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February 18, 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 Supplemental 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 Supplemental Interrogatories that are being filed pursuant to the Board's e-Filing Services include the following:

- WPI EB-2012-0176 2013_Rev_Reqt_Work_Form_V3_20120628 IFRS - amended_20130218.xlsm
- WPI EB-2012-0176 2013_Test_year_IncomeTax_PILs_Workform_V2_20120703_IFRS _20130218.xlsm
- WPI EB-2012-0176 2013COS EDDVAR_Continuity_Schedule_CoS_v3_20130218.xlsm
- WPI EB-2012-0176 2013COS Filing_Requirements_Chapter2_Appendices_V1.1_amended_20130218.xlsm
- WPI EB-2012-0176 Summary of Proposed Changes_20130218.xlsx
- WPI EB-2012-0176 Supplemental IR Tables_20130218.xlsx
- WPI EB-2012-0176 Westario_Cost_Allocation_Model_V3 -Feb 2013.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-58s

Ref: 1.0-Energy Probe # 1

In the table shown in response to 1.0-Energy Probe # 1, WPI documents an entry of ($9,185) for Capital taxes in 2011. The Ontario Capital Tax was eliminated on July 1, 2010. Please explain the 2011 entry.

WPI Response:

The 2010 capital tax provision that was set up at the end of the year was $9,185 too high based on the actual tax return filed. Therefore, because the 2010 year end was closed the adjustment to actual was made in 2011 to the same account that the original provision was set up in.

Energy Probe

1.0 Energy Probe # 40

Ref: 1.0 Energy Probe #1 &
4-SEC-18

a) Please explain what is meant by PILs Property Taxes.

WPI Response:

PILs property taxes is the payment in lieu of property taxes that Westario Power must pay for approximately five substation properties in three municipalities that are classed as Industrial, Hydro. Payment is made semi-annually to the Ontario Electricity Financial Corporation. This liability is imposed under subsection 92 (1) of the Electricity Act, 1998 and Ontario Regulation 423/11.

b) The 2013 property tax expense for 2013 is forecast to be $33,000. Which of the figures in the table provided should this forecast be compared to?

WPI Response:

The 2013 property tax forecast to be $33,000 should be compared to the Municipal Tax line (2011 - $53,230; 2010 - $50,685; 2009 - $48,740). It should be noted that the decrease from approximately $53K in 2011 vs. the projection for $33K for 2013 is $20K less. This is due to management`s decision in 2012 to classify property taxes paid for substation properties to be classified as substation maintenance expense rather than Taxes Other Than Income Taxes (which is where it had been classified in 2011 and previous years). To clarify, the municipal property tax expense related to the substation properties was posted to substation maintenance expense (Account 5114) in 2012. The amount posted to Account 5114 at year end related to municipal taxes was $31K.

c) Please reconcile the figures provided in the response to the property taxes paid to the Municipality of Brockton shown in the response to 4-SEC-18.

WPI Response:

The amounts paid year to date to the Municipality of Brockton are $33,944 for property taxes for the main office building (allocated to Municipal Tax in part (b) above), $1,132 for municipal services (water & sewer) for the main office building (allocated to maintenance and general repairs) and $2,369 for property taxes for the three substation locations in Walkerton (allocated to substation maintenance).

SEC

There are no supplemental IR`s from SEC for Exhibit 1.

VECC

There are no supplemental IR`s from VECC for Exhibit 1.

EXHIBIT 2 – RATE BASE

Board Staff

2.0-Staff-59s

Ref: 2.0 Energy Probe #3

In response to 2.0 Energy Probe #3 WPI is showing a significant decline in the capital contribution in accounts 1830, 1845 and 1855 for the 2012 bridge and the 2013 test year over 2011 actual.

Please provide further explanation for the decline in capital contributions.

WPI Response:

Capital contributions for OEB accounts 1830 (Poles, Towers and Fixtures), 1845 (Underground Conductors & Devices) and 1855 (Services) varies from year to year, depending on demand. WPI budgets for additions of capital contributions for new low voltage & three phase services and new lots developed (much of the cost of these would fall in the capital contribution categories in question). WPI does not budget for capital jobs such as municipally driven work, etc. unless these projects are known at the time that the budget is created.

2.0-Staff-60s

Ref: 2.0 Energy Probe #6
2.0 Energy Probe #7 Fixed Asset Continuity Schedule 2012 - Appendix 2-B, filed January 21, 2013
2.0-VECC-11

In response to 2.0 Energy Probe #6 and 2.0-VECC-11, WPI stated that the year-to-date spending for Tools, Shop & Garage as of December 31, 2012 was $15,563. WPI's updated continuity schedule shows a capital addition of $72,000 in account 1940.

Please explain the addition of $72,000 in its 2012 rate base.

WPI Response:

As of December 31, 2012 the spending was $15,563. The continuity schedule for account 1940 has been updated accordingly. The revised schedule can be found in WPI EB-2012-0176 2013COS Filing_Requirements_Chapter2_Appendices_V1.1_amended_20130218.xlsm which has been filed with these supplemental IR's.

2.0-Staff-61s

Ref: 2.0 Energy Probe #6

2.0-VECC-11

a. Please explain why WPI did not reach its forecasted expenditure for Tools, Shop and Garage equipment and provide further explanation as to why WPI feels a forecasted amount of $72,000 is still appropriate for the 2013 test year.

WPI Response:

The plan for 2012 was to replace our battery operated presses with a newer model as the old ones failed. The cost of having them repaired is almost as much as buying new. The replacement cost of these tools is about $40,000 dollars. Without a full complement of management in the Operations department, WPI was unable to fully complete the replacement program in 2012. In part (b) below, WPI has provided the detail for the 2013 budgeted amount of $72,000 which justifies retaining the same value as the 2012 budget.

b. Please provide a detailed breakdown between costs budgeted for the replacement of existing equipment and new equipment for the 2012 bridge year and the 2013 test year.

WPI Response:

Please find the detailed breakdown between costs budgeted for the replacement of existing equipment and new equipment for the 2012 bridge year and the 2013 test year in the table below:

	2012	2013
New Shelving for Shop	$ -	$ 20,000
Fault Locator For Primary Cable	-	15,000
Loadbuster	6,000	-
10 KV insulation resistance tester	6,000	-
Transformer tester	2,000	-
New ERA's to complete Load Studies	-	25,000
Battery Operated Presses	40,000	12,000
Testing equipment	18,000	-
Total Budgeted Additions	**$ 72,000**	**$ 72,000**

The purchase of new equipment is highlighted in green
The purchase of equipment to replace existing equipment is highlighted in purple

2.0-Staff-62s

Ref: 2.0 Energy Probe #7, Appendix 2-A Capital Project Table, updated January 21, 2013
Fixed Asset Continuity Schedule 2012 - Appendix 2-B, filed January 21, 2013

In response to 2.0 Energy Probe #7, WPI shows net total capital expenditures of $3,680,669 for the 2012 bridge year. Appendix 2-B, updated as part of 2.0 Energy Probe #7 shows capital additions of $3,951,756 (excluding smart meter assets) for the same period. Please explain and update Appendix 2-B to reflect WPI's actual capital additions for the 2012 bridge year.

WPI Response:

WPI acknowledges that Appendix 2-B was not updated based on the response to 2.0 Energy Probe #7. WPI wishes to refer the reader to the response to 2.0 Energy Probe #47 (c) as it fully addresses this IR.

2.0-Staff-63s

Ref: 2.0 Energy Probe #7, Appendix 2-A Capital Project Table, updated January 21, 2013

In response to Energy Probe IR#7 WPI provided a table showing the decrease in capital projects in 2012 due to deferrals of several capital projects, and a subsequent increase in capital projects in the 2013 test year from a capital budget of $5,148,418 as originally filed to $5,835,257 filed in the updated Appendix 2-A.

a. Please provide the reasons for the deferral of 2012 capital projects, in particular the Harriston T2 Upgrade, Hanover MS1 Reactor Installation, Station Grid Code Upgrades.

WPI Response:

The three capital projects noted above were to be completed by a third party contractor responsible for substation maintenance. During 2012, WPI issued a tender for ongoing substation maintenance at its 27 substations. As previously submitted, WPI had vacancies at the management level of the Operations department during 2012; therefore there was a delay in the issuance of the substation tender. WPI did not feel it was prudent to move forward with the above capital projects until such time as the appropriate substation tender process was complete, and the appropriate vendor chosen.

b. Does WPI have the capacity to complete a capital program of $5,835,257 in the 2013 test year, given WPI's historical capital project budget was $2,741,805 and $3,527,102 in the 2012 and 2011 rate years respectively? If yes, please explain how the increase in capital projects will be completed with the previously budgeted resources.

WPI Response:

Of the $5,835,257 budgeted for the 2013 test year, approximately $1,146,882 (20% of the capital budget) is for distribution station capital work that will be performed by a third party. The Harriston T2 Upgrade is already underway, and the Station Grid Upgrades are scheduled to begin in March 2013. Preliminary discussions have been undertaken with our substation maintenance provider for the balance of the capital works scheduled to take place in 2013.

Other projects being mainly completed by a third party are the Capital #6 Primary Replacement ($1,404,459 or 24% of the capital budget); which the tender package is scheduled to be released by WPI by mid-March 2013; and Metering ($460,648 or 8% of the capital budget). As the Metering project was a three year project that commenced in 2012; the vendor has provided WPI with a work schedule to commence the replacement of meters in March 2013. In addition, $601,600 or 10% of the capital budget has been allocated for non-distribution system related acquisitions. This leaves a balance of $2,221,668 (38% of the capital budget) in capital to be completed internally, which is achievable given WPIs current resource levels.

2.0-Staff-64s

Ref: 2.0 Energy Probe #7. Appendix 2-A Capital Project Table, updated January 21, 2013
2-SEC-5

In the updated Appendix 2-A WPI shows a year-to-date capital expenditure of $393,169 for Transportation Equipment. In response to 2-SEC-5 WPI stated that the forecasted capital expenditure for Vehicle Replacement in the amount of $450,000 was 100% completed by year end. Please explain the discrepancy between the two interrogatory responses and confirm how much WPI spent on its vehicle replacement program in 2012.

WPI Response:

WPI spent $393,169 for Transportation Equipment in 2012. WPI had budgeted $450,000 in the 2012 bridge year for the acquisition of a new double bucket truck, but was able to source the new truck for an amount which was less than originally budgeted. Therefore, the response to 2-SEC-5 stated that the project was 100% completed by year end and that the original budget for transportation equipment was $450,000.

2.0-Staff-65s

Ref: 2-SEC-5
2-SEC-2

Please explain why WPI only completed 42% of its Capital Poles project. Please state how WPI intends to complete the deferred portion of the 2012 Capital Poles project in addition to the replacement of 100 poles in 2013.

WPI Response:

The Capital Poles project includes works related to conform to ESA standards, replace aging assets and improve system reliability ; most notably during the design of Commercial/Industrial services or in Subdivision planning where WPI needs to increase the size of its work area to conform to current Regulations. The works that originally had been scheduled for 2012 were either cancelled or deferred by the customer. WPI feels that the works can be completed in 2013 given its current resource levels for both the customer deferred projects deferred projects as the planned 2013 projects.

2.0-Staff-66s

Ref: 2.0-VECC-11 c)

Please explain why WPI did not reach its forecasted expenditure for Miscellaneous Equipment and provide further explanation as to why WPI feels a forecasted amount of $45,000 is still appropriate for the 2013 test year.

WPI Response:

WPI had budgeted $45,000 for a pole trailer in 2012. WPI was successful in sourcing a pole trailer that we felt met our needs and the cost of this pole trailer was far less than what was budgeted.

The pole trailer for 2013 is a larger trailer for transporting bigger poles. Based on 2012 pricing the trailer for 2013, with retrofitting as applicable continues to remain at $45,000.

Energy Probe

2.0 Energy Probe #41

Ref: 2.0 Energy Probe #2

a) How many months of actual capital additions are reflected in the response provided?

WPI Response:

4 months of actual capital additions were reflected in the response provided.

b) Please provide a similar continuity schedule for 2012 as that provided, but based on MIFRS rather than CGAAP, but based on the same modified forecast.

