30	30.5	29.0	25.0	23.5	25.0	26.0
Total	48	37.0	37.0	34.0	32	35.0	36.0
Number of Part-Time Employees							
Executive							
Management							
Non-Union							
Union							
Total	-	-	-	-		-	-
Total Salary and Wages							
Executive							
Management		$ 709,268	$ 774,942	$ 947,806	$ 992,296	$ 1,001,627	$ 1,035,133
Non-Union							
Union		$ 1,893,975	$ 1,677,232	$ 1,496,630	$ 1,328,885	$ 1,460,874	$ 1,573,067
Total	$ -	$ 2,603,243	$ 2,452,174	$ 2,444,436	$ 2,321,180	$ 2,462,501	$ 2,608,200
Current Benefits							
Executive							
Management		$ 133,805	$ 156,760	$ 192,918	$ 224,296	$ 245,864	$ 244,009
Non-Union							
Union		$ 390,120	$ 388,003	$ 346,338	$ 318,632	$ 378,525	$ 411,707
Total	$ -	$ 523,925	$ 544,763	$ 539,256	$ 542,928	$ 624,389	$ 655,716
Accrued Pension and Post-Retirement Benefits							
Executive							
Management		-$ 773	$ 791	-$ 773	-$ 336	-$ 342	-$ 383
Non-Union		-$ 7,473	$ 7,651	-$ 7,984	-$ 2,915	-$ 3,532	-$ 3,947
Union		-$ 3,865	$ 3,957	-$ 2,833	-$ 448	-$ 1,253	-$ 1,403
Total	$ -	-$ 12,111	$ 12,399	-$ 11,590	-$ 3,700	-$ 5,127	-$ 5,733
Total Benefits (Current + Accrued)							
Executive	$ -	$ -	$ -	$ -		$ -	$ -
Management	$ -	$ 133,032	$ 157,551	$ 192,145	$ 223,960	$ 245,522	$ 243,626
Non-Union	$ -	-$ 7,473	$ 7,651	-$ 7,984	-$ 2,915	-$ 3,532	-$ 3,947
Union	$ -	$ 386,255	$ 391,960	$ 343,505	$ 318,183	$ 377,272	$ 410,304
Total	$ -	$ 511,814	$ 557,162	$ 527,666	$ 539,228	$ 619,262	$ 649,983
Total Compensation (Salary, Wages, & Benefits)							
Executive	$ -	$ -	$ -	$ -		$ -	$ -
Management	$ -	$ 842,300	$ 932,493	$ 1,139,951	$ 1,216,256	$ 1,247,149	$ 1,278,759
Non-Union	$ -	-$ 7,473	$ 7,651	-$ 7,984	-$ 2,915	-$ 3,532	-$ 3,947
Union	$ -	$ 2,280,230	$ 2,069,192	$ 1,840,135	$ 1,647,068	$ 1,838,146	$ 1,983,371
Total	$ -	$ 3,115,057	$ 3,009,336	$ 2,972,102	$ 2,860,409	$ 3,081,763	$ 3,258,183
Compensation - Average Yearly Base Wages							
Executive	$ 26,246						
Management	$ 82,788	$ 82,222	$ 82,395	$ 87,572	$ 100,501	$ 100,163	$ 103,513
Non-Union							
Union	$ 53,321	$ 52,421	$ 52,812	$ 54,803	$ 56,548	$ 58,435	$ 60,503
Total							
Compensation - Average Yearly Overtime							
Executive							
Management	$ 5,474	$ 8,208	$ 1,854	$ 7,036	$ 2,718	$ 2,400	$ 2,400
Non-Union							
Union	$ 8,240	$ 8,705	$ 3,659	$ 4,197	$ 2,405	$ 3,000	$ 3,000
Total						.	
Compensation - Average Yearly Incentive Pay							
Executive	$ 4,501						
Management	$ 4,925	$ 7,372	$ 10,233	$ 6,800	$ 11,479	$ 8,000	$ 8,000
Non-Union							
Union							
Total							
Compensation - Average Yearly Benefits							
Executive	$ 2,503						
Management	$ 12,903	$ 20,585	$ 19,595	$ 21,435	$ 28,037	$ 24,586	$ 24,401

4-SEC-18
[Ex.4/6/1/p.2] Please update the table to include 2012.

WPI Response:

Please see updated table below.

NAME OF SUPPLIER	TYPE OF EXPENSE	2009	2010	2011	2012	Procurement Method
SHEPHERDS UTILITY EQUIPMENT	Tools, clothing, safety items	27,514.91	56,213.72	34,639.31	0.00	Quote
BELL MOBILITY	Cellular Phones, Smart Meter LAN	0.00	25,192.04	26,468.32	0.00	Service Contract
CANADA POST CORPORATION	Postage	165,244.64	185,933.08	187,025.27	201,008.92	Sole Provider
THE MEARIE GROUP	Employee Benefits, Insurance Coverage	280,017.25	280,758.75	283,600.79	308,781.46	Quote
WESTBURNE RUDDY ELECTRIC	Materials and Equipment	136,673.68	76,745.85	71,875.26	150,855.75	Quote
HD SUPPLY UTILITIES	Materials and Equipment	336,509.94	193,298.81	325,810.35	290,211.39	Quote
IDEAL SUPPLY CO LTD	Materials, Equipment, Safety Items	54,041.36	54,223.24	28,972.13	32,641.72	Quote, Local Provider
OLAMETER INC	Smart Meter Installation and Support	150,159.31	96,977.20	0.00	0.00	RFP
J.D. MCARTHUR TIRE SERVICES IN	Fleet - maintenance	0.00	33,943.54	0.00	0.00	Quote, Local Provider
UNITED RENTALS OF CANADA	Equipment, Safety Items	31,261.68	0.00	35,665.99	0.00	Quote
MUNICIPALITY OF BROCKTON	Municipal Services and Property Taxes	38,865.03	37,916.90	37,353.95	37,444.87	Sole Provider
WEBER CONTRACTING #7 LTD.	Directional Boring	50,310.82	62,061.63	49,556.17	34,453.18	RFP
WAYNE'S ELECTRIC	Smart Meter Insallation and Support	0.00	63,946.00	0.00	0.00	RFP
TILTRAN/ASCENT SOLUTIONS INC	Substation Maintenance	215,036.29	171,248.11	119,311.64	0.00	Service Contract
ELSTER CANADIAN METER	Smart Meters, Hardware, Software and Support	1,700,490.21	335,318.19	453,506.74	114,520.42	RFP
BELL ALIANT	Smart Meter Collectors	33,720.00	0.00	0.00	0.00	RFP
MOLONEY ELECTRIC INC.	Materials	258,915.68	113,447.20	83,701.00	73,990.00	Quote
NORAMCO WIRE & CABLE	Wire/Cable	149,998.06	125,495.90	162,923.60	138,423.94	Quote
CANADIAN NIAGARA POWER INC.	IT related services, Smart Meter, Consulting	173,172.23	132,669.80	80,730.10	346,421.73	Service Contract
KEN JACKSON CONSTRUCTION LIMIT	Vac Truck Services	42,214.09	28,052.54	0.00	0.00	Quote
RODAN ENERGY SOLUTIONS INC.	Metering Services	167,892.55	80,485.07	420,365.25	188,270.84	RFP
ELECTRICITY DISTRIBUTORS ASSOC	EDA Membership	37,200.00	39,310.00	40,000.00	42,200.00	Sole Provider
JARDINE LLOYD THOMPSON CANADA	Property Insurance	43,974.36	47,862.36	57,883.00	0.00	Quote
ONTARIO MUNICIPAL EMPLOYEES	OMERS pension contributions	166,444.70	170,196.61	186,291.34	222,296.57	Sole Provider
UTILISMART CORPORATION	Wholesale/Retail Settlement	81,738.00	82,882.30	82,704.00	83,780.00	Service Contract
ACCURATE METER READING	Meter Reading Services	166,172.94	0.00	0.00	0.00	RFP
KPMG	Audit and Consulting Fees	39,250.00	52,425.00	61,200.00	72,150.00	RFP
WAJAX INDUSTRIES LIMITED	Fleet	0.00	0.00	284,407.00	0.00	RFP
POSI-PLUS TECHNOLOGIES INC.	Fleet	0.00	230,741.75	0.00	393,168.61	RFP
VALMONT NEWMARK INDUSTRIES, IN	Materials	191,251.82	48,522.79	100,880.26	0.00	Quote
UTIL-ASSIST	Smart Meter and GEA Consulting Fees	0.00	34,925.38	0.00	34,268.13	RFP
PICKARD CONSTRUCTION	Directional Boring and Hydro Vac Services	75,391.93	90,302.34	301,325.45	0.00	RFP and/or Quote
SUPER SUCKER HYDRO VAC SERVICE	Hydro Vac Services	64,621.86	47,420.05	70,067.54	43,962.53	Quote
GLENTEL INC.	Two Way Radio System	0.00	80,255.72	0.00	0.00	RFP
DELL CANADA INC.	Computer hardware & software	0.00	29,360.83	46,979.05	0.00	Quote
CARTE INTERNATIONAL	Materials	47,908.80	0.00	0.00	0.00	Quote
PHH VEHICLE MANAGEMENT -T10084	Fleet Maintenance and Repair	316,697.31	244,199.56	206,104.60	192,717.66	Quote
HICKS MORLEY BARRISTERS & SOLI	Legal Services	0.00	0.00	33,428.30	41,652.62	Long Term Provider
PRESTIGE CONTRACTING	Lawn maintenance and snow removal	0.00	30,122.66	30,954.76	0.00	RFP
CANADA POWER PRODUCTS	Materials	83,430.00	83,430.00	51,500.00	0.00	Quote
DURHAM MANAGEMENT CONSULTANTS	Consulting Services and Training	0.00	44,244.90	0.00	0.00	Quote
ELENCHUS RESEARCH ASSOCIATES I	Consulting Services	42,275.01	0.00	0.00	0.00	Quote
JESSTEC INDUSTRIES INC.	Smart Meter materials	106,433.05	0.00	0.00	0.00	RFP
ALTEC INDUSTRIES INC	Fleet - Chipper	32,328.72	0.00	0.00	0.00	RFP
G-TEL	Cable Locating Services	156,569.76	142,329.43	177,362.00	209,339.09	Service Contract
HESPRO	Consulting Services - environmental	0.00	0.00	30,529.09	0.00	Service Contract
ADVANCE CONSTRUCTION EQUIPMENT	Fleet - Forklift	66,420.00	0.00	0.00	0.00	RFP
GREY BRUCE METER SERVICES INC.	Meter reading, disconnect/reconnect services	185,223.78	324,931.40	181,015.71	121,695.63	Sole Provider
LESLIE MOTORS LTD	Fleet	30,193.01	0.00	0.00	0.00	RFP
UTS CONSULTANTS INC.	Consulting and Engineering Services	0.00	43,709.10	106,046.47	184,653.32	Quote
GUELPH UTILITY POLE	Materials	0.00	29,073.60	0.00	113,344.00	Quote
SERIO CONSULTING CANADA INC.	SAP Consulting & IFRS	0.00	60,156.62	0.00	38,834.00	Sole Provider
HALLMAN MOTORS LTD	Fleet	0.00	27,561.95	0.00	0.00	RFP
UTILITY RISK MANAGEMENT LTD.	Software licensing	0.00	20,000.00	0.00	0.00	Quote
K-LINE MAINTENANCE & CONSTRUCT	Capital rebuild	0.00	0.00	437,394.09	59,000.00	RFP
DAVID HAWKINS LINE SERVICE INC	Capital rebuild, tree trimming	0.00	0.00	90,320.51	66,844.80	RFP
D.L. HANNON INC.	Capital rebuild	0.00	0.00	45,214.00	0.00	RFP
UTILITY SCANNING SOLUTIONS LTD	Pole Testing	0.00	0.00	49,608.00	50,796.00	Quote
DAVEY TREE EXPERT CO.	Tree trimming	0.00	0.00	37,900.00	152,671.05	RFP
COUNTY OF GREY	Schwartz Incident	0.00	0.00	0.00	137,506.25	MOL Fine
WESTARIO POWER INC	Utilities -hydro	0.00	0.00	0.00	30,587.66	Sole Provider

VECC

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.

WPI Response:

WPI wishes to confirm that the $200,000 remains accurate 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.

WPI Response:

Meter reading costs have decreased as shown in part b), however, rather than allocate all the Smart Meter costs to the regulatory accounts, a portion is allocated to this account up to the approved budgeted amount as per the 2009 Cost of Service Application. The smart meter OM&A deferral account is thus only showing the incremental costs beyond the approved budgeted amount incurred due to the smart meter implementation.

LDCs are now having to pay operating costs for the provincially mandated smart metering infrastructure; wide area mesh network using Bell cellular communication, Elster's EnergyAxis Management System/Smart Grid solution, Harris/Metersense's meter data management solution that increases operational performance and reliability, and lastly sync operator services to provide the specialized knowledge to ensure optimal network health and accurate data management, therefore there is no significant decline in costs.

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

WPI Response:

The following are the actual Meter reading costs incurred for 2009-2011 and 2012-2013 budgeted figures.

	2009	*2010*	*2011*	*2012*	*2013*
Hurontel interval meter reading		*1,375*	*541*	*603*	*600*
Accurate Meter Reading	*99,189*				
Grey Bruce Meter Reading	*100,938*	*204,432*	*72,971*	*18,128*	*20,000*
Utilismart	*71,913*	*69,248*	*68,491*	*69,608*	*70,000*
Misc	*892*	*293*	*781*	*838*	*1,000*
**Smart Meter Costs*	*0*	*0*	*129,216*	*182,824*	*184,400*
Total	*272,932*	*275,348*	*272,000*	*272,000*	*276,000*

**Note: Smart Meter OM&A costs incremental to the amounts stated above are allocated to bring meter reading to amount specified under 2009 COS Application for 2011-2012.*

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.

WPI Response:

The 2013 bad debt expense estimate was based on a historical 3 year average (2009 – 2012) plus an additional $2,500 for bad debts expected to be realized on miscellaneous accounts receivable (i.e. for damage to plant that is not fully recovered by insurance, etc.) for a total of $69,000.

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

WPI Response:

Community Relations – Sundry (account 5410) compiles costs for staff relations (i.e. Christmas party, family events, etc.) and promotional items (i.e. giveaways such as glasses, bags, etc.). The estimate of $25,000 is derived as approximately $425 per employee (or $15,000) for staff relation events and $10,000 for promotional items. This budget is based on future planning in order that WPI can work towards gaining and maintaining positive relationships with the staff and community that it serves. A higher figure than historically incurred has been estimated in order to accomplish the level that management, the WPI staff and the WPI Board aspire to achieve.

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.

WPI Response:

The following table represents actual fees paid for 2009 – 2012, and proposed amount for 2013.

	2009	*2010*	*2011*	*2012*	*2013*
EDA Membership fees	*37,200*	*39,310*	*40,000*	*42,200*	*43,000*

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

WPI Response:

The following are industry memberships/publications we subscribe to accompanied by the expected costs for 2013.

MEARIE	*1,400*	*(UPMS SURVEY)*
USF	*9,000*	*(Utilities Standard)*
ESA	*10,000*	*(Electrical Safety Association)*
Elenchus	*1,000*	*(Insight magazine and Webcast)*

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.

WPI Response:

Prior to 2012, WPI's property insurance provider was Jardine Lloyd while both auto and liability insurance were with The Mearie Group. Savings of approximately $16,600 were realized in 2012 when WPI switched from Jardine Lloyd to The Mearie Group for property insurance.

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?

WPI Response:

It is unknown when the last competitive tender was undertaken for its insurance coverage; however, WPI can confirm that there has not been a tender issued at a minimum in the last seven years.

WPI has an established relationship and history with MEARIE insurance providers. WPI meets with MEARIE representatives on a regular basis to review existing coverage, claims history and industry trends. Improvements and cost saving opportunities that are presented are taken advantage of assuming such opportunities do not compromise WPIs obligations to its staff under the terms of the existing Collective Agreement. WPI works closely with MEARIE to ensure that all available cost saving opportunities are implemented.

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.

WPI Response:

Below is a table listing vendors in excess of $100,000 in any given year where the method of procurement is by quote. Expenses related to MEARIE have been explained in part b) above.

NAME OF SUPPLIER	TYPE OF EXPENSE	2009	2010	2011	Procurement Method
THE MEARIE GROUP	Employee Benefits, Insurance Coverage	280,017.25	280,758.75	283,600.79	Quote
WESTBURNE RUDDY ELECTRIC	Materials and Equipment	136,673.68	76,745.85	71,875.26	Quote
HD SUPPLY UTILITIES	Materials and Equipment	336,509.94	193,298.81	325,810.35	Quote
MOLONEY ELECTRIC INC.	Materials	258,915.68	113,447.20	83,701.00	Quote
NORAMCO WIRE & CABLE	Wire/Cable	149,998.06	125,495.90	162,923.60	Quote
VALMONT NEWMARK INDUSTRIES, IN	Materials	191,251.82	48,522.79	100,880.26	Quote
PHH VEHICLE MANAGEMENT -T10084	Fleet Maintenance and Repair	316,697.31	244,199.56	206,104.60	Quote
UTS CONSULTANTS INC.	Consulting and Engineering Services	0.00	43,709.10	106,046.47	Quote

For the balance of vendors, the figures above are a cumulative total of products or services provided in a year, and not for a singular product or service; therefore there is no need to issue an RFP for the amounts above. Included in the list above are 5 vendors that WPI purchases various materials and equipment from throughout the year. As per WPI's purchasing policy, a quote is issued to a minimum of three vendors for

purchases in excess of $1,000. This is done on a regular basis to ensure that WPI obtains the best cost for the products and services. WPI is satisfied that it is receiving the best value as no one vendor in the above table is given preferential treatment based on fluctuating costs year over year.

Below is a table listing vendors in excess of $100,000 in any given year where the method of procurement is sole provider.

NAME OF SUPPLIER	TYPE OF EXPENSE	2009	2010	2011	Procurement Method
CANADA POST CORPORATION	Postage	165,244.64	185,933.08	187,025.27	Sole Provider
ONTARIO MUNICIPAL EMPLOYEES	OMERS pension contributions	166,444.70	170,196.61	186,291.34	Sole Provider
GREY BRUCE METER SERVICES INC.	Meter reading, disconnect/reconnect services	185,223.78	324,931.40	181,015.71	Sole Provider

Of the three suppliers above, the only service that WPI could issue an RFP for is Meter Reading, disconnect/reconnect services. The services listed above include costs related to manual meter reading. Historically, WPI has issued an RFP for meter reading services; however, the company above was the only respondent. As WPI commenced reading meters via the Smart Meter network in 2012, the costs identified above have dropped substantially, therefore, on a go forward basis these services would not require the issuance of an RFP as the costs would be less than $100,000.

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.

WPI Response (a & b):

The 152 poles reported in the DAMP do not represent the actual poles that were replaced. The number of Actual poles replaced in 2009 and 2010 is 26 and 32 respectively.

It's is WPI's view that the intent of the Asset Management Plan is to document a written account of an intended future course of action aimed at achieving objectives within a specific timeframe. Although WPI makes every effort to keep the document up to date, the DAMP is designed as a "living document" whose primarily use is to establish the optimum form of the assets required for WPI to deliver, within resource limits, the results and services sought by customers and regulators.

Also, as expressed in the application, the balances in the expense accounts do not necessarily line up with actual pole replacements. Volume of work depends on the speed at which the joint use attacher transfers, and whether WPI is provided notification. This work is also dependant on the volume of capital works and the locations.

The discrepancy in pole replacements for 2009 vs. 2013 can be explained as such.

In its 2009 COS, WPI applied for capital additions that would be in place for the duration of the rate term (4 years) and thus used a 4 year average pole replacement that yielded an average of approximately 57 poles/ year. WPI is currently seeking to replace, on average, 92 poles per year.

Exhibit 5 – Capital Structure and Cost of Capital

Board Staff

5.0-Staff-31
Ref: Exhibit 5/Tab 1/Schedule 1 p.2 – Long-term Affiliated Debt

WPI stated that it utilizes affiliated debt in the form of promissory notes in the amount of $5.25 million at a rate of 5.47%. This interest rates is based on the previously approved rates and have not been modified since WPI's 2009 COS application.

a. Please provide the debt instruments between WPI and its shareholder municipalities for this affiliated loan.

WPI Response:

WPI holds Shareholder Notes in the amount of $5,260,460.75. The breakdown of the Shareholder Notes is as follows:

Municipality of South Bruce	*$292,498.00*
Town of Hanover	*$1,135,083.00*
Town of Saugeen Shores	*$3,062,913.00*
Township of Huron Kinloss	*370,284.75*
Township of North Huron	*399,682.00*
Total	*$5,260,460.75*

As all terms and conditions of the above Promissory Notes are identical, WPI respectfully submits only one copy of the Promissory Notes; namely that for the Town of Saugeen Shores as Attachment 3.

b. Please confirm that this debt is callable on demand.

WPI Response:

WPI confirms that the debt is callable on demand.

c. Please provide WPI reasons for using the 5.47% debt rate previously approved.

WPI Response:

WPI submits that it erroneously submitted a debt rate of 5.47% on the affiliate debt and as such as updated its application to include a rate of 4.08% on all affiliate debt.

d. Please confirm that WPI will be updating the long-term cost of capital parameter in accordance with the Board's most recent published cost of capital parameters.

WPI Response:

WPI confirms that its submission has been updated with the long term cost of capital parameters in accordance with the Board's most recent published cost of capital parameters. Please also refer to Energy Probe IR #25.

