Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273

Ontario

BY E-MAIL

November 20, 2015

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

Dear Ms. Walli:

Re: Wasaga Distribution Inc. (Wasaga Distribution)
2016 Distribution Rate Application
OEB Staff Interrogatories
OEB File No.: EB-2015-0107

In accordance with Procedural Order No. 1, please find attached OEB staff's interrogatories in the above noted proceeding. Wasaga Distribution and all intervenors have been copied on this filing.

Wasaga Distribution's responses to interrogatories are due by December 22, 2015.

Yours truly,

Original Signed By

Georgette Vlahos
Analyst – Electricity Rates & Accounting

Attach.

OEB Staff Interrogatories
2016 Cost of Service Rate Application
Wasaga Distribution Inc. (Wasaga Distribution)
EB-2015-0107
November 20, 2015

Exhibit 1 – Administration

1-Staff-1
Conditions of Service
Ref: E1/Tab 1/Sch.9

Chapter 2 of the Filing Requirements now require the identification of any charges that may be included in the conditions of service since the last rebasing in addition to stating that only rates approved by the OEB can be applied.

(a) If applicable, please identify any rates and charges that are included in Wasaga Distribution's Conditions of Service, but do not appear on the OEB-approved tariff sheet, and provide an explanation for the nature of the costs being recovered through these rates and charges.
(b) If applicable, please provide a schedule outlining the revenues recovered from these rates and charges from 2012 to 2014 inclusive, and the revenues forecasted for the 2015 bridge and 2016 test years.
(c) If applicable, please explain whether, in Wasaga Distribution's view, these rates and charges should be included on Wasaga Distribution's tariff sheet of approved rates and charges.

1-Staff-2
Customer Engagement
Ref: Chapter 2 of the Filing Requirements, Section 2.4.3

Chapter 2 of the Filing Requirements states, "The RRFE Report contemplates enhanced engagement between distributors and their customers to provide better alignment between distributor operational plans and customer needs and expectations." (Emphasis added)

Please describe the differences between customer engagement conducted in preparation for the current application and previous customer engagement.

1-Staff-3
Reflecting Customer Needs
Ref: Chapter 2 of the Filing Requirements

Chapter 2 of the Filing Requirements states, “Distributors should specifically discuss in the application how they informed their customers on the proposals being considered for inclusion in the application, and the value of those proposals to customers (i.e. costs, benefits and the impact on rates). The application should discuss any feedback provided by customers and how this feedback shaped the final application”.

What forms of outreach were employed to explain how the current application serves the needs and expectations of customers? If none were employed, please explain why.

1-Staff-4
Explanation of Corporate Structure
Ref: E1/Tab 2/Sch.2, Page 23

At the above reference, Wasaga Distribution states:

> The corporate structure in which WDI exists is similar to the structure used by other distributors in Ontario. WDI is a subsidiary of Wasaga Geosands Inc. and the affiliate of WRSI. The controlling shareholder is the Town of Wasaga Beach. It is therefore, important to understand the basis for establishing the structure and the policy and the regulatory context in which the structure was created. The structure was implemented in the best interests of the customers of the Wasaga Beach Hydro Electric Commission from the perspective of rates.

(a) Please explain how Wasaga Distribution’s corporate structure is similar to the structure of other distributors in Ontario given that Wasaga Distribution is a virtual utility.
(b) Please summarize the savings and benefits to Wasaga Distribution’s customers directly as a result of its structure.

1-Staff-5
Distributor Scorecard
Ref: E1/Tab 3/Sch.1, Pages 27-28

In its Application, Wasaga Distribution notes that "[I]n terms of service quality, WDI has always maintained the highest standards possible. In a regulatory environment, there are numerous SQR targets that a utility must achieve. In most cases, WDI consistently meets and exceeds these targets."

Wasaga Distribution's 2014 Scorecard Management Discussion and Analysis notes that Wasaga Distribution met all performance targets except the Net Annual Peak Demand Savings (Percentage of target achieved measure). However, Wasaga Distribution was subject to a Service Quality audit and that audit resulted in the 100% targets for Service Quality to be either overstated or improper evidence to support the percentage.

Wasaga Distribution notes that it took this finding very seriously and significantly changed its' processes, controls and completed extensive training with staff so this mistake would not occur again.

(a) Please provide a high level overview of the protocols, processes and the training with staff that was completed.
(b) Is Wasaga Distribution sufficiently satisfied that all protocols and processes put into place will prevent this from occurring again? If so, please explain why.

1-Staff-6
Ref: E1/Tab 5/Sch.2 – Customer Satisfaction Survey, Page 52

At the above reference, Wasaga Distribution notes that after it completed the first draft of this rate application, it conducted a brief survey of two questions regarding the proposed rate increase of the Residential customer class.

(a) Please provide a high level summary of the comments/concerns which were raised by the customers which responded to this survey.

1-Staff-7
Ref: E1/Tab 6/Sch.1, Attachment D – WDI 2014 Financial Statements

Wasaga Distribution has calculated a balance of zero for Account 1575 as of the changeover date of January 1, 2015. OEB staff notes that Wasaga Distribution had a

credit of over $7 million in Customer Contributions as of the changeover date. According to the Accounting Procedures Handbook (APH) Article 510, under IFRS, customer contributions received subsequent to the transition date are recognized as deferred revenue. Customer contributions recognized prior to the transition date are not reclassified to deferred revenue as a result of electing the optional exemptions.

Please confirm that Wasaga Distribution has reviewed Article 510 in determining that Account 1575 should have a zero balance as of the changeover date of January 1, 2015. If confirmed, please explain why there is a zero balance. If the balance is to be revised, please provide the calculation. This amount would be the difference between Wasaga Distribution's revised CGAAP based amount for customer contributions as of the changeover date, and the MIFRS based amount for customer contributions as of the same date.

Exhibit 2 – Rate Base

2-Staff-8
Ref: E2/Tab 1/Sch.2 – Rate Base Trend, Page 4

Wasaga Distribution's rate base for the 2016 test year has forecasted to have increased by approximately 10.50% from 2011 Board Approved. Please confirm whether this informed the pacing of Wasaga Distribution's five year DSP (2016-2020) filed with this current application.