WPI Response:

Please see the tab labelled 2.0-EP-41b for the continuity schedule requested. The Excel workbook has been submitted with these supplemental IR`s and is named WPI EB-2012-0176 Supplemental IR Tables_20130218.xlsx. Please note that this table is the same as tab App.2-B_FA Cont MIFRS 2012 in the revised Appendices which was filed with the IR`s named WPI EB-2012-0176 2013COS Filing_Requirements_Chapter2_Appendices_V1.1_amended_20130121.xlsm. WPI has subsequently filed a revised Appendix 2-B with a more accurate forecast to the end of 2012. Please refer to 2.0-Energy Probe #45c and the revised Appendices that are filed in Excel with these supplemental interrogatories for the revised items.

c) Please confirm that the figures shown in the response for 2012 are identical to those forecast for 2012 in the original application with the exception that there are no costs shown in the update for distribution station equipment.

WPI Response:

WPI wishes to confirm that the figures shown in the response for 2012 in 2.0 Energy Probe #2 were identical to those forecast for 2012 in the original application with the exception that there are no costs shown in the update for distribution stations. WPI has subsequently filed revised Appendices 2-B with a more accurate actual plus forecast to the end of 2012. Please refer to 2.0-Energy Probe #45c and the revised Appendices that are filed along with these supplemental interrogatories for the revised items.

d) Has the distribution station equipment project been delayed to 2013 or to some future year? Are there any impacts on the 2013 capital additions forecast of the removal of the distribution station equipment costs in 2012?

WPI Response:

The distribution station equipment project has been delayed to 2013. The 2013 distribution station capital additions have been increased by the same amount as the decrease in 2012 for the distribution station equipment costs. This was reflected in the revised Appendices which was filed with the IR`s named WPI EB-2012-0176 2013COS Filing_Requirements_Chapter2_Appendices_V1.1_amended_20130121.xlsm. The reader may wish to reference App.2-B_FA Cont MIFRS 2013 to confirm the increase to the distribution station equipment costs. We have included this table on the tab labelled 2.0-EP-41d for easy reference in the Excel workbook submitted with these supplemental IR`s named WPI EB-2012-0176 Supplemental IR Tables_20130218.xlsx.

2.0 Energy Probe #42

Ref: 2.0 Energy Probe #3

a) Please confirm the figures in the following table, and provide a corrected set of tables if necessary.

Contributions & Grants							
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 and Fixtures	479,406	146,887	248,556	52,371	66,782	45,478	43,859
1840 Underground Conduit	0	0	0	0	0	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

Gross Additions							
OEB Account	2007	2008	2009	2010	2011	2012	2013
1830 Poles, Towers and Fixtures	194,258	284,012	591,965	682,475	542,315	888,906	958,578
1835 Overhead Conductors and Fixtures	622,265	325,395	664,081	726,856	673,323	838,997	893,675
1840 Underground Conduit	389,798	113,840	72,699	35,403	338,350	290,681	409,989
1845 Underground Conductors & Devices	695,407	523,410	2,435,317	632,803	551,064	454,468	505,661
1850 Line Transformers	624,935	699,162	29,689	100,985	507,270	592,656	627,227
1855 Services (Overhead & Underground)	277,646	356,816	344,648	250,877	473,444	637,257	658,066
1860 Meters	197,357	151,290	82,373	98,375	170,518	38,652	316,432
Total	3,001,666	2,453,925	4,220,772	2,527,774	3,256,284	3,741,617	4,369,628

Ratio of Contributions to Gross Additions							
OEB Account	2007	2008	2009	2010	2011	2012	2013
1830 Poles, Towers and Fixtures	14.8%	32.6%	38.1%	7.6%	12.1%	4.2%	3.7%
1835 Overhead Conductors and Fixtures	77.0%	45.1%	37.4%	7.2%	9.9%	5.4%	4.9%
1840 Underground Conduit	0.0%	0.0%	0.0%	0.0%	0.0%	4.5%	3.1%
1845 Underground Conductors & Devices	-19.7%	18.1%	8.4%	5.5%	28.5%	20.5%	18.0%
1850 Line Transformers	8.8%	45.5%	1427.6%	42.4%	32.8%	30.0%	27.1%
1855 Services (Overhead & Underground)	110.2%	60.9%	33.3%	41.4%	30.1%	6.6%	6.2%
1860 Meters	-27.7%	15.1%	55.5%	2.0%	20.0%	65.8%	7.7%
Total	22.6%	36.4%	30.0%	11.4%	19.4%	11.6%	9.6%

WPI Response:

The figures above are the CGAAP capital additions per the original 2013 COS submission in October 2012 and the capital contributions are as per the interrogatories filed in January 2013. The table below is based on the same set of values. There is a change in the 2010 year for 1850 Line Transformers. A revised table is provided below:

Contributions and Grants

OEB Account		2007	2008	2009	2010	2011	2012	2013
1830	Poles, Towers & 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**

Gross Additions

OEB Account		2007	2008	2009	2010	2011	2012	2013
1830	Poles, Towers & Fixtures	194,258	284,012	591,965	682,475	542,315	888,906	958,576
1835	Overhead Conductors & Devices	622,265	325,395	664,081	726,856	673,323	838,997	893,675
1840	Underground Conduit	389,798	113,840	72,699	35,403	338,350	290,681	409,989
1845	Underground Conductors & Devices	695,407	523,410	2,435,317	632,803	551,064	454,468	505,661
1850	Line Transformers	624,935	699,162	29,689	- 100,985	507,270	592,656	627,227
1855	Services (Overhead & Underground)	277,646	356,816	344,648	250,877	473,444	637,257	658,066
1860	Meters	197,357	151,290	82,373	98,375	170,518	38,652	316,432
Total		**3,001,666**	**2,453,925**	**4,220,772**	**2,325,804**	**3,256,285**	**3,741,617**	**4,369,626**

Ratio of Contributions to Gross Assets

OEB Account		2007	2008	2009	2010	2011	2012	2013
1830	Poles, Towers & Fixtures	14.8%	32.6%	38.1%	7.6%	12.1%	4.2%	3.7%
1835	Overhead Conductors & Devices	77.0%	45.1%	37.4%	7.2%	9.9%	5.4%	4.9%
1840	Underground Conduit	0.0%	0.0%	0.0%	0.0%	0.0%	4.5%	3.1%
1845	Underground Conductors & Devices	-19.7%	18.1%	8.4%	5.5%	28.5%	20.5%	18.0%
1850	Line Transformers	8.8%	45.5%	1427.6%	-42.4%	32.8%	30.0%	27.1%
1855	Services (Overhead & Underground)	110.2%	60.9%	33.3%	41.4%	30.1%	6.6%	6.2%
1860	Meters	-27.7%	15.1%	55.5%	2.0%	20.0%	65.8%	7.7%
Total		**22.6%**	**36.4%**	**30.0%**	**12.4%**	**19.4%**	**11.6%**	**9.6%**

b) Please explain the significant declines in the ratios forecast for 2012 and 2013 relative to the actual ratios for 2007 through 2011 for accounts 1830, 1835, 1855 and 1860.

WPI Response:

In the fall of 2010, WPI implemented the capital asset module. This allowed for more accurate tracking of capital expenditures and contributed capital proration amongst the various OEB accounts. The 2012 and 2013 figures are based on partial actuals for 2011. It should be noted that capital contributions are only collected for certain job types. For example, for WPI's own capital projects there is no capital contribution collected. The same goes for WPI's share of the basic service allowance for new connections.

The decrease for OEB account 1830 (Poles, Towers & Fixtures), 1835 (Overhead Conductors & Devices) and 1855 (Services) can be explained by the

capital rebuilding projects that WPI budgeted to complete in 2012 and 2013. The expected costs for these projects are higher than in prior years and since no capital contribution is collected for these jobs, the ratio will decline compared to previous years.

Capital contributions for OEB account 1860 (Meters) varies from year to year, depending on demand. Capital contributions remain relatively static from year to year. The higher ratio in 2012 reflects the small projection in capital meter additions. The lower ratio in 2013 reflects the large capital cost of the GS>50 smart meter project. No capital contribution will be collected on the GS>50 smart meter project in 2013.

2.0 Energy Probe #43

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

WPI indicates that the stranded meters have been removed from rate base in 2013. The 2013 continuity schedule shown in page 7 of Attachment 1 to Exhibit 2, Tab 3, Schedule 3 shows a net book value at the end of 2013 for non-smart meters of $1,026,657. Please explain what this net book value is associated with, in terms of the meters that are still in use by rate class, etc. How much of this total net book value is associated with wholesale meters?

WPI Response:

The $1,026,657 net book value at the end of 2013 in Account 1860 for non-smart meters is comprised of the net cost for wholesale meters and GS>50 meters.

$690,278 is the total net book value associated with wholesale meters as shown in WPIs response to Staff IR #49 b.

2.0 Energy Probe # 44

Ref: 2.0 Energy Probe #2 & #5 & #6

a) Please confirm that the response to 2.0 Energy Probe #5 that the Hanover MS1 Reactor Installation and the Harriston T2 Upgrade were not completed in 2012 is reflected in the response provided to 2.0 Energy Probe #2.

WPI Response:

WPI wishes to confirm that the response to 2.0 Energy Probe #5 that the Hanover MS1 Reactor Installation and the Harriston T2 Upgrade were not completed in 2012 is reflected in the response provided to 2.0 Energy Probe #2. The continuity schedule in 2.0 Energy Probe #2 shows no additions to Distribution Station Equipment in 2012.

b) Please explain why the 2012 total additions to tools, shop and garage expenditures noted in the response to 2.0 Energy Probe #6 does not appear to be reflected in the response to 2.0 Energy Probe #2.

WPI Response:

The 2012 total additions to tools, shop and garage expenditures noted in the response to 2.0 Energy Probe #6 should have been reflected in the response to 2.0 Energy Probe #2 but was not. Tools, shop and garage expenditures should be adjusted to the 2012 actual amount of $15,563. This has been reflected in the amended Appendices.

2.0 Energy Probe # 45

Ref: 2.0 Energy Probe #7

a) Please explain the increase shown for meters in 2013 between the original forecast of $280,648 and the known revisions for 2013 as shown of $460,648 in the non-budgeted work orders on page 7 of the response to 2.0 Energy Probe #7.

WPI Response:

The increase shown for meters in 2013 of $180,000 is for the GS>50 smart meters that were to have been changed out in 2012 under the smart meter deferral program but were not. This is an increase in meter additions under metering in the response to 2.0 Energy Probe #7, not an increase in Non-budgeted work orders as referenced in part (a) above.

b) Please confirm that all the other increases shown in 2013 from that originally forecast are based on projects deferred from 2012 to 2013.

WPI Response:

WPI confirms that all increases shown in 2013 from that originally forecast are based on projects deferred from 2012 to 2013, with the exception of an additional $4,700 added to 1830 – Poles, Towers & Fixtures in 2013 as per WPIs response to Board Staff IR #30. WPI had originally stated that it would include the increase in OMERS costs that were unknown at the time of submission, thereby increasing OM&A costs by $14,200 and Capital by $4,700.

c) Please provide updated continuity schedules in both CGAAP and MIFRS format for each of 2012 and 2013 based on the actual YTD and forecast to year end columns shown in the response.

WPI Response:

A revised table (mirroring that set up in 2.0-Energy Probe #7) has been provided on tab 2.0-EP-45c in the Excel workbook submitted with these supplemental IR`s which is named WPI EB-2012-0176 Supplemental IR Tables_20130218.xlsx.

WPI wishes to point out to the reader that at the time when the interrogatories were submitted in January 2013, the adjustment to balance actual burdened costs with the actual burdens collected was not determinable. Now that WPI is closer to finalizing its yearend figures, management is in a better position to provide an estimate for the over collection of the burdens. The adjustment has been reflected in the revised Appendix 2-B and revised rate base calculation.

SEC

2-SEC-24

[2-SEC-5, IRR p.33]

Has the Applicant revised its closing 2012 rate base and opening 2013 rate base to account for the in-service status of its 2012 capital projects? If not, please do so.

WPI Response:

WPI has completed this request. Please see the response to 2.0 Energy Probe #45 (c).

2-SEC-25

[2-SEC-5, IRR p.33]

How does the Applicant believe it can complete its 2013 capital expenditures that were scheduled to come into service in 2013 considering it has not completed its 2012 capital expenditures that were scheduled to come into service in 2012?

WPI Response:

Please refer to the response to 2.0-Staff-63b.

VECC

2.0-VECC- 32

Reference: 2-Board Staff - 12 / 2-VECC-1

a) What plans does WPI have to alleviate the design issues which required sustained outages for the town of Lucknow during maintenance of the substation?

WPI Response:

As submitted in Exhibit 2, Tab 4, Schedule 3, page 15; WPI has included in its 2013 capital projects a spare transformer that can be utilized at all of WPIs substations. The unit will be mobile in order to facilitate planned or unplanned outages where there is no redundancy in the system or if there were to be a complete failure of a station transformer.