Energy Probe

5.0 Energy Probe # 25

Ref: Exhibit 5, Tab 1, Schedule 1

What is the impact on the revenue deficiency of the cost of capital parameters from the Board's November 15, 2012 letter re Cost of Capital Parameter Updates for 2013 Cost of Service Applications for Rates Effective January 1, 2013?

WPI Response:

Following the adjustments as detailed in Board Staff IR #2; of the total revenue deficiency reduction, approximately $31,500 can be attributed to the updating the cost of capital parameters as per the above noted Board Report issued November 15, 2012.

5.0 Energy Probe # 26

Ref: Exhibit 5, Tab 1, Schedule 1

Please reconcile the $9.2 million in third party long-term debt noted on page 1 with the figure of $8,980,324 shown on page 3 for 2013.

WPI Response:

Line 2-3 of Exhibit 5 Tab 1 Schedule 1 page 2 should have read, "WPI has embedded third-party long-term debt of $8.98 million with a weighted interest rate of 5.79%." The figure of $9.2 million in the first sentence of page 2 was not properly updated. Changing this sentence will result in page 2 of this Schedule agreeing with page 3 of this same Schedule.

5.0 Energy Probe # 27

Ref: Exhibit 5, Tab 1, Schedule 1

a) Please provide a copy of the affiliate promissory note and any amendments made to the note.

WPI Response:

Please refer to response for Board Staff IR # 31 a

b) Is the affiliate promissory note payable on demand?

WPI Response:

Please refer to response for Board Staff IR #31 b

5.0 Energy Probe # 28

Ref: Exhibit 5, Tab 1, Schedule 1

a) Please provide a copy of the mix and rates on the affiliate and third-party long-term debt that the Board accepted in EB-2008-0238.

WPI Response:

The mix and rates on affiliate and third-party long term debt that was approved in WPI's 2009 COS Application (EB-2008-0250) is as follows:

Description	EffectiveRate	Days o/sin 2009	AverageBalance	2009 Cost	2009 Ending Balance
Notes Payable to Shareholders	5.47%	365	$5,260,460.75	$287,747.20	$5,260,460.75
CIBC	6.09%	365	$2,370,477.50	$146,445.00	$2,334,800.00
CIBC	5.97%	365	$5,146,804.41	$315,161.18	$5,012,185.00
CIBC	5.23%	184	$1,008,219.18	$52,729.86	$2,000,000.00
TOTAL	**5.82%**		$13,785,961.84	$802,083.25	$14,607,445.75

b) What was the Board's deemed long-term debt rate for 2009 rates?

WPI Response:

The Board's deemed long-term debt rate for 2009 rates was 7.62% as per the Board's 'Cost of Capital Parameter Updates for 2009 Cost of Service Applications' dated February 24, 2009.

SEC

5-SEC-19

[Ex.5/1/1/p.2] Please provide a copy of all outstanding debt instruments.

Please refer to Attachment 3 for copies of all outstanding debt instruments. In addition, please refer to Energy Probe IR 5.0 Energy Probe #28 for information on third party debt and Board Staff IR #31 for shareholder debt.

5-SEC-20

[Ex.5/1/1/p.2] Please provide details about alternatives the Applicant considered before agreeing to the loan with CIBC?

WPI Response:

In mid 2011 WPI considered a number of options for the funding of the Smart Meter project. Due to the size of the funding required (approximately $3.3 MM), it was impractical and cost prohibitive for WPI to issue public debt or a private placement with the assistance of a brokerage firm; therefore, this option was not explored by WPI.

Another option that was discounted was funding from Infrastructure Ontario ('IO'); WPI is unable to borrow funds from IO due to the 9.99% ownership stake by Fortis Ontario Inc.

In 2006; WPI issued an RFP to six financial institutions for cash management and credit facilities. Of the three proposals received, WPI chose CIBC as its financial institution based on a pre established set of criteria, including funding options for the Smart Meter project. In 2011, WPI felt it would be difficult to approach a financial institution for which there is no existing relationship and inquire about a credit facility for a portion of its business and the inability to transfer any cash management services.

Given WPI's pre-existing relationship with CIBC and the RFP previously issued for credit facilities, WPI negotiated the best available rate with CIBC to guarantee a rate of interest of 5.03% for 13 ½ years to fund the Smart Meter project.

VECC

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).

WPI Response:

Historically speaking, WPI has for the most part, been able to fund its ongoing capital projects and normal business operations with its working capital. WPI has sought additional debt when necessary; specifically when funding special capital projects such as the new facility built in 2007 and the Smart Meter project.

In addition, WPI has taken a conservative approach to its dividend policy, again, to fund the ongoing operations of the business.

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

WPI Response:

Please refer to SEC IR #20

Exhibit 6 – Revenue Deficiency/Sufficiency

No Interrogatories

Exhibit 7 – Cost Allocation

Board Staff

7.0-Staff-32
Ref: Cost Allocation Model – sheet I6.2

On sheet I6.2 of the cost allocation model, WPI shows 60 customers for the USL customer class as well as 60 connections.

a. Please confirm that WPI has one connection per customer in this rate class.

WPI Response:

WPI confirms that it has one connection per customer in this rate class.

b. Please confirm that that each customer/connection is billed separately.

WPI Response:

WPI confirms that each customer/connection is billed separately.

c. Please state why a weighting factor of 0.57 is appropriate for this rate class.

WPI Response:

The weighting factor was established by comparing the USL customer class to that of a residential customer. Discussions were held with WPI staff responsible for billing and collecting for all customer classes. Based on discussions with WPI staff, as the residential class have a weighting factor of 1 for billing and collecting, it was determined that the USL class required approximately 57% of the cost associated with that of a residential customer.

7.0-Staff-33
Ref: Exhibit 7/Tab 1/Schedule 1, Attachment 3
Cost Allocation Model – sheet I6.2
Exhibit 3/Tab 1/Schedule 2, Attachment 1, p. 7-8

Sheet I6.1 of the Cost Allocation model requires inputs based on Exhibit 3 Load Forecast and the RRWF. Please reconcile the load data and revenue deficiency provided in Sheet I6.1 with Exhibit 3/Tab1/Schedule 2 and the RRWF.

WPI Response:

Sheet I6.1 of the Cost Allocation model includes inputs based on WPIs Load Forecast that has been adjusted for CDM. The inputs on sheet I6.1 are based on the information submitted in Exhibit 3, Tab 1, Schedule 3, Table 1; not Exhibit 3, Tab 1, Schedule 2 as referenced above.

The 'Net Class Revenue' indentified in Cell C44 on Sheet I6.1 of the Cost Allocation model is $8,939,434 as shown below:

	A	B	C
37	Additional Charges		
39	Distribution Revenue from Rates		$9,032,434
40	Transformer Ownership Allowance		$93,000
41	Net Class Revenue	CREV	$8,939,434
43	**Data Mismatch Analysis**		
44	**Revenue with 30 year weather normalized kWh**		8,939,434

Sheet 8 of the RRWF submitted as Excel File 'WPI EB-2012-0176 2013 COS Rev_Reqt_Work_Form_V3_20120628 MIFRS.xlsm' shows current Distribution Revenue as $8,939,434 as shown below in Cell F20.

Line No.	Particulars	Initial Application: At Current Approved Rates	Initial Application: At Proposed Rates	At Current Approved Rates
1	Revenue Deficiency from Below		$977,793	
2	Distribution Revenue	$8,939,434	$8,948,867	$8,939,434
3	Other Operating Revenue Offsets - net	$653,041	$653,041	$ -
4	Total Revenue	$9,592,475	$10,579,701	$8,939,434

As the values in both Sheet I6.1 of the Cost Allocation model and Sheet 8 of the RRWF are the same no further reconciliation is required.

7.0-Staff-34
Ref: Cost Allocation Model – sheet I7.2

WPI shows a weighting factor of 9.75 for meter reading the GS>50 customer class. Please provide further explanation in how this weighting factor was derived.

WPI Response:

Elenchus used a weighting factor of 1 for Smart Meters, being the meter type used by the Residential class. Elenchus then derived the weighting factor of 9.75 by using Smart Meter costs identified by Westario that total $0.36 per month, and incorrectly used $3.51 representing only part of the monthly cost to read an interval meter. In fact, Westario identified the total cost of reading interval meters to be $5.88 per month, resulting in a correct weighting factor of 16.33. This correct weighting factor will be applied in future runs of the cost allocation model.

7.0-Staff-35
Ref: Exhibit 7/Tab 2/Schedule 1 – Revenue-to-Cost Ratio Streetlight

WPI is proposing to move the streetlighting revenue-to-cost ("R/C") ratio from 0.52 to 0.80, while leaving the unmetered scattered load R/C ratio at 0.72. Please explain

WPI's rationale for not moving the unmetered scattered load ratio to at least 0.80, consistent with the proposed streetlighting R/C ratio.

WPI Response:

Presumably, Board Staff is referring to the Sentinel Lighting customer class as WPI is proposing reducing the Unmetered Scattered Load ratio as per the table below. WPI is responding to this IR on this basis. The data table that WPI originally submitted as Exhibit 7, Tab 2, Schedule 1, page 1 is as follows:

	2009	**Targets**	**Prescribed Range**	**Proposed Ratios**
Residential	92%	85-115	85%-115%	98%
GS<50	99%	80-120	80%-120%	101%
GS>50	152%	80-120	80%-120%	120%
USL	232%	70-120	70%-120%	120%
Sentinel Lights	72%	70-120	70%-120%	72%
Street Lights	52%	80-120	80%-120%	80%

In review of the evidence originally submitted, the above table is incorrect and is inconsistent with the evidence that was filed as Exhibit 7, Tab 2, Schedule 1, Attachment 1, which was the model utilized for Rate Design. It appears that the information contained in each of the Sentinel Lights and Street Lights had been transposed. WPI is updating the table that was originally submitted to agree with the Rate Design model that was originally submitted. All edits are highlighted in yellow.

	2009	Targets	Prescribed Range	Proposed Ratios
Residential	92%	85-115	85%-115%	98%
GS<50	99%	80-120	80%-120%	101%
GS>50	152%	80-120	80%-120%	120%
USL	232%	80-120	80%-120%	120%
Sentinel Lights	52%	70-120	70%-120%	80%
Street Lights	72%	70-120	70%-120%	72%

Because the current revenue to cost ratio for the Street Light class is currently within the Board Prescribed Range; WPI had proposed no change in the current ratio.

Energy Probe

7.0 Energy Probe # 29

Ref: Exhibit 7, Tab 1, Schedule 1, Attachment 2

In rebalancing the revenue-to-cost ratios, please consider the following approach. The GS > 50 class is reduced to 120%, as is the USL class. The GS < 50 ratio is maintained at 99.23%. To offset this reduction in revenue, the sentinel lighting ratio (51.98%) is first raised to match that of the street lighting class (71.87%) and then both of these ratios are increased to the ratio for the residential class (92.41%). These three ratios are then increased in tandem to a ratio that is revenue neutral in total. Please provide a revised Rebalancing Revenue-to-Cost (R/C) Ratios table based on this approach. Please also indicate if any rate mitigation measures would be needed for the

various rate classes that have significant increases in their revenue-to-cost ratios, and if so, please provide a proposed plan for the ratios for 2013, 2014 and 2015.

WPI Response:

Please see table below indicating the revised ratios based on the methodology as outlined above using the information as per WPIs original submission.

	2009	Original Submission	Amended as per Energy Probe IR #29	Difference
Residential	92%	98%	96.65%	-1.35%
GS<50	99%	101%	99.23%	-1.77%
GS>50	152%	120%	120%	N/C
USL	232%	120%	120%	N/C
Sentinel Lights	52%	80%	96.65%	+16.65%
Street Lights	72%	72%	96.65%	+ 24.65%

The revised bill impacts are as follows:

Total Bill Impact	Original Submission		Amended as per Energy Probe IR #29		Difference
Residential	+ $8.98	+ 8.43%	+ $8.50	+ 7.97%	- 0.46%
GS<50	+ $19.05	+ 7.75%	+ $18.44	+ 7.50%	- 0.25%
GS>50	+ $322.36	+ 5.62%	+ $322.36	+ 5.62%	N/C
USL	- $10.23	- 15.42%	- $10.23	- 15.42%	N/C
Sentinel Lights	+ $5.28	+ 21.27%	+ 7.45	+30.05%	+ 8.78%
Street Lights	+ $8.40	+ 12.26%	+14.11	+20.60%	+ 8.34%

Due to the revised cost to revenue ratios, the revised bill impact to the Sentinel Light class would be an increase of 30.05% and an increase to the Street Light class of 20.60%. Due to the significant increases in both the Sentinel and Street Light classes, a rate mitigation plan would need to be implemented.

At this time, WPI respectfully submits that it may be premature to provide a suggested rate mitigation plan, as proposed changes have been submitted in response to the interrogatories as detailed in Board Staff IRs #2 & #3.

SEC

There are no SEC IR's related to Exhibit 7

VECC

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.

WPI Response:

WPI confirms that each streetlight device is a separate connection.

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.

WPI Response:

WPI confirms 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.

WPI Response:

The Weighting factor used in the original application was calculated on a yearly basis and the summed. WPI has now revised its allocation to use a weighting factor consistent with the number of smart meters installed per class.

The revised factors are presented in the table below. A revised Smart Meter Model, showing this change is being filed in conjunction with these responses.

Class	*Count*	*Percent*
Res	*19,520*	*88%*
GS<50	*2,458*	*11%*
GS>50	*240*	*1%*
Total	*22,218*	*100%*

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.

WPI Response:

As explained above, the smart meter capital weighting factors are now consistent with the number of meters installed per class.

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.

WPI Response:

This is not the explanation and therefore no revisions to the CA Model have been made.

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.

WPI Response:

WPI acknowledges that the size of the class revenue is irrelevant for the determination a rate mitigation plan, and in the case of the USL class the revenue to cost ratio is decreasing from 232% to 120% thereby decreasing the overall bill impact of an average USL customer by 15.42% or $10.23 per month.

Exhibit 8 – Rate Design

Board Staff

8.0-Staff-36
Ref: RTSR Workform Version 2.2
Exhibit 8/Tab 3/Schedule 1, pp. 1-3

WPI filed an excel version of the RTSR Workform Version 2.2. On June 28, 2012 the Board released version 3.0 of the RTSR Workform. Please re-file WPI RTSR rates using version 3.0 of the Workform and update the relevant tables 1 through 5.

WPI Response:

WPI has updated the file and has resubmitted as WPI_2013 RTSR Model _V3_20121231_amended_20130121 on January 21, 2013 on the RESS.

8.0-Staff-37

Ref: Exhibit 8/Tab 3/Schedule 2 – Service Charges

a. Please identify the drivers for the balances in Account 1518 and Account 1548.

WPI Response:

For 1518, there is income from fixed, variable, and billing service charges to retailers, which is offset by the expense of retail metering point charges (subaccount 5315). For 1548, the request and processing fee revenue is quite minimal and the expenses charged to subaccount 5315 are composed of costs of EBT Hub services of $500-$600 per month and EBT computer service costs of approximately $2,000/month.

b. Staff notes that there are large balances in the account(s) noted in part a). Please explain whether or not the applicant has considered a change to the appropriate retail service charges.

WPI Response:

No, WPI has not considered changes to the retail service charges.

c. Please provide a schedule identifying all revenues and expenses, listed by Uniform System of Account (USoA) number, that are incorporated into the variances recorded in Account 1518 and Account 1548 for 2011, the actual/forecast for 2012 and a forecast for 2013.

WPI Response:

The following are the actual 2011 and actual/estimated 2012 values that were allocated to all of the accounts which contribute to the balances in the 1518 and 1548 accounts.

	2011 Total	2012 Total
NON-STR		
Retail Serv Rev-Std Serv.-408208	-300.00	0.00
Monthly Fixed Retail Chg 408210	-3,820.00	-4,020.00
Monthly Variable Serv Chg 408212	-13,490.50	-10,974.00
Bill Ready Serv Chg 408218	-8,061.30	-6,471.60
TOTAL REVENUE	-25,671.80	-21,465.60
Non STR Expense 531510	12,413.24	12,372.48
151800 Variance	-13,258.56	-9,093.12
OEB rate application	0.00	0.00
Total	**-13,258.56**	**-9,093.12**
Net Cumulative Variance	**-80,067.89**	**-89,161.01**
RCVA Retail Interest GL #151810	**-1,073.29**	**-1,240.97**

STR	2011 Total	2012 Total
STR Rev - Request Fee - 408400	-309.00	-218.00
STR Rev-Processing Fee - 408410	-559.00	-387.50
408420	0.00	0.00
TOTAL REVENUE	-868.00	-605.50
STR Expense 531560	35,778.08	26,421.95
154800 Variance	34,910.08	25,816.45
OEB rate application	0.00	0.00
Total	**34,910.08**	**25,816.45**
Net Cumulative Variance	**124,931.84**	**150,748.29**
RCVA STR Interest GL #154810	**1,540.68**	**1,984.55**

For 2013 we would expect very similar patterns - a credit increase in 1518 of $9,000 to $12,000, and a debit increase in 1548 of $25,000 to $30,000.

d. Please confirm whether or not the applicant has followed Article 490, Retail Services and Settlement Variances of the Accounting Procedures Handbook for Account 1518 and Account 1548. Please explain if the applicant has not followed Article 490. In other words, please confirm that the higher of, the relevant revenues (i.e. account 4082, Retail Services Revenue and/or account 4084, STR Revenue) and the incremental expenses in the associated expense accounts (i.e. account 5315, Customer Billing, and possibly 5305, Supervision and 5340, Miscellaneous Customer Accounts Expenses) is reduced (i.e. revenues debited or expenses credited) at the end of each period, with an offsetting entry to the variance account.

WPI Response:

WPI confirms that it has followed article 490 of the APH for Accounts 1518 and 1548. The appropriate accounts have been used to record revenues and expenses and the values in them are balanced to zero by transferring the net of revenues and expenses to the 1518 and 1548 accounts.

e. Please confirm that all costs incorporated into the variances reported in Account 1518 and Account 1548 are incremental costs of providing retail services.

WPI Response:

We confirm that all the costs reported in Accounts 1518 and 1548 are incremental costs of providing retail services.

8.0-Staff-38
Ref: Exhibit 3/Tab 1/Schedule 4, Attachment 1
Exhibit 8/Tab 3/Schedule 3 pp. 1-2

In Exhibit 3/Tab 1/Schedule 4 WPI shows Cost of Power projections of Account 4075 'Billed – LV of $511,801 for 2012 and $719,273 for 2013 respectively. Exhibit 8/Tab 3/Schedule 3 p.2 shows proposed LV charges of $715,784 for the 2013 test year.

a. Please confirm the proposed LV charges for the 2013 test year.

WPI Response:

The proposed LV charges for the 2013 test year are $715,784 as per Exhibit 8/Tab 3/ Schedule 3. The difference between the two amounts is due to rounding.

b. Please provide information on the actual amount of cost of LV service in 2011, showing the kW billed amounts and the applicable rates of the host distributor, a list of the delivery points from the host distributor and the services received at each in 2011. Please include any significant changes expected in 2013 compared to the two previous years.

