EB-2013-0178

Ontario Energy Board

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Sched. B;

AND IN THE MATTER OF an application by Wellington North Power Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2014..

INTERROGATORIES OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")

November 8, 2013

WELLINGTON NORTH POWER INC.
2014 IRM CASE
EB-2013-0178

ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES

Interrogatory #1

Ref: Evidence, page 82

a) What is the basis for using Stretch Factor Group V with a Stretch Factor Value of 0.40%?

b) Does WNPI agree that this figure will be updated to reflect the stretch factor groups and corresponding stretch factor values as a result of the supplemental report on the RRFE where the Board will establish the stretch factors to apply to distributors for 2014? If not, why not?

Interrogatory #2

Ref: Evidence, page 88

a) Does WNPI agree that price escalator will be updated to reflect the Board's calculation of the price escalator for 2014 IRM applications?

b) Does WNPI believe that the productivity factor should remain at 0.72% or should it be updated to reflect the Board's findings in the supplemental report that establishes the final productivity factor for 2014?

c) Does WNPI plan on updating the growth factor of 1.44% to reflect actual growth in distribution revenues in 2013?

Interrogatory #3

Ref: Evidence, page 89

The evidence indicates that the eligible incremental capital amount is $1,386,427. However, WNPI is only requesting a proposed incremental capital CAPEX of $1,360,000.

Please explain why WNPI is not requesting the full amount of $1,386,427 given that the 2014 non-discretionary capital budget exceeds the threshold CAPEX by this amount.

Interrogatory #4

Ref: Evidence, page 89

The evidence indicates that the incremental capital project is a replacement of an existing asset.

a) What is the projected net book value of the asset that is being replaced when it will be removed from service in 2014, or will it be fully depreciated?

b) For financial accounting and regulatory accounting purposes, how will the removal of the asset from service be recognized?

c) Does WNPI believe that there should be some adjustment to rates to reflect the removal of this asset from rate base? If not, does WNPI agree that, if approved, it will be recovering the cost of the new asset through the ICM rate rider and will continue to recover the costs (return on capital, depreciation, PILs) on the asset that is replaced through the existing rates?

Interrogatory #5

Ref: Evidence, pages 81 & 91

a) Please confirm that the depreciation amount of $32,000 and CCA amount of $128,000 shown on page 81 are both calculated on the basis of the gross asset addition of $1,600,000.

b) Please explain why the full amount of depreciation and CCA as noted in part (a) above have been included in the table on page 91 in the calculation of the incremental revenue requirement.

c) Please provide a revised table from page 91 that reflects the proration of the depreciation and CCA amounts based on the ratio of the amounts to be recovered relative to the total cost of the project (i.e. 1,360,000 / 1,600,000 or 0.85).

d) Does WNPI agree that the incremental revenue requirement should not reflect the total depreciation expense or the total CCA deduction for the $1,600,000 project, when only $1,360,000 has been deemed to be eligible?