2.0 – VECC – 33

Reference: 2 - Energy Probe – 4

a) Please explain the reasons for the drop in capital contributions since 2011 in accounts 1855 (services) and account 1845 (underground services).

WPI Response:

Please see responses to supplemental IR 2.0-Staff-59s and 2.0 Energy Probe #42 for the reasons for the drop in capital contributions since 2011 in accounts 1855 (services) and account 1845 (underground services).

2.0 – VECC – 34

Reference: 2 – Energy Probe - 5

b) Account 5310 Meter Reading Expenses were $272k in 2009 and are forecast to be $276k in 2013. Please explain how this increase is consistent with the response that there were $3,400 reduction in costs in this account.

WPI Response:

WPI has made the assumption that the intervenor is referring to 2.0 Energy Probe #5 part e and will respond based on this assumption. The $3,500 decrease (as WPI had originally responded to in 2.0 Energy Probe #5 part (e)) was specifically related to savings that would result from the installation of the GS>50 meter capital project. This reduction of $3,500 has been offset by an increase in other budgeted meter reading expenses in account 5310.

4.0 - VECC- 35

Reference: 2-VECC-7

a) Please provide the total cost of the Harriston T2 Upgrade (gross costs) and the credit (in kind or cash) provided by the manufacture of the failed equipment. If there other benefits paid please also provide this so as to show and reconcile the gross costs of the project and the net costs shown in this application.

WPI Response:

As per Exhibit 2, Tab 4, Schedule 3, page 13 of 93; costs incurred up to 2010 included the following:

Costs incurred in

2008		*64,433*
2009		*81,574*
2010		*126,115*
	Subtotal	*$272,122*

As per Exhibit 2, Tab 4, Schedule 3, page 24 of 93; cost included in 2012 Bridge Year include the following:

Gross Cost	*188,891*	
Vendor Credit	*(45,000)*	
Subtotal	*$143,891*	*(Included in this application)*
From above	*272,122*	
Total	*$406,013*	

4.0 - VECC- 36

Reference: 2-VECC-8

a) Are GS>50 meters only being replaced when they are fully depreciated or are some class meters (or meter related) assets being written off prior to their full depreciation?

WPI Response:

GS>50 meters will be replaced prior to being fully depreciated as they are currently depreciated over 25 years under CGAAP. WPI had requested in its original submission for the establishment of a stranded meter deferral account for GS>50 meters as per Exhibit 9/Tab3/Schedule 3, page 2. Please also refer to further information in response to Board Staff IR #49 and Board Staff IR #81.

EXHIBIT 3 – OPERATING REVENUE

Board Staff

3.0-Staff-68

Ref: 3.0-Staff-16 – Load Forecasting and CDM Adjustment

In its response to part f) (and also applicable to part e)) of 3.0-Staff-16, WPI states:

> 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.

Board staff observes that, while the LRAMVA is trued up, the load forecast for the 2013 test year is not. Therefore, any underage or overage in the test year load forecast due to an adjustment for the persistence of previous year CDM programs, and for the persistence of 2012 programs and the impact of 2013 programs on the 2013 load forecast is not. An under-forecasting (over-forecasting) of the 2013 CDM will result in an over-forecasting (under-forecasting) of the test year consumption and demand. In turn, as the class-specific consumption or demand, as applicable, also serves as the denominator (i.e. billing determinant) for volumetric distribution rates and also for other rate riders and adders, this would result in overstated (understated) volumetric rates and other rate riders and rate adders.

a. Please explain how the use of the 2006 to 2011 average compensates for the first year impact, due to the fact that the first year of a CDM program is not in place during the full year, that was pointed out in the preamble of 3.0-Staff-16 part e);

WPI Response:

WPI relies solely on the final reporting's of the OPA CDM project initiatives as reported by year and would suggest that it relies on the OPA internal reporting practices to fairly and accurately report program initiations and terminations. Subject to alternative prescriptive direction being provided, WPI is not in a position to qualify the OPA reporting practices.

b. Please confirm that while the LRAMVA amount is subject to true up, the test year load forecast is not. In the alternative, please provide WPI's explanation as to how the load forecast is "trued up" for any overage or underage of the CDM adjustment.

WPI Response:

WPI confirms that the LRAMVA is subject to true-up while the Load Forecast is not.

3.0-Staff-69s

Ref: Exhibit 3/Tab 2/Schedule 1, 3.0-VECC-15.0, 3.0-Staff-17 – Load Forecast and CDM Adjustment

WPI has proposed to use a CDM target of 30% as the CDM adjustment for the 2013 load forecast amount to take into account the persistence of 2011 and 2012 CDM programs, and the impact of 2013 CDM programs on 2013 demand (consumption, measured in kWh).

An alternative approach is to take into account the 2011 results and their persistence, as measured and reported by the OPA for WPI, and then to assume an equal increment for each of 2012, 2013, and 2014 so as to achieve WPI's CDM target of 6,330,903 kWh. Board staff views that this approach is preferable as there are results on what the utility has achieved to date, and hence what more will be needed to achieve the cumulative four-year target. In using the measured and reported results from the 2011 programs, including the persistence into 2013, Board staff views that an improved estimate of the CDM impact of 2011-2013 programs on the LRAMVA threshold for 2013 (and 2014) would result, along with the corresponding adjustment to the 2013 test year load forecast.

Based on the final 2011 OPA results provided in response to 3.0-VECC-15.0 part c, Board staff has prepared the following table, which is also provided in working Microsoft Excel format:

Load Forecast CDM Adjustment Work Form (2013)

4 Year (2011-2014) kWh Target:					
20,950,000					
	2011	2012	2013	2014	Total
%					
2011 CDM Programs	7.67%	7.67%	7.65%	7.23%	30.22%
2012 CDM Programs		11.63%	11.63%	11.63%	34.89%
2013 CDM Programs			11.63%	11.63%	23.26%
2014 CDM Programs				11.63%	11.63%
Total in Year	**7.67%**	**19.30%**	**30.91%**	**42.12%**	**100.00%**
kWh					
2011 CDM Programs	1,606,180	1,606,180	1,603,142	1,515,401	6,330,903
2012 CDM Programs		2,436,516	2,436,516	2,436,516	7,309,549

2013 CDM Programs			2,436,516	2,436,516	4,873,032
2014 CDM Programs				2,436,516	2,436,516
Total in Year	**1,606,180**	**4,042,696**	**6,476,174**	**8,824,950**	**20,950,000**
				Check	20,950,000

	Net-to-Gross Conversion "Gross"	"Net"	Difference	"Net-to-Gross" Conversion Factor ('g')
2006 to 2011 OPA CDM programs: Persistence to 2013	1	1	0	0.00%

	2011	2012	2013	2014	Total for 2013
Amount used for CDM threshold for LRAMVA	1,603,142	2,436,516	2,436,516		6,476,174
Manual Adjustment for 2013 Load Forecast *Manual adjustment uses "gross" versus "net" (i.e. numbers multiplied by (1 + g)*	1,603,142	2,436,516	1,218,258 *Only 50% of 2013 CDM impact is used based on a half year rule*		5,257,916

The methodology for this is as follows:

For the top table

- The 2011-2014 CDM target is input into cell B4;
- Measured results for 2011 CDM programs for each of the years 2011 and persistence into 2012, 2013 and 2014 are input into cells C13 to F13;
- Based on these inputs, the residual kWh to achieve the 4 year CDM target is allocated so that there is an equal incremental increase in each of the years 2012, 2013 and 2014.

The second table is to calculate the conversion from "net" to "gross" results. While the LRAMVA is based on the "net" OPA-reported results, the load forecast is impacted also by CDM savings of "free riders" and "free drivers". While Board staff has input values of "1" in each of cells D24 and E24, in the absence of information, these should be populated with the measured "gross" and "net" CDM savings for the persistence of all CDM programs from 2006 to 2011 on 2013, as reported in the final OPA reports.

For the last table, two numbers are calculated:

- The "Amount used for CDM threshold for LRAMVA" is the sum of the persistence of 2011 and 2012 CDM programs and the annualized impact of 2013 CDM programs on 2013; and
- "Manual Adjustment for 2013 Load Forecast" represents the amount to be reflected in the 2013 load forecast. This amount uses the "gross" impact, which is calculated by multiplying each year's CDM program impact or persistence by (1 + g) from the second table. In addition, the impact of the 2013 CDM programs on 2013 "actual" consumption is divided by 2 to reflect a "half year" rule. Since the 2013 CDM programs are not in effect at midnight on January 1, 2013, the "annualized" results reported in the OPA report will overstate the "actual" impact. In the absence of information on the timing and uptake of CDM programs in their initial year, a "half-year" rule may proxy the impact.

a. Please input the "gross" and "net" cumulative kWh CDM savings from all CDM programs from 2006 to 2011 on 2013 as measured in the final OPA reports into, respectively, cells D24 and E24.

WPI Response:

Net-to-Gross

	"Gross"	"Net"	Difference	"Net-to-Gross" Conversion Factor ('g')
2006 to 2011 OPA CDM programs: Persistence to 2013	10,637,490	6,524,811	4,112,678	63.03%

	2011	2012	2013	2014	Total
Amount used for CDM threshold for LRAMVA	1,603,142	2,436,516	2,436,516		6,476,174
Manual Adjustment for 2013 Load Forecast	2,613,624	3,972,286	1,986,143		8,572,053
Manual adjustment uses "gross" versus "net"			*Only 50% of 2013 CDM impact is used based on a half year rule*		

b. Please verify the inputs and results of the model.

WPI Response:

WPI confirms the inputs and results for the above.

c. Please update the response to 3.0-Staff-17 based on the results of a) and b). In other words, please derive the class CDM kWh and kW savings that would correspond with the "net" CDM savings above.

WPI Response:

WPI presents the following subject to clarification by Board Staff.

kWh Calculation:

	2013 CDM Threshold (kWh of incremental CDM savings needed in 2013)	Application Factor 1.0 Full Year 0.5 Half Year	2013 Net kWh Load Forecast CDM Adjustment before Gross-Up	2013 Net to Gross Adjustment	2013 Load Forecast CDM Adjustment
	A	B	C = A * B	D	E = C * (1 + D)
Year					
2011	1,603,142	1.0	1,603,142	63.0%	2,613,624
2012	2,436,516	1.0	2,436,516	63.0%	3,972,286
2013	2,436,516	0.5	1,218,258	63.0%	1,986,143
	6,476,174		5,257,916		8,572,053

Based on the above kWh calculation the possible allocation would be as follows:

	Weather Normalized 2013F (Elenchus)		LRAMVA Allocation (kWh)	Net to Gross Load Forecast Adjustment (kWh)
Residential (kWh)	205,315,665	46%	2,967,313	3,927,621
GS<50 (kWh)	65,257,285	15%	943,127	1,248,350
GS>50 (kW)	171,805,239	38%	2,483,005	3,286,578
Street Lights (kW)	5,431,816	1%	78,503	103,909
Sentinel Lights (kW)	18,155	0%	262	347
USL (kWh)	274,294	0%	3,964	5,247
Total Customer (kWh)	448,102,454	100%	6,476,174	8,572,053

kW Calculation using similar calculation as kWh.

	2013 CDM Threshold (kW of incremental CDM savings needed in 2013)	Application Factor 1.0 Full Year 0.5 Half Year	2013 Net kW Load Forecast CDM Adjustment before Gross-Up	2013 Net to Gross Adjustment	2013 Load Forecast CDM Adjustment
	A	B	C = A * B	D	E = C * (1 + D)
Year					
2011	391	1.0	391	70.3%	666
2012	451	1.0	451	70.3%	768
2013	451	0.5	225	70.3%	384
	1,293		1,068		1,818

Based on the above kW calculation the possible allocation would be as follows:

	Weather Normalized 2013F (Elenchus)		LRAMVA Allocation (kW)	Net to Gross Load Forecast Adjustment (kW)
Residential (kWh)		0%	-	-
GS<50 (kWh)		0%	-	-
GS>50 (kW)	476,890	97%	1,253	1,762
Street Lights (kW)	15,101	3%	40	56
Sentinel Lights (kW)	17	0%	0	0
USL (kWh)		0%	-	-
Total Customer (kWh)	492,008	100%	1,293	1,818

d. Please provide WPI's comments on the methodology above to develop the CDM savings that will underlie the 2013 CDM amount for the LRAMVA and the corresponding CDM adjustment for the 2013 test year load forecast. What refinements to this approach should be considered?

