



THE BOARD OF DIRECTORS

Chair, GAIL REGAN
President, Cara Holdings Ltd.

President, PATRICIA ADAMS

MAX ALLEN

Producer, IDEAS, CBC Radio

ANDREW COYNE

Columnist, National Post

GLENN FOX

Professor of Economics, University of Guelph

IAN GRAY

President, St. Lawrence Starch Co.

CLIFFORD ORWIN

Professor of Political Science, University of Toronto

Secretary/Treasurer, ANNETTA TURNER

ANDREW ROMAN

Barrister & Solicitor, Miller Thomson

ANDREW STARK

Rotman School of Management, University of Toronto

GEORGE TOMKO

Resident Expert, PSI Initiative, University of Toronto

MICHAEL TREBILCOCK

Chair, Law & Economics, University of Toronto

MARGARET WENTE

Columnist, The Globe and Mail

January 16, 2016

BY EMAIL & BY COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2015-0107
Wasaga Distribution Inc. --- 2016 COS Application
Energy Probe –Clarification Questions to Applicant

Pursuant to Procedural Order No. 1, issued November 5, 2015, a Settlement Conference is to commence on January 18, 2016. Please find attached the Clarification Questions of Energy Probe Research Foundation (Energy Probe) in respect of the Interrogatory Responses of Wasaga Distribution in the EB-2015-0107 proceeding.

Rather than delay the Settlement Conference by posing these Questions on January 18th, Energy Probe is providing them to Wasaga Distribution now so that the Applicant can address them prior to or at the start of the Settlement Conference.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

cc. Joanne Tackaberry, Wasaga Distribution (By email)
Brandon Weiss, Wasaga Distribution (By email)
James Sidlofsky, Borden Ladner Gervais LLP (By email)
Randy Aiken, Aiken & Associates (By email)
Parties of Interest (By email)

Energy Probe Research Foundation 225 BRUNSWICK AVE., TORONTO, ONTARIO M5S 2M6

Phone: (416) 964-9223 Fax: (416) 964-8239 E-mail: EnergyProbe@nextcity.com Internet: www.EnergyProbe.org

EB-2015-0107

Wasaga Distribution Inc.

**Application for electricity distribution rates and
other charges beginning May 1, 2016.**

**CLARIFICATION QUESTIONS OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

January 16, 2016

**WASAGA DISTRIBUTION INC.
2016 RATES REBASING CASE
EB-2015-0107**

**ENERGY PROBE RESEARCH FOUNDATION
CLARIFICATION QUESTIONS**

EXHIBIT 1 - ADMINISTRATION

1. Ref: 1-SEC-4

- a) Does the reference to “their Consultants” in the response refer to consultants of the OEB or consultants employed by Wasaga Distribution?

- b) Please explain what is meant by “other than what has been provided by Wasaga Distribution from the Ontario Energy Board”? Is this in reference to base productivity and stretch factors employed by the Board in the price cap?

EXHIBIT 3 – OPERATING REVENUE

2. Ref: 3-Energy Probe-11

The response indicates that WDI has updated the 2015 forecast for account 4360 to \$0 because the replacements are fully depreciated. Please explain why there is a significant jump in the loss still forecast for 2016.

EXHIBIT 4 – OPERATING EXPENSES

3. Ref: 4-Staff-46 & 4-Energy Probe-19

- a) Please reconcile the increases shown in response to part (b) of 4-Staff-46 with the growth rates that result from the increases for the grand total shown in 4-Energy Probe-9 for 2015 and 2016.

- b) Please show the calculation that results in the residential increase of \$35,963.65 in 2016 shown in the response to 4-Energy Probe-19 (a).

4. Ref: 4-Energy Probe-17

What regulatory activities have increased such that the costs in 2016 are forecast to be \$56,000 higher than they were in 2012?

EXHIBIT 5 - COST OF CAPITAL AND CAPITAL STRUCTURE

5. Ref: Energy Probe-27

The response to part (a) indicates that the interest rate is the deemed variable interest rate approved in the last Cost of Service and that this was agree on by the Board of Directors and the Shareholder.

- a) Please provide all documentation associated with this agreement.**
- b) Please explain why Wasaga Distribution does not pay the interest rate as set out in the long term note payable which is equal to the Government of Canada 10 year bond rate as of December 31?**
- c) Please explain why Wasaga Distribution has not included any forecast of additional long term debt in this application when the capital expenditure problem may require the addition of new debt?**

EXHIBIT 6 – CALCULATION OF REVENUE REQUIREMENT

6. Ref: Updated RRFE dated January 8, 2016

Please explain why the difference shown on line 14 in the Revenue Requirement sheet in the Interrogatory Responses column is \$11,101 rather than \$0.

EXHIBIT 7 – COST ALLOCATION

7. 7-VECC-36 & Updated Evidence for Lead Lag Study

- a) Please confirm that based on the updated Appendix 2-P provided as part of this response, that the revenue shortfall resulting from the reduction in the revenue to cost ratio for the street lighting class to 120% is now proposed to be recovered from the GS < 50 class. If this cannot be confirmed, please explain.**
- b) Please provide an updated Appendix 2-P that reflects the increased revenue requirement resulting from the Lead Lag Study.**

EXHIBIT 9 – DEFERRAL AND VARIANCE ACCOUNTS

8. Ref: 9-Staff-59

- a) **If Wasaga Distribution has never been charged the OPEBs, who has paid the affiliates OPEB costs?**
- b) **How does Wasaga Distribution know that the costs it pays its affiliate do not include costs related to OPEBS or any other specific component of costs?**