2-Staff-9
Ref: Chapter 2 Appendices Tab 2-BA Fixed Asset Continuity Schedule
Ref: Revenue Requirement Work Form Tab 3 Data Input Sheet

OEB staff notes that the gross fixed assets (average) and accumulated depreciation (average) in the RRWF do not reconcile to the amounts on Tab 2-BA of the chapter 2 appendices.

Please reconcile the figures and provide the necessary corrections.

2-Staff-10
Ref: Chapter 2 Appendices, Tab 2-BA Fixed Asset Continuity Schedule
Disposals of Fixed Assets – 2012 to 2014

The fixed asset continuity schedules for the years 2012 to 2014 report very few disposals. According to these schedules, the PP&E disposals (cost of assets) were only:

2012	$81,917
2013	$20,237
2014	$49,900

These amounts appear low as Wasaga Distribution's cost of PP&E is over $20 million and has PP&E additions are over $1,000,000 per year.

Also, the fixed asset continuity schedules include the following line item:

> "Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable"

It appears this line item has not been completed for 2012, 2013 or 2014.

(a) Please explain why the reported disposals (both cost and accumulated depreciation) low for 2012, 2013 and 2014?
(b) What are Wasaga Distribution's accounting policies regarding dispositions of property, plant and equipment (PP&E)? Is Wasaga Distribution recording all PP&E disposals in its general ledger?
(c) Please provide the internal control documentation with respect to recording disposals of PP&E.
(d) What are the accounting policies and procedures related to the calculation of gains and losses on disposition?
(e) Regarding recording disposals in the general ledger, how is the cost and accumulated depreciation of the disposed assets calculated?
(f) For 2012, 2013 and 2014, what portion of the PP&E additions relates to the replacement of PP&E?
(g) Please confirm there were no gains or losses on the retirement (or disposal) of assets in 2012, 2013 and 2014. The line item: "Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable" is blank.

2-Staff-11
Ref: Table 2-17 – Capital Projects Table – 2012-2016
Ref: E2/Tab 5/Sch.3 – Capital Expenditures

In Table 2-17, Wasaga Distribution has provided a list of 2016 capital projects. The total Test Year 2016 capital expenditure for all projects is $1,278,750.

(a) Are all of the projects and related capital expenditure of $1,278,750 that are listed in Table 2-17 expected to be placed in-service in 2016 and to be added to the 2016 Rate Base?

(b) If some of the projects that are listed in Table 2-17 are not expected to be in-service in 2016 and as a result will not be added to the 2016 Rate Base, please identify all such projects, the associated capital expenditure and the expected in-service date.

Distribution System Plan

2-Staff-12
Ref: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, Executive Summary, p. 6

In its executive summary Wasaga Distribution states the following:

> *WDI feels that the investments as identified in the DSP address WDI's needs to update their aging overhead plant to allow WDI to maintain acceptable reliability levels throughout the forecast period.*

(a) Has Wasaga Distribution completed a forecast for its reliability indices over the plan period (2016-2020) based on the proposed capital investments?

(b) If yes, please provide the forecast.

(c) If not, why, and are there plans to quantify reliability impacts of investments in the future?

2-Staff-13
Ref: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 2.1 [5.2.1] Distribution System Plan Overview, p. 9-10, Table 2

Wasaga Distribution has largely based its renewal planning based on assessing the system for assets beyond useful life. The typical useful lives (TUL) which were used to complete this assessment are provided in the table below with the addition of the Kinectrics minimum life which was excluded in table 2 within the DSP.

	KINECTRICS			WDI	Change (TUL-WDI)
Asset Details	**MIN UL**	**TUL**	**MAX UL**		
Power Transformers	30	45	60	45	0
Switchgear	30	40	60	40	0
Digital Relays	15	20	20	20	0
Station Breakers	35	45	65	40	5
MS Steel Structure	35	50	90	50	0
Fully Dressed Wood Poles	20	40	55	45	-5
OH Line Switch	30	45	55	45	0
OH Conductor	50	60	75	45	15
Pole Mounted Transformers	30	40	60	50	-10
Power Transformers	30	45	60	45	0
Station Metal Clad Switchgear	30	40	60	40	0
Solid State Relays	10	30	45	20	10
Primary Non-TR XLPE Cables in Duct	20	25	30	30	-5
Secondary Cables Direct Buried	25	35	40	35	0
Pad Mounted Transformers	25	40	45	40	0
Industrial/Commercial Energy Meters	25	35	35	25	10
Wholesale Energy Meters	15	30	30	25	5
Smart Meters	5	15	15	15	0

(a) For each of the asset classes above where Wasaga Distribution has decided to utilize a value other than the Kinectrics TUL please provide a description of the rational for the decision.

(b) Where historical data was utilized to support the decision above please provide a summary of asset failures and analysis performed which illustrate useful life other than the Kinectrics TUL.

(c) Please provide the historical failure rates that caused unplanned interruption and number of assets categorized as failed assets during the inspections, separately, for wood poles, distribution transformers, and conductor (for period 2011-2015 YTD).

2-Staff-14
Ref: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 2.1 [5.2.1] Distribution System Plan Overview, p. 11

As per Chapter 5 filing requirements the DSP Overview should address the following:

The sources of cost savings expected to be achieved over the forecast period through good planning and DS Plan execution

On page 11 Wasaga Distribution describes one such cost saving initiative in the context of replacing porcelain insulators:

> *Porcelain insulator failures often occur outside of normal working hours which cause power restoration to take place at premium wage rates. WDI expects these occurrences to be significantly reduced once the project is complete, thus maintaining reliability indicators.*

Although Wasaga Distribution provides an indication of its sources of cost savings at a high level it has not provided any quantified benefits.

Can Wasaga Distribution please provide a quantified summary of cost savings for all sources of cost savings over the planning period 2016-2020?

2-Staff-15
Ref: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 2.3 [5.2.3] Performance Measurement for Continuous Improvement, p. 14, Figures 1 and 2

In Figures 1 and 2 on page 14, Wasaga Distribution has provided breakdowns of its reliability data by cause code. Tree contacts accounts for approximately 11% of the number of interruptions and 39% of customer hours of interruptions.

Has Wasaga Distribution considered different approaches and options to its tree trimming/vegetation management program that may gain significant low cost reliability benefits to customers?