WPI Response:

WPI supports its methodology as filed in its pre-filed evidence.

3.0-Staff-70s

Ref: 3.0-Staff-18

WPI noted that Other Income and Expenses, Accounts 4325 – 4390 are often subject to year-end entries that are currently not complete. Please update Appendix 2-F to complete these accounts for 2012 actuals.

WPI Response:

Year end entries remain outstanding at this time. The appendices have been updated to reflect current unaudited yearend data plus forecasted adjustments for yearend entries based on both known and historical data. This information has been recorded in Tab "App.2-F_Other_Oper_Rev_2012Est" in the excel file WPI EB-2012-0176 2013COS Filing_Requirements_Chapter2_Appendices_V1.1_amended_20130218

*As per **3.0 Energy Probe #48,** the approximation for the regulatory interest has been separated from interest and dividend income for the "2012 Estimate" columns only. The information for this Supplemental IR is in the column labeled "re. Staff-70s"*

3.0-Staff-71s

Ref: 3.0-Staff-18
3.0 Energy Probe #17

In response to 3.0-Staff-18 WPI showed Late Payment Charges (4225) of $89,982 on Nov. 30, 2011 and $ 80,666 as of Nov.30, 2012. In response to 3.0 Energy Probe #17 WPI shows the November 30 result of 2011 at $65,104 and 2012 at $69,315. Please reconcile and provide the 2012 actual revenues from late payment charges.

WPI Response:

The numbers for 2012 on Staff-18 include the amounts from 4235 because this was a logical grouping of data. The correct November 30th numbers are $89,982 for 2011 and the $80,666 for 2012. We apologize for the inaccuracy of the numbers in our original response to 3.0-Energy Probe-17.

The total actual revenues from late payment charges to December 31, 2012 are $86,664 for 2012 based on our current (unaudited) account balances.

Energy Probe

3.0 Energy Probe #46

Ref: 3.0-Staff-13c &
3.0-VECC-12

a) Did WPI attempt to model purchases using the local employment data? If yes, please provide the model. If no, please provide a model using local employment data in place of Ontario data.

WPI Response:

WPI attempted a model using full-time employment for the Stratford-Bruce Economic region. Please see response to VECC IR 3-12 (a) for reasons why this was not chosen. Please find the results table below:

OLS, using observations 2004:01-2011:12 (T = 96)
Dependent variable: Wholesale kWh

	Coefficient	*t-ratio*	*p-value*

const	-351723	-0.0540	0.95709
HDD	27468.1	33.8643	<0.00001
CDD	102308	11.4134	<0.00001
Monthdays	930384	4.7980	<0.00001
SBFTEmploy	-7085.83	-0.2672	0.78996

R-squared	0.94	Adjusted R-squared	0.94
F(4, 91)	366.5	P-value(F)	3.37e-55
Theil's U	0.35	Durbin-Watson	1.34

b) Has WPI done any analysis to support the conclusion that Ontario employment data is a good proxy for economic activity in the WPI service area?

WPI Response:

Please see response to Board Staff IR 3-13 (c) and VECC IR 3-12 (a).

3.0 Energy Probe #47

Ref: 3.0 Energy Probe #12

a) Please confirm that the WPI equation has two residuals (difference between monthly actual and forecasted data) that exceed 4,000,000 kWhs - one in October, 2008 and one in October, 2010.

WPI Response:

WPI wishes to confirm the above.

b) Does WPI have any information related to its customers, and in particular its GS >50 kW customers, that might explain these two outliers, such as temporary plant shutdowns, strikes, etc.?

WPI Response:

No, WPI does not have information related to its customers, and in particular its GS >50 kW customers, that might explain these two outliers.

c) For the month of October of each year used in the model estimation, please provide the actual GS > 50 kWh consumption.

WPI Response:

Month	GS>50 kWh
October 2004	12,531,143
October 2005	8,753,666
October 2006	12,361,449
October 2007	13,323,923
October 2008	13,459,105
October 2009	13,947,047
October 2010	15,150,963
October 2011	13,776,662

d) Please re-estimate the WPI model by including a dummy variable that has a value of 1 in each of October, 2008 and October, 2010 and a value of 0 in all other months. Please provide the regression equation statistics and the forecast for 2013 that results from this equation.

WPI Response:

Please see results below.

OLS, using observations 2004:01-2011:12 (T = 96)
Dependent variable: WholesalekWh

	Coefficient	*t-ratio*	*p-value*
const	-2.5392e+07	-3.3940	0.00103
HDD	27651.4	41.0117	<0.00001
CDD	92871.3	12.0520	<0.00001
Monthdays	982390	5.9821	<0.00001
OntEmploy	3491.07	3.9289	0.00017
EPDummy	-5.0307e+06	-5.3738	<0.00001

R-squared	0.96	Adjusted R-squared	0.96
F(5, 90)	419.7	P-value(F)	9.54e-61
Theil's U	0.29	Durbin-Watson	1.50

The 2013 forecast based on the above equation would be 472,921,056.

However, based on the response to parts (b) and (c) above, it is unclear what is unique about October 2008 and October 2010 that would require a dummy variable for only those months. WPI has specified an alternative model with a dummy variable in each October from 2004 to 2011. Therefore, this would also continue into the forecast period. These results are displayed below.

OLS, using observations 2004:01-2011:12 (T = 96)
Dependent variable: WholesalekWh

	Coefficient	*t-ratio*	*p-value*
const	-2.25562e+07	-2.7329	0.00756
HDD	27452.7	36.3235	<0.00001
CDD	92377.3	10.5702	<0.00001
Monthdays	1.01299e+06	5.4939	<0.00001
OntEmploy	2929.36	3.0321	0.00317
EPDummyMod	-1.60379e+06	-2.9004	0.00468

R-squared	0.95	Adjusted R-squared	0.95
F(5, 90)	344.3818	P-value(F)	4.64e-57
Theil's U	0.33	Durbin-Watson	1.30

The 2013 forecast based on the above equation would be 469,361,138.

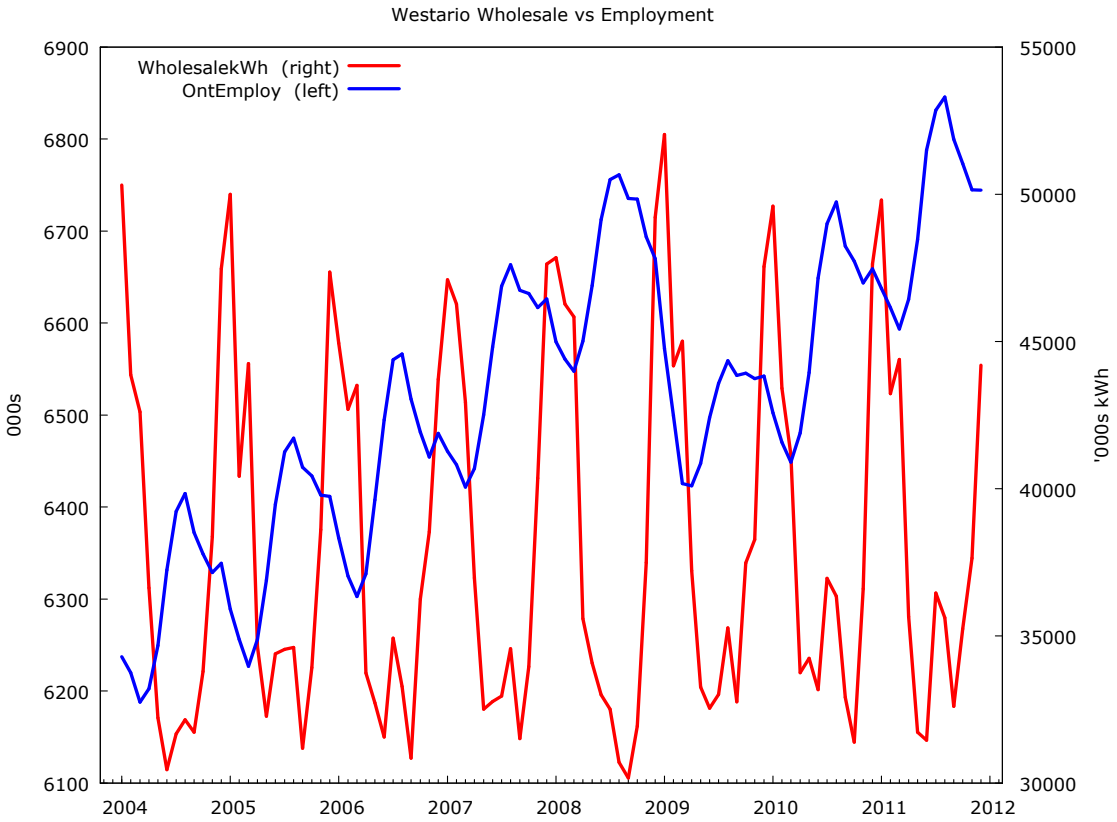
e) Is it possible, in the view of WPI, that the trend variable in the equation requested in Energy Probe interrogatory #12 is a proxy for conservation? If not, why not?

WPI Response:

WPI cannot form an opinion without further information and research. However, WPI notes that the trend variable in the equation requested by Energy Probe in its interrogatory #12 appears to have the wrong sign to be a proxy for conservation.

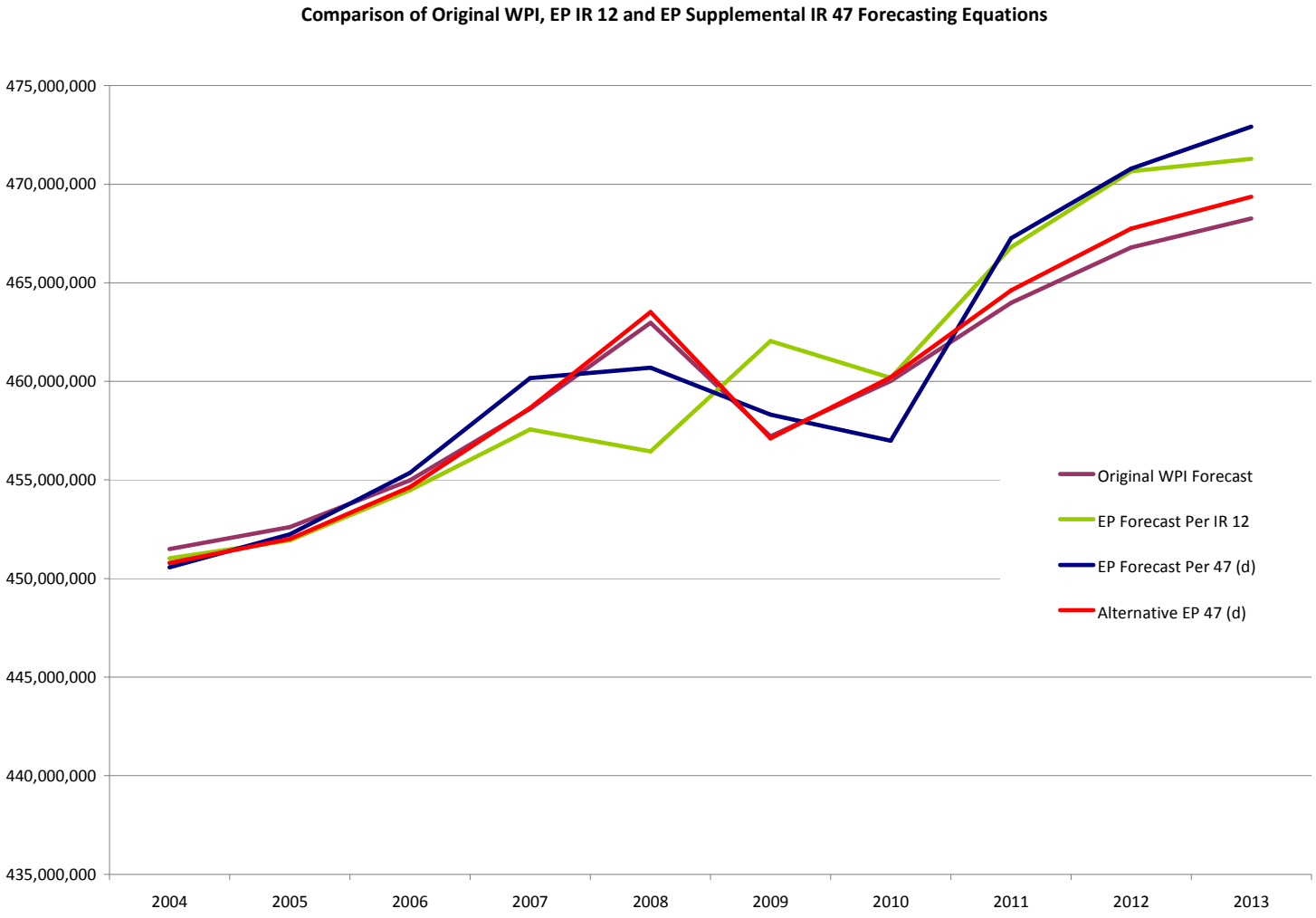
f) Please provide a graph similar to the one provided in the interrogatory response (page 65), but change the trend variable to the employment data used in the equation.

