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October 24, 2014

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

Dear Ms. Walli:

Re: Response to Board Staff IRs
OEB File Number: EB-2014-0121
Wellington North Power Inc. – ED-2002-0511
2015 Distribution Rate Application

Enclosed are Wellington North Power Inc.'s reply submissions to Board Staff IRs relating to the LDC's Incentive Rate Mechanism Adjustment Application for 2015 Distribution rates (file number: EB-2014-0121). An electronic copy of this IR response has been filed on the RESS site.

Should the Board or Board Staff have questions regarding this matter please do not hesitate to contact myself or Richard Bucknall.

Yours truly,

Judy Rosebrugh

President & CEO

Wellington North Power Inc.

cc: Board Secretary
cc: Christiane Wong – OEB Information Administrator

Wellington North Power Inc. ("Wellington North")

EB-2014-0121

Application Analysis

1. Ref: Sheet 3 – Rate Class Selection

General Service Intermediate 1,000 to 4,999 kW does not match Wellington North's current tariff of Rates and Charges. Staff believes the correct description is "General Service 1,000 to 4,999 kW". Please confirm and staff will make the necessary correction.

Wellington North Power Inc. - Response:

Wellington North Power Inc. (WNP) agrees with Board Staff. The correct rate class description is "General Service 1,000 to 4,999kW" and the Applicant has updated the Rate Generator model to reflect this amendment.

Wellington North Power Inc. has filed an updated Rate Generator model on the OEB's RESS site.

2. Ref: Sheet 4 – Current Tariff Schedule

Board staff notes that the "Rate Rider for Global Adjustment Sub-Account Disposition (2014) effective until April 30, 2015 Applicable only for Non-RPP Customers" does not match Wellington North's current tariff of Rates and Charges for the following rate classes: Residential, General Service less than 50 kW, General Service 50 to 999 kW, General Service 1,000 to 4,999 kW, Unmetered Scattered Load, Sentinel Lighting and Street Lighting. Staff believes the correct description is "Rate Rider for Disposition of Global Adjustment Account (2014) – effective until April 30, 2015 Applicable only for Non-RPP Customers". Please confirm and staff will make the necessary corrections.

Wellington North Power Inc. - Response:

Wellington North Power Inc. agrees with Board Staff. As per current Tariff of Rates and Charges (Effective and Implementation Date May 1, 2014 - EB-2013-0178), the correct Rate Rider description is:

> "Rate Rider for Disposition of Global Adjustment Account (2014) – effective until April 30, 2015 Applicable only for Non-RPP Customers"

In completing sheet 4. Current Tariff Schedule of the Rate Generator model, WNP selected the "best match" of the description of rates (as indicated in the instructions in rows 12-14 of this worksheet.)

In updating the Rate Generator model, for each customer class (except MicroFIT), WNP has:

a) Removed the rate description of *"Rate Rider for Global Adjustment Sub-Account Disposition (2014) effective until April 30, 2015 Applicable only for Non-RPP Customers"* and applicable rate; and

b) Inserted the correct rate description of *"Rate Rider for Disposition of Global Adjustment Account (2014) – effective until April 30, 2015 Applicable only for Non-RPP Customers"* in the green cells and entered the applicable rate.

Wellington North Power Inc. has filed an updated Rate Generator model on the OEB's RESS site.

3. Sheet 5 – 2014 Continuity Schedule

Board staff has been unable to reconcile these amounts:

	RRR 2.1.7 as shown in Sheet 5 - 2014 Continuity Schedule	RRR 2.1.7 as reported to the Board
Account 1588, Cell BF29	$357,073	$256,807.65
Account 1589, Cell BF30	-$216,013	-$115,747.64
Account 1595, Cell BF32	173	-$161,587.33

Please provide explanation for the variances.

Wellington North Power Inc. - Response:

In preparing its 2015 IRM application, Wellington North Power Inc. (WNP) noticed an error in the December 2013 ending balances for:

- Account 1598 RSVA Power being understated by ($100,264.93) and;
- Account 1598 RSVA Global Adjustment also being overstated by $100,264.93.