2-Staff-16
Ref: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 2.3 [5.2.3] Performance Measurement for Continuous Improvement, p. 14, Figures 1 and 2

In Figures 1 and 2 on page 14, Wasaga Distribution has provided breakdowns of its reliability data by cause code. Defective Equipment accounts for approximately 22% of the number of interruptions and 10% of customer hours of interruptions.

Can Wasaga Distribution provide a breakdown of Defective Equipment SAIFI and SAIDI by equipment type for 2011-2015 or any other period the data is available?

2-Staff-17
Ref: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 2.3 [5.2.3] Performance Measurement for Continuous Improvement, p. 21

Has Wasaga Distribution completed any individual engagements with its largest customers to assess their satisfaction/needs? If so, how and what were the results of these engagements?

2-Staff-18
Ref: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 2.3 [5.2.3] Performance Measurement for Continuous Improvement, p. 23

On page 23 Wasaga Distribution provides criteria for the measurement of success of the asset management plan.

(a) For each of these metrics (other than reliability which is already provided) can Wasaga Distribution provide its respective performance over the historical period 2011-2014 and 2015 year-to-date? Please use the format illustrated in the table below.

	2011	2012	2013	2014	2015 (YTD)
Lost/non-lost time injuries					
ESA Non-compliance					
Customer Survey Response					
Investment Spending					
Investment Scheduling					
Reportable spills in the MOE					

(b) Does Wasaga Distribution track any other metrics which would be indicative of DSP progress/performance? If so, please list.

2-Staff-19
Ref: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 2.3 [5.2.3] Performance Measurement for Continuous Improvement, p. 24

On page 24 Wasaga Distribution states:

Accordingly, due to project prioritization, the need to maintain consistent capital expenditures over the forecast period, and addressing WDI's customer concerns, WDI has determined 725 poles should be replaced during the forecast period. Additionally WDI identified over 225 transformers all past their TUL life with loading concerns as identified in WDI's asset condition assessment which has deemed these transformers to be in poor to critical condition. These transformers will need to be replaced over the forecast period. WDI will replace these transformers with new transformers that are built to higher standards. Furthermore with the replacement of the poles and transformers, along with upgrades to an existing pole line to accommodate development WDI will be able to replace over 10km of conductors determined to be past its TUL further identified in section 3.2 [5.3.2].

Further in the DSP, Wasaga Distribution presents separate programs for the replacement of poles, transformers, and conductor.

(a) Can Wasaga Distribution please describe how they will undertake this work? (Typically a project includes all three asset classes (pole, transformer and conductor) that are replaced in tandem when working in an area.
(b) If all work will be done together, has Wasaga Distribution forecasted costs based on the replacement of one asset class at a time or has it taken into account for the cost savings which result from completing all work in an area at the same time?
(c) Please provide cost per unit assumption used by Wasaga Distribution to estimate the capital needs for each of the three replacement programs (poles, distribution transformers and conductors) for each of the 2015-2020 years.

2-Staff-20
Ref: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 3.1 [5.3.1] Asset Management Process Overview, p. 27

On page 27 Wasaga Distribution states:

Consistent with best practices, over the years WDI has diligently maintained its equipment in safe and reliable working order and, only when economically justified, upgraded or replaced equipment.

(a) Can Wasaga Distribution please provide its approach to economically justifying upgrading or replacing equipment?
(b) Please illustrate a) with an example.

2-Staff-21
Ref: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 3.1 [5.3.1] Asset Management Process Overview, p. 30

On page 30 Wasaga Distribution states:

> *WDI reviews and determines the reliability impact on investment and prioritizes the potential impact of each of the projects.*

Where possible, can Wasaga Distribution provide the reliability impact on investment for each of the proposed project over the DSP period?

2-Staff-22
Ref 1: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 3.1 [5.3.1] Asset Management Process Overview, p. 29
Ref 2: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 3.2 [5.3.2] Overview of Assets Managed, p. 34, Tables 7,8,9
Ref 3: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 3.2 [5.3.2] Overview of Assets Managed, p. 38, Table 15
Ref 4: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 3.2 [5.3.2] Overview of Assets Managed, p. 44, Table 19

On page 29 Wasaga Distribution states *"WDI performed an internal asset condition assessment"*.

In the tables on page 34 Wasaga Distribution presents an Asset Condition Scoring methodology. For each of the major asset classes similar frameworks are utilized. For each asset class (poles, transformers, and conductor):

(a) What expertise or external reports did Wasaga Distribution use to develop the internal asset condition assessment methodology? If any external reports were used to develop the methodology, can Wasaga Distribution provide a copy of such reports?
(b) How were the asset end-of-life condition assessment (ACA) criteria and criteria definitions for each of the asset classes determined?
(c) How were the weighting factors for each of the asset classes determined?
(d) How were the score rating for each of the asset classes determined?
(e) What is a reason of not including visual inspections performed on overhead assets in the ACA criteria?
(f) Specific to wood pole asset condition, how is stress an appropriate end-of-life

condition criteria if typically the size of pole is designed to support the load which it bears?

2-Staff-23
Ref: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 3.2 [5.3.2] Overview of Assets Managed, p. 40, Figure 11

In figure 11 Wasaga Distribution presents distribution transformer loading information.

(a) How does Wasaga Distribution measure distribution transformer loading (direct field measure, aggregation from smart meters connected to a transformer, etc.)?
(b) For the purposes of the loading profile, is the average load, peak load, spot load, or some other loading data point utilized? What was the time or period used to calculate the loading data for each of the transformer?
(c) How has Wasaga Distribution determined that a proactive replacement program for distribution transformers is the better alternative compared to run-to-failure approach? Please provide any associated analysis of alternatives.

2-Staff-24
Ref: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 4.2 [5.4.2] Capital Planning Process Overview, p. 57

On page 57 Wasaga Distribution states: *"Maintenance would be considered if it could be effective to prevent capital spending or extend the life of an asset economically."*

Has Wasaga Distribution assessed the economic viability of completing maintenance as alternatives to replacement programs for poles, conductor, and distribution transformers? If so, please provide what type of maintenance was considered and the relevant economic analysis.

2-Staff-25
Ref: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 4 [5.4] Capital Expenditure Plan, p. 54

Can Wasaga Distribution please provide unit costs used for the estimation of project/program costs within this DSP as well as unit costs for the historical period as well as the forecast period? Can Wasaga Distribution also provide a total number of units planned to be installed/replaced as well as for the historical period?