WPI Response:



g) Please provide a graph similar to the one provided in the interrogatory response (page 66), but include the original WPI forecast, the forecast from the equation requested in part (d) above and the forecast from the equation requested in Energy Probe # 12.

WPI Response:



h) The interrogatory response indicates that the Durbin-Watson statistic of 1.28 for the EP model is below the threshold of the D-W statistic for a regression with the number of specified regressors and observations. Please provide the number of observations (n) and the number of regressors (k), along with lower and upper figures (d_L and d_U) and the level of significance that supports this conclusion.

WPI Response:

The number of observations (n) = 96. The number of regressors, excluding the constant term (k') = 7; 5% critical values for Durbin-Watson statistic, n = 96, k' = 7 are: dL = 1.5151, dU = 1.8265. Savin and White tables for Durbin-Watson

statistic with 1% critical values for n=95 and k' = 7 are: dL = 1.381, dU = 1.690. The reported D-W statistic in the response was 1.26.

3.0 Energy Probe #48

Ref: 3.0-Staff-18

Please provide a revised version of Appendix 2-F that excludes interest income associated with regulatory asset accounts and OPA CDM related revenues and expenses.

WPI Response:

For the end of November 2012, the Interest on Regulatory assets was $114,987 and the remaining $37,589 was Interest and Dividend income. The approximation for the regulatory interest has been separated from interest and dividend income for the "2012 Estimate" columns only. The information for this Supplemental IR is in the column labeled "re. EP #48" and the OPA CDM related revenues and expenses have been omitted as requested in this IR.

The reader should note that year end entries remain outstanding at this time. The appendices has been updated to reflect current unaudited yearend data plus forecasted adjustments for yearend entries based on both known and historical data. This information has been recorded in Tab "App.2-F_Other_Oper_Rev_2012Est" in the excel file WPI EB-2012-0176 2013COS Filing_Requirements_Chapter2_Appendices_V1.1_amended_20130218.

SEC

There are no supplemental IR`s from SEC for Exhibit 3.

VECC

3.0-VECC – 37

Reference: 3.0-Staff-16 e) and f)

a) The response to part (e) does not explain why the average of the 2006-2011 savings was used to make the "adjustment" as opposed to,

for example, the anticipated savings in 2011 (5,142 MWh per part (a)). Please provide a more fulsome response.

WPI Response:

WPI used the averages as proxy only for determining the adjustment, as the final OPA 2011 results were not readily available. WPI was of the opinion that this was, while not perfect, as reasonable a determination of the adjustment at the time.

3.0-VECC – 38

Reference: 3.0-VECC 14 b)
3.0-VECC 15 d)

a) VECC 14 b) does not respond to the question as posed. Does the approach utilized by Westario account for the fact that the 2011 actual data reflects not only the persisting effects of programs implemented in 2006-2010 but also the impact of CDM programs implemented in 2011?

WPI Response:

WPI would agree that the weather-normalized load forecast does include some component of the 2011 CDM programs. Board staff IR 3.0 Board 69 might suggest that a simple one half of the 2011 programs are included, using the half year rule. WPI would agree in principle that some complement of the 2011 OPA programs influence the weather-normalized forecast when extrapolated to 2013. However WPI would not be in a position to quantify that inclusion, only to suggest that the influence is marginal at best.

b) With respect to VECC 15 d), please provide the details showing the determination of the values in Column B for the table provided under the 3rd bullet and reconcile the values used with those from the OPA CDM reports for 2011 and 2006-2010.

WPI Response:

As shown below 2006 to 2010 reconcile with the Final OPA 2006 to 2010 Net kWh and 2011 includes the Final OPA 2006 to 2010 Net kWh 2011 persistence and Final OPA 2011 net kWh.

2006 - 2010 & 2011 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	3,741,769	3,380,365		
GS<50 (kWh)			901	29,289	527,131	1,364,993	480,579		
GS>50 (kWh)		103,059	103,059	367,383	1,861,591	1,641,320	815,282		
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	6,748,082	4,676,226	446,250,830	100.0%

2006 2010

Net Energy Savings (MWh)

#	Program Year	Results Status	2006	2007	2008	2009	2010	2011
1	2006 Programs	Final	1,942	1,942	1,942	1,942	337	337
2	2007 Programs	Final	0	1,323	1,017	979	979	979
3	2008 Programs	Final	0	0	933	931	931	931
4	2009 Programs	Final	0	0	0	948	672	672
5	2010 Programs	Final	0	0	0	0	2,714	2,223
Total			**1,942**	**3,265**	**3,892**	**4,800**	**5,633**	**5,142**

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

Implementation Period	Annual				Cumulative
	2011	2012	2013	2014	2011-2014
2011 - Verified	1.61	1.61	1.60	1.52	6.33
2012					
2013					
2014					

5142
1606
6748

c) Now that the final 2011CDM results are available, please comment on the appropriateness of using the table provided in response to VECC 15 d) – third bullet as the basis for the CDM adjustment.

WPI Response:

WPI would not agree that using the response to VECC 15 d) – third bullet as the basis for the CDM adjustment would be reasonable as it potentially understates the CDM adjustment by reducing the recovery to 20%. WPI would propose that the response to VECC 15 d) – first bullet as the basis for the CDM adjustment would be the more reasonable adjustment as the 30% recovery is reasonable. WPI bases this on the projected results from the table prepared by Board Staff

presented in IR 3.0 Board 69s (reproduced below) suggesting that WPI would recover 30.91% in 2013.

Load Forecast CDM Adjustment Work Form (2013)

4 Year (2011-2014) kWh Target:					
		20,950,000			
	2011	2012	2013	2014	Total
		%			
2011 CDM Programs	7.67%	7.67%	7.65%	7.23%	30.22%
2012 CDM Programs		11.63%	11.63%	11.63%	34.89%
2013 CDM Programs			11.63%	11.63%	23.26%
2014 CDM Programs				11.63%	11.63%
Total in Year	**7.67%**	**19.30%**	**30.91%**	**42.12%**	**100.00%**

EXHIBIT 4 – OPERATING COSTS

Board Staff

4.0-Staff-72s

Ref: 4.0-Staff-21- OM&A Inflation

In its response, WPI states: "The inflation rate [for unknown OM&A expenses] was based on the Bank of Canada's Inflation-Control Target rate of 2%."

What is the rationale for using the Bank of Canada's Inflation-Control Target as opposed to actual recent historical data or short-term forecasts from other agencies (e.g. The Conference Board of Canada) of measures such as CPI or GDP-IPI as the basis for other unknown non-labour OM&A test year inflationary increases?

WPI Response:

The cornerstone of the Bank of Canada's monetary policy framework is its inflation-control system. The Bank of Canada is a well-known, reliable and widely used source in establishing inflation rates, not to mention the prescribed interest rates approved by the OEB . The Central Bank's system provides a clear measure of the effectiveness of monetary policy, and increases the predictability of inflation.

In addition, at page 16 of the Report of the Board entitled "Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach" issued October 18, 2012, the Board quotes the Bank of Canada as an objective source.

> ***"the inflation factor must be constructed and updated using data that is readily available from public and objective sources such as, for example, Statistics Canada, the Bank of Canada, and Human Resources and Social Development Canada;"***

4.0-Staff-73

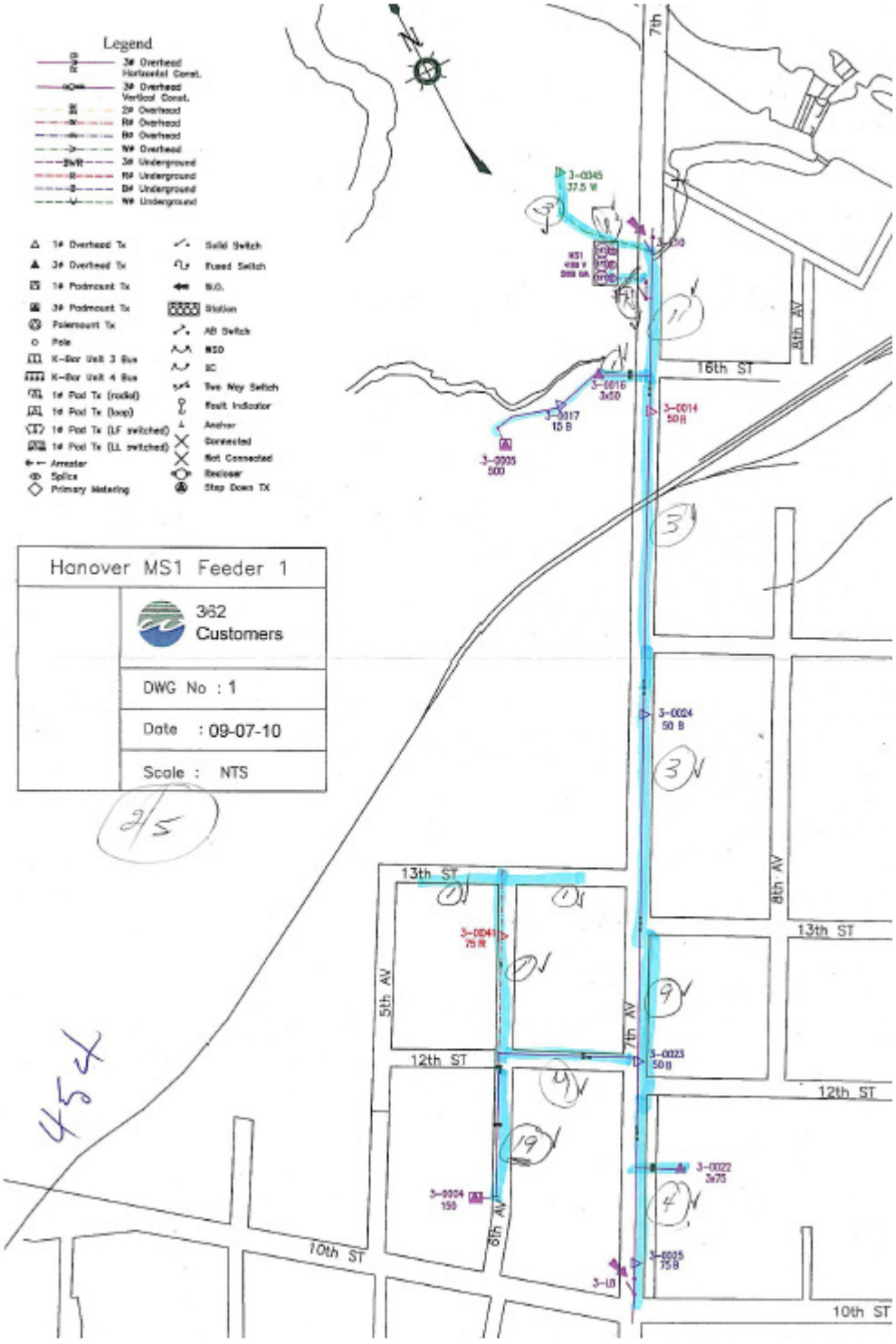
Ref: 4.0-Staff-26
4-SEC-18
Exhibit 2/Tab 4/Schedule 4, Appendix A1, Distribution Asset Management Plan (DAMP)

In response to 4.0-Staff-26 a) WPI provided a table identifying number of trees, density, number of customers and priority rates upon which WPI has established its forestry cycle maintenance. WPI stated that the vegetation study was conducted by an independent third party contractor.

a. Please provide all reports and recommendations received from the third party contractor.

WPI Response:

WPI has provided the results of the vegetation study as per Board Staff IR # 26. In addition to the previously filed evidence, the additional information received from the third party contractor included copies of the distribution maps that included hand written notes and counts of trees per feeder. An example of such is provided on the following page.