WPI Response:

Please refer to the tables on the next two pages for the requested information:

2012

	Class for JANUARY	kW	Class for FEBRUARY	kW	Class for MARCH	kW	Class for APRIL	kW	Class for MAY	kW	Class for JUNE	kW	Class for JULY	kW	Class for AUGUST	kW	Class for SEPTEMBER	kW	Class for OCTOBER	kW	Class for NOVEMBER	kW	Class for DECEMBER	Total	Monthly Average
Duplex (Pri 5) [2.5 RSDD] - Commercial Elec	3583	$ 24,271.24	14464	$ 22,191.17	14611	$ 22,554.55	13019	$ 19,277.22	13371	$ 19,598.30	13151	$ 19,119.13	14068	$ 19,411.42	15035	$ 17,328.72	13931	$ 17,720.64	13584	$ 15,152.38	13796	$ 17,651.10	13921	$ 19,957.79	
Interval 1 [5.0 RSDD] - Commercial Elec	3574	$ 22,123.18	13548	$ 17,366.20	13421	$ 18,347.36	11408	$ 15,279.55	12858	$ 16,271.28	13460	$ 16,332.54	17936	$ 18,551.16	15136	$ 19,257.75	13900	$ 13,985.08	13310	$ 14,174.11	12943	$ 15,332.26	12624	$ 16,802.89	
Weighted 1 [3.0 RSDD] - Commercial Elec	1283	$ 7,195.48	13668	$ 7,086.14	13841	$ 6,930.45	3139	$ 5,887.11	3746	$ 5,177.89	4230	$ 4,580.23	4923	$ 6,333.10	4338	$ 5,299.53	9782	$ 3,185.02	9668	$ 5,227.11	9359	$ 6,011.65	9665	$ 6,551.14	
Wholesale 1 [5.0 RSDD] - Commercial Elec	1284	$ 7,195.88	13673	$ 7,062.26	9651	$ 5,555.97	9651	$ 5,772.73	9644	$ 5,288.77	4455	$ 3,301.23	10646	$ 6,277.10	6170	$ 5,963.18	8651	$ 3,307.44	9006	$ 5,279.97	9759	$ 6,541.72	13666	$ 6,864.4	
LOW VOLTAGE - Hydro One - ST Customer		$ 80,303.80		$ 84,186.33		$ 87,376.95		$ 48,376.67		$ 67,432.91		$ 48,722.28		$ 47,411.10		$ 47,980.73		$ 42,267.78		$ 41,180.59		$ 45,911.64		$ 50,208.22	$ 671,172.73	$ 47,754.41
IMETS - 1.0 Wholesale Meter [1.0 RSDD] - Wholesale Meter Service	$	29.02	$	29.26	$	29.55	$	29.26	$	29.59	$	29.56	$	29.16	$	29.26	$	29.26	$	29.26	$	29.26	$	29.26	$	29.19	
IMETS - Wholesale Meter [1.0 RSDD] - Wholesale Meter Service	$	29.02	$	29.26	$	29.55	$	29.26	$	29.59	$	29.56	$	29.16	$	29.26	$	29.26	$	29.26	$	29.26	$	29.26	$	29.19	
IMETS - Clifford Meter [1.0 RSDD] - Wholesale Meter Service	$	29.02	$	29.26	$	29.55	$	29.26	$	29.59	$	29.56	$	29.16	$	29.26	$	29.26	$	29.26	$	29.26	$	29.26	$	29.19	
IMETS - Milverton Meter [1.0 RSDD] - Wholesale Meter Service	$	29.02	$	29.26	$	29.55	$	29.26	$	29.59	$	29.56	$	29.16	$	29.26	$	29.26	$	29.26	$	29.26	$	29.26	$	29.19	
OMETS - Orangeville Meter [1.0 RSDD] - Line Metering Service	$	29.02	$	29.26	$	29.55	$	29.26	$	29.59	$	29.56	$	29.16	$	29.26	$	29.26	$	29.26	$	29.26	$	29.26	$	29.19	
OMETS - Erin Mills Meter [1.0 RSDD] - Wholesale Meter Service	$	29.02	$	29.26	$	29.55	$	29.26	$	29.59	$	29.56	$	29.16	$	29.26	$	29.26	$	29.26	$	29.26	$	29.26	$	29.19	
OMETS - Southampton Meter [1.0 RSDD] - Wholesale Meter Service	$	29.02	$	29.26	$	29.55	$	29.26	$	29.59	$	29.56	$	29.16	$	29.26	$	29.26	$	29.26	$	29.26	$	29.26	$	29.19	
OMETS - Port Elgin Meter [1.0 RSDD] - Line Metering Service	$	29.02	$	29.26	$	29.55	$	29.26	$	29.59	$	29.56	$	29.16	$	29.26	$	29.26	$	29.26	$	29.26	$	29.26	$	29.19	
OMETS - Southampton Meter [1.0 RSDD] - Pilkington Service	$	29.02	$	29.26	$	29.55	$	29.26	$	29.59	$	29.56	$	29.16	$	29.26	$	29.26	$	29.26	$	29.26	$	29.26	$	29.19	
OMETS - Southampton Meter [1.0 RSDD] - Pilkington Service	$	29.02	$	29.26	$	29.55	$	29.26	$	29.59	$	29.56	$	29.16	$	29.26	$	29.26	$	29.26	$	29.26	$	29.26	$	29.19	
WMETS - Wasaga Meter [1.0 RSDD] - Wholesale Meter Service	$	29.02	$	29.26	$	29.55	$	29.26	$	29.59	$	29.56	$	29.16	$	29.26	$	29.26	$	29.26	$	29.26	$	29.26	$	29.19	
WMETS - Lucknow Meter [1.0 RSDD] - Wholesale Meter Service	$	29.02	$	29.26	$	29.55	$	29.26	$	29.59	$	29.56	$	29.16	$	29.26	$	29.26	$	29.26	$	29.26	$	29.26	$	29.19	
WMETS - Walkerton Meter [1.0 RSDD] - Wholesale Meter Service	$	29.02	$	29.26	$	29.55	$	29.26	$	29.59	$	29.56	$	29.16	$	29.26	$	29.26	$	29.26	$	29.26	$	29.26	$	29.19	
WMETS - Tiverton Meter [1.0 RSDD] - Wholesale Meter Service	$	29.02	$	29.26	$	29.55	$	29.26	$	29.59	$	29.56	$	29.16	$	29.26	$	29.26	$	29.26	$	29.26	$	29.26	$	29.19	
WMETS - Tara Chatsworth [1.0 RSDD] - Wholesale Meter Service	$	29.02	$	29.26	$	29.55	$	29.26	$	29.59	$	29.56	$	29.16	$	29.26	$	29.26	$	29.26	$	29.26	$	29.26	$	29.19	
HUBS - Hydro One [1.0 RSDD] - Wholesale Meter Service	$	29.02	$	29.26	$	29.55	$	29.26	$	29.59	$	29.56	$	29.16	$	29.26	$	29.26	$	29.26	$	29.26	$	29.26	$	29.19	
HUBS - Williams [1.0 RSDD] - Wholesale Meter Service	$	29.02	$	29.26	$	29.55	$	29.26	$	29.59	$	29.56	$	29.16	$	29.26	$	29.26	$	29.26	$	29.26	$	29.26	$	29.19	
HUBS - Elmwood [1.0 RSDD] - Wholesale Meter Service	$	29.02	$	29.26	$	29.55	$	29.26	$	29.59	$	29.56	$	29.16	$	29.26	$	29.26	$	29.26	$	29.26	$	29.26	$	29.19	
HUBS - Hanover [1.0 RSDD] - Wholesale Meter Service	$	29.02	$	29.26	$	29.55	$	29.26	$	29.59	$	29.56	$	29.16	$	29.26	$	29.26	$	29.26	$	29.26	$	29.26	$	29.19	
LOW VOLTAGE - Hydro One - Wholesale		$ 5,802.48		$ 5,801.20		$ 5,801.20		$ 5,801.20		$ 5,801.20		$ 5,801.20		$ 5,801.20		$ 5,801.20		$ 5,801.20		$ 5,801.20		$ 5,801.20		$ 5,801.20	$ 70,260.68	$ 5,855.07
HUBS - Williams [1.0 RSDD] - Williams	1841	$ 1,811.26	1823	$ 1,743.31	1761	$ 1,731.73	1638	$ 1,535.35	1844	$ 1,732.49	1854	$ 1,647.33	1488	$ 1,551.47	1519	$ 1,563.22	1384	$ 1,489.96	1410	$ 1,247.38	1551	$ 1,511.14	1284	$ 1,671.56	
WMETS - Wasaga Meter [1.0 RSDD] - WMS	1811	$ 1,559.94	1547	$ 1,419.77	1551	$ 1,571.62	1606	$ 1,394.54	1771	$ 1,488.81	1814	$ 1,541.32	1738	$ 1,413.17	1685	$ 1,364.55	1701	$ 1,364.55	1610	$ 1,113.55	1606	$ 1,351.34	1551	$ 1,371.56	
IMETS - Clifford Meter [1.0 RSDD] - Clifford	1283	$ 2,457.00	1278	$ 2,280.13	1301	$ 2,338.85	1697	$ 2,219.55	1844	$ 2,362.98	1853	$ 2,659.25	1511	$ 2,370.18	1482	$ 2,388.15	1854	$ 1,860.98	1610	$ 1,845.51	1606	$ 1,955.56	1300	$ 2,159.48	
HUBS - Hanover [1.0 RSDD] - Hanover	1811	$ 1,734.44	1815	$ 1,708.83	1811	$ 1,734.59	1786	$ 1,595.21	1771	$ 1,695.08	1814	$ 1,220.33	1486	$ 1,233.10	1819	$ 1,388.55	1824	$ 1,175.12	1810	$ 1,543.32	1796	$ 1,455.18	1800	$ 1,587.12	
HUBS - Elmwood [1.0 RSDD] - Wholesale Meter Service	1819	$ 1,555.26	1441	$ 1,357.26	1431	$ 1,312.37	1320	$ 1,423.11	1399	$ 1,511.29	1358	$ 1,317.10	1344	$ 1,171.34	1299	$ 1,171.34	1321	$ 1,190.65	1310	$ 1,189.53	1354	$ 1,191.38	1301	$ 1,311.77	
LOW VOLTAGE - Hydro One - Wholesale		$ 11,511.80		$ 11,148.39		$ 10,638.17		$ 9,995.33		$ 11,113.31		$ 9,197.24		$ 7,399.12		$ 8,196.44		$ 7,175.38		$ 6,317.38		$ 8,021.64		$ 10,284.77	$ 109,618.16	$ 9,135.68
LOW VOLTAGE - Hydro One - Adjustments		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -	
(Hydro One LOAD TRANSFERS)		$ -		$ 3,885.54		$ 2,144.67		$ 2,143.47		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -	
		$ 16,244.13		$ 17,491.38		$ 17,559.67		$ 17,388.11		$ 855,436.24		$ 58,719.12		$ 61,171.96		$ 61,388.32		$ 51,238.98		$ 55,371.73		$ 60,855.41		$ 66,208.19	$ 1,445,918.35	$ 121,576.37
Accrue - Operating Exp.		$ (1,171.83)																						$ -	
Accrue - Standby Exp.																								$ 44,813.23	

	Rate	Prorate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate
2012 LV TX	1.578	0.166667														
	1.544	0.333333	1.544	1.544	1.544	1.544	1.544	1.544	1.544	1.544	1.544	1.544	1.544	1.544	1.544	1.544
2012 SST	.65	0.166667														
	.6688	0.333333	0.668	0.668	0.668	0.668	0.668	0.668	0.668	0.668	0.668	0.668	0.668	0.668	0.668	0.668

c. Please confirm that the projected cost for 2013 is based on the Sub-Transmission rates applied for by Hydro One in EB-2009-0096. Alternatively, if the projected cost is not based on these rates, please provide a projected cost based on these rates.

WPI Response:

Please see the table below for the projected cost based on the Sub-Transmission rates applied for by Hydro One in EB-2009-0096.

Historic Load & Transmission Data

Components	2010	2011	2012
Total Energy (KWh)	470,297,718	471,649,879	459,796,451
Low Voltage ST Common KW	882,501	885,975	856,966
LVDS KW	57,733	58,077	55,831

Ratio	2010	2011	2012	2010, 2011 Average
Low Voltage ST Common KW / KWh	0.18765%	0.18785%	0.18638%	0.18775%
LVDS KW / KWh	0.01228%	0.01231%	0.01214%	0.01229%

Low Voltage (LV) Cost Estimate for 2013

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Total Purchases (kWh - Before Uplift)	46,256,206	49,102,138	46,315,042	42,260,797	35,832,601	29,893,820	36,709,625	36,796,705	37,381,847	34,366,306	35,156,196	38,190,489	468,261,772
Monthly Energy Usage Distribution	9.8783%	10.4860%	9.8908%	9.0250%	7.6523%	6.3840%	7.8396%	7.8581%	7.9831%	7.3391%	7.5078%	8.1558%	100.0000%
LV Quantities (kW)	86,844	92,188	86,955	79,343	67,274	56,125	68,921	69,085	70,183	64,522	66,005	71,701	
LV Charges - Rate	$ 0.6680	$ 0.6680	$ 0.6680	$ 0.6680	$ 0.6680	$ 0.6680	$ 0.6680	$ 0.6680	$ 0.6680	$ 0.6680	$ 0.6680	$ 0.6680	
LV Charges - Cost	$ 58,012.10	$ 61,581.32	$ 58,085.89	$ 53,001.27	$ 44,939.36	$ 37,491.26	$ 46,039.28	$ 46,148.49	$ 46,882.35	$ 43,100.41	$ 44,091.05	$ 47,896.50	$ 587,269.28
LVDS Quantities (kW)	5,687	6,037	5,694	5,196	4,406	3,675	4,513	4,524	4,596	4,225	4,322	4,695	
LVDS (per kW)	$ 1.9440	$ 1.9440	$ 1.9440	$ 1.9440	$ 1.9440	$ 1.9440	$ 1.9440	$ 1.9440	$ 1.9440	$ 1.9440	$ 1.9440	$ 1.9440	
LVDS (on average 1,850 kW)	$ 11,055.66	$ 11,735.86	$ 11,069.72	$ 10,100.72	$ 8,564.32	$ 7,144.90	$ 8,773.94	$ 8,794.75	$ 8,934.61	$ 8,213.86	$ 8,402.65	$ 9,127.88	$ 111,918.87
Monthly Service charges (fixed per account)	$ 292.5600	$ 292.5600	$ 292.5600	$ 292.5600	$ 292.5600	$ 292.5600	$ 292.5600	$ 292.5600	$ 292.5600	$ 292.5600	$ 292.5600	$ 292.5600	
Monthly Service charges (20 accounts)	$ 5,851.20	$ 5,851.20	$ 5,851.20	$ 5,851.20	$ 5,851.20	$ 5,851.20	$ 5,851.20	$ 5,851.20	$ 5,851.20	$ 5,851.20	$ 5,851.20	$ 5,851.20	$ 70,214.40
Total LV Cost	$ 74,918.96	$ 79,168.38	$ 75,006.81	$ 68,953.19	$ 59,354.88	$ 50,487.35	$ 60,664.42	$ 60,794.44	$ 61,668.15	$ 57,165.48	$ 58,344.90	$ 62,875.58	$ 769,402.55

d. Please provide any additional explanation that might be helpful in understanding the increase of 40.54% in the 2013 test year over the 2012 bridge year.

WPI Response:

The amount of $511,801 represents the current revenues based on the 2012 IRM that was filed as per EB-2011-0205; however, as evidenced above, the expenses from HONI exceed current revenues. During 2011 LV component costs increased between

28% and 40% based on Hydro One's EB-2009-0096 application. Based on the 2012 actual figures and 2013 estimates, it is apparent that the true figure should be $769,403 as per the table to part c (above). Therefore WPIs current LV revenue rate is not sufficient to recover costs charged by Hydro One Networks Inc.

SEC

8-SEC-21
[Ex.8/4] Please provide the excel versions of the Bill Impact Models.

WPI Response:

In WPIs original submission, the excel versions of the Bill Impacts were included in Tabs App.2_W of the Chapter 2 Appendices.

For updated Bill Impacts, please refer to Board Staff IR #3.

VECC

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.

WPI Response:

The 'cost' of the transformer allowance is recovered from all customers in the GS>50 customer class and is included in the variable component of the distribution charge.

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?

WPI Response:

Please refer to the response to Board Staff interrogatory 8.0-Staff-38.

Exhibit 9 – Deferral and Variance Accounts

Board Staff

9.0-Staff-39

Ref: Exhibit 9/Tab 1/Schedule 1, p. 9, Account 1508 – IFRS Transition Costs

WPI is requesting the continuation of account 1508 to continue to record amounts related to IFRS transition costs in this account. Please indicate whether or not WPI has any IFRS transition costs built into its OM&A in the current application. If so, please confirm that the difference between what is included in rates and the actual costs would be recorded in this account.

WPI Response:

WPI has not included any amounts related to IFRS transition costs in OM&A in the 2012 Bridge or 2013 Test Years. It is WPI's intention to record all amounts related to IFRS transition costs to Account 1508.

9.0-Staff-40

Ref : Exhibit 9/Tab 1/Schedule 1, p. 12, lines 18-22

EDDVAR Report (EB-2008-0046), p. 14

In its application, WPI stated that the following:

> The 2013_EDDVAR_Continuity_Schedule_CoS_v2_20120706 detailing each account is being filed in conjunction with this application.
>
> All other deferral and variance accounts in Group 2 are not sought for disposition as they require a prudence review and lend themselves to a disposition threshold.

According to Board policy per EB-2008-0046, Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR), page 14:

> "Given the Board's legislative requirement, the Board agrees with stakeholders that all Account balances will be reviewed at the time of rebasing."

a. Please provide the reason and the list all deferral and variance accounts and corresponding balances as at December 31, 2011 for which WPI is not seeking disposition in this proceeding.

WPI Response:

In WPI's application it was stated:

> ***The 2013_EDDVAR_Continuity_Schedule_CoS_v2_20120706 detailing each account is being filed in conjunction with this application.***
>
> ***All other deferral and variance accounts in Group 2 are not sought for disposition as they require a prudence review and lend themselves to a disposition threshold.***

WPI wishes to clarify that the above statement is incorrect, as all Group 2 deferral and variance accounts were applied for as per the 2013_EDDVAR_Continuity_Schedule_CoS_v2_20120706 model submitted. All Group 2 accounts and corresponding applied for amounts can be found on Sheet 2. 2013 Continuity Schedule rows 39 to 62. The corresponding allocation of account balances is included on Sheet 5. Allocation of Balances.

WPI confirms that there are no Group 2 deferral and variance account balances as of December 31, 2011 that have not been included in its original submission.

b. Please provide an alternative rate rider calculation including the account balances that are not currently included in the rate rider calculations.

WPI Response:

There is no additional rate rider to calculate as there are excluded balances as explained in a. above.

9.0-Staff-41

Ref: Exhibit 9/Tab 1/Schedule 1, pp. 9-12

Exhibit 9/Tab 2/Schedule 1, Attachment 1 - Continuity Schedule

Board staff reviewed the balances for the deferral and variance accounts that are sought for disposition in WPI's application. Board staff noted that there are some discrepancies between the various schedules within the application for some of the account balances as documented in the following table. Although the account balances are not material in some cases, Board staff is asking WPI to clarify the discrepancies to

ensure accuracy of the record for this proceeding. Please provide an explanation and confirm the amounts that are requested for disposition.

Account	Account Balance Sought for Disposition in WPI'S Application	
1518	$82,171 refund to customers per Ex9/T1/Sch1/page 9	$83,740 refund to customers per Ex9/T2/Sch1/ Continuity Schedule
1531	$679 recovery from customers per Ex9/T1/Sch1/page 10	$0 recovery or refund per Ex9/T2/Sch1/ Continuity Schedule
1532	No information available per Ex9/T1/Sch1	$679 recovery from customers per Ex9/T2/Sch1/ Continuity Schedule
1580	$325,379 recovery from customers per Ex9/T1/Sch1/ page2	$325,379 refund to customers per Ex9/T2/Sch1/ Continuity Schedule
1582	$8,767 recovery from customers per Ex9/T1/Sch1/page 12	$8,767 refund to customers per Ex9/T2/Sch1/ Continuity Schedule

WPI Response:

1518 per Ex9/T1/Sch1/page 9 should read $83,740 refund as per Ex9/T2/Sch1/ Continuity Schedule. The wrong number was picked up in error.

1531 per Ex9/T1/Sch1/page 10 should read $0 as per Ex9/T2/Sch1/ Continuity Schedule. The wrong number was picked up in error.

1532 should be listed on Ex9/T1/Sch1/page 10 in addition to 1531. It should read $679 recovery as per Ex9/T2/Sch1/Continuity Schedule. The wrong number was picked up in error.

1580 per Ex9/T1/Sch1/page 12 should read $325,379 refund as per Ex9/T2/Sch1/Continuity Schedule. The wrong sign was picked up in error.

1580 per Ex9/T1/Sch1/page 12 should read $8,767 refund as per Ex9/T2/Sch1/Continuity Schedule. The wrong sign was picked up in error.

9.0-Staff-42

Ref: Exhibit 9/Tab 2/Schedule 1, Continuity Schedule – Account 1595

The continuity schedule shows a variance of $(11,467) for Account 1595 – Disposition and Recovery of Regulatory Balances.

The evidence states "As the Board issued FAQs dated July 2012, WPI reallocated variance costs related to the Late Payment Penalty Charge and the Tax Sharing Rate Rider."

a. It is unclear from the evidence what WPI initially did and how it corrected it. Please provide details.

WPI Response:

WPI initially recorded costs related to the Late Payment Penalty Charge and the Tax Sharing Rate Rider as a 1595 subaccount. Subsequent to the July 2012 FAQs issued by the Board, WPI determined that the initial accounting treatment of these costs was incorrect and have subsequently reallocated the net balances remaining to the income statement.

b. Please reconcile the amount requested for disposition to the amount reported under RRR (e.g. the amount pertaining to the rate rider that is still in effect).

WPI Response:

The differential between the amounts requested for disposition to the amount reported under RRR is for the reallocation of the net balances.

The net balance as at June 30, 2012 of the Late Payment Penalty Charge was a debit of $912. $63,698 was reallocated to Penalties and Interest, $65,033 was reallocated to Distribution Revenue and $423 was debited to Interest Income.

The net balance as at June 30, 2012 of the Tax Sharing Rate Rider was a debit of $9,712. $9,067 was reallocated to Distribution Revenue and $645 was debited to Interest Income.

The remaining difference between the $(11,467) of $(843) is that the $(11,467) is as of December 31, 2011 and the figures used above are as of June 30, 2012. The $(843) is the additional recoveries and interest that were recorded to the end of June 30, 2012 and subsequently reversed.

9.0-Staff-43

Ref: Exhibit 9/Tab 2/Schedule 1, Attachment 1

Exhibit 9/Tab 2/Schedule 3 – HST Deferral Account

WPI has not included any balance for PILs and Tax Variances, Sub-account HST / OVAT Input Tax Credits (ITCs) under deferral account 1592 in Deferral/Variance Account Workform for 2013 Filers. In addition, WPI is not requesting disposition of account 1592 in this proceeding.

On page 7 of the Board Decision and Order EB-2009-0256 for WPI, the Board stated:

> "The Board therefore directs that, beginning July 1, 2010, Westario shall record in deferral account 1592 (PILs and Tax Variances, Sub-account HST / OVAT Input Tax Credits (ITCs)), the incremental ITC it receives on distribution revenue requirement items that were previously subject to PST and become subject to HST. Tracking of these amounts will continue in the deferral account until the effective date of Westario's next cost of service rate order. Fifty percent (50%) of the confirmed balances in the account shall be returnable to the ratepayers."

In December 2010, as part of its Frequently Asked Questions on the Accounting Procedures Handbook for electricity distributors, the Board provided accounting guidance on this matter and provided a simplified approach designed to facilitate

administrative cost-saving opportunities. No additional 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. For the 2013 Test Year, entries to record variances in the sub-account of Account 1592 would cover the period from July 1, 2010 to April 30, 2013.