Please format your response as per the table below. Please include all major asset classes (poles, meters, distribution transformers, conductor).

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cost per unit										
Wood pole										
OH Distribution transformer										
Conductor, per m										
1st generation smart meter										
# of units installed										
Wood pole										
OH Distribution transformer										
Conductor, per m										
1st generation smart meter										

2-Staff-26
Ref: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 4.4 [5.4.4] Capital Expenditure Summary, System Renewal

Please elaborate why has Wasaga Distribution not conducted drilling testing on the poles (remaining strength) in order to determine the remaining tensile strength of the poles prior to establishing a significantly higher investment level for the poles renewal strategy?

2-Staff-27
Ref: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 4.5.2 Material Investments, p. 61, p.67

For Table 28 on page 61 and for the table on page 67, can Wasaga Distribution please provide an additional column for the actual year to date (Jan 1 – Oct 31) spending for each of the lines in both tables?

2-Staff-28
Ref: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 4.5.2 Material Investments, p. 72

Under the 2015 Metering project description Wasaga Distribution states:

> *WDI budgets annual meter capital expenditures to encompass all new services including single phase, three phase, FIT and microFIT meters for all classes of customers. This expenditure category also includes replacements due to meter failures and the results of WDI's meter sampling process.*

(a) For each of the forecast years, how many meters has Wasaga Distribution forecasted to replace due to meter failures? How many meters has Wasaga Distribution forecasted to replace based on the results of Wasaga Distribution's meter sampling process?
(b) How was the response in a) forecasted?
(c) Please confirm that Wasaga Distribution is mandated by any regulation or government agency to replace non-encrypted meters prior to their end of life.
(d) Please provide a final report of the network security audit conducted by Bell Wurldtech.

2-Staff-29
Ref: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 4.5.2 Material Investments, p. 95, p.103

The 2017 Mosely Street Project is for the replacement of 2km of line due to end of life.

(a) Can Wasaga Distribution provide the number of assets on this feeder with age profiles for each asset class that will be replaced within the scope of this project?
(b) Please provide number of failures, separately, unplanned and planned SAIFI and SAIDI contribution from the Mosely Pole Line, for each of the 2011-2015 years.
(c) Can Wasaga Distribution confirm that the assets within the scope of this project are not included in the Misc. Pole, Misc. Transformer and Conductor Replacements programs?

The first phase is scheduled for 2017. It is unclear what is to be replaced in phase 2 in 2018 as the description is the same as for phase 1 and references 500m of replacement; however the budget is threefold phase 1.

(e) Please clarify what is in the scope for each of the years, 2017 and 2018. Specifically, clarify the number of assets within each of the asset classes to be replaced in each of the years and their respective costs.
(f) Please provide asset unit cost information that was used to estimate the replacement costs for this project, specifically, average cost per pole, transformer, and conductor replacement.

2-Staff-30
Ref: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 4.5.2 Material Investments, p. 67, 73

In the table on page 67 the River Road project is titled "River Road West – Pole Line

Upgrade" while further in the description it is called "River Road West Widening (2nd Phase)".

(a) Is the primary driver for the River Road project reliability/end of life or external obligations to the city?
(b) Please provide number of failures, separately, unplanned and planned SAIFI and SAIDI contribution from the Mosely Pole Line, for each of the 2011-2015 years.
(c) Please provide asset counts per asset class for those assets proposed for replacement as part of the River Road widening project for each of the project years.
(d) Can Wasaga Distribution confirm that the assets within the scope of this project are not included in the Misc. Pole, Misc. Transformer and Conductor Replacements programs?

2-Staff-31
Ref: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 4.5.2 Material Investments

The Sunnidale Road Pole Line Expansion project costs total $760,000.

(a) Can Wasaga Distribution please provide a cost estimate breakdown for the project total, specifically, average cost per pole, transformer and conductor replacement?
(b) Does the Sunnidale Road Pole Line Expansion involve the replacement of existing plant with new plant?
(c) If the response to b) is yes, please provide asset counts for those replaced.
(d) Can Wasaga Distribution confirm that the assets within the scope of this project are not included in the Misc. Pole, Misc. Transformer and Conductor Replacements programs?
(e) Please provide the results of the economic evaluation conducted by Wasaga Distribution for the described development. If no economic evaluation was performed, please explain, why there is no requirement to perform such evaluation.

2-Staff-32
Ref: EB-2015-0103, Exhibit 2, Attachment A – Wasaga Distribution Inc. Distribution System Plan, 4.5.2 Material Investments

Financial information regarding Residential and Commercial Development is provided in the table below. The Board has calculated potential unit costs utilized based on the

work described.

	2015		2016	
	Budget	Unit Cost (@170 lots)	Budget	Unit Cost (@170 lots)
Residential and Commercial Development	$ 115,188	$ 678	$ 68,750	$ 404

Can Wasaga Distribution please explain the decrease in unit cost from $678 to $404 per lot from 2015 to 2016?

Exhibit 3 – Operating Revenue

3-Staff-33
Ref 1: Chapter 2 Appendices, Tab 2-IA_Act_Frcst_Data
Ref 2: E3/Tab 1/Sch. 4 – Overview of Load Forecast Methodology, Page 8, Tables 3.3 and 3.4

OEB staff notes that some of the figures in reference 1 do not reconcile to the figures in reference 2. Specifically, OEB staff observes discrepancies in the data for the Residential and General Service<50 kW rate classes from the 2012 Board Approved to the 2014 rate years.

Please reconcile the data and provide corrected tables.

3-Staff-34
Ref 1: Load Forecast Model, Tab 10 - Final Load Forecast
Ref 2: Chapter 2 Appendices, Tab 2-IA_Act_Frcst_Data

(a) Please update Tab 10 of the Load Forecast Model to include 2015 year to date actuals and provide 2014 actual data for the comparable time frame.
(b) Please compare the 2015 actuals to date with the same period data for 2014.
(c) Please compare actual data to forecasted data and explain any material variances.