Legend
Hanover MS1 Feeder 1
362 Customers
DWG No : 1
Date : 09-07-10
Scale : NTS
7th
16th ST
13th ST
12th ST
10th ST
5th AV
7th AV
8th AV
8th AV
3-0045 37.5 W
3-0016 3x50
3-0017 15 B
3-0014 50 B
3-0024 50 B
3-0023 50 B
3-0022 3x75
3-0025 75 B
3-0041 75 B
3-0034 150
3-0035 500

b. Please provide the credentials of the third contractor conducting the study.

WPI Response:

The third party conducting the study was a forester with Hydro One Networks from 1975 to 1986. From 1986 to 1994, the individual was a Level I and Level II supervisor overseeing a staff of 14 employees and a fleet of 6 bucket trucks within the Forestry Department. Upon retirement, the third party contractor has worked with other LDCs to assist in establishing a cost effective forestry program.

c. In its DAMP, WPI noted that since the merger, tree trimming in all communities is carried out on a rotating five year schedule. WPI further stated that trees are trimmed sufficient to provide the required clearance for the five year timeframe. Please highlight the changes in the new tree trimming regime, i.e. number of trees, frequency of cycles to explain the increased costs.

WPI Response:

Prior to the completion of the vegetation study there was no systematic approach to the tree trimming activities. Historically, WPI had identified areas that required trimming based on patrolling of the lines and/or calls received from municipalities. Tree trimming was conducted by WPI line crews that, while trained in arborist techniques, may not have been able to easily identify the growth cycle of the vegetation within WPIs service territory and trim the trees accordingly.

In order to ensure that WPI maintain and improve the reliability of its system; WPI felt it prudent to conduct a vegetation study in an effort to develop a cost effective forestry program. The study has been extremely beneficial in that it has identified not only the rating of 1-5 (good to poor) areas; but has also identified vegetation by station, feeder, and number of customers on each of the feeders. This has allowed WPI to make better decisions on where to focus its vegetation program costs based not only on the priority, but also on the number of customers that would be affected should there be damage due to fallen tree limbs or contacts. WPI feels confident that the implementation of the forestry program will provide long term benefits by decreasing outages to our customers, insuring the reliability and safety of the distribution system and increasing public safety.

d. Please provide a cost benefit analysis and/or results of the tender process for this service including the provider chosen. Please state if the service provider is independent of the third party that conducted the vegetation study.

WPI Response:

WPI undertook a closed bid tender process for its tree trimming services. Given the nature of the closed bid process WPI submits that it cannot provide the results of the tender without contacting the companies that submitted a bid as it would mean disclosing their proprietary information. Having said that, WPI acknowledges that the vendors were evaluated independently based on a pre-determined set of criteria, including but not limited to experience, safety, ability to meet obligations and price. Based on the independent valuation the successful vendor was Davey Tree. The price that was provided by Davey Tree is less on a per hour basis than if we were to conduct the work internally; and in addition does not include incremental costs such as additional training, and equipment had this work been completed by WPI staff.

WPI confirms that the third party that conducted the vegetation study is independent of the of the service provider chosen for the vegetation activities, and further confirms that they were not involved in any part of the tender process.

e. In response to 4-SEC-18 WPI updated it's table listing purchases from suppliers. It shows a cost of $66,884.80 for David Hawkings Line Service Inc. and $152,671.05 for Davey Tree Expert Co. under tree trimming expenses for a total of $219,555.85. Did WPI incur any other tree trimming expenses in 2012?

WPI Response:

In this case the purchases from David Hawkins Line Service was not for Tree Trimming, but rather for third party construction services. There is, however, an additional Purchase Order (PO) to Davey Tree Expert Co. for $141,513. Eighty-six percent of this PO has been accrued to 2012. In addition to external tree trimming contracts there are WPI labour and engineering burden costs of $194,975 expended for tree trimming.

Our current (unaudited) amount spent on tree trimming in 2012 is $469,129. 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.

f. Please provide a breakdown and further explanation regarding WPI's proposed tree trimming expenses of $580,000 (MIFRS) for the 2013 test year.

WPI Response:

The tree trimming expenditures of $580,000 (MIFRS) for the 2013 test year are comprised of the following:

Contracted Services	*434,000*
WPI Labour & Burdens	*146,000*
Total	*$580,000*

4.0-Staff-74

Ref: 4.0-Staff-28 – Meter Reading Costs

With reference to the breakdown of meter reading expenses that will be charged to Account 5310 upon disposition of smart meter costs:

a. Please explain why WPI estimates ongoing annual training and department integration expenses on an annual basis and increasing from $36,000 to $39,000 from 2013 to 2016. Please also explain how these expenses are assigned to this account;

WPI Response:

The costs included in this line are for contracted Sync Operator services as well as ongoing training expenses for the CCS Manager and staff for each version/upgrade of EA_MS and MDM/R interfaces. The annual increase is estimated at 2% per year.

b. Please explain why WPI is estimating ongoing annual TOU marketing material ranging from $26,000 to $27,000 from 2013 to 2016. Please explain how these expenses are assigned to this account.

WPI Response:

The costs included in this line are for contracted services of marketing material and corporate website updates to educate WPI customers surrounding provincial mandated Time of Use rates and consumption use.

4.0-Staff-75

Ref: 4.0-Staff-29
4.0-VECC-19

In response to 4.0-Staff-29 b) WPI noted that expenditures related to holiday celebrations are not recorded in the December period and are therefore not reflected in the amounts provided. In response to 4.0-VECC-19 WPI noted that approximately $425 per employee or $15,000 is spent on staff relations events (i.e. Christmas party, family events).

a. Please provide the year-end expenditure for account 5410

WPI Response:

The total year-end expenditure for account 5410 is $17,120.

4.0-Staff-76

Ref: 4.0 Energy Probe #19 b)

WPI stated that the 'Other' category should have been stated as $54,425 opposed to $(105,575) for the 2012 bridge year. Appendix 2-J shows $229,000 for the 2013 test year, which is an increase of $174,575.

a. Please provide a breakdown of costs captured under 'Other' in Appendix 2-J.

WPI Response:

As per Exhibit 4, Tab 2, Sch 1, page 1 of its original submission, WPI stated that "for the purpose of identifying cost drivers, the applicant has established a materiality threshold of $50,000, which is consistent with the materiality threshold for the variance analysis. The cumulative amount of costs that have not been identified as cost drivers, are shown in 'Other' in Table 1".

In addition, in response to Energy Probe IR #19 f, WPI stated "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".

Please see below a table that provides a listing by account for the 'Other' total of $229,000 for the 2013 Test Year as well as the reference to submitted evidence for the variance over 2012 Bridge Year.

	2013 Test Year	2012 Bridge Year	Variance	Reason for Variance - please see the following References		
				Original Submission	Interrogatories	Supplemental Interrogatories
5114-Maintenance of Distribution Station Equipment	$ 222,000	$ 241,000	-$ 19,000	Ex 4, Tab 3, Sch 1, pg 1-2 of 30		
5160-Maintenance of Line Transformers	$ 124,000	$ 107,000	$ 17,000	Ex 4, Tab 3, Sch 1, pg 3 of 28	Board Staff 23	
5040-Underground Distribution Lines and Feeders - Operation Labour	$ 216,000	$ 193,000	$ 23,000	Ex 4, Tab 3, Sch 1, pg 4 & 5 of 28 + Irs		
5065-Meter Expense	$ 113,000	$ 81,000	$ 32,000	Ex 4, Tab 3, Sch 1, pg 6 of 28	Board Staff 24	
5085-Miscellaneous Distribution Expense	$ 5,000	$ 15,000	-$ 10,000	Ex 4, Tab 3, Sch 1, pg 7 of 28		
5105-Maintenance Supervision and Engineering	$ 18,000	$ 18,000	$ -	Ex 4, Tab 3, Sch 1, pg 7 of 28	VECC 20 a	
5120-Maintenance of Poles, Towers and Fixtures	$ 146,000	$ 110,000	$ 36,000	Ex 4, Tab 3, Sch 1, pg 8 of 28	SEC 9	
5125-Maintenance of Overhead Conductors and Devices	$ 141,000	$ 124,000	$ 17,000	Ex 4, Tab 3, Sch 1, pg 9 of 28		
5130-Maintenance of Overhead Services	$ 134,000	$ 111,000	$ 23,000	Ex 4, Tab 3, Sch 1, pg 10 of 28	Board Staff 25	
5155-Maintenance of Underground Services	$ 195,000	$ 183,000	$ 12,000	Ex 4, Tab 3, Sch 1, pg 10 of 29		
5135-Overhead Distribution Lines and Feeders - Right of Way	$ 447,000	$ 431,000	$ 16,000	Ex 4, Tab 3, Sch 1, pg 11 & 12 of 28 + Irs	Board Staff 26 & SEC 10	4.0-Staff-73
5145-Maintenance of Underground Conduit	$ 71,000	$ 42,000	$ 29,000	Ex 4, Tab 3, Sch 1, pg 13 of 28	Board Staff 27	
5305-Supervision	$ 18,000	$ 18,000	$ -	Ex 4, Tab 3, Sch 1, pg 13 of 28		
5310-Meter Reading Expense	$ 276,000	$ 272,000	$ 4,000	Ex 4, Tab 3, Sch 1, pg 14 of 28	Board Staff 28 & VECC 18	4.0-Staff-74 & 4.0-VECC-40
5315-Customer Billing	$ 356,000	$ 352,000	$ 4,000	Ex 4, Tab 3, Sch 1, pg 15 of 28		
5320-Collecting	$ 435,000	$ 392,000	$ 43,000	Ex 4, Tab 3, Sch 1, pg 15 & 16 of 28		
5330-Collection Charges	$ 37,000	$ 34,000	$ 3,000	Increase in costs from third party collection agency		
5335-Bad Debt Expense	$ 69,000	$ 62,000	$ 7,000	Ex 4, Tab 3, Sch 1, pg 16 of 28	VECC 19 a	
5410-Community Relations - Sundry	$ 25,000	$ 25,000	$ -	Ex 4, Tab 3, Sch 1, pg 17 & 18 of 28	Board Staff 29 & VECC 19 b	4.0-Staff-75
5420-Community Safety Program	$ 14,000	$ 14,000	$ -	Ex 4, Tab 3, Sch 1, pg 17 & 18 of 29		
5425-Miscellaneous Customer Service and Informational Expenses	$ 7,000	$ 6,000	$ 1,000	Ex 4, Tab 3, Sch 1, pg 17 & 18 of 30		
5605-Executive Salaries and Expenses	$ 525,000	$ 542,000	-$ 17,000	Ex 4, Tab 4		
5610-Management Salaries and Expenses	$ 373,000	$ 408,000	-$ 35,000	Ex 4, Tab 4		
5615-General Administrative Salaries and Expenses	$ 136,000	$ 120,000	$ 16,000	Ex 4, Tab 4		
5620-Office Supplies and Expenses	$ 507,000	$ 478,000	$ 29,000	Ex 4, Tab 3, Sch 1, pg 21-23 of 28		
5635-Property Insurance	$ 105,000	$ 122,000	-$ 17,000	Ex 4, Tab 3, Sch 1, pg 24 of 28		
5655-Regulatory Expenses	$ 132,500	$ 117,500	$ 15,000	Ex 4, Tab 2, Sch 3		
5660-General Advertising Expenses	$ -	$ -	$ -	Ex 4, Tab 3, Sch 1, pg 26 of 28		
5665-Miscellaneous General Expenses	$ 37,000	$ 37,000	$ -	Ex 4, Tab 3, Sch 1, pg 26 & 27 of 28		
5675-Maintenance of General Plant	$ 85,000	$ 85,000	$ -	Ex 4, Tab 3, Sch 1, 27 & 28 of 28		
Total of 'Other'	4,969,500	4,740,500	*$ 229,000*			

The table above is also provided in Excel in the workbook entitled WPI EB-2012-0176 Supplemental IR Tables_20130218 and submitted with these supplemental interrogatories.

b. Please provide reasons for the increase in the 2013 test year.

WPI Response:

The references for the reasons attributed to the increase of $229,000 in the 2013 test year is provided in the table above in response to part a.

Energy Probe

4.0 Energy Probe #49

Ref: 4.0 Energy Probe #23b

Part (b) of the question was meant to reference the 2013 test year. Has WPI claimed any of the tax credits noted in the response to part (a), in the 2013 PILs calculation? If not, why not. Please quantify the amount of the credits available for the 2013 year.

WPI Response:

WPI has not claimed any of the Federal or Provincial Investment Tax Credits for Apprentices as WPI does not have any eligible Apprentices in 2013.