WNP identified the error was as a result of transaction GL amounts and an Interest Improvement GL amounts being applied to account 1589 instead of account 1588 from Q3 of 2013. The table below shows the original data that WNP filed with the OEB:

E2.1.1 Deferral / Variance Accounts - October 1, 2013 to December 31, 2013:

		Q4 2013				
Account	Account	Quarter Opening Balance	Carrying Charges this Period	Net Accruals this Period	Other Adjustment this Period	Quarter Closing Balance
RSVA - Power (excluding Global Adjustment)	1588	$366,037.72	$1,251.47	($44,989.29)	($65,492.25)	**$256,807.65**
RSVA - Global Adjustment	1589	($65,937.88)	($160.51)	($113,515.62)	$63,866.37	**($115,747.64)**

E2.1.7 January1, 2013 to December 31, 2013;

Account Descrition	Account No	Amount
RSVAPOWER	1588	256,807.66
RSVAGA	1589	(115,747.64)

[Sum of these balances = $141,060.01]

Having traced the error, WNP submitted a formal request to revise RRR data with the OEB on September 18th 2014 asking if the following RRR files could be re-opened for the LDC to correct the data:

a) E2.1.1 - October 1, 2013 to December 31, 2013
- January 1, 2014 to March 31, 2014;
- April 1, 2014 to June 30, 2014

b) E2.1.7 January1, 2013 to December 31, 2013;

(A copy of the formal request to the OEB is included in Appendix A).

The OEB granted approval on September 19th 2014 for the LDC to make the changes to the RRR data. The revisions to the RRR data summarized in the table below were made by WNP on the same day:

As Revised:

E2.1.1 Deferral / Variance Accounts

October 1, 2013 to December 31, 2013

	Q4 2013					
Account	**Account**	**Quarter Opening Balance**	**Carrying Charges this Period**	**Net Accruals this Period**	**Other Adjustment this Period**	**Quarter Closing Balance**
RSVA - Power (excluding Global Adjustment)	1588	$366,037.72	$1,639.83	($41,224.89)	$30,619.92	**$357,072.58**
RSVA - Global Adjustment	1589	($65,937.88)	($506.77)	($117,280.02)	($32,287.90)	**($216,012.57)**

January 1, 2014 to March 31, 2014;

	Q1 2014				
Account	**Quarter Opening Balance**	**Carrying Charges this Period**	**Net Accruals this Period**	**Other Adjustment this Period**	**Quarter Closing Balance**
RSVA - Power (excluding Global Adjustment)	$357,072.58	$2,873.08	$307,922.90	$0.00	**$667,868.56**
RSVA - Global Adjustment	($216,012.57)	($1,874.17)	($666,218.04)	$0.00	**($884,104.78)**

April 1, 2014 to June 30, 2014

	Q2 2014				
Account	**Quarter Opening Balance**	**Carrying Charges this Period**	**Net Accruals this Period**	**Other Adjustment this Period**	**Quarter Closing Balance**
RSVA - Power (excluding Global Adjustment)	$667,868.56	($14,609.90)	($823,138.85)	$0.00	**($169,880.19)**
RSVA - Global Adjustment	($884,104.78)	$7,084.55	$991,381.51	$0.00	**$114,361.28**

E2.1.7 January1, 2013 to December 31, 2013;

Account Descrition	Account No	Amount
RSVAPOWER	1588	$357,072.58
RSVAGA	1589	($216,012.57)

[Sum of these balances = $141,060.01]

As illustrated in the above tables, 2013 year-end balance for account 1588 should be $357,072.58 (rather than $257,807.65 as filed in RRR filings – a difference of $100,264.93); whereas for account 1589 the correct balance at 2013 year-end is ($216,012.57) (rather than ($115,747.64) as filed in RRR filings – a difference of $100,264.93).

In preparing its 2015 IRM application, upon completing the Rate Generator model EDDVAR model Wellington North Power Inc. notes that the 2013 year-end balances for all Group 1 accounts, including 1588/1589, does not meet the threshold test. The revisions requested above do not have any implications or impact to the LDC's rate-payers.

(Wellington North Power Inc. disposed of its Group 1 balances in its 2014 IRM Application (EB-2013-0178)).

As a result of re-filing RRR data through the OEB portal, WNP confirms that the RRR balances aligns to the 2014 Continuity Scheduled filed with the IRM application, as summarized below:

		2014 Continuity Schedule Finance Balance at 31-Dec-2013			Revised RRR filing 2.1.7 - revised on Sept 19, 2014 through OEB portal	
Account	Account No.	Principal	Interest	Principal + Interest	RRR Filing at 31-Dec-2013	Variance
		B	C	D = B + C	A	E = A - D
RSVA - Power (excluding Global Adjustment)	1588	$345,664	$11,412	$357,075	$357,073	($3)
RSVA - Global Adjustment	1589	($212,768)	($3,245)	($216,013)	($216,013)	$0
				Total Variance		($2)

Regarding the query of Account 1595:

- The balance shown in Sheet 5 – 2014 Continuity Schedule of $173 reflects the dispositions where the recovery period is complete. (This balance refers to residual balance of the applicant's 2008 Cost of Service (EB-2007-0693)).