3-Staff-35
Ref: Load Forecast Model, Tab 4 – Customer Growth

At the above reference, Wasaga Distribution has adjusted the computed (geomean) customer count for the Bridge and Test Years for the Residential, Unmetered Scattered

Load, General Service > 50kW (2016 only) and Street Lighting rate classes. Please provide an explanation of the special circumstances, such as a new subdivision or loss of customer or other utility specific reasons, for this adjustment.

3-Staff-36
Ref 1: E3/Tab 1/Sch.4 – Overview of Load Forecast Methodology, Page 8
Ref 2: E3/Tab 1/Sch.12 – Determination of Weather Normalized Forecast, Page 35

At reference 1, Wasaga Distribution notes that it currently does not have a process to adjust weather actual data to a weather normal basis since it is Wasaga Distribution's understanding there is not a Board approved method to weather normalize actual data.

At reference 2, Wasaga Distribution states "Weather normalized wholesale kWh, for historical years, are allocated to these classes based on these historical shares."

(a) Please explain the seemingly contradictory statements.
(b) Would Wasaga Distribution agree that if the following was done, it would result in 'weather normal' for historical years:
    • run the regression model for historical years using all actual dependent variables including HDD and CDD for the actual year.(A)
    • run the regression model for historical years using all actual dependent variables except use normal HDD and CDD values.(B)
    • Apply the weather normalization factor (B/A) from the above two runs for each year to the actual purchases.
(c) Please provide the results of running the regression model as per the above process.

3-Staff-37
Ref: E3/Tab 1/Sch.9 – Overview of Variables Used, Page 16

Wasaga Distribution has chosen 6 variables to use in its load forecast: weather (e.g. heating and cooling), growth factors (increases or decreases in customer count), seasonality, in this case, spring/ fall flag factor, the number of days per month and lastly a variable that looks at identifying the impact increased pricing has on customer usage. Wasaga Distribution did a comparison of the Consumer Price Index (CPI) for Electricity in Ontario versus the Overall CPI Index in Ontario.

Each annual CPI compares prices in a particular year to prices in an official base period. The current base year is 2002. Wasaga Distribution has created a trend variable to capture the relationship between the two CPIs.

(a) Please run the model without the CPI trend variable and substitute an economic variable, such as the Overall CPI Index in Ontario.
(b) Please describe the differences between the two methods and the effect of using this CPI variable on the load forecast.

3-Staff-38
Ref: Excel Filing_Load Forecast Wholesale, Tab 9

It appears that Wasaga Distribution has the same persistence rates for both gross and net CDM savings. Please confirm the source of the persistence rates of historical CDM programs to 2014 that are used to inform the 2015 load forecast adjustment.

3-Staff-39
Ref: Excel Filing_Load Forecast Wholesale, Tabs 9.1 and X.2

In Tab 9, it appears that Wasaga Distribution is allocating CDM savings in 2015 based on targeted load forecasts. In Tab X.2, it appears that the allocation methodology is based on 2014 actual load. Please confirm whether the 2015 forecast has been informed by historical actuals. If the 2015 forecast has not been informed by historical actuals, please discuss the data that Wasaga Distrbibtion has used.

3-Staff-40
Ref: Excel Filing_Load Forecast Wholesale, Tabs X.1 and X.2
Ref: Appendix F, Table 1, p. 4 of Application

In Tab X.1, it appears the total annual net CDM results from 2006 to 2014 are determined from Tab X.2 that includes total verified net CDM savings. Please discuss whether Wasaga Distribution will update the 2011 and 2014 results based on the Final 2011-2014 CDM Results Report prepared by the IESO.

3-Staff-41
Ref 1: E1/Tab 4/Sch.3 – Load Forecast Summary, Page 36
Ref 2: E3/Tab 5/Sch.1 – Overview of Other Revenue, Page 63
Ref 3: Chapter 2 Appendices Tab 2-F – Other Operating Revenues

Customers or Connections

Customer Class Name	2012 Board Approved	Test Year 2016	Variance	Variance %
Residential	11,614	12,440	826	7.1%
General Service < 50 kW	791	789	-2	-0.3%
General Service > 50 to 4,999 kW	34	38	4	11.8%
Unmetered Scattered Load	45	40	-5	-11.1%
Street Lighting (connections)	2,525	2,819	294	11.6%
TOTAL	**15,009**	**16,126**	**1,117**	**7.4%**

Metered kWh (CDM Adjusted)

Customer Class Name	2012 Board Approved	Test Year 2016	Variance	Variance %
Residential	85,253,972	87,540,339	2,286,367	2.7%
General Service < 50 kW	17,532,074	17,037,738	-494,336	-2.8%
General Service > 50 to 4,999 kW	20,862,622	20,902,751	40,129	0.2%
Unmetered Scattered Load	297,067	221,022	-76,045	-25.6%
Street Lighting (connections)	1,691,769	611,285	-1,080,484	-63.9%
TOTAL	**125,637,504**	**126,313,135**	**675,631**	**0.5%**

kW CDM Adjusted

Customer Class Name	2012 Board Approved	Test Year 2016
Residential		
General Service < 50 kW		
General Service > 50 to 4,999 kW	52,968	51,946
Unmetered Scattered Load		
Street Lighting (connections)	4,771	1,802
TOTAL	**57,739**	**53,748**

The table above shows Wasaga Distribution's customer/connections load forecast increasing overall by 7.5% since its 2012 Board-Approved.

At references 2 and 3, 2012 Board Approved Other Revenue on this table is $636,297 and 2016 proposed Other Revenue is $474,377, a decrease of 25%.

(a) Given that customer numbers have increased over the same period, please explain why Other Revenue has not followed suit.

(b) In relation to the table below, please explain the decrease in interest and dividend from 2012 to 2016.