4.0 Energy Probe #50

Ref: 4-SEC-17

The updated Appendix 2-K shows total compensation costs for 2012 (actual) of $2,860,409 while the MIFRS forecast for 2012 was $3,081,763.

a) Are the actual expenditures for 2012 directly comparable to the 2012 MIFRS forecast for the components up to and including the total compensation line?

WPI Response:

WPI acknowledges that the compensation costs for 2012 (actual) would be the same under CGAAP as MIFRS. There is a difference in the Total Compensation Capitalized under CGAAP vs. MIFRS. Appendix 2-K has been amended accordingly and is submitted with the Supplemental IRs as EB-2012-0176 2013COS Filing_Requirements_Chapter2_Appendices_V1.1_amended_20130218.xlsm

b) Please confirm that the amount charged to OM&A under CGAAP is approximately $235,000 less on an actual basis than that charged on the forecast basis (i.e. $1,555,367.75 vs. $1,790,920).

WPI Response:

WPI confirms the numbers above as submitted.

SEC

4-SEC-26

[4-SEC-13, IRR p.109]

Please explain the reasons for the vacancies. Please also explain how the Applicant handled any workload capacity issues due to the vacancies.

WPI Response:

The position of Chief Financial Officer ('CFO') was vacant from January 1 – May 19, 2009 as the CFO was promoted to the position of Chief Executive Officer ('CEO') due to the retirement of the CEO. The incumbent that was hired on May 19th subsequently left their employ at WPI in order to accept a position as a CFO closer to his residence. The position of CFO was subsequently filled on January 4, 2010.

The Manager of Operations was vacated in April 2009; due to termination. The position remained vacant until March 1, 2010. The incumbent that was hired on March 1, 2010 remained in the position until February 20, 2011; at which time he resigned to take a position with Hydro One Networks Inc.

The Accounting Supervisor position was vacant from October 18, 2010 until April 30, 2011 as the individual was on a Maternity Leave.

The Line Supervisor position became vacant on March 1, 2009 due to a retirement. The position was later filed on November 2, 2009; however, the individual resigned in January of 2010 to work for an LDC that was closer to their residence.

While the above positions were vacant, the workload was typically allocated to other managers. During these times of vacancies, other managers often worked extra hours and assumed additional duties to ensure that the obligations of the corporation were met. In the Operations Department, WPI did utilize contractors to assist with the planning and design of its capital projects to ensure that its capital projects remained on track and that the needs of WPIs customers was met.

4-SEC-27

[4-SEC-18, IRR p.119]

Please provide details about the 2012 expense payable to Westario Power Inc.

WPI Response:

The expense paid to Westario Power Inc. for 2012 were for costs associated with WPIs monthly electricity bill for its main office facility and the various substation locations.

4-SEC-28

[4-VECC-21, IRR p.124]

Please explain why the Applicant has violated its own purchasing policy with regards to its insurance contracts with The MEARIE Group.

WPI Response:

WPI is of the opinion that it has not violated its own Purchasing Policy. Please refer to the response to 4.0-VECC-41 for further information.

VECC

4.0-VECC – 39

Reference: 4-Staff-24

a) The response to this interrogatory implies that Westario expects to replace 7.5% of all smart meters between 2012 and 2016 (i.e. 1.5% per year). Is this correct? If so is the 1.5% failure rate budgeted into the 2013 capital budget?

WPI Response:

Based on the failure rates that WPI has experienced in 2011-2012, a forecasted replacement of 1.5% per year is correct. The 1.5% failure rate has been budgeted in Account 5175 maintenance of meters as this change out will be a like for like replacement and as such is not a betterment or improvement to our system.

4.0 – VECC – 40

Reference: 4-Staff-28 / 4-VECC-18

a) Please provide a breakdown of 2009 meter reading costs in a table format similar to that of Staff #28 and which reconciles the similar figures and categories in the table given in response to VECC-18.

WPI Response:

Please see the table below for a breakdown of 2009 meter reading costs in a table format similar to that of Staff #28 and which reconciles the similar figures and categories in the table given in response to VECC-18:

	2009 Actual	2013 Budget
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	201,019	14,000
Meter reading for interval customers	71,913	65,000
Total	**$272,932**	**$ 276,000**

b) Please explain why the Whitecap presentation tool requires approximately $14,000 in expenditures in 2013 and each subsequent year.

WPI Response:

The interrogatory noted above [part (b)] indicates that the Whitecap presentation tool requires approximately $14,000 in expenditures in 2013 and each subsequent year; however the reader should note that as per 4.0-Staff-28, the Whitecap presentation tool was budgeted at $13,000 in 2013 and the budgeted amount increases $500 per year from 2014 to a total of $14,500 in 2016.

The 2013 expenditure is based on a $6,000 per year license fee plus a fee based on WPI's customer base (23,000) x $.025/month x 12 months = $6,900 and WPI has added a 3.8% increase for the next three years, consisting of anticipated increase in the fees plus customer base increases.

c) Please explain what training costs of approximately $38,000 per year are required from 2013 and onward.

WPI Response:

Please refer to the response to 4.0-Staff-74.

4.0 - VECC- 41

Reference: 4-VECC-21

a) Please explain why the insurance products purchased from MEARIE were not subject to a tender process? The amount shown paid for this policy(ies) in 2011 is 283k and would appear to indicate that the purchase of these products by quotation was in violation of Westario's purchasing policy. Please explain?

WPI Response:

WPI is of the opinion that it did not violate its Purchasing Policy. Section 6.3 of WPI's Purchasing Policy states the following:

6.3 Sealed Tenders (value above $100,000)

Goods and services with a total value above $100,000 **may** be priced through sealed tenders.

WPI believes its arrangement with MEARIE is consistent with the Purchasing Policy in that we have had a long term partnership that has been proven to be cost effective and beneficial to WPI. MEARIE provides liability, property and vehicle insurance for WPI. Westario's due diligence has left it satisfied that it receives value for the money from its property/casualty insurance from MEARIE in ways such as the following:

- *Westario Management is familiar with insurance and recently had insurance (property – up until December 2011) in place with a broker/insurer other than MEARIE. WPIs dealings in transitioning its property insurance to MEARIE specifically allowed us to conclude the MEARIE offering was more attractive from both a premium and coverage perspective.*
- *Because MEARIE is a reciprocal insurance exchange, it operates on a no profit, income tax exempt basis. In the event MEARIE overestimates exposures, it can provide Subscribers with premium reductions which are extended from time to time, as determined by the MEARIE Board of Directors*
- *WPIs experience with MEARIE has shown it to be responsive to claims. We have not experienced a disruption in coverage. MEARIE provides stability which is the goal of establishing Partnership Agreements.*

From a Group Benefits perspective, the Group life insurance plan has a long history and was created in 1929 by an Order-In-Council with Ontario Hydro being delegated, under the Power Corporation Insurance Act, full authority to act as agent of the municipal electric utilities.

In 1997, the former MEA replaced Ontario Hydro as the Policyholder acting on behalf of the utilities participating under the Municipal Hydro Electric Group Life Insurance Plan. MEARIE was assigned responsibility for the overall management and operation of the Life plan. MEARIE has been diligent to provide comprehensive coverage and competitive rates based on a sustainable underwriting methodology supported by actuarial analysis. The mandate is to oversee the program in a fiscally responsible manner to ensure it will sustain the long-term obligations expected from its members.

EXHIBIT 5 - COST OF CAPITAL AND RATE OF RETURN

Board Staff

5.0-Staff-77

Ref: 5.0-Staff-31c)

WPI noted that it updated its affiliated debt rate to 4.08%. On November 15, 2012 the Board issued Cost of Capital Parameter Updates for 2013 Cost of Service Applications for Rates Effective January 1, 2013 which determined a deemed long-term debt rate of 4.03%. Please confirm that the updated long-term debt rate on affiliated debt should have read 4.03%. If not, please explain how WPI derived a debt rate of 4.08%. Does WPI agree that its long-term debt rate will be updated based on new cost of capital parameters

WPI Response:

WPI acknowledges that it had erroneously calculated the deemed long – term debt rate at a rate of 4.08% as opposed to the 4.03% as per the Board issued Cost of Capital Parameter Updates for 2013 Cost of Service Applications for Rates Effective January 1, 2013.

WPI agrees that its long term debt rate on affiliated debt will be updated based on the new costs of capital parameters when they are issued by the Board.

Energy Probe

5.0 Energy Probe #51

Ref: 5.0 Energy Probe #25 &
5.0-Staff-31c

a) Please explain the source of the 4.08% rate on all affiliate debt stated by WPI in the response to part (c) of 5.0-Staff-31.

WPI Response:

Please see response to Board Staff Supplemental IR #77.

b) Please provide an updated Appendix 2-OB that reflects the updated calculation used by WPI in the calculation of the long-term debt rate of 5.28%.

WPI Response:

As per response to Board Staff Supplemental IR #77; WPI acknowledges that the incorrect rate of 4.08% had been applied to affiliate debt. WPI has updated the debt rate on affiliate debt to 4.03%; and updated Appendix 2-OB accordingly. By updating the rate on affiliate debt, the long term debt rate is reduced to 5.26%. Please see attached EB-2012-0176 2013COS Filing_Requirements_Chapter2_Appendices_V1.1_amended_20130218.xlsm with updated Appendix 2-OB.

5.0 Energy Probe #52

Ref: 5.0 Energy Probe #28 & Appendix 2-OB

Please reconcile the interest rates shown on the first two CIBC loans shown in Appendix 2-OB, both with start dates in 2007, or 6.13% and 6.18% respectively with the CIBC loans shown in the table provided in the response to 5.0-Energy Probe #28 of 6.09% and 5.97%. Please explain the apparent increase in the rates related to these loans.

WPI Response:

WPI provided the following chart in response to Energy Probe IR #28.

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

The chart above includes the effective interest rate that was approved as part of WPI's 2009 Cost of Service Application (EB-2008-0250).

When WPI submitted its rate application in 2009, it was calculated based on a model that had been developed by Elenchus Research Associates ('ERA'). The 'Effective Rate' calculated by the ERA model was determined by incorrectly dividing the annual interest by the opening balance. This is incorrect, as the two CIBC loans were in place for the whole year, therefore, it should have been based on the actual interest rate as noted in the table below

Description	Amount	Issue Date (dd-mmm-yyyy)	Term Date (dd-mmm-yyyy)	Interest Rate (a)	Due to Affiliate?	Annual Cost (c)	Effective Rate
Notes Payable to Shareholders	5,260,461	1-Feb-2002	no term	5.47%	YES	287,747	5.47%
CIBC	2,406,155	3-Jul-2007	3-Jul-2027	6.18%	NO	146,445	6.09%
CIBC	5,281,424	28-Jun-2007	28-Jun-2022	6.13%	NO	315,161	5.97%
CIBC	2,000,000	1-Jul-2009	1-Jun-2024	5.23%	NO	104,600	6.09%

WPI submits that the rate of interest submitted and approved under its 2009 Cost of Service Application (EB-2008-0250) was lower than actual, and as per evidence submitted as Attachment 3 in WPIs Interrogatory Response submitted January 21, 2013; the two CIBC loans are at a rate of 6.13% and 6.18% respectively.

SEC

There are no supplemental IR`s from SEC for Exhibit 5.

VECC

There are no supplemental IR`s from VECC for Exhibit 5.

EXHIBIT 6 – REVENUE DEFICIENCY/SUFFICIENCY

No Supplemental Interrogatories

EXHIBIT 7 - COST ALLOCATION

Board Staff

7.0-Staff-78

Ref: 7.0-Staff-34, 7.0-Staff-35, 7.0-VECC-24.0 – Cost Allocation

a. Taking into account all updates to costs, revenues, customer and connection counts and consumption and demand, and any corrections to parameters and data inputs for the Cost Allocation model as a result of the initial and supplementary rounds of interrogatories, please provide an updated Cost Allocation model. In addition to a summary of the results, please file the updated model in working Microsoft Excel format if there are material charges.

WPI Response:

Please see attached updated Cost Allocation file named WPI EB-2012-0176 Westario_Cost_Allocation_Model_V3 -Feb 2013.xlsm.

b. Please provide a summary table in similar format to that provided in the response to 7.0-Staff-35, with the addition of a second-right most column showing the results from the updated Cost Allocation model from a) above.

WPI Response:

	2009	Targets	Updated CA Model (per part a above)	Proposed Ratios (as per original submission)
Residential	92%	85-115	94.0%	98%
GS<50	99%	80-120	90.60%	101%
GS>50	152%	80-120	153.75%	120%
USL	232%	80-120	231.43%	120%
Sentinel Lights	52%	70-120	51.93%	80%
Street Lights	72%	70-120	72.28%	72%

Energy Probe

There are no supplemental IR`s from Energy Probe for Exhibit 7.