In addition, according to the EDDVAR report,

> "The Board agrees that at the time of rebasing, all Account balances should be disposed of unless otherwise justified by the distributor or as required by a specific Board decision or guideline."

a. Please confirm that WPI has followed the December 2010 FAQs accounting guidance regarding Account 1592 sub-account HST/OVAT ITCs. If this is not the case, please explain.

WPI Response:

In Q.4 the Board suggests an "alternative" method simplifying the calculation of incremental ITCs (i.e. HST savings) for recordings in sub-account of Account 1592. This method was suggested so that utilities would not have to use a transactional basis to identify, track and record incremental ITCs in the sub-account.

WPI took the Board's wording "suggested alternative" as face value and opted to keep using the transactional method instead of the simplified method.

WPI therefore submits that it did follow the December 2010 FAQs accounting guidance regarding Account 1592 sub-account HST/OVAT ITCs.

b. What will be the account balance in in deferral account 1592 (PILs and Tax Variances, Sub-account HST / OVAT Input Tax Credits (ITCs)) as at April 30, 2013? Please provide an analysis in accordance with December 2010 APH-FAQs, Question #4 and update your evidence including the disposition of Account 1592.

WPI Response:

WPI has presented the simplified method as per December 2010 APH-FAQs, Question #4 at the request of Board Staff. Under this proxy method, WPI has identified the amount of PST savings based on a detailed analysis of 2009 actual OM&A costs and the PST embedded in those costs. The results of this analysis are summarized below:

PST Savings on OM&A Based on 2009 Historic Year

Description	Amount	Notes
Annual PST Savings on OM&A	$ 59,000.00	1

Notes:

1. No expenditures were used in deriving this amount for which the amounts are not subject to HST but remain subject to an 8% Ontario Sales Tax. Furthermore, expenditures not previously subject to PST but which are now subject to HST are not included in deriving the amount above.

Under this proxy, starting in July 2010, WPI would have booked 1/12 if the annual OM&A PST savings (i.e. $4,917 per month) each month into account 1592 HST with an offsetting entry to 1592 HST Contra.

Due to the use of the proxy method alternative in Q.4, WPI has calculated the Projected 1592 HST Balance as at April 30, 2013 in the table below:

Projected 1592 HST Balance as At April 30, 2013

Description	1592 HST 100%
Balance June 30, 2010	$ -
Transactions July to December 2010	-$ 29,500
Balance December 31, 2010	-$ 29,500
Transactions January to December 2011	-$ 59,000
Balance December 31, 2011	-$ 88,500
Transactions January to December 2012	-$ 59,000
Balance December 31, 2012	-$ 147,500
Transactions January to April 2013	-$ 19,667
Balance April 30, 2013	**-$ 167,167**
50% of balance to be returned to customers	**-$ 83,583**

*Under this proxy method alternative in Q.$, WPI would seek to dispose of the incremental HST savings on OM&A to April 30, 2013 in the amount of $83,583 credit ($167,167 * 50%) plus accrued interest.*

Q.4 also discusses whether there are any savings from HST related to capital and depreciation that are to be recorded in 1592 HST.

In Q.4 it is recognized that any savings on capital purchases on or after July 1, 2010 will be reflected in the cost when these assets are included in rate base at the next cost of service application. Any savings in cost due to the elimination of PST will flow to ratepayers at that time and there is no savings to be recorded in 1592 HST.

In Q.4 there is further discussion and examples regarding the depreciation on capital additions on or after July 1, 2010 that imply there are savings on depreciation to be recorded in 1592 HST. There is no explanation as to why there would be an assumption of savings related to depreciation on assets that have yet to be rebased and become part of rates. Furthermore, the Board's Decision speaks about incremental ITCs which do not apply to depreciation, only to the capital cost of the asset addition.

c. In accordance with the Board Decision and Order EB-2009-0256, please recalculate the rate riders including 50% of the updated balance (as calculated in part b) above) for account 1592, sub-account HST/OVAT ITCs.

***WPI Response**:*

The EDVARR model and rate rider calculations have been revised to include 50% of the updated balance noted in part b above.

Smart Meters
9.0-Staff-44

Ref: Exhibit 9/Tab 3/Schedule 2 – Smart Meter Pilot Project

WPI notes on pages 3-4 of this Exhibit that it conducted a pilot project of GE smart meters in the Town of Mildmay. This project was authorized as part of its third tranche MARR CDM allowance in its 2005 EDR rates application. WPI states that "these meters were subsequently written off to stranded meters upon the full implementation of the smart meter program."

a. Please confirm whether this means that WPI is seeking recovery for the residual net book value of these pilot project smart meters as part of the proposed Stranded Meter Rate Rider.

WPI Response:

Yes, WPI wishes to confirm that it is seeking recovery for the residual net book value of these pilot project smart meters as part of the proposed Stranded Meter Rate Rider.

b. Please provide the estimated net book value of these pilot project smart meters as of December 31, 2012.

WPI Response:

The estimated net book value of these pilot project smart meters as of December 31, 2012 is 42,000.

c. What customer classes were the subjects of the pilot smart meter project?

WPI Response:

Only residential customers were the subjects of the pilot smart meter project.

d. How has WPI ensured that the net book value of these are these costs allocated appropriately to the participant customer classes identified in c)?

WPI Response:

The net book value of these costs has been 100% allocated to the residential customer class.

9.0-Staff-45

Ref: Exhibit 9/Tab 3/Schedule 2 – Smart Meter Capital Costs

On page 16 of this exhibit, WPI states:

> Poor meter data in the applicant's CIS system resulted in inconsistent information between what was in the CIS vs. the type of meter installed at the customer premise. In some cases, this inconsistency resulted in multiple visits by the installation contractor to ensure the correct meter would be installed.

Please provide further explanation of the cause, resolution and estimated impact on costs of this issue.

WPI Response:

Legacy information pertaining to model numbers and device information from predecessor PUC/HEC was unreliable. Therefore, site visits for data collection and photographs was the only undisputed way of accurately ordering the proper meter for the new installation, as well as determining if an outage was required for security reasons (alarms at banks and lighting), new wiring or the need for additional test blocks. In some instances, predecessor PUC/HEC staff had three phase meters installed on a single phase service. Multiple site visits were required when representatives from business did not attend the property to provide access to electrical rooms. The estimated impact on costs for this issue was approximately $12,000.

9.0-Staff-46

Ref: Exhibit 9/Tab 3/Schedule 2 – Costs Per Meter

Please provide a variation of Table 5 from page 15 of this exhibit which shows the costs per meter separately for each of Residential, GS < 50 kW and GS > 50 kW. Also, show the cost per installed smart meter as: i) capex only; and capex and OM&A (i.e. total costs), in total and disaggregated by customer class.

WPI Response:

Costs broken down by class are provided in the table variant requested below. It should be noted that revisions have been made to total costs as only 20 of the 80 GS>50 customers that were forecast to be converted to smart meters in 2012 actually occurred. Therefore the capital cost has decreased $180,000. Sheet 10A of the smart meter model has been amended to reflect the revised weighting. In addition, the weighting factor for GS<50 was incorrect. A revised methodology whereby all 2011 capital expenditures that were not general in nature should have been allocated to GS<50 has been recalculated below and reflected in the revised model.

				72%	26%	2%
Cost Element	**Cost Sub-Elements**	**Total Costs**		**Residential**	**GS<50 kW**	**GS>50 kW**
Capital	1.1 Advanced Metering Communication Device	$3,441,470		2,408,823	1,032,647	0
	1.2 Advanced Metering Regional Collector	58,963		51,803	6,523	637
	1.3 Advanced Metering Control Computer	193,754		170,226	21,435	2,093
	1.4 Wide Area Network	Nil		-	-	-
	1.5 Other Capital Costs Related to Minimal Functionality	Nil		-	-	-
	1.6 Capital Costs Beyond Minimum Functionality	95,000		13,719	1,659	80,162
	Total Smart Meter Capital Costs	**$3,789,187**		**$2,644,571**	**$1,062,264**	**$82,892**
OM&A	2.1 Advanced Metering Communication Device	$194,299		176,743	17,061	495
	2.2 Advanced Metering Regional Collector	Nil				
	2.3 Advanced Metering Control Computer	Nil				
	2.4 Wide Area Network	Nil				
	2.5 Other AMI OM&A Costs Related to Minimal Functionality	165,686		150,260	14,831	595
	2.6 OM&A Costs Related To Beyond Minimum Functionality	Nil				
	Total Smart Meter OM&A Costs	**$359,985**		**$327,003**	**$31,892**	**$1,090**
TOTAL	**TOTAL SMART METER COSTS**	**$4,149,172**		**$2,971,574**	**$1,094,156**	**$83,982**
	Total Customers	**22,218**		**19,520**	**2,458**	**240**

9.0-Staff-47

Ref: Exhibit 9/Tab 3/Schedule 2 – Web Presentment

On pages 18-19 of this exhibit, WPI notes that it has $15,000 budgeted for programming and implementation of a web presentment tool. What is the status of this project? Has WPI completed and implemented this project as planned?

WPI Response:

MyHydroEye web presentment was successfully launched to WPI customers on November 5, 2012. To register for MyHydroEye, customers are asked to visit Westario's website. Customers will need their account number, service address and their MyHydroEye account activation code found on their invoice.

With MyHydroEye WPI customers can view their usage and costs at multiple levels of detail (e.g. hourly, daily, monthly, bill period) in a variety of graphical and tabular formats. The customer can also view bill predictions and set up usage and cost alerts to help them in monitoring and managing their electricity consumption.

A bill insert was forwarded to WPI customers in the November invoices.

9.0-Staff-48

Ref: Exhibit 9/Tab 3/Schedule 3 – Stranded Meter Rate Riders

On page 1 of this exhibit, WPI states:

> In this Application, WPI is requesting to recover its stranded meter costs, in the form of rate riders calculated by rate class, over a two year period, from May 1, 2013 to April 30, 2014.
>
> WPI is specifically requesting the following:
>
> • A rate rider of $0.6744 per metered Residential customer per month and a rate rider of $4.1574 per metered GS<50 customer per month

a. The SMRR is a monthly charge. Please confirm the number of digits to be employed in the SMRR. Is WPI proposing that the Residential SMRR be $0.67 or $0.6744 per month, and that the GS < 50 kW SMRR should be $4.16 or $4.1574 per month.

WPI Response:

WPI is proposing that the monthly Residential SMRR be $0.67 per month, and that the monthly GS < 50 kW SMRR be $4.16 per month.

b. WPI states that the SMRR is to be in effect for 2 years, but the stated period from May 1, 2013 to April 30, 2014 is only 1 year in duration. Please confirm the recovery period for the SMRRs.

WPI Response:

The recovery period for the SMRR is 2 years; from May 1, 2013 to April 30, 2015.

9.0-Staff-49

Ref: Exhibit 9/Tab 3/Schedule 3 – Stranded Meters – GS > 50 kW

Exhibit 2/Tab 4/Schedule 3 – GS > 50 kW Metering

On page 2 of Exhibit 9/Tab 3/Schedule 3, WPI states:

> WPI plans to install smart meters for its General Service > 50kW Class in 2012 and as such, seeks approval to record its stranded meters for the class General Service > 50kW in Sub-account Stranded Meter Costs of Account 1555 for disposition in a future proceeding as the net book value of these conventional meters is yet to be determined.

On pages 27-28 of Exhibit 2/Tab 4/Schedule 3, WPI documents a project for replacement of existing GS > 50 kW meters with "smart meters" that will take advantage of the deployed infrastructure and also avoid meter switching when customers may be reclassified to the smart metered GS < 50 kW class. The forecasted 2013 capex for that project is $280,648, and the project is expected to continue in 2014.

In Appendix '2-B_Fixed Asset Cont 2013', WPI documents $1,579,564 as the gross book value in Account 1860 – Meters, and also shows Account 1860 – Meters (Smart Meters) with an opening gross book balance of $144,286 and 2013 capital additions of $316,432. No disposals are shown.

a. Please confirm that Account 1860 – Meters with a gross book value of $1,579,564 consists of existing wholesale meters and existing GS > 50 kW meters. In the alternative, please explain.

WPI Response:

WPI wishes to confirm that Account 1860 – Meters with a gross book value of $1,579,564 consists of existing wholesale meters and existing GS > 50 kW meters.

b. Please provide a segregation of the amount shown in Account 1860 – Meters referenced in a) between wholesale meters and conventional GS > 50 kW meters. Please provide this in terms of the opening and closing gross book value, accumulated depreciation expense and net book value of these meter assets.

WPI Response*:*

Please see the table below which provides a segregation of the amount shown in Account 1860 – Meters referenced in a) between wholesale meters and conventional GS > 50 kW meters. This table has been provided in terms of the opening and closing gross book value, accumulated depreciation expense and net book value of these meter assets:

	Cost				Accumulated Amortization				
Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
GS>50 Meters	526,234			526,234	- 167,749	- 22,106		- 189,855	336,379
Wholesale Meters	1,053,330			1,053,330	- 317,346	- 45,706		- 363,052	690,278
Total	**$ 1,579,564**	**$ -**	**$ -**	**$ 1,579,564**	**-$ 485,095**	**-$ 67,812**	**$ -**	**-$ 552,907**	**$ 1,026,657**

c. Please confirm that the amounts shown for Account 1860 – Meters (Smart Meters) correspond to smart meter-enabled GS > 50 kW meters. Specifically, confirm that the opening gross book balance of $144,286 corresponds to GS > 50 kW meter conversions completed in 2012, and that the $316,432 shown as 2013 capital additions corresponds to meter conversions scheduled for 2013 plus customer growth. In the alternative, please explain.

***WPI Response**:*

The 2013 opening balance of $144,286 Account 1860 – Meters (Smart Meters) is smart meters installed for customer growth. These meters were not part of the smart meter mass conversion project. The meters in this account are residential and GS<50 type meters. The $316,432 shown as 2013 capital additions corresponds to meter conversions scheduled for 2013 plus customer growth.

d. With no disposals, WPI will be earning the full return on capital, associated PILs and depreciation expense on the GS > 50 kW meters replaced in 2013, at the same time that the replacement meters are also factored into rate base, subject to the half-year rule. Please explain the rationale for continuing to retain in rate base the conventional GS > 50 kW meters replaced in 2013 at the same time that the replacement meters are included in rate base.

***WPI Response**:*

WPI is agreeable to removing costs associated with the removal of the GS>50 meters pending the approval of WPIs request to establish a stranded meter deferral account for these assets, as per WPI's original request in Exhibit 9/Tab 3/Schedule 3 page 2.

e. With respect to the statement in Exhibit 9/Tab 3/Schedule 3 quoted above, please explain why WPI cannot calculate the net book value of the GS > 50 kW meters being replaced as of December 31 of any given year, given the gross book value, accumulated depreciation rate and depreciation rate for this asset class.

WPI Response:

WPI is indeed able to calculate the net book value of the GS > 50 kW meters being replaced as of December 31 of any given year, given the gross book value, accumulated depreciation rate and depreciation rate for this asset class.

9.0-Staff-50

Ref: Smart Meter Model, Version 3.00 – Sheet 2 ("2. Smart_Meter_Costs")

Please explain the capital costs of $16,539 for 2007 and $17,043 for 2008 shown for 1.1.1 Smart Meters on row 42 of sheet 2.

WPI Response:

The capital costs of $16,539 and $17,043 for 2007 and 2008 respectively shown for 1.1.1 Smart Meters on row 42 of sheet 2 are for preliminary consulting and project management costs to prepare for the installation and conversion to smart meters.

9.0-Staff-51

Ref: Smart Meter Model, Version 3.00 – Sheet 3 ("3. Cost_of_Service_Parameters") – Cost of Capital Parameters

a. WPI has entered a long-term debt rate of 5.80% for 2006 and 2007. A review of the decision model from WPI's 2006 EDR application (RP-2005-0020/EB-2005-0434) shows that the approved debt rate for WPI in that application was 5.11%. Please explain the input provided. If necessary, please update the smart meter model.

WPI Response:

The input of 5.80% was not updated to align with WPI's 2006 EDR application (RP-2005-0020/EB-2005-0434) which showed that the approved debt rate for WPI in that application was 5.11%. The smart meter model has been updated to align with the 2006 EDR application of 5.11%.

b. WPI has shown a capital structure of 100% equity for 2006, which then carries into 2007. In addition the starting 2006 capital structure also impacts the migration to the current deemed capital structure, as implemented in rates applications from 2008 to 2010 via the k-factor. In WPI's 2006 EDR application, referenced above, its rates were set using a deemed capital structure of 50% equity and 50% debt, based on its rate base size at that time. Please explain the input provided. If necessary, please update the smart meter model.

WPI Response:

The input of 100% equity for the capital structure for 2006 was not updated to align with WPI's 2006 EDR application (RP-2005-0020/EB-2005-0434) which showed that the approved debt rate for WPI in that application was 50%. The smart meter model has been updated to align with the 2006 EDR application of 50%.

c. WPI rebased its rates for 2009 in a cost of service application; the application was considered under File No. EB-2008-0238. In its Decision and Order issued April 24, 2009, the Board approved the following cost of capital for WPI:

Board-approved 2009 Capital Structure and Cost of Capital

Capital Component	% of Total Capital Structure	Cost Rate (%)
Long-Term Debt	52.7	5.82
Short-Term Debt	4	1.33
Equity	43.3	8.01
Weighted Average Cost of Capital		**6.59**

WPI has input these cost of capital parameters for the years 2008 to 2012 inclusive. 2008 is prior to WPI's 2009 cost of service rebasing. Please explain why WPI has used the 2009 cost of capital parameters in a prior year. If necessary, please update the smart meter model.

WPI Response:

WPI input the 2009 cost of capital parameters in a prior year in error. The smart meter model has now been updated with the correct cost of capital parameters.

9.0-Staff-52

Ref: Smart Meter Model, Version 3.00, Sheet 3 ("3. Cost_of_Service_Parameters") – Taxes/PILs Rates

WPI has used the maximum taxes/PILs rates input on sheet 3, row 40, for the years 2006, 2007, 2008, 2009, 2010, 2011, 2012 and 2013. These are summarized in the following table:

Year	2006	2007	2008	2009	2010	2011	2012	2013
Aggregate Federal and provincial income tax rate	36.12%	36.12%	33.50%	33.00%	31.00%	28.25%	26.25%	25.50%

Please confirm that these are the tax rates underpinning distribution rates approved by the Board or proposed to be approved In the alternative, please explain the tax rates input and their derivation.

WPI Response:

WPI had input the maximum taxes/PILs in error on sheet 3, row 40. The following is what should have been input:

Year	2006	2007	2008	2009	2010	2011	2012	2013
Aggregate Federal and provincial income tax rate	36.12%	36.12%	36.12%	30.09%	27.44%	24.18%	22.46%	23.36%

The smart meter model has been revised to reflect these revisions.

9.0-Staff-53

Ref: Smart Meter Model, Version 3.00, Sheet 8 ("8. Funding_Adder_Revs")

On Sheet 8 of the Smart Meter Model, WPI has input the prescribed interest rate of 1.47% to 2013 Q2. This will calculate interest on the principal balance of SMFA revenues to June 30, 2014 and, similarly, calculate interest on OM&A and depreciation expenses to the same period. WPI has proposed an effective date of May 1, 2013 for rates arising from this Application, so that interest should only be calculated to April 30, 2013.

This may be accomplished by entering 0% into cell C53 (i.e. 0% for 2013 Q2) on sheet 8 and the prescribed interest rate of 1.47% into cell L99 (i.e. 1.47% for April 2013).

Please explain WPI's inputs. In the alternative, please update the smart meter model.

WPI Response:

On Sheet 8 of the Smart Meter Model, WPI had input the prescribed interest rate in such a manner that interest would only be calculated on the balances referenced in the query above to April 30, 2013. WPI made the revisions as suggested in the query above and there was no difference in the end result. Therefore no change has been made to the smart meter model.

LRAMVA

9.0-Staff-54
Ref: Guidelines for Electricity Distributor Conservation and Demand Management (EB-2012-0003), Section 13: LRAM
Chapter 2 of the Filing Requirements for Electricity Transmission and Distribution Applications, Last Revised on June 28, 2012, Section 2.7.10: CDM Costs

WPI has not included a request to dispose of its LRAMVA – Account 1568 balance as of December 31, 2011.
As stated in Section 13.4 of the Board's Guidelines for Electricity Distributor Conservation and Demand Management, April 26, 2012 (EB-2012-0003) and section 2.7.10 – CDM Costs, LRAMVA, Pages 36-37 of the Filing Requirements, at a minimum, distributors must apply for the disposition of the balance in the LRAMVA as part of their COS applications.

a. Please provide the evidence supporting the disposition of your LRAMVA – Account 1568 balance as of December 31, 2011. Please ensure that the evidence comprises the elements listed below.

i) Full LRAMVA calculations that are based on the final evaluation results for 2011 OPA-Contracted Province-Wide CDM Programs ("OPA Programs"). The LRAMVA calculations are determined by calculating the energy savings by customer class and valuing those energy savings using the distributor's Board-approved variable distribution charge appropriate to the class;

WPI Response:

2011 LRAMVA

Rate Class	Savings	Amount	Interest *	Total
Residential	**0.5 GWh**	$ 7,190	$ 198	$ 7,388
General Service Less Than 50 kW	**0.8 GWh**	$ 7,625	$ 210	$ 7,834
General Service Greater Than 50 kW	**0.5 MW**	$ 1,064	$ 29	$ 1,093
Total		**$ 15,879**	**$ 437**	**$ 16,316**

* Carrying Costs to April 30, 2013

ii) Separate tables for each rate class that shows the LRAMVA amounts requested in association with the final evaluation results for 2011 OPA Programs;

WPI Response:

Input Table One
2011 Programs
(kWh)

	kWh
RES	
Appliance Exchange	4,671
Appliance Retirement	123,292
Bi-Annual Retailer Event	159,029
Conservation Instant Coupon Booklet	104,123
HVAC Incentives	118,837
RES Total	**509,952**
GSLT50	
Direct Install Lighting	500,486
Efficiency: Equipment Replacement	337,376
GSLT50 Total	**837,862**
Grand Total	**1,347,814**

Input Table Two
2011 Programs
(kW)

Rate Class	GSGT50

	kW	Months	Extended kW
Electricity Retrofit Incentive Program	40	12	477
High Performance New Construction	0	12	3
Grand Total	**40**		**480**

iii) A statement that indicates the amount, if any, that WPI's last approved load forecast was adjusted to reflect forecasted CDM impacts in association with WPI's 2011-2014 CDM Targets;

WPI Response:

Per page 10 of the Board's decision EB-2011-0205, dated April 19, 2012 Westario submitted that "Westario's 2009 load forecast was developed in expectation of making LRAM claims in future years to compensate it for any subsequent CDM initiatives it undertook and that by default it did not include CDM programs in its 2009 load forecast".