Table 3.50: OEB Appendix 2-H Other Operating Revenue

USoA #	USoA Description	Actual Year[2]	Actual Year[2]	Actual Year[2]	Actual Year[2]	Bridge Year[2]	Test Year
		2012	2013	2014	2014	2015	2016
	Reporting Basis	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS	MIFRS
4235	Specific Service Charges	114,733	107,085	109,995	109,995	111,150	113,010
4225	Late Payment Charges	30,948	28,227	32,120	32,120	32,565	32,565
4082	Retail Services Revenues	9,278	7,342	8,941	8,941	9,000	9,000
4084	Service Transaction Requests	354	458	250	250	450	300
4086	SSS Administration	39,354	37,143	37,943	37,943	39,655	40,359
4210	Rent from Electric Property	296,023	308,202	304,539	304,539	306,112	306,595
4215	Other Utility Operating	5,546	5,996	286	286	2,000	2,000
4355	Gain on Disposition	8,741	6,051	7,997	7,997	-	7,500
4360	Loss on Disposition	-59,739	-7,607	-5,676	-5,676	-38,737	-51,952
4390	Miscellaneous Non-Operating	70,259	4,053	711	711	25,962	-
4405	Interest and Dividend	120,800	62,063	34,360	34,360	35,000	15,000
Specific Service Charges		114,733	107,085	109,995	109,995	111,150	113,010
Late Payment Charges		30,948	28,227	32,120	32,120	32,565	32,565
Other Operating Revenues		350,555	359,141	351,959	351,959	357,217	358,254
Other Income or Deductions		140,061	64,560	37,392	37,392	22,225	-29,452
Total		636,297	559,013	531,466	531,466	523,157	474,377

3-Staff-42
Ref: E3/Tab 5/Sch.3 – Proposed Specific Service Charges

Wasaga Distribution is proposing a change to the microFIT service charge. Wasaga Distribution incurs a $10.00 monthly fee per microFIT meter point from its vendor Utilismart and would like to pass this charge onto its microFIT customers. This increase in the customer charge from $5.40 to $10.00 was also agreed to in St. Thomas Energy Inc.'s (EB-2014-0113) Cost of Service Application. Wasaga Distribution has provided for this increase in revenue in its 2016 revenue offsets.

(a) Is Wasaga Distribution using the same provider as St. Thomas Energy Inc.?
(b) How many customers would be impacted by this change?
(c) How much revenue would the change in the microFIT rate equate to on an annual basis?

Exhibit 4 – Operating Expenses

4-Staff-43
Master Service Agreement
Ref: E4/Tab 1/Sch. 1 – Overview of Operating Expenses, Page 3

At the above reference, Wasaga Distribution states “WDI’s affiliate Wasaga Resource Services Inc. (WRSI) is a service company that provides all the manpower required by WDI to operate its distribution system. The costs for these services are passed through to WDI at a cost set out in the Master Service Agreement (MSA) that is included in Exhibit 4, Attachment A. This MSA was rewritten for the first time in January 2013 and has maintained the same calculation from the original MSA of November 2001 which allows for increases based on customer growth and increased Distribution Revenue. However, both WDI & WRSI Board of Directors felt that the MSA should be reviewed. Based on that review a CPI increase from 2001 was taken into consideration and a return on capital for the assets WRSI uses for major software investments, vehicles and tools specifically related to WDI. These costs are then allocated to WDI on an actual cost basis plus a return to WRSI”.

(a) What was Wasaga Distribution’s rationale for renewing the Master Service Agreement with WRSI?
(b) Were costs savings predicted? Did these cost savings materialize? If not, please explain why not.
(c) What is the end date of the current Master Service Agreement with WRSI?

4-Staff-44
Ref: E4/Tab 1/Sch.1 Overview of Operating Expenses, Page 4

At the above reference, Wasaga Distribution notes that in its 2012 cost of service application (EB-2011-0103), it forecast OM&A spending of $2,081,831 and during settlement, Wasaga Distribution’s spend was reduced to $2,549,236. Wasaga Distribution’s actual spend for 2012 ended up being $2,794,068 which was very close to the original application.

Please confirm if Wasaga Distribution mistakenly reversed the first two figures mentioned (i.e. OM&A in 2012 was actually reduced to $2,081,831).

4-Staff-45
Ref: Chapter 2 Appendices Tab 2-JC – OM&A Programs

In Appendix 2-JC, Wasaga Distribution provided its individual program costs prior to the OM&A envelope reduction ordered by the OEB in its last cost of service proceeding.

Please provide a table in the same format as Appendix 2-JC to include the most recent year-to-date OM&A expenditures for the 2015 bridge year and provide corresponding year-to-date figures for the 2014 year.

4-Staff-46
Shared Services and Corporate Cost Allocation
Ref: E4/Tab 3/Sch.4, Page 38

At the above reference, Wasaga Distribution notes:

> As WDI is a virtual utility all resources are provided by WRSI through the Master Service Agreement. The Master Service Agreement was rewritten in 2013 as a result of WDI's Cost of Service…This document sets out the term and all financial responsibilities of WDI to WRSI. This document became effective January 01, 2013.

A summary of the Master Service Agreement (MSA) expenses are shown below.

Item	2012 Board Approved	2012 Actual	2013 Actual	2014 Actual	2015 Bridge	2016 Test
Master Service Agreement	N/A	2,083,254	2,155,877	2,244,181	2,315,000	2,417,664
Difference		-	72,623	88,304	70,819	102,664

OEB staff notes that MSA expenses have increased approximately 16.05% from 2012 actuals.

(a) Please describe the outcomes and higher level of services that customers will receive for the relatively higher rates they are paying.
(b) Please confirm the following increases in the MSA between Wasaga Distribution and Wasaga Resource Services Inc.:
- 2012-2013: increase of 3.5%
- 2013-2014: increase of 4.1%
- 2014-2015: increase of 3.2%
- 2015-2016: increase of 4.4%

(c) Please explain the increases given that the current 2-factor IPI and the targeted Bank of Canada inflation rate of 2.0%.
(d) Please describe the methodology used to determine the corporate cost allocation.
(e) Please provide a breakdown of costs by department/services that the MSA provides and a variance analysis for each category. An example is shown below.

	2012 Actual	2013 Actual	Variance	2014 Actual	Variance	2015 budget	Variance	2016 Test	Variance
Information Services									
Human Resources									
Communications									
Financial Services									
Legal Services									
Total									

4-Staff-47

The proposed OM&A costs in 2016 of $3,074,782 represent an increase of $280,714 or 10.04% over the 2012 actual OM&A.

(a) Please outline the outcomes and higher level of services that customers will receive for the relatively higher rates they are paying.
(b) Please identify any customer engagement that supports the further increases proposed in this application.
(c) Please provide the analysis that was performed to assess whether Wasaga Distribution's planning decisions reflect best practices of Ontario distributors.
(d) Please identify any initiatives considered and/or undertaken by the applicant, including any analysis conducted, to optimize plans and activities from a cost perspective, for example, balancing cost levels of OM&A versus capital.