SEC

There are no supplemental IR`s from SEC for Exhibit 7.

VECC

7.0-VECC – 42

Reference: 7.0-VECC 24 b) & c) & d)
Smart Meter Model, Sheet 10A

a) With respect to the updated Smart Meter Model, what is the basis for the Weighted Meter Cost – Capital shown for each class (e.g. Residential – 76%)? Please provide a schedule setting out the calculations.

WPI Response:

The basis for the Weighted Meter Cost – Capital shown for each class on Smart Meter Model, Sheet 10A is as per the response to 9.0-Staff-46. The table in 9.0-Staff-46 has been based on the actual costs incurred by each class in each year. For expenditures that related to a specific class, the expenditure was allocated to that class. For expenditures that were not specific to any class, they were allocated amongst the classes proportionate to the number of customers in each class that would benefit from the expenditure.

As per the table in 9.0-Staff-46, the total weighted meter cost was Residential – 72%, GS<50 kW – 26% and GS>50% - 2%.

b) The CA Model (Sheet I7.1) shows GS>50 with 3 smart meters whereas the Smart Meter model (Sheet 10A) shows 240. Please reconcile.

WPI Response:

The CA Model (Sheet I7.1) shows GS>50 with 3 smart meters as this was the smart meters that had been installed for this rate class at the end of 2011 (the base year for the CA Model).

The Smart Meter model (Sheet 10A) shows 240 smart meters as this will be the total number of GS>50 customers that will have smart meters installed. Using 240 in the Smart Meter model will ensure that the recovery of the costs will be allocated across the proper number of customers.

Further to the above information the CA Model has been updated to include smart meters for 240 GS>50 customers.

c) Contrary to the response to VECC 24 d), the Smart Meter Capital weighting factors are not consistent with the number of meters installed (e.g. for residential the values are 76% vs. 88%). Please reconcile and explain the difference.

WPI Response:

7.0-VECC-24.0 (c) should have read that Row 25 is based on the weighted cost by meter class. The Smart Meter Model was revised to correspond to the weighting shown below:

Class	***Total Costs***	***Percent***
Res	*$2,971,574*	*72%*
GS<50	*$1,094,156*	*26%*
GS>50	*$83,982*	*2%*
Total	*$4,149,172*	*100%*

The weighted cost by meter class is different than the weighting factor based on the number of smart meters installed by class (which is what had been identified in error in 7.0-VECC-24.0 (c) and further referenced in 7.0-VECC-24.0 (d)). The weighting factor based on the number of smart meters installed by class is:

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

Total	*22,218*	*100%*

d) Based on the preceding responses, are any revisions required to either the CA Model or the Smart Meter Model? If so, please outline and update the relevant models.

WPI Response:

The Smart Meter model should not be revised based on the preceding responses. Sheet 10A of the Smart Meter model has the weighted cost per customer class input in Row 25 as this is the true weighing of the expenditures incurred upon implementation of the smart meter program.

Row 48 of Sheet 10A remains at the original weighting which is based on smart meters installed because the smart meter rate rider revenues received from customers between 2006-2011 were consistent between customer classes.

We understand that through the Smart Meter model that, for example, the residential class has contributed 88% of the total revenues in comparison to only incurring 72% of the total revenue requirement plus interest on OM&A and depreciation expense. Therefore, the weightings in Row 25 and Row 48 will allow for an equitable true up by customer class of the differential Net Deferred Revenue Requirement to be recovered via SMDR.

The updated CA Model included in this filing has been updated to be consistent with the SM Model.

EXHIBIT 8 – RATE DESIGN

Board Staff

8.0-Staff-79

Ref: 8.0-Staff-38 c)

In response to 8.0-Staff-38 c) WPI noted that it's projected 2013 LV costs are based upon the Sub-Transmission rates applied for by Hydro One in EB-2009-0096. On December 20, 2013 the Board issued a rate order (EB-2012-0136) on Hydro One charges for Sub Transmission ST effective January 1, 2013.

a. Please update WPI's estimated LV 2013 costs using the latest sub transmission rates as per EB-2012-0136.

WPI Response:

The tab labelled "8.0-STAFF-79a-VECC-44a" in the Excel file WPI EB-2012-0176 Supplemental IR Tables_20130218 *was populated with KW calculations based on the averages for 2010 and 2011 and the uplifted KWh estimate from the Elenchus Load Forecast.*

As requested, the rates from the Board issued a rate order (EB-2012-0136) on Hydro One charges for Sub Transmission ST effective January 1, 2013 were also used.

b. Pleased provide a table showing LV cost using 2012 actual load data and updated sub transmission charges effective Jan. 1, 2013 for comparison.

WPI Response:

The tab labelled "8.0-STAFF-79b" in the Excel file WPI EB-2012-0176 Supplemental IR Tables_20130218 *was populated with the 2012 monthly KW charges and the rates from EB-2012-0136.*

Energy Probe

There are no supplemental IR`s from Energy Probe for Exhibit 7.

SEC

There are no supplemental IR`s from SEC for Exhibit 8.

VECC

8.0-VECC – 43

Reference: 8.0-Staff-37 b)

a) Please explain why Westario did not consider it appropriate to propose any changes to the retail service charges.

WPI Response:

The proposed RSC charges are consistent with all other utilities and Westario is unaware of any other utility that had adjusted their rates. In the EDR Handbook, the Board provided a methodology and worksheet to revise Standard Service Charges but they do not include "retail service charges".

8.0-VECC – 44

Reference: 8.0-Staff-38 c)

a) Please update the calculation using Hydro One Networks' recently approved 2013 rates per EB-2012-0136.

WPI Response:

This question is the same as **8.0-Staff-79.** *Please consult the table associated with that response for the calculated costs.*

b) Based on these results, please re-calculate Westario's 2013 LV rates by customer class.

WPI Response:

Based on the response to Board Staff IR #79a; the revised LV charges are as follows:

	2013 PROPOSED LOW VOLTAGE CHARGES & RATES				
Customer Class Name	**% Allocation**	**Charges**	**Volume [2]**	**Rate**	**per**
Residential	47.50%	369,323	202,711,942	$0.0018	kWh
General Service < 50 kW	13.59%	105,643	64,088,366	$0.0016	kWh
General Service > 50 to 4999 kW	37.92%	294,814	476,416	$0.6188	kW
Unmetered Scattered Load	0.06%	446	270,442	$0.0016	kWh
Street Lighting	0.94%	7,281	14,889	$0.4890	kW
Sentinel Lighting	0.00%	8	17	$0.4776	kW
TOTAL		**777,514**			

EXHIBIT 9 – DEFERRAL AND VARIANCE ACCOUNTS

Board Staff

9.0-Staff-80

Ref: Deferral and Variance Account Workform for 2013 Filers (Tab 5. Allocation of Balances and Tab 6. Rate Rider Calculations, within the EDDVAR model):

On Tab 5 of the EDDVAR model, the amount shown under the column "Amounts from Sheet 2" for account 1568 is $16,316, but the amount allocated to the various rate classes totals $31,538. Why is the amount proposed for collection different from the total balance in the account? Please explain and adjust the allocations and the rate riders as necessary.

WPI Response:

The EDDVARR model submitted on January 18, 2013 had incorrectly allocated recoveries for Account 1568 as $31,538. This has been correctly updated to properly reflect an allocation of $16,316 as originally submitted in response to Board Staff IR 54. The corresponding rate riders have been updated accordingly and the revised EDDVAR model is submitted with the Supplemental IRs as file WPI EB-2012-0176 2013COS EDDVAR_Continuity_Schedule_CoS_v3_20130218.xlsm.

9.0-Staff-81

Ref: 9.0-Staff-49 – Stranded Meters

The table provided in response to part c) of this interrogatory documents a Net Book Value of $336,379 for GS > 50 kW meters.

a. Please confirm whether the closing balance is as of December 31, 2012 or December 31, 2013.

WPI Response:

The closing net book value of $336,379 for GS>50 kW meters is as of December 31, 2013.

b. Other distributors have undertaken a more phased approach whereby meters for GS > 50 kW customers are only replaced upon failure or meter resealing. Please explain why WPI has not chosen this approach.

WPI Response:

Of the approximately 240 GS>50 kW customers that WPI serves, 76 of the meters have expired or will expire by the end of 2013. Of these 76 meters, they are located within 14 of the 15 communities WPI serves. There are 2 meters that expire in 2014; with the balance of the meters expiring in 2016 to 2018.

Given that WPI needed to replace 76 meters immediately WPI considered what approach should be taken in regards to their replacement. Given the cost analysis provided in response to VECC IR 8, it was determined that moving to the Smart Meter technology offered the better alternative and significant cost savings.

Because WPI's service territory is so large (80 km x 60 km), it was determined that the best approach would be to replace the meters by geographic area. By taking this approach, there were three obvious advantages. WPI was able to reduce its manual meter reading costs as the contracted meter reader would no longer need to go to specific geographic areas once all meters within that community have been replaced with smart meter technology. By replacing all meters within the community, it has saved 'drive time' costs related to manual meter reading expenses. Had the meters been replaced on an 'as expired' basis, the meter reading contractor may need to attend any one of the 15 communities that WPI serves to read only a few meters, thereby incurring unnecessary costs.

The same methodology holds true for costs associated for the replacement of the meters. Because the meter replacements are being conducted by a third party contractor, costs associated with travel, accommodations and 'drive time' can be reduced significantly by scoping the project by geographic region as opposed to date of expiry.

When issuing the tender for the replacement of the smart meters, WPI had requested that the pricing be guaranteed for a three year period. By replacing the conventional meters over a three year period, WPI felt it would be able to secure guaranteed pricing, something that would be extremely difficult to secure over a period longer than three years.

Energy Probe

There are no supplemental IR`s from Energy Probe for Exhibit 9.

SEC

There are no supplemental IR`s from SEC for Exhibit 9.

VECC

9.0-VECC-45

Reference: 9-Staff-54

Preamble- The Guidelines for LRMVA treatment read in part:

> *All requests for disposition of the LRAMVA must be made together with carrying changes, after the completion of the annual independent third party evaluation in accordance with accordance with Section 6.1 of the CDM Code.*
>
> *As noted above, all distributors must apply for disposition of the balance in the LRAMVA; however,* ***if the balance in the LRAMVA is determined by the Board to be an amount recoverable by the distributor, the distributor can choose not to recover this amount***
> (Guidelines EB-2012-0003 page 14).

a) As Westario did not originally apply for disposition, is it now Westario proposal to amend its Application to recover the LRAMVA balance?

WPI Response:

It is WPIs intention to amend its Application to recover the LRAMVA balance as per response to Board Staff IR #54.

b) If yes, please provide the number of participants/units for programs shown in Input Table 1 and 2.

WPI Response:

Please reference sheet "2.3 Results Participation – LDC" of the 2011 OPA Final CDM report filed in response to 9-Staff-54.

EXHIBIT 10 – MIFRS

Board Staff

10.0-Staff-82

Ref: 10.0 Energy Probe IR #34

In response to the above-referenced IR, WPI confirmed that the net book value of fixed assets at the end of 2012 under CGAAP was $31,525,161. However, this number does not match Appendix 2-EB filed in response to 10.0-Staff-56 (closing PP&E for 2012 under CGAAP is shown as $31,026,719). Please indicate which number should the Board rely on for the purpose of this proceeding and why.

WPI Response:

The response to Energy Probe IR #34 should have referenced the revised Appendix 2-EB that was submitted with the January IR's. The net book value of fixed asset at the end of 2012 under CGAAP based on figures known at the time in January 2013 was $31,026,719. The $31,525,161 originally shown in Attachment 1, Exhibit 2, Tab 3, Schedule 3 was prior to adjustments for the removal of distribution station assets for uncompleted work in 2012.

The reader should be aware that WPI has further revised the Appendices for 2012 based on known values and best estimates to the end of the fiscal year. These revisions are as per 2.0-Energy Probe-45(c). Related schedules have been updated in the Appendices and the rates have also been revised accordingly. These adjustments have been completed under MIFRS, not CGAAP as rates for the 2013 year are based on MIFRS.

Energy Probe

There are no supplemental IR`s from Energy Probe for Exhibit 10.

SEC

There are no supplemental IR`s from SEC for Exhibit 10.

VECC

There are no supplemental IR`s from VECC for Exhibit 10.