Per page 10 the Board stated it will "not approve LRAM arising from CDM programs implemented from 2006 to 2009 in 2009, 2010, 2011 and 2012, as these savings should have been incorporated in the 2009 load forecast at the time of rebasing."

Hence WPI would submit that there was no amount in WPI's last approved load forecast adjusted to reflect forecasted CDM impacts in association with WPI's 2011-2014 CDM Targets.

iv) Calculations showing the variance, if any, between the CDM component related to the 2011-2014 CDM Targets included in WPI's last approved load forecast and the final evaluation results for WPI's 2011 OPA Programs;

WPI Response:

As indicated in iii) above WPI would submit that there were no amounts in WPI's last approved load forecast adjusted to reflect forecasted CDM impacts in association with WPI's 2011-2014 CDM Targets hence the variance would be 100% of WPI 2011 disposition claim.

v) A statement indicating that the distributor has relied on the most recent final evaluation report from the OPA in support of its LRAMVA calculation;

vi) A statement indicating that the distributor has used the most recent input assumptions available at the time of the program evaluation when calculating its LRAMVA amount;

WPI Response (v & vi):

WPI confirms that it has used the most recent input assumptions available, being "2011 Final Annual Report Data_Westario Power Inc..xlsx" as attached with this submission, at the time of the program evaluation when calculating its LRAMVA amount.

vii) Applicable LRAMVA rate riders for all affected rate classes;

WPI Response:

WPI submits that the requested disposition of the 2011 LRAMVA be as per the proposed rate rider calculation noted below.

2011 LRAMVA Rate Rider Calculation

Effective: May 1, 2013 to April 30, 2014

Rate Class	Total	Billing Determinant		Rate Rider
Residential	$ 7,388	202,711,942	kWh	$ 0.0000
General Service Less Than 50 kW	$ 7,834	64,088,366	kWh	$ 0.0001
General Service Greater Than 50 kW	$ 1,093	476,416	kW	$ 0.0023
Total	**$ 16,316**			

It should be noted that on a standalone basis the residential rate rider is calculated as $0.000/kWh; however, the above amounts are included in the revised EDVARR model filed January 21, 2013.

viii) A statement, and if applicable a table, that indicates if carrying charges are being requested on the LRAMVA amount; and,

WPI Response:

WPI requests disposition of the 2011 LRAMVA; including carrying charges as included in the proposed rate rider calculation as illustrated in response i) above

ix) Documentation of the distributor's final evaluation results for its 2011 OPA Programs.

WPI Response:

WPI hereby attaches the "WPI_2011 Final Annual Report Data_Westario Power Inc_20130121.xlsx" with this submission.

Energy Probe

9.0 Energy Probe # 30

Ref: Exhibit 9, Tab 3, Schedule 2

Please explain why WPI has proposed a 3.67 year recovery period rather than a 3 or 4 year period.

WPI Response:

WPI has proposed a recovery period of 3.67 years as it is anticipating that in its next rebasing year (2017) proposed rates and rate riders will be applied to be effective January 1, 2017.

9.0 Energy Probe # 31

Ref: Exhibit 9, Tab 3, Schedule 3

Would WPI be agreeable to extending the stranded meter costs to 3 or 4 years if it was required for rate mitigation purposes? If not, why not?

WPI Response:

WPI would be agreeable to extending the stranded meter costs to 3 or 4 years if required for rate mitigation purposes.

SEC

There are no SEC IR`s for Exhibit 9

VECC

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

WPI Response:

No, the IESO's smart metering (SME) charge is not included in WPI's 2013 rate application as it will be a flowthrough with the revenues offsetting the expenses via a deferral account.

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).

WPI Response:

Please refer to the response to the Energy Probe interrogatory 10.0 Energy Probe #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.

WPI Response:

The amount of capital contribution is dependent on the capital cost of the work being completed. Under CGAAP, the cost of capital is higher and thus capital contribution is also higher than under MIFRS.

Exhibit 10 – Modified International Financial Reporting Standards (MIFRS)

Board Staff

10.0-Staff-55
Ref: Appendix 2-B – Fixed Asset Continuity Schedules MIFRS 2012 and 2013

Board staff notes that MIFRS based opening balances for 2013 for Gross Cost and Accumulated Depreciation are different from the respective closing balances from 2012 due to Smart Meter related accounts.

a. Please adjust the appropriate Appendix 2-B for the year when Smart Meters and related assets were put into service.

WPI Response:

WPI has completed the exercise and uploaded "WPI EB-2012-0176 2013COS Filing_Requirements_Chapter2_Appendices_V1.1_amended_20130121.xlsm" with additional tabs appended with "SM" so that the reader can verify the additions between the original filings. The affected tabs are for the years 2009-2013.

10.0-Staff-56

Ref: Appendix 2-EB IFRS-CGAAP Transitional PP&E Amounts, Appendix 2-B Fixed Asset Continuity Schedule for 2011

The opening net PP&E values for 2012 under both CGAAP and MIFRS on Appendix 2-EB are different from the closing 2011 values per the Appendix 2-B Fixed Asset Continuity Schedule for 2011.

Appendix 2-EB: Opening Net PP&E Value for 2012:	$29,827,327
Appendix 2-B: Closing Net Book Value of Fixed Assets for 2011:	$29,276,362
Difference:	$ 550,965

a. Please explain the discrepancy and update the Appendices as necessary.

WPI Response:

The discrepancy between Appendix 2-EB: Opening Net PP&E Value for 2012 and Appendix 2-B: Closing Net Book Value of Fixed Assets for 2011 is due to the fact that

Appendix 2-EB: Opening Net PP&E Value for 2012 did not have a row to enter disposals. In addition, Appendix 2-EB indicated that the 2009 Rebasing Year should be the CGAAP forecast, however, if the forecast from 2009 is used, the Opening net PP&E for 2012 will not equal the Appendix 2-B: Closing Net Book Value of Fixed Assets for 2011. In light of this particular interrogatory, WPI has amended Appendix 2-EB: Opening Net PP&E Value for 2012 to include a row for disposals and also changed the 2009 Rebasing Year Closing net PP&E to be the actual, not forecast. Additional changes to 2012-2013 capital assets has also been reflected in the most current version of Appendix 2-EB. Appendix 2-EB now matches Appendix 2-B: Closing Net Book Value of Fixed Assets for 2011. Please see below for the revision.

Appendix 2-EB
IFRS-CGAAP Transitional PP&E Amounts
2013 Adopters of IFRS for Financial Reporting Purposes

For applicants that adopt IFRS on January 1, 2013 for financial reporting purposes

Note: this sheet should be filled out if the applicant adopts IFRS for its financial reporting purpose as of January 1, 2013.

	2009 Rebasing Year	2010	2011	2012	2013 Rebasing Year	2014	2015	2016
Reporting Basis	**CGAAP**	**IRM**	**IRM**	**IRM**	**MIFRS**	**IRM**	**IRM**	**IRM**
Forecast vs. Actual Used in Rebasing Year	**Forecast**	**Actual**	**Actual**	**Forecast**	**Forecast**			
			$	$	$	$	$	$
PP&E Values under CGAAP								
Opening net PP&E - Note 1		27,202,804	27,955,023	29,276,312	31,026,719			
Additions		2,741,802	3,527,103	3,951,756	9,623,188			
Disposals		- 134,259	- 194,978	-	-			
Depreciation (amounts should be negative)		- 1,855,324	- 2,010,837	- 2,201,349	- 3,491,029			
Closing net PP&E (1)	27,202,804	27,955,023	29,276,312	31,026,719	37,158,878			
PP&E Values under MIFRS (Starts from 2012, the transition year)								
Opening net PP&E - Note 1		27,202,804	27,955,023	29,276,312	31,533,164			
Additions		2,741,802	3,527,103	3,388,315	8,737,271			
Disposals		- 134,259	- 194,978	-	-			
Depreciation (amounts should be negative)		- 1,855,324	- 2,010,837	- 1,131,463	- 2,272,495			
Closing net PP&E (2)	27,202,804	27,955,023	29,276,312	31,533,164	37,997,940			
Difference in Closing net PP&E, CGAAP vs. MIFRS (Shown as adjustment to rate base on rebasing)				-506,445				
Account 1575 - IFRS-CGAAP Transitional PP&E Amounts								
Opening balance				-	- 506,445	- 379,834	- 253,223	- 126,611
Amounts added in the year				- 506,445				
Sub-total				- 506,445	- 506,445	- 379,834	- 253,223	- 126,611
Amount of amortization, included in depreciation expense - Note 2					126,611	126,611	126,611	126,611
Closing balance in deferral account				- 506,445	- 379,834	- 253,223	- 126,611	-

Effect on Revenue Requirement

Amortization of deferred balance as above - Note 2	-	126,611
Return on Rate Base Associated with deferred PP&E balance at WACC - Note 3	-	33,476
Amount included in Revenue Requirement on rebasing	-	160,087

WACC	6.61%
Disposition Period - Note 4	**4**

10.0-Staff-57
Ref : Exhibit 10/Tab 1/Schedule 1, page 2, Table 1

Exhibit 10/Tab 1/Schedule 1, page 11, Table 3

In the first referenced evidence above, the MIFRS impact on PP&E is shown as:

Increase 1.1 M, Decrease 606K, and Decrease 131K. The MIFRS impact on PP&E will be a total amount of $363,000. This figure is different from the MIFRS impact that is shown on page 11 as an increase of $417,000 in PP&E.

Please explain the difference and confirm the impact figure on PP&E.

WPI Response:

The difference is due to rounding. Below are Tables 1 and Table 3 amended for rounding. Revisions to Table 1 include additional decimals for more accurate results and the decrease in NBV of PP&E for assets with no further useful life has been corrected by $2K to $129K. In addition for greater comparability, Table 3 has been amended to exclude intangibles. The true PP&E increase as a result of the transition to MIFRS is $338K.

Revised Table 1: MIFRS - Impacts on Balance Sheet and Income Statement

Area	MIFRS	Jan 1 2012 Opening Balance Sheet Impact	Dec 31 2012 Balance Sheet Impact	Dec 31 2012 Income Statement Impact
Property, plant & equipment (PP&E)	Useful lives were extended as a result of the depreciation analysis WPI performed internally		Increase in PP&E of $1.073M	Decrease in Depreciation expense of $1.073M
	Costs that are not directly attributable to the asset are expensed		Decrease in PP&E of $606K	Increase in OM&A of $606K
	Assets that are fully amortized with no further useful life are written off to retained earnings upon adoption	Decrease in NBV of PP&E by $129K Decrease in retained earnings by $129K		

Revised Table 3: MIFRS Impacts on Balance Sheet at End of 2012 ($000)

Description	CGAAP	MIFRS	Increase/ (Decrease)
PP&E (excluding intangibles)	31,525	31,863	338
Retained Earnings	- 10,890	- 11,182	- 292

Energy Probe

10.0 Energy Probe # 32

Ref: Exhibit 10, Tab 2, Schedule 3, Appendix 2-B

Please confirm that the stranded meters are not included in the MIFRS 2013 continuity schedule.

WPI Response:

WPI wishes to confirm that the stranded meters are not included in the MIFRS 2013 continuity schedule.

10.0 Energy Probe # 33

Ref: Exhibit 10, Tab 2, Schedule 3 &

Exhibit 6, Tab 2, Schedule 1, Attachment 2

a) Please confirm that WPI has not included the net book value of the smart meters in the opening balance for 2013 in the calculation of the 2013 rate base.

WPI Response:

WPI wishes to confirm that WPI has not included the net book value of the smart meters in the opening balance for 2013 in the calculation of the 2013 rate base.

b) Please calculate the impact on the revenue requirement if the smart meters are included in the opening balance of the 2013 NBV in the calculation of rate base.

WPI Response:

If the smart meters are included in the opening balance of the 2013 NBV, the revenue requirement would increase by $110,396 from $9,926,660 to $10,037,056 due to the fact that the average balance would be increased by the addition at the beginning of the year vs. as an addition during the year.

10.0 Energy Probe # 34

Ref: Exhibit 10, Tab 2, Schedule 4 &

Exhibit 2, Tab 3, Schedule 3, Attachment 1

a) Please reconcile the PP&E Values under CGAAP shown in Appendix 2-EB shown in Exhibit 10, Tab 2, Schedule 4 for 2009, 2010, 2011 and 2012 relative to the figures shown on pages 3 through 6 of Attachment 1 (Appendix 2-B) of Exhibit 2, Tab 3, Schedule 3. Please explain fully why the Net Book Values between the two sources do not match.

WPI Response:

Please refer to the response to Board Staff interrogatory 10.0-Staff-56 which provides the reconciliation from Appendix 2-EB to pages 3 through 6 of Attachment 1 (Appendix 2-B) of Exhibit 2, Tab 3, Schedule 3. The Appendix 2-EB originally filed did not include disposals nor did it include the 2009 Actual CGAAP ending balance. These adjustments have now been made.

b) Please explain why the additions and depreciation figures shown under CGAAP do not include disposals shown in Appendix 2-B in Attachment 1 of Exhibit 2, Tab 3, Schedule 3.

WPI Response:

As per the response to part (a) above, please refer to the response to Board Staff interrogatory 10.0-Staff-56 which provides the reconciliation from Appendix 2-EB to pages 3 through 6 of Attachment 1 (Appendix 2-B) of Exhibit 2, Tab 3, Schedule 3. The Appendix 2-EB originally filed did not include disposals nor did it include the 2009 Actual CGAAP ending balance. These adjustments have now been made.

c) Please confirm that the net book value at the end of 2012 under CGAAP is $31,525,161, as shown in Attachment 1 of Exhibit 2, Tab 3, Schedule 3.

WPI Response:

WPI wishes to confirm that the net book value at the end of 2012 under CGAAP is $31,525,161, as shown in Attachment 1 of Exhibit 2, Tab 3, Schedule 3.

10.0 Energy Probe # 35

Ref: Exhibit 10, Tab 3, Schedule 2 &

Exhibit 10, Tab 2, Schedule 3

Please explain the $30,000 difference in contributed capital shown in the two schedules for 2013.

WPI Response:

The $343,740 on Exhibit 10, Tab 3, Schedule 2 should have been $373,740 as per Exhibit 10, Tab 2, Schedule 3. The $343,740 was an unintentional error.

10.0 Energy Probe # 36

Ref: Exhibit 10, Tab 4, Schedule 1

a) Please provide a table that shows the proposed life (in years) of the various assets under MIFRS with the range of asset lives from the Kinetrics study released in July, 2010.

WPI Response:

					Kinectrics Inc July 2010 Study			
CCA Class	OEB	Description	CGAAP (years)	MIFRS (years)	Line # from Study	Min UL	TUL	Max UL
47	1820	Distribution Station Equipment <50 kV	30	45	12	30	45	60
47	1830	Poles, Towers & Fixtures - Wood - fully dressed	25	50	1	35	45	75
47	1830	Poles, Towers & Fixtures - Steel - fully dressed	25	70	3	60	60	80
47	1835	Overhead Conductors & Devices	25	65	8	50	60	75
47	1840	Underground Conduit	25	85	40	30	50	85
47	1845	Underground Conductors & Devices	25	60	32	35	40	60
47	1850	OH Line Transformers	25	40	9	30	40	60
47	1850	UG Line Transformers	25	40	33	20	35	50
47	1855	Services Overhead	25	65	9	30	40	60
47	1855	Services - UG	25	45	29	35	40	55

b) If any of the WPI proposed lives is outside of the Kinetrics range, please explain why the WPI estimate is a reasonable estimate.

WPI Response:

With the exception of the Services Overhead (OEB 1855), all useful lives are within the parameters outlined in the Kinetrics study. When considering the length for the useful life a number of factors were considered, in particular the mechanical stress factor has relevance. Mechanical stress on the wire is not high; in the towns, spans are short which reduces the mechanical stress on the wire. Most of Westario Power's system is urban, as Hydro One oversees the surrounding rural areas. Useful life is therefore likely greater than the typical life identified by Kinectrics that had a combination of urban and rural utilities. It has also been our practice when we replace poles the pole only is replaced (wire is reattached to the new pole). Consequently we consider the 65 years appropriate for Westario Power.

10.0 Energy Probe # 37

Ref: Exhibit 10, Tab 3, Schedule 2 &

Exhibit 10, Tab 5, Schedule 1

The first reference shows a reduction in MIFRS capital expenditures of $871,030 (or $901,030 depending on the response to Energy Probe # 35), while the difference in OM&A shown in the second reference is $1,101,000. Please explain the difference between these figures.

WPI Response:

The reduction in MIFRS capital expenditures of $901,030 (based on the response to Energy Probe #35) versus the difference in OM&A shown in the second reference of $1,101,000 is approximately $200,000. $133,000 of this is explainable by depreciation recorded for CGAAP for the truck expenditures as an expense vs. for MIFRS which is recorded as a burden and therefore capitalized. The remaining $67,000 is the difference that had been budgeted for capital contribution under CGAAP ($434K) versus MIFRS ($367K). Please see additional comments in the WPI response to VECC interrogatory 9.0 - VECC - 30.0.

10.0 Energy Probe # 38

Ref: Exhibit 10, Tab 5, Schedule 1

Please provide the actual taxes other than income taxes in account 3950 for each of 2009 through 2011, along with the forecast for 2012. Please also provide the actual expense for 2012.

WPI Response:

Actual taxes other than income taxes in account 3950 are detailed as requested in the table below:

Account 3950 - Taxes Other Than Income Taxes

	PILs Taxes	Capital Tax	Property Tax	Total	
2009	4,884	57,255	39,764	101,903	Actual
2010	4,366	29,671	41,559	75,596	Actual
2011	3,876	- 9,185	44,693	39,384	Actual
2012	3,360	-	33,944	37,304	Actual (as at November 30, 2012)
2012	5,000	-	48,000	53,000	Forecast

10.0 Energy Probe # 39

Ref: Exhibit 10, Tab 6, Schedule 1, Attachment 2 &

Exhibit 10, Tab 2, Schedule 5.

Please explain the additions to the Bridge Year CCA Schedule 8 of $4,753,595 shown in Attachment 2 of Exhibit 10, Tab 6, Schedule 1 relative to the fixed asset continuity schedule additions of $4,458,595 shown in Exhibit 10, Tab 2, Schedule 5. In particular, what is the $295,000 difference in these figures related to?

WPI Response:

The additions shown in the Bridge Year CCA Schedule 8 include $295,000 related to Smart Meter additions. This amount in not included as an addition as per Exhibit 10, Tab 2, Schedule 5 as it would be included in the Smart Meter Deferral account as opposed to a Capital addition.

SEC

10-SEC-22
[Ex.10/1/1/p.9] Please provide a chart showing the useful lives adopted by the Applicant and the useful lives recommended by the Board's in its *Depreciation Study for Electricity Distributors* (EB-2010-0178) conducted by Kinetics. Please explain any derivations.

WPI Response:

Please refer to 10.0 Energy Probe #36 part a and b in response to this interrogatory.

10-SEC-23
[Ex.10/1/1/p.9] Please provide a copy of the Applicant's capitalization policy.

WPI Response:

Please refer to Exhibit 2, Tab 2, Schedule 1 for a copy of WPI's capitalization policy.

VECC

There are no VECC IR`s for Exhibit 10.

**** End of Interrogatory Response****

Westario Power Inc.
Attachment 1
2.0 Energy Probe #8

Westario Power Inc.

WPI-CEO-0019-12

To: **The Board of Directors**

From: Lisa Milne

Date: December 5, 2012

Re: Operational Issues Update

1.0 Health and Safety

1.1 Accidents and Incidents

Risk Levels

H High	M Medium	L Low

The following safety issues have occurred since the last Board meeting. All of these incidents are reviewed at manager meetings, discussed at joint health and safety meetings and all departmental safety meetings.

Date:	Description	Action Taken	Risk
	None to report for this period		

1.2 Near Miss Reports:

The following safety issues have occurred since the last Board meeting. All of these incidents are reviewed at manager meetings, discussed at joint health and safety meetings and all departmental safety meetings.