4-Staff-48
Tree Trimming
Ref: E4/Tab 3/Sch.1, Page 21

Please provide Wasaga Distribution's tree trimming actuals/budget for the year 2012 through 2016.

4-Staff-49
Ref 1: E1/Tab 4/Sch. 5 – Overview of Operation, Maintenance & Administrative Costs, Page 41
Ref 3: Chapter 2 Appendices, Tab 2 J-C OM&A Programs Table

At reference 1, Wasaga Distribution notes that a significant driver for the requested increase to its OM&A is related to the increase in billing and collecting by approximately $145,000. The major contributor to the increase in billing/collecting is increased labour/benefit costs and bad debt.

A portion of the OM&A programs table, found at reference 2 is reproduced below.

Programs	Last Rebasing Year (2012 Board-Approved)	Last Rebasing Year (2012 Actuals)	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year	Variance (Test Year vs. 2014 Actuals)	Variance (Test Year vs. Last Rebasing Year (2012 Board-Approved)
Reporting Basis	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS	MIFRS	MIFRS	CGAAP
Customer Focus								
Customer Premise	$ 12,494	$ 17,860	$ 27,182	$ 32,234	$ 38,567	$ 40,479	$ 8,245	$ 27,986
Community Relations	$ 9,800	$ 11,652	$ 4,804	$ 7,473	$ 10,803	$ 17,803	$ 10,330	$ 8,003
Bad Debts	$ 64,500	$ 46,500	$ -	$ 25,000	$ 40,000	$ 40,000	$ 15,000	-$ 24,500
Billing, Collecting, & Customer Service	$ 677,588	$ 684,418	$ 698,643	$ 752,709	$ 788,974	$ 816,617	$ 63,908	$ 139,029
Service Locates	$ 66,452	$ 74,331	$ 84,282	$ 77,817	$ 106,228	$ 110,753	$ 32,937	$ 44,301
Sub-Total	$ 830,834	$ 834,761	$ 814,912	$ 895,233	$984,572	$1,025,653	$ 130,420	$ 194,819

The table shows bad debts as staying constant between 2015 and 2016.

(a) Please explain this discrepancy.
(b) Please explain the nature of the increased labour/benefit costs.
(c) Please confirm that Wasaga Distribution is on monthly billing and the increase in billing/collecting is not due to additional resources required.

4-Staff-50
Ref: Exhibit 4, VII - Attachment E, 2014 Income Tax Return
Scientific Research and Experimental Development (SRED) claim
Fiber Optic Lines

The 2014 income tax return includes a scientific research and experimental development (SRED) claim related to a project called “Electrical Distribution System Installation Advancements”. As noted in the SRED claim, Wasaga Distribution is installing fiber optic lines.

(a) Please provide a detailed description of this project.
(b) Are the costs related to fiber optic lines being incurred exclusively for the benefit of the electricity distribution business?

(c) What costs were incurred in 2012, 2013 and 2014 related to the installation of fiber optic lines?
(d) Are the costs associated with fiber optic lines included in rate base?

4-Staff-51
Ref 1: LRAM Variance Account (LRAMVA)
Ref: E4/Tab6/Sch.2, Page 68

Please provide a table that lists all the appropriate OPA CDM Initiatives that produced net CDM savings which were used in the LRAMVA calculations. For each rate class, please list all relevant CDM initiatives in the applicable year and provide the subsequent net CDM savings for each. An example is provided below:

Residential	**Net kWh**	**Net kW**
Initiative 1		
Initiative 2		
Initiative 3		
Total		
Volumetric Rate Used		
Lost Revenues		
GS < 50 kW	**Net kWh**	**Net kW**
Initiative 1		
Initiative 2		
Initiative 3		
Total		
Volumetric Rate Used		
Lost Revenues		
GS > 50 kW	**Net kWh**	**Net kW**
Initiative 1		
Initiative 2		
Initiative 3		
Total		
Volumetric Rate Used		
Lost Revenues		
Other classes (e.g., Streetlighting, Large Use, etc.), as needed	**Net kWh**	**Net kW**

Initiative 1		
Initiative 2		
Initiative 3		
Total		
Volumetric Rate Used		
Lost Revenues		

A separate table should be provided for each year.

4-Staff-52
Ref 1: Ex.4/Tab 6/Sch.2 – LRAMVA - Table 4.26: Summary of Requested LRAMVA Amounts (2011-2013) of Application
Ref 2: Excel Filing, Tab 2: WasagaDistribution_APPL_2016COS_EDDVAR_Continuity_Schedule_20150911
Ref 3: Attachment G, Table 4 – Carrying Charges of Application

Wasaga has indicated that it is requesting to recover a total of $10,106.81 in lost revenues relating to its 2011, 2012 and 2013 CDM programs.

(a) It appears to OEB staff that the total LRAMVA amount above ($10,106.81) does not include carrying charges. Please update this amount with all carrying charges Wasaga Distribution seeks to recover.

On September 30, 2015, Wasaga Distribution filed its 2014 CDM Annual Report with the OEB and has included these results in an appendix to its cost of service application.

(b) Please update the total LRAMVA request in Table 4.26 of the Application to include the lost revenues in 2014 from all eligible programs (i.e. 2011-2014) and the associated carrying charges. Please rely on the 2011-2014 Final CDM Results provided by the IESO when making this update.

4-Staff-53
Ref: Appendix G, Tables 7, 8 and 10 of Application

Wasaga Distribution has included tables from its Final CDM Annual Reports in support of its LRAMVA amount.

(a) Please confirm the persistence factors used for 2011 to 2014 for all kW and kWh savings used to determine the level of persisting savings of prior year programs. These are summarized in Tables 4 and 5 of the 2011-2014 Final Results Report in Appendix G (page 7).

(b) Please file all the updated LRAM Model excel spreadsheets in live version in order for staff to confirm all calculations.

Exhibit 6 – Calculation of Revenue Deficiency

6-Staff-54

Upon completing all interrogatories from Board staff and intervenors, please provide an updated RRWF in working Microsoft Excel format with any corrections or adjustments that the Applicant wishes to make to the amounts in the populated version of the RRWF filed in the initial applications. Entries for changes and adjustments should be included in the middle column on sheet 3 Data_Input_Sheet. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note. Such notes should be documented on Sheet 10 Tracking Sheet, and may also be included on other sheets in the RRWF to assist understanding of changes.