- As noted in the Applicant's IRM submission, Manager's Summary (page 17), WNP did not include the following Account 1595 balances in Sheet 5 of the 2014 Continuity Schedule:
    - "Disposition and Recovery / Refund of Regulatory Balances (2010)" and;
    - "Disposition and Recovery / Refund of Regulatory Balances (2012)".

  The above balances were not included because this recovery period is not complete – i.e. the Continuity Schedule reflects balances up to December 31, 2013 yet the Rate Riders have a sunset date beyond this period.
- The balance of ($161,587.33) recorded in RRR 2.1.7 as reported to the Board is the aggregation of all 1595 account balances, regardless of whether the recovery period is complete or not.

4. Sheet 25 – Other Charges & LF

A portion of Sheet 25 is reproduced below.

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0716
Distribution Loss Factor - Primary Metered Customer < 5,000 kW	1.0609

Board staff notes that the description for "Distribution Loss Factor – Primary Metered Customer < 5,000 kW" does not match Wellington North's current Tariff of Rates and Charges. Staff believes the correct description is "Total Loss Factor – Primary Metered Customer < 5,000 kW". If Wellington North is in agreement, Board staff will make the relevant correction.

Wellington North Power Inc. - Response:

Wellington North Power Inc. (WNP) agrees with Board Staff. The correct rate Loss factor description is "Total Loss Factor – Primary Metered Customer < 5,000 kW" and the Applicant has updated the Rate Generator model to reflect this amendment.

Wellington North Power Inc. has filed an updated Rate Generator model on the OEB's RESS site.

5. Sheet 25 – Other Charges & LF

A portion of Sheet 25 is reproduced below.

ALLOWANCES		
Transformer Allowance for Ownership - per kW of billing demand/month	$/kW	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	1.00

Board Staff notes that the rate for "Primary Metering Allowance for transformer losses – applied to measured demand and energy" does not match Wellington North's current Tariff of Rates and Charges. Staff believes the correct rate is (1.00) instead of 1.00. If this is an error, Board staff will make the necessary correction.

Wellington North Power Inc. - Response:

Wellington North Power Inc. (WNP) agrees with Board Staff. The correct rate for "Primary Metering Allowance for transformer losses – applied to measured demand and energy" is (1.00). The Applicant has updated the Rate Generator model to reflect this amendment.

Wellington North Power Inc. has filed an updated Rate Generator model on the OEB's RESS site.

Appendix A

Below is a copy of the formal request that WNP submitted to the OEB on September 18th 2014 requesting the RRR records to be re-opened to enable the LDC to correct the data. The OEB granted approval on September 19th 2014 for the LDC to make the changes to the RRR data. The revisions to the RRR data summarized in the table below were made by WNP on the same day:

APPENDIX A

TEMPLATE FOR RRR DATA REVISION REQUEST

As per the Board Secretary's letter dated February 17, 2010 re: *"Process for Revising Data Filed under the Board's Reporting and Record Keeping Requirements"*, below is a request to revise previously reported RRR data submitted by Wellington North Power Inc. (ED-2002-0511)

Reporting Entity Name: Wellington North Power Inc.

Contact Person: Richard Bucknall (tel: 1-519-323-1710)

Date of Request: September 18, 2014

RRR Section Reference: (i) Deferral/Variance Accounts and

(ii) Trial Balance

Filing Name: E2.1.1 Deferral /Variance Account

E2.1.7 Trial Balance

Period(s) to which the revision relates:

a) E2.1.1 - October 1, 2013 to December 31, 2013
- January 1, 2014 to March 31, 2014;
- April 1, 2014 to June 30, 2014

b) E2.1.7 January1, 2013 to December 31, 2013;

Data to be changed:

As Filed:

E2.1.1 Deferral / Variance Accounts

October 1, 2013 to December 31, 2013:

Account	Q4 2013					
	Account	Quarter Opening Balance	Carrying Charges this Period	Net Accruals this Period	Other Adjustment this Period	Quarter Closing Balance
RSVA - Power (excluding Global Adjustment)	1588	$366,037.72	$1,251.47	($44,989.29)	($65,492.25)	**$256,807.65**
RSVA - Global Adjustment	1589	($65,937.88)	($160.51)	($113,515.62)	$63,866.37	**($115,747.64)**

January 1, 2014 to March 31, 2014;

Account	Q1 2014				
	Quarter Opening Balance	Carrying Charges this Period	Net Accruals this Period	Other Adjustment this Period	Quarter Closing Balance
RSVA - Power (excluding Global Adjustment)	$256,807.65	$1,999.01	$254,867.57		**$513,674.23**
RSVA - Global Adjustment	($115,747.64)	($1,018.00)	($613,162.71)		**($729,928.35)**

April 1, 2014 to June 30, 2014

Account	Q2 2014				
	Quarter Opening Balance	Carrying Charges this Period	Net Accruals this Period	Other Adjustment this Period	Quarter Closing Balance
RSVA - Power (excluding Global Adjustment)	$513,674.23	($13,010.09)	($737,542.75)		**($236,878.61)**
RSVA - Global Adjustment	($729,928.35)	$5,480.01	$905,785.41		**$181,337.07**

E2.1.7 _ January1, 2013 to December 31, 2013;

Account Descrition	Account No	Amount
RSVAPOWER	1588	256,807.66
RSVAGA	1589	(115,747.64)

[Sum of these balances = $141,060.01]

As Revised:

E2.1.1 Deferral / Variance Accounts

October 1, 2013 to December 31, 2013

Account	Q4 2013					
	Account	Quarter Opening Balance	Carrying Charges this Period	Net Accruals this Period	Other Adjustment this Period	Quarter Closing Balance
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RSVA - Global Adjustment	1589	($65,937.88)	($506.77)	($117,280.02)	($32,287.90)	($216,012.57)

January 1, 2014 to March 31, 2014;

Account	Q1 2014				
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RSVA - Global Adjustment	($216,012.57)	($1,874.17)	($666,218.04)	$0.00	($884,104.78)

April 1, 2014 to June 30, 2014

Account	Q2 2014				
	Quarter Opening Balance	Carrying Charges this Period	Net Accruals this Period	Other Adjustment this Period	Quarter Closing Balance
RSVA - Power (excluding Global Adjustment)	$667,868.56	($14,609.90)	($823,138.85)	$0.00	($169,880.19)
RSVA - Global Adjustment	($884,104.78)	$7,084.55	$991,381.51	$0.00	$114,361.28

E2.1.7 January1, 2013 to December 31, 2013;

Account Descrition	Account No	Amount
RSVAPOWER	1588	$357,072.58
RSVAGA	1589	($216,012.57)

[Sum of these balances = $141,060.01]

Materiality (describe why/how the revision is material)

The revision is material because the December 2013 ending balances were incorrectly calculated resulting in:

- Account 1598 RSVA Power being understated by ($100,264.93) and

- Account 1598 RSVA Global Adjustment also being understated by $100,264.93.

Consequently, the opening balances for 2014 for these accounts are incorrect.

In the 2013 year-end Trail Balance (E2.1.7) data, the sum of these two accounts was $141,060.01. With the correct data, the sum remains at $141,060.01.

Reason for the revision, including an explanation of why/how the data as filed was or has become inaccurate. Where the request relates to a revision to RRR data that was accepted and relied upon in a Board proceeding, include the EB number for the proceeding and the date of the relevant decision or order.

Wellington North Power Inc. (WNP) noticed the error when preparing its 2015 IRM application, identifying that a transaction GL amounts and an Interest Improvement GL amounts had been applied to account 1589 instead of account 1588 from Q3 of 2013. As illustrated in the above tables, 2013 year-end balance for account 1588 should be $357,072.58 (rather than $257,807.65 as filed in RRR filings – a difference of $100,264.93); whereas for account 1589 the correct balance at 2013 year-end is ($216,012.57) (rather than ($115,747.64) as filed in RRR filings – a difference of $100,264.93).

In preparing its 2015 IRM application, upon completing the Rate Generator model EDDVAR model Wellington North Power Inc. notes that the 2013 year-end balances for all Group 1 accounts, including 1588/1589, does <u>not</u> meet the threshold test. The revisions requested above do not have any implications or impact to the LDC's rate-payers.

(Wellington North Power Inc. disposed of its Group 1 balances in its 2014 IRM Application (EB-2013-0178)).