Date:	Description	Action Taken	Risk
	None to report for this period		

1.3 Third Party Accidents and Incidents:

Date:	Description	Action Taken	Risk
July 16th, 2012	Pickard Construction – boring underground pipe for Wightman, directional drill made contact, blowing fuse at dip causing interruption (Walkerton)	The incident was reviewed by all parties. MOL contacted. 3rd party to bore larger holes.	M

Date:	Description	Action Taken	Risk
October 17th, 2012	Pickard Construction – when pulling drill back it hit the underground service that Pickard did not locate (Walkerton)	The incident was reviewed by all parties. MOL contacted. Locate sheet indicated 3 underground services, Pickard located only 2 of them.	M
Date:	Description	Action Taken	Risk
October 18th, 2012	Pickard Construction – moving vac truck with boom in the air, ripped down triplex to the home and the point of attachment also causing damage to the soffit (Walkerton)	The incident was reviewed by all parties. MOL contacted. Meeting held with Pickards	L
Date:	Description	Action Taken	Risk
November 17th 2012	Delivery driver van hit the underground transformer exiting a customer's property	The incident was reviewed by all parties. Driver error.	L

2.0 Personnel

Ms. Tracy Klages has commenced her employment as a temporary contracted Customer Service Agent on October 15th, 2012 to assist in coverage for a maternity leave.

Mr. Derek Matthews tendered his resignation as a Journeyman Line Maintainer effective November 23rd, 2012. We have received a verbal acceptance for an additional Journeyman with five years experience at another municipal utility. It is anticipated that he will commence work with Westario Power Inc. on January 2, 2013.

We are pleased to advise that Mr. Matt McMurdie will be joining Westario Power as our new Chief Financial Officer effective December 3, 2012. Matt is a Certified Management Accountant; having held similar positions at Quadrant Asset Management, Everus Communications and Vertexx Canada.

We continue to actively recruit for the Manager of Operations position and will advise the Board of any progress.

3.0 WSIB Workwell Audit

Management continues to work through the results of the audit with it's' safety consultant Springboard Management. For the areas that require improvement, the WSIB auditor provided comments as to whether there was a lack of documentation, lack of communication or lack of consistency in practice within the workplace.

We continue to focus our effort on the areas of Risk Assessment, Preventative Maintenance, and Pre-Use Inspections. With the assistance of Springboard; management and designated staff has been trained in Risk Assessment and have undertaken Risk Assessments for tasks associated with their roles. Following the Risk Assessment, 'Safe Work Practices' are being developed and/or revised to ensure that controls and procedures are put in place to minimize the risk to our workers.

Management continues to work closely with Springboard to ensure that WPI's Health and Safety Program meets that of the Workwell standard. WPI's Workwell Auditor (Lisa Hanes) has volunteered to meet with WPI and Springboard on November 29th to review our progress to date and provide comments and feedback on our efforts. A verbal update will be provided at the Board meeting.

4.0 Divisional Reports

4.1 Chief Financial Officer

Regulatory Filings

Quarterly Reports:

1. Regulatory reporting for the quarter ended September 30, 2012, are due on the following dates:
    - RRR 2.1.1 – Variance Account Balances – November 30, 2012
    - RRR 2.1.2 – Market Monitoring Consumer – November 30, 2012
    - RRR 2.1.3 – Market Monitoring Sales – November 30, 2012
    - RRR 2.1.15 – Generator Connection – November 30, 2012

At the time of writing this report, the above filings had not been completed; however, management does not foresee any issues with the filing deadlines above and anticipates all information will be filed within the specified timeframe. Should there be unforeseen delays; a verbal update will be provided at the Board meeting.

2013 Cost of Service Rate Application

WPI is pleased to advise the Board that the COS Rate Application was filed with the OEB on Friday, October 5th. Further to an initial review by OEB staff to ensure that the application was complete, a Notice of Application and Hearing was issued by the OEB on October 22nd.

The Notice of Application and Hearing was subsequently printed in five local newspapers to advise our customers of our rate submission, the monthly impact on residential ($8.98 or 8.43%) and small commercial ($19.05 or 7.75%) customers and how they may comment or participate in our application process. The OEB received one customer letter, and requests for interveenor status from Energy Probe, SEC (School Energy Coalition) and VECC (Vulnerable Energy Consumers Coalition).

On November 27th, the OEB issued a Procedural Order directing the above interveenors and Board staff to issue written interrogatories to WPI no later than December 17th. WPI is to respond in writing no later than January 21st.

Management and staff will work diligently to ensure that interrogatories are responded to in an accurate and timely manner. Further updates will be provided at the next Board meeting.

4.2 Manager of Customer Service

Customer Satisfaction Survey

Since 2003, Corporate Research Associates (CRA), a market research company, has been conducting our annual Customer Satisfaction Survey. CRA staff conducts a brief survey (10 minutes) with 250 WPI customers about their current opinions on the service we provide. The survey was conducted the week of November 19. The management team will provide the results of the survey to the Board at its Spring 2013 meeting.

Electrical Safety & Conservation Presentations

WPI's third party contractor attended five schools in 2012 to present the electrical safety and conservation program. The five schools on this year's roster included G.C. Huston (Southampton), Huron Heights (Kincardine), Mildmay-Carrick Public School, Sacred Heart School (Mildmay) and Palmerston Public School. The schools gave great support and were enthusiastic about the electrical & conservation presentation.

WPI has the following six schools scheduled in 2013:

1) Port Elgin Saugeen Central
2) Northport Elementary (Port Elgin)
3) St. Joseph's (Port Elgin)
4) Minto Clifford Public School (Harriston)
5) Lucknow Public School
6) Ripley Huron Community School

OEB Adjusts Electricity Prices

On October 17, the Ontario Energy Board released Regulated Price Plan (RPP) electricity commodity prices that take effect November 1, 2012. RPP prices apply to residential and small business consumers who buy electricity directly from their local utility.

Time-of-use (TOU) prices are changing as follows:

On-peak (7 – 11 AM and 5 – 7 PM weekdays)	= 11.8 ¢/kWh (↑0.1 cent)
Mid-peak (11 AM – 5 PM weekdays)	= 9.9 ¢/kWh (↓0.1 cent)
Off-peak (7 PM – 7 AM weekdays and all day on weekends and holidays)	= 6.3 ¢/kWh (↓0.2 cents)

The price change for consumers on TOU pricing is a decrease of approximately $1.02 on the "Electricity" line, or about 0.8% on the total monthly bill, for a residential consumer with a typical consumption pattern who uses 800 kWh per month. Residential consumers typically consume about 64% of their electricity during off-peak hours, and about 18% in each of the mid-peak and on-peak periods.

The main reason for the decrease in electricity prices is that the actual cost of electricity for RPP consumers during April 2012 through September 2012 was less than the forecast cost that was used to set the RPP prices for that period. The difference has been taken into account in setting the new RPP prices.

As of September 30, 2012, approximately 4.4 million (92%) residential and small business customers were on TOU billing.

TOU Web Presentment

MyHydroEye web presentment was successfully launched November 5, 2012. To register for MyHydroEye, customers will be asked to visit Westario's website.

Customers will need their account number, service address and their MyHydroEye account activation code found on their invoice.

With MyHydroEye you can view your usage and costs at multiple levels of detail (e.g. hourly, daily, monthly, bill period) in a variety of graphical and tabular formats. You can also view bill predictions and set up usage and cost alerts to help you in monitoring and managing your electricity consumption.

A bill insert was forwarded to WPI customers in the November invoices (see attached).

The Manager of Customer Service and the Conservation Officer will be hosting Town Hall Meetings December 10 in the Victoria Jubilee Hall (Walkerton) and the Lions Den at the P & H Centre (Hanover) on December 11 to provide WPI customers with a walk through of the MyHydroEye program, encourage customers to enrol in WPI's Pre-Authorized Chequing and Budget Billing program. Paul McGinn, Conservation Officer will also be on hand both evenings to introduce the Ontario Power Authority programs available for Residential and General Service customers.

4.3 Operations Department

Capital Works 2012 update

The 2012 capital works have progressed very well.

Projects completed in the fourth quarter include:

- approximately 10 more capital pole replacements in Port Elgin and Mildmay
- Pole tran conversion job has been completed in Port Elgin

Projects in Progress:

- #6 copper upgrades on Adelaide Street in Southampton
- #6 copper upgrades on Chantryview Drive in Southampton

We continue to work with Black and McDonald on the #6 copper wire replacements. K-Line will begin working on 5 of the #6 replacement jobs in Southampton. Management anticipates that the balance of our capital rebuild projects will be completed in 2012.

Black and McDonald have also been awarded the tender for the Substation maintenance 2012-2017. Due to the timing of the tender award, capital projects relating to Substations that had originally been scheduled for 2012 will be deferred to 2013.

Rodan Energy has been awarded the tender for the third phase deployment of Smart Meters. The third phase is focused on converting all outstanding conventional meters on Large Commercial customers to a Smart Meter. WPI has anticipated that this will be a three year project, replacing approximately 80 meters per year. Due to the timing of the awarding of the tender and delays in material, the 2012 project is not expected to be completed; however, any unchanged meters will be carried over and included in the 2013 project.

Management continues to monitor all remaining maintenance and capital works to ensure work is completed in a safe, efficient, and timely manner.

Distribution System Events

Power Outages for more than 100 Customers

Westario Power Outages - not including LOS

PLANNED	UNPLANNED	DATE		REASON	# OF CUST.	TOTAL OUTAGE MIN	TOTAL CUST. OUTAGE MIN.
	X	18-Sep-12	Port Elgin	Blown underground Cable	408	215	87720
	X	23-Sep-12	Hanover	Tree on Primary	139	153	21267
	X	10-Oct-12	Teeswater	Tree contact	100	71	7100
	X	9-Nov-12	Port Elgin	Defective equipment	241	180	43380

Westario Power Outages - LOS Hydro One

PLANNED	UNPLANNED	DATE		REASON	# OF CUST.	TOTAL OUTAGE MIN	TOTAL CUST. OUTAGE MIN.
	X	29-Oct-12	Kincardine	Broken Pole	3389	270	915030
	X	Nov 15 2012	Lucknow	Broken Pole	642	295	189390

Asset Management Project Update

The data collection program is ongoing by an independent third party, Utility Scanning Solutions (USS). USS is completing a field inventory of our poles which includes a drill test to determine the integrity of the pole, as well as collection of data regarding condition, attachments and notation of any safety issues. All data collected is being populated into our RAMYSS system by USS and synchronized with our mapping system on a weekly basis. It is expected that the data collection will continue for the balance of the year and into 2013. Once the pole data is completed, it will provide valuable information for the ongoing maintenance of our Asset Management Program.

Safety and Training

Operations: completed Underground Locating and Transformation Training – IHSA – Sept 24th – 27th, 2012
Operations: completed Safe Operation of Chainsaw – IHSA – Oct 2nd, 2012
JHSC: completed Level one training for Wayne Connor, Tammi Girdler Nov 5, 6th, 2012
All Staff: Ergonomic Change Team (outside staff) – January 2013 (3 days – TBA Carrie Boyle)
Mgt & JHSC: Accident Investigation – December 2012

Distributed Generation

Presently the Ontario Power Authority has 122 MicroFIT applications on the Westario Power portal website, 38 of which have contracts issued. At present 73 of these systems are roof top and the remaining are ground mounted solar photovoltaic systems. The total generation if all systems were connected is estimated at 1,093 KW.

Under the FIT program there is one project for a 100 kW rooftop solar system that was connected on November 2, 2012. There are two conditional projects within the Municipality of Brockton totalling approximately 400 kW. Staff continue to work with the customers in order assistance in the connection of each of these projects.

Westario Power Inc.

WPI-AS-0004-12

To: **The Board of Directors**

From: Jaime Carter

Date: November 22, 2012

Re: Third Quarter Financial Statements - CGAAP

I am pleased to present the third quarter financial statements for the period ending September 30, 2012. The following discussion seeks to explain key variances compared to previous year (Balance Sheet) and variances arising from Actual compared to Budget (Income Statement):

Balance Sheet:

1. *Cash* is lower and *Accounts receivable* is higher than same period in 2011 mainly due to the timing of billing. The conversion to calendar billing did not occur until November 2011. In addition, Part 2 or the PAB funding from the OPA was billed in Q3 but had not yet been received at September 30th.

2. *Accrued unbilled revenue* has increased compared to the same period last year. The reasons for the increase are due to a number of reasons:
    i. In 2012, to assist in better forecasting of actual consumption, WPI management determined that the weather factor would be calculated and applied to unbilled monthly;
    ii. In 2012, to prepare for the conversion from cash to accrual basis of calculating carrying charges (effective after June 30, 2012), WPI management determined that it would be appropriate to calculate an unbilled component for the global adjustment. This had not been previously factored into the unbilled analysis;
    iii. As per the 2012 IRM, retail connection charges from Hydro One Networks Inc. increased slightly. In addition, the LRAM rate rider was added;
    iv. The IESO amended its regulated rates as of May 1, 2012 to reflect its approved increases.

3. *Regulatory assets* are higher than 2011 Q3 as additional net costs of approximately $475K were incurred for the smart meter project and the revenues collected for flowthrough amounts were less than the expenditures incurred, thus creating an increase to the balance sheet.

4. *Accounts payable and accrued liabilities* are higher than in September 2011 as there was approximately $500K in deferred revenue related to CDM programs that we have received funding for but have not yet incurred the costs.

5. *Long-term customer deposits* are higher as revenue guarantees totalling approximately $350K were paid in cash vs. letter of credit.

Income Statement:

1. *Distribution service revenue* is lower than budget. The actual kWh purchased was 11.9M lower than the prior year and the volumetric rates approved from the 2012 IRM were also lower than budgeted. The pro forma has been adjusted to reflect these variances as well as

approximately $100K in transformer credit allowance was paid out in the second half of the year to correct a billing error discovered in 2012.

2. *Interest income* is higher than anticipated as an additional $15K was approved by the OEB on the final distribution of the 2009 COS recovery of regulatory assets. In addition, the interest was budgeted on an accrual basis; however, WPI continued to calculate interest on a cash basis to the end of June 2012, which was permitted by the OEB. The proforma has been adjusted to account for this increase to the end of the year.

3. *Distribution operating and maintenance expense* is $466K lower than budget primarily due to costs budgeted for but not yet incurred for station maintenance, tree trimming program and pole testing. Some of these costs will occur later in the year and it is anticipated that not all of the expenses will be realized by year end. In addition, there are operational salaries that were budgeted but the positions have remained vacant. It is also assumed that not all of the consulting costs will be realized. The proforma has been adjusted to reflect the assumptions and the vacancies.

4. *Amortization* is higher than budgeted this quarter. This is due to the fact that the OEB has directed utilities to continue recording depreciation on stranded assets (conventional meters taken out of service when smart meters were installed). Westario has now booked depreciation for 2009-2012 on these stranded assets.

5. *Administration* is $318K lower than budget. Less money to date has been spent on consulting, work well audit, computer support costs and mergers and acquisitions. In addition, the CFO position was vacant for approximately half of the year. The proforma has been adjusted to reflect the assumption that some of the budgeted costs will not be realized in this fiscal year.

6. *Other interest and penalties* is significantly higher than budget because $60,000 was reclassified from a deferral account with respect to the LPP litigation penalty as directed by the OEB. The pro forma has been adjusted to reflect this reclassification.

7. *Capital and municipal taxes* are negative for Q3 because property tax for substation properties which had previously been budgeted and recorded here but should have been recorded in distribution, operation and maintenance (per the Accounting Procedures Handbook) has now been properly reclassified in Q3.

Respectfully submitted,

Jaime Carter, CA
Accounting Supervisor

Financial Statements of

WESTARIO POWER INC.

For the period ended September 30, 2012

WESTARIO POWER INC.

Balance Sheet

As of September 30, 2012, with comparative figures for 201

		September 30,	December 31,
	2012	2011	2011
Assets			
Current assets:			
Cash	$ 2,078,559	$ 5,022,332	$ 5,846,690
Accounts receivable, net of allowance	3,555,412	2,873,794	2,450,997
Income taxes receivable	-	-	67,012
Accrued unbilled revenue	4,293,980	3,130,796	4,281,239
Inventories	45,407	101,445	43,100
Prepaid expenses	248,399	179,748	319,711
	10,221,757	11,308,115	13,008,748
Investment in equities	15,289	16,770	12,663
Property, plant and equipment	30,618,529	30,383,522	30,166,412
Regulatory assets	6,006,882	4,297,997	6,332,529
Long-term asset	218,217	199,992	193,332
Future income tax asset	380,000	168,000	380,000
Goodwill	2,214,322	2,214,322	2,214,322
	$ 49,674,996	$ 48,588,718	$ 52,308,007
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	$ 5,066,593	$ 4,788,055	$ 8,396,929
Income taxes payable	106,195	92,813	-
Customer deposits and credit balances	1,136,669	1,113,358	1,097,481
Current portion of long-term debt	612,475	579,319	587,764
	6,921,932	6,573,545	10,082,174
Post-retirement benefits	332,498	339,474	335,164
Future income tax liability	144,000	212,000	144,000
Long-term customer deposits	741,376	298,189	399,020
Long-term debt	14,001,339	14,613,815	14,463,668
Unrealized loss on interest rate swap	1,761,722	1,025,090	1,761,722
Shareholders' equity:			
Share capital	18,269,168	18,269,168	18,269,168
Accumulated other comprehensive income	2,056	3,537	(570)
Retained earnings	7,500,905	7,253,900	6,853,661
	25,772,129	25,526,605	25,122,259
	$ 49,674,996	$ 48,588,718	$ 52,308,007

WESTARIO POWER INC.

Statement of Earnings and Retained Earnings

For the period ended September 30, 2012, with comparative figures for 2011

	Current Quarter			Year To Date			Annual		
	Actual 2012	Budget 2012	Actual 2011	Actual 2012	Budget 2012	Actual 2011	Pro Forma 2012	Budget 2012	Actual 2011
Revenue:									
Electricity, market related	$ 9,587,359	$ 9,587,359	$ 7,982,413	**$ 29,522,028**	$ 29,522,028	$ 26,959,075	$ 31,868,000	$ 31,868,000	$ 36,641,937
Distribution	2,124,803	2,208,931	2,121,863	**6,529,827**	6,787,868	6,448,227	8,730,000	9,125,000	8,508,953
Retail services	18,768	18,000	18,653	**56,086**	54,000	53,942	72,000	72,000	72,543
Rental of electric property	27,409	27,501	27,411	**82,228**	82,503	82,227	110,000	110,000	109,638
Late payment charges	19,973	22,500	19,324	**60,473**	67,500	76,680	81,000	90,000	95,563
Interest	27,363	20,001	26,578	**134,342**	60,003	95,288	180,000	80,000	150,880
Other	126,189	120,000	135,771	**362,112**	360,000	345,877	480,000	480,000	478,343
	11,931,864	12,004,292	10,332,013	**36,747,096**	36,933,902	34,061,316	41,521,000	41,825,000	46,057,857
Expenses:									
Electricity, market related	9,587,359	9,587,359	7,982,413	**29,522,028**	29,522,028	26,959,075	31,868,000	31,868,000	36,641,937
Distribution, operation and maintenance	293,242	496,374	396,446	**1,014,795**	1,481,624	1,089,649	1,740,000	1,978,000	1,465,515
Amortization	652,092	526,749	486,087	**1,706,785**	1,580,247	1,469,143	2,245,000	2,107,000	2,010,837
Billing and collecting	213,065	240,249	237,356	**714,192**	720,747	748,721	961,000	961,000	1,108,444
Community relations and donations	1,100	13,512	1,310	**17,208**	55,236	25,701	75,000	75,000	32,551
Administration	363,314	452,306	432,131	**1,176,377**	1,494,748	1,179,717	1,774,000	1,958,000	1,941,061
Interest on long-term debt	207,585	210,249	212,808	**631,884**	630,747	574,467	841,000	841,000	788,013
Unrealized loss on interest swap	-	-	-	**-**	-	-	-	-	736,632
Capital and municipal taxes	(5,321)	13,251	15,657	**27,448**	39,753	48,677	26,000	53,000	47,921
Other interest and penalties	9,836	9,999	9,838	**91,310**	29,997	56,480	100,000	40,000	71,213
Repairs and maintenance of general plant	17,050	18,450	22,455	**57,764**	63,550	68,311	85,000	85,000	69,211
	11,339,322	11,568,498	9,796,501	**34,959,791**	35,618,677	32,219,941	39,715,000	39,966,000	44,913,335
Earnings before income taxes	592,542	435,794	535,512	**1,787,306**	1,315,225	1,841,375	1,806,000	1,859,000	1,144,522
Income taxes provision	142,000	114,399	148,614	**476,000**	345,255	517,614	474,000	488,000	221,000
Net earnings	450,542	321,395	386,898	**1,311,306**	969,970	1,323,761	1,332,000	1,371,000	923,522
Retained earnings, beginning of the period	7,050,363	7,502,236	6,867,002	**6,853,661**	6,853,661	6,715,363	6,853,661	6,853,661	6,715,363
Dividends	-	-	-	**(664,062)**	-	(785,224)	(664,062)	-	(785,224)
Retained earnings, end of the period	$ 7,500,905	$ 7,823,631	$ 7,253,900	**$ 7,500,905**	$ 7,823,631	$ 7,253,900	$ 7,521,599	$ 8,224,661	$ 6,853,661

WESTARIO POWER INC.