Also upon completing all interrogatories from OEB staff and intervenors, please provide any updates to the following Microsoft Excel documents in working format: PILS, any Appendix 2 changes (e.g. cost allocation, rate design, and bill impacts, and so on as required), EDDVAR spreadsheet, and the updated cost allocation model (as per the interrogatory below) reflecting the revised revenue requirement in the updated RRWF.

Exhibit 7 – Cost Allocation

7-Staff-55
Ref: E7/Tab 1/Sch.1 – Overview of Cost Allocation, Page 6

At the above reference, Wasaga Distribution notes that with respect to the unmetered scattered load rate class, since the largest customer in this category is the Town of Wasaga Beach, Wasaga Distribution confirms load and rate impact whenever increases are completed. Wasaga Distribution also communicated the rate increase forecasted for this rate application and the impacts to its customers. Additionally, Wasaga Distribution has had communications with the Town on the conversion to LED and questions have arisen regarding the impact this could have on rates during these conversations.

(a) What feedback was provided from the Town of Wasaga Beach when the rate increase forecasted for this application and the impact to customers was communicated? Please provide any supporting documentation.

(b) Please describe the nature of the communications which took place regarding the conversion to LED streetlights and the questions which arose.
(c) Has the LED street lighting program started?

Exhibit 8 – Rate Design

8-Staff-56
Ref: Chapter 2 Appendices Tab 2-W Bill Impacts

OEB staff notes that under sub-total B of the bill impacts for the Residential rate class, the rate for RTSR – Line and Transformation Connection does not reconcile to Wasaga Distribution's current OEB-approved tariff. Currently, the rate entered is $0.0013/kWh. OEB staff notes that the rate should be $0.0044/kWh.

(a) Please confirm if Wasaga Distribution agrees.
(b) Please confirm that with this change, the overall bill impacts actually decrease for the Residential rate class (both at 800kWh and 132kWh consumption levels).
(c) In accordance with interrogatory 6-Staff-57 above, please account for this correction in the re-filed Chapter 2 appendices to account for this change.

8-Staff-57
Ref: Chapter 2 of the Filing Requirements, Section 2.8.13, Page 63
Ref: E8/Tab 1/Sch. 14, Pages 26-29

Chapter 2 of the Filings Requirements states:

> The OEB has established that, when assessing the combined effects of the shift to fixed rates and other bill impacts associated with changes in the cost of distribution service, a utility shall evaluate the total bill impact for a residential customer at the distributor's 10th consumption percentile.

And,

> If the impact for these customers is 10% or greater, a distributor must file a plan to mitigate the impact for the whole residential class or indicate why such a plan is not required... Where the evaluation of bill impacts indicates that rate mitigation is only required for the residential class, it is the OEB's expectation that distributors will propose mitigation strategies that target only the residential class and that any associated cost consequences of any revenue deferral (e.g. additional carrying charges due to longer dispositions periods for DVAs) will be borne by that class.

In order to evaluate the true bill impact for the 10th percentile (for both RPP and Non-RPP customers) excluding the effect of the Ontario Clean Energy Benefit (OCEB), Sub-

Total C: Delivery $ Change should be divided by the Total Bill on TOU as per the figures found in Appendix 2-W.

(a) Please confirm if Wasaga Distribution agrees with OEB staff's calculation of a bill impact of 12.2% for Residential RPP customers at the 10th percentile.

(b) Please confirm if Wasaga Distribution agrees with OEB staff's calculation of a bill impact of 7.0% for Residential Non-RPP customers at the 10th percentile.

8-Staff-58
Bill Impact for Residential Low Volume Customers

In its application, Wasaga Distribution notes that the Residential customer class would exceed the 10% threshold based on the analysis of low volume residential customers. Wasaga Distribution feels the majority of the customers in this low volume consumption range are seasonal cottage customers and may not be adversely affected by the rate increase as a typical low volume customer. Wasaga Distribution also notes that it determined no mitigation strategies are necessary based on the removal of the OCEB and DRC.

(a) Please further elaborate on why Wasaga Distribution feels that a greater than 10% impact on this subset of customers does not adversely affect them.

(b) Has Wasaga Distribution notified or consulted with the parties that it projects will be affected by this change in 2016?

i. If not, please explain why.

ii. If yes, please provide any feedback/concerns/results in relation to Wasaga Distribution's consultation with these parties.

Exhibit 9 – Deferral and Variance Accounts

9-Staff-59
Ref: Other Post-Employment Benefits (OPEBs)

OEB staff is reviewing OPEB costs incurred directly and indirectly by Wasaga Distribution.

The purpose of review is to compare the amount of OPEBs-related expenses that have historically been collected from rate payers with the amount of OPEBs that have been paid to retired employees. Historically, electricity distribution rates are based on the accrued expense amount. However, this amount may be excessive because there is a significant time lag between when the OPEBs are recovered from ratepayers and when utilities are required to payout OPEBs benefits to retired employees.

Wasaga Distribution has no employees. Instead, it receives services from affiliated entities such as Wasaga Resource Services Inc. Staff is therefore seeking information on what portion of these service fees relates to OPEBs.

(a) Historically, did the service fees charged to Wasaga Distribution include OPEBs? If so, was the OPEBs portion of the fees calculated on a cash or accrual accounting basis?

(b) Please complete the table below. The table is a summary of the amounts recovered from ratepayers related to OPEBs and the cash benefit payments to retired employees.

(c) Please describe what the affiliated entity has done with the recoveries in excess of cash benefit payments, if any.

Other Post-employment Benefits

Summary of Amounts Collected from Ratepayers and Amounts Paid to Retired Employees

		First year of OPEBs recovery to 2011	2012	2013	2014	2015	2016	Cross Total
Amount of OPEBs included in rates - OM&A portion	**[A]**							
Amount of OPEBs included in rates – Capital portion	**[B]**							

Total – Amount of OPEBs included in rates	**[C]** **=[A] + [B]**							
OPEBs paid to retired employees	**[D]**							
Net excess - Amount included in rates exceeds the amounts paid	**[E]** **= [C] –[D]**							