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BY E-MAIL

November 15, 2013

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Wellington North Power Inc. (“WNP”)
2014 Distribution Rate Application
Board Staff Interrogatories
Board File No. EB-2013-0178**

In accordance with Procedural Order #1, please find attached Board Staff's interrogatories in the above noted proceeding. The applicant and all intervenors have been copied on this filing.

WNP's responses to interrogatories are due on November 29, 2013.

Yours truly,

Original Signed By

Stephen Vetsis
Analyst – Applications & Regulatory Audit

Encl.

**Board Staff Interrogatories
2014 IRM Rate Application
Wellington North Power Inc. (“WNP”)
EB-2013-0178**

Manager’s Summary

Board Staff Interrogatory No. 1

Ref: Manager’s Summary – Page 19

On page 18 of the Manager’s Summary, WNP notes that it “is requesting a 2-year disposition period because WNP is very concerned about current cash-flow as a consequence of the disposition of sizeable balances crediting customers as a result of recent OEB Decision and Orders.” The credit rate riders noted by WNP on page 19 all expire on April 30, 2014. The proposed Deferral and Variance Account Rate Riders, to effective May 1, 2014, are debit rate riders.

- a) Given that the proposed Deferral and Variance Account Rate Riders for 2014 will result in collections from customers and that the existing credit rate riders will expire, as of April 30, 2014, please explain how a 1-year disposition period would materially affect WNP’s cash-flows.

Board Staff Interrogatory No. 2

Ref: Manager’s Summary – Pages 25 and 57

Ref: Incremental Capital Project Summary for 2014 Filers – Sheet 2

The following table is reproduced from page 57 of the Manager’s Summary. It lists the major equipment that will be required in the replacement of the MS-2 substation.

3)	Major equipment	
	3 1) Power Transformer 5 MVA	\$ 240,000
	3 2) Station Reclosers (3)	\$ 90,000
	3 3) 44 kV PM Switches/Fuses	\$ 55,000
	3 4) S&C Switchgear	\$ 105,000
	3 5) Prefab Control Shack w/pad	\$ 30,000
	3 6) Station Service	\$ 7,500
	3 7) 44 kV Cables/Terminators est. 120m	\$ 20,000
	3 8) 15 kV 500 MCM Cables/Terminators est. 550m	\$ 125,000
	3 9) Solid Blade Riser Switches (9)	\$ 6,000
	3 10) Scada RTU	\$ 45,000
		\$ 723,500

Sheet 2, labeled “Incremental Capital Summary,” of the Incremental Capital Project Summary for 2014 filers indicates only one asset component for the proposed MS-2 substation replacement. WNP is depreciating the entirety of its

estimated \$1.6M in capital expenditures using a depreciation rate of 2% (i.e. 50 year depreciation period).

On page 25 of the Manager's Summary, WNP states that it has made the accounting policy changes required in the Board's filing requirements. WNP indicated that it had adopted the "mid-range" useful lives from the Kinectrics report.

- a) Please explain why WNP is proposing to use a uniform depreciation rate for all assets that will be installed as part of its proposed replacement of the MS-2 substation.
- b) Please provide a mapping of the useful lives for each of the capital assets that will be installed compared to the "mid-range" useful lives for that asset type indicated in the Kinectrics report.

Board Staff Interrogatory No. 3

Ref: Manager's Summary – pages 60, 65, 68 and 69

On page 68 of the Manager's Summary, the Costello Associates report indicates the following with regarding to the MS-2 substation:

The MS-2 substation has been assigned a rating of "Red", which will improve to "Yellow" once the safety issues are resolved and switchgear deficiencies are corrected.

On page 65 of the Manager's Summary, Costello Associates defines a "Yellow" rating as "average condition" and states that "mitigation is required between four and 11 years."

On page 69 of the Manager's Summary, Costello Associates states the following with respect to the MS-4 substation:

This station is classified as "Red" due to the age of the transformer, the system neutral connection, and diagnostic test results. This station is a candidate for replacement.

Costello Associations also highlights equipment deficiencies, problems with cables, wiring code violations, bonding and grounding issues, among others, in its summary of the MS-4 substation.

On page 60 of the Manager's Summary, WNP lists three options it had considered following receipt of the Costello Associates report. The alternatives were: i) to do nothing, ii) a complete replacement of the MS-2 substation (i.e. the proposed ICM with an estimated cost of \$1.6M) and iii) replacing the MS-2 substation while reusing the existing transformer (a total cost of \$1.39).

- a) Based on Costello Associates' assessment of the MS-2 and MS-4 substations, it appears that the concerns surrounding the MS-4 station are more significant than those for the MS-2. Why has WNP prioritized the MS-2 station for complete replacement? Please summarize WNP's assessment of the risks to public and worker safety for each station assuming none of the proposed rehabilitation/replacement work was completed.
- b) Did WNP consider Costello Associates recommendation to correct the identified safety issues for the MS-2 substation to improve the station to a "Yellow" rating? What was the cost of that option? Why was it rejected as an option?

Board Staff Interrogatory No. 4

Ref: Appendix 5: 3rd Party Substation Condition Assessment Study – page 175

On page 175 of the Application, WNP states "the report below is a 'shortened' version containing the substation assessment findings and information relevant to Substation MS-2".

- a) Please provide the detailed substation assessment findings and information relevant to Substation MS-4 in the Costello Associates report that was not included in the Application.

2014 IRM Rate Generator Model

Board Staff Interrogatory No. 5

Ref: 2014 IRM Rate Generator Model – Sheet 6
 Ref: Appendix D, Proposed Settlement Agreement, WNP's 2012 Cost of Service Application, EB-2011-0249, September 7, 2012 – Page 52

The metered kW values provided for some of the classes on sheet 6 of WNP's 2014 Rate Generator Model do not match the values in the Board approved load forecast shown in Appendix D of the Proposed Settlement Agreement from WNP's 2012 cost of service application. The discrepancies are summarized in the table below.

Class	Billed kW (Sheet 6)	Billed kW (Appendix D)
GS 50 – 999 kW	50,517	50,979
GS 1,000 – 4,999 kW	97,039	97,926
Street Lighting	1,907	1,925

- a) If the values have been entered in error, please indicate the error and Board staff will make the appropriate changes to the model. If not, please

explain the source of the billed kW provided in sheet 6 of WNP's 2014 Rate Generator Model.

2014 Incremental Capital Workform

Board Staff Interrogatory No. 6

Ref: Incremental Capital Workform – Sheet C1.1

On Sheet C1.1 of the Incremental Capital Workform, WNP has indicated that it has a combined 43 customers in the General Service 50 to 999 kW and General Service 1,000 to 4,999 kW classes, combined. WNP's 2011 2.1.5 RRR filing indicates 45 customers for those two classes combined.

- a) Please confirm the customer numbers for the GS > 50 kW classes. If the numbers are in error, please provide the correct customer numbers for the 2011 year and Board staff will make the appropriate changes to the model.