Statement of Cash Flows

For the period ended September 30, 2012, with comparative figures for 2011

	December 31, 2012	December 31, 2011
Cash provided by (used in):		
Operating activities:		
Net earnings	$ 1,311,306	$ 923,522
Items not involving cash:		
Amortization of property, plant and equipment	1,581,175	2,010,837
Post-retirement benefits	(2,666)	(11,589)
Future income tax asset	-	(68,000)
Future tax regulatory liability	-	(212,000)
(Gain)/loss on disposal of capital assets	(14,000)	6,110
Unrealized (gain)/loss on interest rate swap	-	736,632
Changes in non-cash working capital:		
Accounts receivable, net of allowance	(1,104,415)	1,801,963
Accrued unbilled revenue	(12,741)	512,744
Inventories	(2,307)	32,679
Prepaid expenses	71,312	(90,940)
Accounts payable and accrued liabilities	(3,330,337)	2,151,288
Income taxes payable	173,207	(47,128)
Customer deposits and credit balances	39,188	334,416
	(1,290,278)	8,080,534
Financing activities:		
Capital contributions	239,656	632,720
Long-term customer deposits	342,356	25,919
Long-term debt	(437,618)	33,866
Dividends paid	(664,062)	(785,224)
	(519,668)	(92,719)
Investing activities:		
Additions to property, plant and equipment	(2,282,947)	(4,329,738)
Proceeds on disposal of property, plant and equipment	24,000	27,635
Long-term asset	(24,885)	33,956
Regulatory assets	325,647	(2,384,048)
	(1,958,185)	(6,652,195)
Increase (decrease) in cash	(3,768,131)	1,335,620
Cash, beginning of the period	5,846,690	4,511,070
Cash, end of the period	$ 2,078,559	$ 5,846,690

Westario Power Inc.
Distribution Revenue Analysis
Fixed and Variable

		Actual Revenue Jan 2012 to Sep 2012	Budget Jan 2012 to Sep 2012	Actual Revenue Jan 2011 to Sep 2011	Budget Jan 2012 to Dec 2012	Budget Jan 2011 to Dec 2011
Residential		$ 4,033,692	$ 4,219,806	$ 4,023,286	$ 5,676,238	$ 5,499,343
General Service < 50 kW		905,611	968,823	882,088	1,319,969	1,267,447
General Service > 50 kW		1,444,110	1,380,071	1,304,158	1,847,425	1,703,148
Unmetered Scattered Load		15,659	20,468	14,532	27,185	28,077
Sentinel Lights		401	307	395	402	400
Street Lights		261,301	241,689	246,504	320,494	320,585
		6,660,774	6,831,164	6,470,963	9,191,713	8,819,000
Distribution Revenue Adjustments	*	(130,947)	(43,296)	(22,736)	(66,713)	(71,000)
Total Distribution Revenue		**$ 6,529,827**	**$ 6,787,868**	**$ 6,448,227**	**$ 9,125,000**	**$ 8,748,000**

* Adjustments are for the transformer allowance, balancing deferred PILs to approved amount, and reallocation of LPP Litigation Recovery rate rider revenue and 2011 Shared Tax Savings rate rider from deferral accounts to distribution revenue, as per directive from the OEB

WESTARIO POWER INC.
CAPITAL ASSET ADDITIONS
2012 BUDGET TO ACTUAL COMPARISON
AS AT SEPTEMBER 30, 2012

PROJECT	Category	PROJECT TITLE	BUDGETED COST	ACTUAL COST	$ VARIANCE	% VARIANCE
L12-01	Public safety	Capital #6 Copper Primary Replacement	$1,290,202	$505,800	-784,402	-60.8%
L12-02	Public safety	Priority Level 5 Capital Pole Replacements	573,418	300,848	-272,570	-47.5%
L12-05	Regulatory	Harriston T2 Upgrade	143,891	0	-143,891	-100.0%
L12-04	Regulatory	Hanover MS1 Reactor Installation	242,020	0	-242,020	-100.0%
L12-06	System Reliability	Capital Poles	472,558	275,791	-196,767	-41.6%
L12-08	System Reliability	Station Grid Code Upgrade - Stations Non compliant	120,928	0	-120,928	-100.0%
L12-09	System Reliability	Port Elgin 5KV Cable and Poletran Replacement Phase 5 Part 2 and Rebuild of Queensbush	490,065	155,356	-334,709	-68.3%
L12-10	Fulfill Customer Demand	New 3 Phase Customers	320,091	161,702	-158,389	-49.5%
L12-11	Fulfill Customer Demand	New Underground Service Connections	292,934	101,839	-191,095	-65.2%
L12-12	Fulfill Customer Demand	Projected 80 New Lots Developed	270,633	285,158	14,525	5.4%
L12-13	Fulfill Customer Demand	Non-demarcation Customers	31,716	1,508	-30,208	-95.2%
			$4,248,456	$1,788,002		
Non-Budgeted Distribution Capital Expenditures						
		Service Upgrades, stock transformer and meter purchases, etc.	0	327,245		
		Less: Contributed Capital	-433,861	-239,656		
			$3,814,595	$1,875,591		
C-01	One-time Capital	Computer Hardware	22,000	9,258	-12,742	-57.9%
C-02	One-time Capital	Computer Software	50,000	24,179	-25,821	-51.6%
C.03	One-time Capital	Vehicle Replacement	450,000	86,000	-364,000	-80.9%
C-04	One-time Capital	Tools and Equipment	72,000	9,478	-62,522	-86.8%
C-07	One-time Capital	Pole Trailer	40,000	0	-40,000	-100.0%
C-08	One-time Capital	Facilities Enhancements	5,000	0	-5,000	-100.0%
C-09	One-time Capital	Office Furniture and Equipment	5,000	2,642	-2,358	-47.2%
			$644,000	$131,557		
			$4,458,595	$2,007,148	-2,451,447	-55.0%
		Change in major spare parts inventory	0	36,143		
			$4,458,595	$2,043,291		

Westario Power Inc.
Attachment 2
4-SEC-15

COLLECTIVE AGREEMENT

between

WESTARIO POWER INC.

(Hereafter called the "Corporation")

&

THE CANADIAN UNION OF PUBLIC EMPLOYEES

AND IT'S LOCAL 255.03

(Hereinafter referred to as the "Union")

FROM MAY 1, 2011 TO APRIL 30, 2015

TABLE OF CONTENTS

ARTICLE 1 PURPOSE

1.01 The purpose of this Agreement is to maintain a harmonious relationship between the Corporation and its employees, and to provide an orderly and amicable method of settling any differences or grievances which might possibly arise, and to negotiate, as required, wages, hours and working conditions for employees.

1.02 Whenever the singular or masculine is used in this Agreement, it shall be considered as if the plural or feminine has been used where the context of the party or parties hereto so requires.

ARTICLE 2 UNION RECOGNITION

The Employer recognizes the Canadian Union of Public Employees and its Local 255 as the sole and exclusive bargaining agent for all employees of Westario Power Inc. in and out of the Town of Hanover, Township of West Grey, Municipality of Brockton, Municipality of Kincardine, Municipality of South Bruce, Town of Saugeen Shores, Township of Huron-Kinloss, Township of North Huron and the Town of Minto, save and except Line Supervisors and person above the rank of Line Supervisor, the Executive Assistant to the CEO, and students employed during the school vacation period, and students employed on a co-operative program from a school, college or university provided that there is compliance with Article 16:01. Students will not be used to displace employees.

ARTICLE 3 CORPORATE RIGHTS

3.01 The Union recognizes and acknowledges that it is the function of the Corporation to manage the operation and direction of the working forces of the Corporation and without limiting the generality of the foregoing, the Union acknowledges that it is the exclusive function of the Corporation to:

(1) Maintain order, discipline and efficiency and to make, alter and enforce reasonable rules and regulations to be observed by employees.

(2) Hire, retire, classify, direct, demote, lay off, discipline or discharge employees.

(3) Manage the services and operations in which the Corporation is engaged and without restricting the generality of the foregoing, to determine the number and locations of establishments, to determine the work to be performed, and the scheduling of such work and the methods and work procedures to be followed.

3.02 The Corporation agrees that these functions shall be executed in a manner consistent with the general purpose and intent of this Agreement and subject to the right of a regular employee to lodge a grievance as set forth herein.

ARTICLE 4 RELATIONSHIP

4.01 The parties endorse the principles contained in the following acts and their appropriate application in this agreement: The Labour Relations Act, The Occupational Health and Safety Act, The Human Rights Code of Ontario, The Workplace Safety and Insurance Act.

Additionally and specifically, no discrimination, intimidation, harassment or coercion will be practiced or permitted by either the Corporation or the Union, or any of their officers or representatives, against any employee, as defined in The Human Rights Code of Ontario

4.02 The Union will not, nor will any employee, engage in Union activities during working hours or hold meetings at any

time on the Corporation's premises without the permission of the C.E.O. or designate.

4.03 Normally, all meetings with the Corporation shall be conducted during regular working hours.

4.04 When requested by the Union, the National Representative may attend meetings with the Corporation.

ARTICLE 5 UNION DUES

5.01 The Corporation shall deduct from the first full bi-weekly pay of each employee, after thirty (30) days from hiring, whether a member or non-member, a sum equivalent to the current weekly dues of the Union.

5.02 The Corporation agrees to deduct an amount equivalent to the regular monthly union dues as certified in writing by the Union from the pay in each month of an employee who authorizes such a deduction in writing. An employee shall, within thirty (30) days, sign a written authorization for the deduction of an amount equivalent to the regular monthly union dues as certified in writing by the Union. The amount so deducted shall be remitted to the Treasurer of the Local, accompanied by a list of names of those from whom deductions were made.

5.03 In consideration and forwarding services by the Corporation, the Union agrees to indemnify and save the Corporation harmless against any claim or liability arising out of, or resulting from, such collection and forwarding service.

ARTICLE 6 NO STRIKE OR LOCKOUT

6.01 There shall be no strikes or lockouts so long as this Agreement continues to operate. The definition of a strike or lockout is as dictated by the Ontario Labour Relations Act.

ARTICLE 7 SENIORITY

7.01 Seniority shall be defined as the length of continuous service a regular employee has established with the Corporation from the most recent date the employee entered the employ of the Corporation as a probationary employee.

7.02 An employee shall be considered probationary for up to six consecutive months worked. A probationary employee shall be entitled to all benefits and privileges of this agreement, including access to the grievance procedure, only after three (3) months except with respect to discharge. The employment of such employees may be terminated with just cause at any time during the probationary period without recourse to the grievance procedure.

7.03 Regular employees are persons who have satisfactorily served a probation period and are currently in the employ of the Corporation.

7.04 The Corporation shall maintain a seniority list showing the date upon which each employee's service commenced. Up-to-date seniority lists and up-to-date classification lists shall be sent to the Union and posted on all Bulletin Boards in January of each year.

7.05 An employee shall lose seniority rights and have his name removed from employment records if he:

(1) retires;

(2) resigns;

(3) is discharged and not reinstated;

(4) is absent from work for five (5) working days without notification to the Corporation, unless a satisfactory explanation is provided for this absence;

(5) is laid off for a period in excess of twelve (12) consecutive months;

(6) fails to report for work within five (5) working days following recall after a lay-off; or

(7) is absent from work for any reason for a period greater than two (2) years.

7.06 Vacation and sick leave allowances will be prorated for any leave of absence exceeding two (2) consecutive months.

7.07 Employees who are promoted outside of the bargaining unit shall retain their seniority for a period not to exceed six (6) months.

ARTICLE 8 GRIEVANCE PROCEDURE

8.01 The purpose of this Article is to establish a procedure for the orderly settlement of grievances. A grievance shall be defined as any dispute or difference arising out of the alleged violation, application, administration or interpretation of the provisions of this Agreement. The Corporation and the Union agree that it is the spirit and intent of this agreement to adjust employee or employer grievances promptly.

8.02 *Preliminary Discussion*

An employee who has a complaint relating to the interpretation, application, administration or alleged violation of this Agreement shall discuss the complaint with the employee's immediate supervisor. Such employee shall be accompanied by the employee's Steward unless the grievor specifically directs the Steward otherwise. Such a complaint shall be brought to the attention of the immediate supervisor within five (5) working days of the incident giving rise to the complaint, except in the case of a complaint involving computation of pay, in which case the complaint may be filed five (5) working days after the receipt of pay. The immediate supervisor shall render the decision verbally within five (5) working days of receiving the complaint. The immediate supervisor shall mean the immediate supervisor outside the bargaining unit.

8.03 *Formal Grievance Procedure*

Step 1

Failing a satisfactory response at the preliminary discussion stage the employee, with the assistance of the steward may refer such matter on a written grievance form within five (5) working days of the response to the manager and supervisor if applicable. Failing settlement at this stage within five (5) working days, the employee may proceed to Step 2.

Step 2

The employee, accompanied by a Steward and/or Representative of the Union, may take the matter up with the C.E.O. or designate. Failing settlement at this stage within ten (10) calendar days, the matter may then be referred to arbitration as outlined in Article 9.

8.04 Discharge or Suspension Grievances shall be filed at Step 2.

8.05 Time constraints may be extended at the mutual agreement of the parties.

8.06 Notwithstanding the above, the parties may reach settlement of a grievance through the services of a mediator or other mutually agreeable third party facilitator. Failing settlement at this stage either party may proceed to arbitration. The parties shall share equally the expenses of the mediator.

8.07 Where permission has been granted by the C.E.O. or designate to a representative of the union to leave their normal work duties temporarily in order to investigate or process a grievance (excluding arbitration) they shall suffer no loss of pay for time so spent during their normal work day

8.08 Policy Grievance

A grievance arising directly between the parties involving the interpretation, application, administration or alleged violation of this Agreement may be submitted in writing by either party within ten (10) working days of the incident giving rise to the grievance. In the case of a Union grievance, the grievance procedure shall commence at Step 2. In the case of a Management grievance, the matter will be submitted to the Union and failing settlement within five (5) working days thereafter may be referred to Arbitration as herein provided.

It is expressly understood that the provisions of clause 8:08 may not be used to institute a grievance directly affecting an employee who could himself institute same, beginning at Step 1 of the grievance procedure.

ARTICLE 9 ARBITRATION

9.01 It is agreed that all differences of opinion relating to the interpretation, application, or administration of this Agreement, which cannot be settled after exhausting the grievance procedure, may be settled by arbitration as defined in the appropriate section of the Ontario Labour Relations Act.

9.02 An Arbitration Board or Arbitrator shall not have the power to add to or subtract from or change the provisions of this Agreement or to deal with any matter not contained in the statement of grievance filed by the party referring the matter to arbitration.

9.03 The parties shall each pay one-half (1/2) of the expenses and remuneration of the Chairperson of the Board and shall each bear the expenses and remuneration of their own appointee to the Board and any other expenses incurred in presenting their case.

9.04 Either party may request the services of a sole Arbitrator and if the parties agree, the case shall be heard by the sole Arbitrator, however, all other conditions as set forth in this article will prevail.

ARTICLE 10 HOURS OF WORK AND OVERTIME

10.01 *Schedule A – Outside Employees (Excluding Lines Personnel)*

The normal work week shall consist of five (5) eight (8) hour shifts, i.e.; forty (40) hours per week, with the normal work day being between 0730 hours and 1600 hours, with one half hour (1/2) unpaid lunch Monday to Friday. The foregoing is intended to define the normal hours of work and shall not be construed as a guarantee of hours of work per day or per week. Variations to the above hours of work and lunch are by mutual agreement of the parties.

10.02 Schedule A – Lines Personnel

The normal work week shall consist of five (5) eight (8) hour shifts, i.e; forty (40) hours per week, with the normal work day being between 0730 hours and 1530 hours, with one twenty (20) minute paid lunch to be taken at the job site Monday to Friday. The foregoing is intended to define the normal hours of work and shall not be construed as a guarantee of hours of work per day or per week. Variations to the above hours of work and lunch are by mutual agreement of the parties.

10.03 *Schedule A – Office Employees*

The normal work week shall consist of five (5) seven (7) hour shifts, i.e.; thirty-five (35) hours per week, with the normal work day being between 0830 hours and 1630 hours, with one half hour (1/2) unpaid for lunch Monday through Friday. The foregoing is intended to define the normal hours of work and shall not be construed as a guarantee of hours of work per day or per week.

10.04 *Rest Period*

Employees may take a fifteen (15) minute rest period in the first and second half of their scheduled workday.

10.05 *Overtime*

All work performed in excess of the normal work day or weekly hours as outlined above shall be paid as follows:

(1) time and one-half for overtime worked between the end of the normal work day and 2400 hours, Monday through Thursday and double-time thereafter.

(2) double time for all hours worked on Saturdays, Sundays and Recognized Holidays, as per Article 11 of this agreement.

10.06 *On-Call*

(1) A qualified employee detailed to on-call duty shall receive two- hundred (200) dollars per week, effective May 1, 2011, two- hundred and five (205) dollars per week effective May 1, 2012, two-hundred and ten (210) dollars per week effective May 1, 2013, and two- hundred and fifteen (215) dollars per week effective May 1, 2014, plus thirty five (35) dollars per day for each recognized holiday. The Corporation will rotate such on-call requirements on a weekly basis among those employees capable and qualified to handle the majority of the work performed outside of normal day shift hours.

(2) Employees on on-call duty will be provided with appropriate communication devices.

(3) Employees on on-call duty will be provided corporate vehicles. *This vehicle shall only be used for the business purposes.*

Employees shall keep their Personal Protective Equipment (PPE) at their assigned work location including temporary assigned work locations. Employees on on-call shall carry their PPE in the company-supplied vehicle.

10.07 *Call-Out*

When employees are called out for emergency work at other than the normal hours of work, a minimum call-out of two (2) hours at the prevailing overtime rate will be paid, except where two or more calls fall within the period, in which case time will be continuous. It is understood that no more than two minimum call-outs will be paid in any one day.

Minimum call outs will not be paid where a call out is within one (1) hour of normal quitting times.

10.08 *Planned Overtime*

(1) Employees may be requested to work planned overtime. In these cases, the employee on call will be given first priority and paid at the appropriate overtime rate with the minimum payment being one (1) hour.

(2) Should additional employees be requested, overtime work will be assigned on a rotational basis between those qualified to perform the work. Whenever possible, planned overtime will be assigned one week in advance. Employees who are absent from work due to illness or vacation will not be eligible for planned overtime.

10.09 There shall be no pyramiding of premiums under this Agreement.

ARTICLE 11 RECOGNIZED HOLIDAYS

11.01 Each regular employee shall be entitled to the following fourteen (14) paid holidays:

½ day New Year's Eve	New Year's Day	Good Friday
Easter Monday	Victoria Day	Canada Day
Civic Holiday	Labour Day	Thanksgiving Day
½ day Christmas Eve	Christmas Day	Boxing Day
Family Day		

plus one floating holiday which must be taken in the calendar year unless otherwise approved by management.

Provided the employee works the regularly assigned day immediately preceding and succeeding the day of observance of the holiday, unless excused by Management.

11.02 In the event of any of the above named holidays falling on a Saturday and/or Sunday and not proclaimed as observed on some other day, the preceding Friday and/or the following Monday shall be deemed to be holidays for the purpose of this Agreement unless otherwise agreed to by the parties.

11.03 In the event that any of the above-named holidays fall in an employee's vacation, they shall receive an extra day's vacation.

ARTICLE 12 VACATIONS

12.01 The vacation entitlement for regular employees shall be on the following basis:

Years of Service	Vacation in Weeks
After one (1) year	Two (2) weeks
After four (4) years	Three (3) weeks
After ten (10) years	Four (4) weeks
After eighteen (18) years	Five (5) weeks
After twenty-five (25) years	Six (6) weeks

Note: Where required, grandfathering of current vacation entitlement will occur.

12.02 An employee's vacation request shall be submitted to management no later then March 31st of each year. Vacations will, as far as it is practicable, be granted at the times most desired by employees, providing this does not impede the efficient operation of the Corporations business.

12.03 Vacations must be taken within the calendar year unless otherwise approved by management. The Corporation shall allow a vacation carry over not to exceed five (5) days to be used up by March 31st of the next year. Special needs will be considered by Management.

12.04 Employees who are hospitalized or are ordered to remain at home as a result of a serious illness, as evidenced by a medical certificate, shall be entitled to re-schedule approved vacation leave.

ARTICLE 13 SICK LEAVE PLAN

13.01 Employees will be credited with one and one half (1-½) days per month sick leave credit on the first day of each month when they become a regular employee to a maximum of one hundred and fifty (150) days.

13.02 An employee is not entitled to sick leave pay under the following circumstances:

(1) if the employee fails to report absence from work on first day of absence due to illness;

(2) if the employee fails to file a sick leave certificate from a doctor when requested by management if the absence from work exceeds three (3) working days;

(3) during a period of lay-off;

(4) during a leave of absence granted without pay;

(5) while receiving a benefit of vacation pay or other bona fide paid absence from work.

13.03 Where the parties agree, an employee may be requested by Management to file a sick leave certificate from a doctor confirming prognosis of fitness to return to work. If required, the Corporation will pay the cost of the sick leave certificate covering prognosis.

ARTICLE 14 HEALTH PLAN BENEFITS

14.01 The Corporation agrees to pay the premium costs for the following benefit plans:

(1) M.E.A.R.I.E. Plan "K" Extended Health Care Plan or equivalent, to increase chiropractic care and massage therapy to five hundred (500.00) dollars maximum yearly.

(2) M.E.A.R.I.E. Dental Plan. The O.D.A. Fee Schedule will have a continuous one-year lag behind the current year, or equivalent, with a 50/50 co-pay and 50% reimbursement of $1,000 maximum in first year on major services and $1,000 life-time orthodontics services (applicable to dependent children only, a maximum of $2,000 in second year on major services and $2,000 life-time orthodontics services (applicable to dependent children only), and a maximum of $3,000 in third year and fourth year on major services and $3,000 life-time orthodontics services (applicable to dependent children only).

(3) Vision care up to a maximum of three hundred and fifty (350) dollars every twenty-four (24) months plus fifty (50) dollar increase to four hundred (400) dollars every twenty-four (24) months effective May 1, 2014.

(4) M.E.A.R.I.E. Long Term Disability Plan with a twenty-six (26) week elimination period and a benefit of sixty-six and two-thirds percent (66.67%) of basic normal monthly earnings to a maximum of four thousand (4,000) dollars, or equivalent.

(5) Life insurance at the value of two (2) times the employee's salary.
Note: If available, employees may purchase additional life insurance coverage at their own premium cost to a maximum of one times the employee's annual salary.

14.02 The Corporation and Union jointly recognize the necessity of establishing cost containment strategies addressing the ongoing premiums for employee health insurance. A Benefits Committee will be established with equal Union and Management representation with the mandate to review the group benefits program utilization and costs with the intent of identifying adverse trends that may be addressed through improved employee education and utilization of the benefit programs.

Also in an effort to ensure the continued affordability of the health insurance plan, the Benefits Committee will investigate possible design modifications. The Corporation may present such modification requests to the Union for ratification vote during the term of the agreement. The Union shall present the changes to the membership and conduct a ratification vote to determine if the changes shall be implemented.

ARTICLE 15 PENSION PLAN

15.01 As a condition of employment, all employees must enrol in the Ontario Municipal Employee Retirement Savings (OMERS) Basic Plan Pension. The Corporation agrees to pay only its portion for regular employees as covered under the terms of the OMERS Pension Plan.

ARTICLE 16 JOB POSTING

16.01 When the Corporation determines that a vacancy exists or new jobs are to be created within the bargaining unit, these positions shall be posted on the bulletin board, accessible to all employees for a period of ten (10) working days.

During the posting period, the Corporation may fill a vacancy on a temporary basis.

16.02 Such notice shall contain the following information nature of position, qualifications, required knowledge and education, skills, wage rates and range.

16.03 When filling a vacancy or lay off within the bargaining unit, management shall consider the skill, ability and qualifications of the employees involved. When, in Management's opinion, these factors are relatively equal seniority shall govern.

ARTICLE 17 LEAVE OF ABSENCE FROM WORK

17.01 *Bereavement*

(1) A regular employee will be allowed up to five (5) consecutive work days' leave of absence with pay in the event of the death of their parent, parent-in-law, spouse, child, step child, brother/sister, child-in-law or grandparent.

(2) A regular employee will be allowed up to three (3) consecutive work day's leave of absence with pay in the event of the death of their grandparent-in-law, brother/sister-in-law, aunt, uncle, grandchild or other live in relative not covered above.

(3) Such leave shall only be paid for the purpose of making arrangements and/or attending the funeral.

(4) Other time off may be granted on an individual basis.

17.02 *Jury Duty/Crown Witness*

When required to serve as a jury member or as a Crown witness, employees will be allowed a leave of absence and paid their regular basic pay. The employee will provide proof of service and amount of compensation received to be reimbursed to the Corporation.

17.03 *Personal Leaves*

Employees, at the discretion of Management, may be granted up to three (3) months leave of absence without pay (wages and benefits) and without loss of seniority, provided that such leave is not for the purpose of engaging in work outside of the service of the Corporation.

Leaves of absence under this clause will only be considered subsequent to the employee's scheduled use or completion of all allowable vacation time for that calendar year.

Such leave will be granted at the sole discretion of the Corporation. A minimum notice of two (2) weeks must be received, except in cases of an immediate emergency, for such a request to be considered.

17.04 *Union Leave*

As far as it is practical management will grant a leave of absence without pay (wages and benefits) to employees delegated to attend a union function, providing such leave does not exceed five (5) working days per year per employee.

17.05 *Pregnancy/Parental Leave*

Pregnancy/Parental leaves shall be granted in accordance with the Employment Standards Act of Ontario as amended from time to time.

17.06 *Workplace Safety and Insurance Board*

Workplace Safety and Insurance leaves shall be granted in accordance with the Workplace Safety and Insurance Act as amended for time to time.

ARTICLE 18 ALLOWANCES

18.01 *Tools and Equipment*

The Corporation shall supply employees with the necessary tools deemed to be appropriate for the work in their classification. Such tools will be replaced by the Corporation, upon presentation of the old tool, if worn out or broken while performing work of the Corporation.

All tools and equipment supplied remain the property of the Corporation.

18.02 The Corporation shall provide the following safety apparel on an as required and exchange basis:

safety hard hat
safety glasses
rubber gloves
leather work gloves
rainwear
chainsaw boots

18.03 *Clothing*

The Corporation shall provide clothing to the outside staff annually, on an as required and exchange basis, not to exceed the following:

three (3) long-sleeved t-shirts or three (3) long-sleeved shirts
coveralls or overalls
one (1) sweatshirt in lieu of one (1) summer or one (1) winter jacket
one (1) summer jacket
one (1) winter jacket

Such clothing shall conform to safety guidelines.

18.04 *Boots*

Each employee required to wear safety footwear will be reimbursed up to two hundred (200) dollars per calendar year, or three hundred and fifty (350) dollars every two (2) years, with receipts for the cost of approved safety footwear.

18.05 *Meals*

Employees are expected to carry one (1) meal per day including for planned overtime. The Corporation will pay up to fifteen (15) dollars for a meal under the following conditions:

(1) When an employee is called out for emergency work two (2) hours prior to the normal starting time.

(2) When an employee is required to work two (2) hours past the normal quitting time and every four (4) hours thereafter.

18.06 *Mileage*

An employee required to report to a location other than their normal reporting location, and must use their own vehicle, shall receive the corporate kilometre rate for the difference, if any, between the distance from their place of residence to their normal reporting location and the distance from their place of residence to the temporary reporting location.

Where an employee is required to use their own vehicle on the business of the corporation, the employee will be paid the corporate kilometre rate.

ARTICLE 19 GENERAL

19.01 *Remuneration*

The Corporation shall pay wages bi-weekly providing each employee with an itemized statement of their wages and deductions. The pay period shall commence from the normal quitting time on Tuesday. Employees will receive their wages by normal quitting time Tuesday of the following week.

19.02 *Committees*

Health and Safety Committee

The parties agree to the establishment of a joint Health and Safety committee consisting of two (2) employee representatives and two (2) management representatives.

The Corporation shall furnish each employee, whom requires it, a copy of the E.U.S.A. rule book.

Negotiation Committee

The Corporation shall recognize a Union Negotiation Committee of not more than three (3) employees and a National Union Representative for the purpose of negotiating a collective agreement without loss of pay, up to and including conciliation and mediation.

19.03 *Conflict of Interest*

Without the prior approval of the Corporation, no employee shall engage in any work or activity or business undertaking that is in competition with the Corporation. Such approval will not be unreasonably denied. An employee may engage in work that the Corporation is prohibited from bidding on.

19.04 Personnel File

An employee shall have the right to review his/her personnel file providing he/she gives the Employer two (2) working days notice in writing for such purpose.

All notices of discipline on file will be removed after twenty four (24) months following a suspension or disciplinary action, provided that there is no recurrence of the action giving rise to such discipline or suspension within the twenty (24) month period.

ARTICLE 20 WAGE RATES AND JOB CLASSIFICATION

20.01 The classification and rates listed in the attached Schedule A are for the purpose of wages only. Progressions are not

automatic but with the recommendation and approval of Management, and subject to satisfactory performance and completion of appropriate courses.

20.02 Where a qualified Journeyman Lineman is required and assigned by management as a Lead Hand, the employee shall be paid a wage rate equal to 107% of the Journeyman Lineman rate.

ARTICLE 21 DURATION

21.01 This Agreement shall become effective on the first day of May 2011 and such agreement shall remain in effect until the 30th day of April 2015 and from year to year thereafter, unless either party gives notice in writing to the other party within the ninety (90) day period prior to the expiry date, of its desire to alter or terminate same.

Dated at Walkerton this 13th day of May, 2011.

FOR THE EMPLOYER:

FOR THE UNION:

SCHEDULE 'A'

Lines Personnel/Outside Workers

Effective Date	May 1, 2011	May 1, 2012	May 1, 2013	May 1, 2014
Leadhand	$35.96	$37.04	$38.15	$39.48
Journeymen Lineman	$33.61	$34.62	$35.66	$36.90
4th Year Lineman	$30.25	$31.16	$32.09	$33.22
3rd Year Lineman	$26.88	$27.69	$28.52	$29.52
2nd Year Lineman	$23.53	$24.23	$24.96	$25.83
Start Lineman	$20.17	$20.77	$21.40	$22.14
Engineering Technician	$30.45	$31.36	$32.30	$33.43
4th Year Engineering Tech	$27.43	$28.25	$29.10	$30.12
3rd Year Engineering Tech	$24.36	$25.09	$25.84	$26.75
2nd Year Engineering Tech	$21.32	$21.96	$22.62	$23.41
Start Engineering Tech	$18.27	$18.82	$19.38	$20.06

Inside Workers

Effective Date	May 1, 2011	May 1, 2012	May 1, 2013	May 1, 2014
Customer Service Agent	$25.99	$26.77	$27.57	$28.53
4th Year	$23.41	$24.11	$24.84	$25.71
3rd Year	$20.83	$21.45	$22.09	$22.87
2nd Year	$18.32	$18.87	$19.44	$20.12
Start	$15.93	$16.41	$16.90	$17.50
Billing Support Clerk	$25.99	$26.77	$27.57	$28.53
Customer Service Assistant	$25.99	$26.77	$27.57	$28.53
Cashier	$25.99	$26.77	$27.57	$28.53
Finance Clerk	$25.99	$26.77	$27.57	$28.53
Operation Clerk	$25.99	$26.77	$27.57	$28.53
Storeskeeper	$25.99	$26.77	$27.57	$28.53
Design Drafter	$28.27	$29.13	$30.00	$31.05
4th Year	$25.46	$26.23	$27.01	$27.96
3rd Year	$22.62	$23.30	$24.00	$24.84
2nd Year	$19.80	$20.39	$21.00	$21.74
Start	$16.96	$17.47	$18.00	$18.63

LETTER OF UNDERSTANDING

Between:

WESTARIO POWER INC.
(Hereafter called the "Corporation")

-and-

THE CANADIAN UNION OF PUBLIC EMPLOYEES AND IT'S LOCAL 255.03
(Hereinafter referred to as the "Union")

Should Management deem an employee to be too long without sleep, or to have worked too long, and as a result orders the employee home to rest, then the employee shall receive straight time pay for any or all of a maximum of eight (8) hours should they fall on hours which the employee would normally be working.

The conditions stated above apply only in the case in which the adjudged lack of sleep resulted from work for the Corporation, and not resulting from the employee's personal activities.

Dated at Walkerton this 13th day of May 2011.

FOR THE EMPLOYER:

FOR THE UNION:

LETTER OF UNDERSTANDING

Between:

WESTARIO POWER INC.
(Hereafter called the "Corporation")

-and-

THE CANADIAN UNION OF PUBLIC EMPLOYEES AND IT'S LOCAL 255
(Hereinafter referred to as the "Union")

Both the Union and the Corporation agree that in the event of a merger or amalgamation with another company, every reasonable effort will be made to provide job security to existing employees. The representation rights and Collective Agreement, in respect to those employees, shall be maintained until a final determination is made under the Labour Relations Act, or enabling legislation, as to the proper representation of the group.

Dated at Walkerton this 13th day of May, 2011

FOR THE EMPLOYER

FOR THE UNION:

LETTER OF UNDERSTANDING

Between:

WESTARIO POWER INC.
(Hereafter called the "Corporation")

-and-

THE CANADIAN UNION OF PUBLIC EMPLOYEES AND IT'S LOCAL 255
(Hereinafter referred to as the "Union")

As far as practical, the Corporation will provide reasonable notice of assignment to a temporary work location.

Dated at Walkerton this 13th day of May 2011

FOR THE EMPLOYER:

FOR THE UNION:

LETTER OF UNDERSTANDING

Between:

WESTARIO POWER INC.
(Hereafter called the "Corporation")

-and-

THE CANADIAN UNION OF PUBLIC EMPLOYEES AND IT'S LOCAL 255
(Hereinafter referred to as the "Union")

During the life of this agreement no employee shall be laid off due to contracting out. This letter shall remain in effect for the duration of this collective agreement.

Date at Walkerton this 13th day of May, 2011

FOR THE EMPLOYER:

FOR THE UNION:

LETTER OF UNDERSTANDING

Between:

WESTARIO POWER INC.
(Hereafter called the "Corporation")

-and-

THE CANADIAN UNION OF PUBLIC EMPLOYEES AND IT'S LOCAL 255
(Hereinafter referred to as the "Union")

RE: LABOUR MANAGEMENT COMMITTEE

The Labour Management Committee will continue to operate under the approved Terms of Reference established and approved by the representatives of the Committee.

Dated at Walkerton this 13th day of May 2011..

FOR THE EMPLOYER:

FOR THE UNION:

Management will issue a directive regarding the appropriate Personal Protective Equipment to be worn.

Westario Power Inc.

Alvin Allim

Verna Hodgins

Don MacMaster

Canadian Union of Pubic Employees

Jim Keenan

Rod MacLennan

Murray McDermid

Tara Rix

Wednesday May 25th, 2011

To Whom It May Concern,

In regards to the creation of the Shift Change form, Cupe Local 255 withdraws the request that was initiated and accepted during contract negotiations.

Sincerely,

Tara Rix

Rod MacLennan

Murray McDermid

Westario Power Inc.
24 East Ridge Road
R.R. #2
Walkerton, ON
N0G 2V0
Tel: (519) 507-6937
Fax: (519) 507-6777

May 25, 2011

Canadian Union of Public Employees
Unit 1407
64 Cedar Pointe Drive
Barrie, ON
L4N 5R7

Re: Mutual Shift Change Form

Further to the Union's notification of May 25th; the Corporation is approving your request to withdraw the mutually agreed upon Directive for a *'Mutual Shift Change Form'*.

The following is hereby removed:

'Management will provide a Mutual Shift Change Form for management consideration and approval for the following classifications:

Billing Support Clerk/Customer Service Agent/Finance Clerk/Operations Clerk'

Signed on behalf of the Corporation:

Alvin Allim

Verna Hodgins

MEMORANDUM OF SETTLEMENT

between

The Canadian Union of Public Employees and its Local #255.03

hereinafter referred to as "the Union"

and

Westario Power Inc.

hereinafter referred to as "the Employer"

Dated this 3rd day May, 2011 at Kincardine, Ontario

1. **The undersigned herein agree to the terms of this Memorandum as constituting full settlement of all matters in dispute, including all items previously agreed (save and except any outstanding grievances). It is further understood and agreed that this Memorandum is subject to ratification by the Principals respectively represented by the Union and the Employer.**

2. **The undersigned representatives of the Union and the Employer do hereby agree to recommend acceptance of all the terms of this Memorandum to their respective Principals for ratification.**

3. **It is understood and agreed that any negotiated wage increases shall be retroactive to the effective dates defined and, awarded for all hours worked.**

4. **The Union and the Employer agree that the terms of the Collective Agreement shall be from May 1, 2011 to April 30, 2015.**

5. **The Union and the Employer agree that all the terms, provisions, rights benefits and other entitlements afforded under the Collective Agreement which expired on April 30, 2011 shall be renewed unless other wise changed or amended in accordance with this Memorandum. The terms to be incorporated are appended hereto:**

FOR: Westario Power Inc.

FOR: CUPE #255.03

Westario Power Inc.
Attachment 3
5.0-Staff-31
5-SEC-19

PROMISSORY NOTE

This promissory note (the "**Note**") is issued to replace the original promissory note issued pursuant to a shareholders' agreement in respect of Westario Power Holdings Inc. dated February 1, 2002..

For the sum of $2.00 now paid and such other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, **Westario Power Inc.** (the "**Obligor**") hereby promises to pay on demand to or to the order of **The Corporation of the Town of Saugeen Shores** (the "**Obligee**"), in lawful money of Canada, THREE MILLION SIXTY TWO THOUSAND NINE HUNDRED AND THIRTEEN DOLLARS ($3,062,913.00), together with interest accrued thereon as hereinafter provided.

The principal amount outstanding from time to time under this Note shall bear interest from and after August 1, 2003, both before and after demand, default and judgement, until paid, at a rate of 5.47% per annum. Interest will be payable quarterly, commencing three months from the date hereof, and will be calculated on the basis of the number of days elapsed to the day immediately preceding such date.

All payments of principal and interest hereunder shall be paid to the Obligee at such place as the Obligee may in writing direct.

The whole or any part of the principal amount of this Note together with any interest accrued and outstanding in connection therewith may be repaid by the Obligor at any time or from time to time without notice, bonus or penalty of any kind.

The Obligor hereby waives presentment for payment, notice of non-payment, protest and notice of protest and hereby consents to all extensions and renewals hereof, without notice, and hereby agrees to pay all costs and expenses (including all reasonable legal costs) paid or incurred in collecting all amounts payable hereunder after the same shall become due and payable.

The provisions of this Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

DATED as of the 1st day of August, 2003.

WESTARIO POWER INC.

By_____

By_____

Credit B: Committed Term Instalment Loan

Loan Amount:	$2,092,345.00
Commitment Period:	The Commitment Period for this Credit B will expire on September 30, 2014. CIBC may in its sole discretion, upon written request by the Borrower given to CIBC not later than 60 days prior to the expiry of the Commitment Period of this Credit B then in effect, extend such Commitment Period for a period of up to one year.
Purpose:	To confirm an existing loan originally granted to assist with financing construction of a head office building located in Walkerton, Ontario.
Description and Rate:	A non-revolving Instalment Loan available as follows: • Canadian dollar B/As. CIBC's stamping fee for B/As will be calculated at 0.80% per annum. The maximum term for B/As is 3 months. • Fixed rate loans by way of interest rate swap. Interest on fixed rate loans is calculated at the underlying rate agreed upon by the Borrower and CIBC at the time of drawdown, plus a spread of 0.80% per annum. • Canadian dollar loans. Interest on any Canadian dollar loans will be calculated at the CIBC Prime Rate minus 0.50% per annum.
Repayment:	Blended monthly payments of principal and interest of $18,171.35 are payable on the 1st business day of the month with the next such regular payment being January 2, 2013, and the last such regular payment, plus any outstanding principal and interest together with any other amount owing under this Agreement is due on July 2, 2027 unless CIBC has demanded repayment on a date after the expiry of the Commitment Period but prior to July 2, 2027. Mutual put dates are: June 25, 2017; June 25, 2022; and June 25, 2027.

Notwithstanding the foregoing, at any time that an Event of Default has occurred and is continuing this Instalment Loan is repayable immediately on demand by CIBC.

Credit C: Committed Term Instalment Loan

Loan Amount:	$4,125,979.00
Commitment Period:	The Commitment Period for this Credit C will expire on September 30, 2014. CIBC may in its sole discretion, upon written request by the Borrower given to CIBC not later than 60 days prior to the expiry of the Commitment Period of this Credit C then in effect, extend such Commitment Period for a period of up to one year.
Purpose:	To confirm an existing loan originally granted to assist with repayment of the debt owing to shareholders.
Description and Rate:	A non-revolving Instalment Loan available as follows: • Canadian dollar B/As. CIBC's stamping fee for B/As will be calculated at 0.80% per annum. The maximum term for B/As is 3 months. • Fixed rate loans by way of interest rate swap. Interest on fixed rate loans is calculated at the underlying rate agreed upon by the Borrower and CIBC at the time of drawdown, plus a spread of 0.80% per annum. • Canadian dollar loans. Interest on any Canadian dollar loans will be calculated at the CIBC Prime Rate minus 0.50% per annum.
Repayment:	Blended monthly payments of principal and interest of $48,792.42 are payable on the 28th day of the month with the next such regular payment being December 28, 2012, and the last such regular payment, plus any outstanding principal and interest together with any other amount owing under this Agreement is due on February 28, 2022 unless CIBC has demanded repayment on a date after the expiry of the Commitment Period but prior to February 28, 2022. Mutual put date is: June 25, 2017. Notwithstanding the foregoing, at any time that an Event of Default has occurred and is continuing this Instalment Loan is repayable immediately on demand by CIBC.

Credit D: Committed Term Instalment Loan

Loan Amount:	$3,027,816.00
Commitment Period:	The Commitment Period for this Credit D will expire on September 30, 2014. CIBC may in its sole discretion, upon written request by the Borrower given to CIBC not later than 60 days prior to the expiry of the Commitment Period of this Credit D then in effect, extend such Commitment Period for a period of up to one year.
Purpose:	To confirm an existing loan originally granted to finance the installation of smart meters.
Description and Rate:	A non-revolving Instalment Loan available as follows: ▸ Canadian dollar B/As. CIBC's stamping fee for B/As will be calculated at 1.65% per annum. ▸ Fixed rate loans by way of interest rate swap. Interest on fixed rate loans is calculated at the underlying rate agreed upon by the Borrower and CIBC at the time of drawdown, plus a spread of 1.65% per annum. ▸ Canadian dollar loans. Interest on any Canadian dollar loans will be calculated at the CIBC Prime Rate per annum.
Repayment:	Blended monthly payments of principal and interest of $27,908.60 are payable on the last business day of each month with the next such regular payment being December 31, 2012, and the last such regular payment, plus any outstanding principal and interest together with any other amount owing under this Agreement is due on December 30, 2024 unless CIBC has demanded repayment on a date after the expiry of the Commitment Period but prior to December 30, 2024. Mutual put dates are: June 30, 2016 and June 30, 2021. Notwithstanding the foregoing, at any time that an Event of Default has occurred and is continuing this Instalment Loan is repayable immediately on demand by CIBC.