



**Wellington North Power Inc.**

290 Queen Street West, PO Box 359, Mount Forest, ON N0G 2L0

Phone: 519.323.1710 Fax: 519.323.2425 E-mail:

[wnp@wellingtonnorthpower.com](mailto:wnp@wellingtonnorthpower.com)

[www.wellingtonnorthpower.com](http://www.wellingtonnorthpower.com)

November 25, 2016

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

Dear Ms. Walli,

**Re: EB-2016-0111 - 2017 Price Cap IR Application  
Application Analysis - Applicant Response  
Wellington North Power Inc.**

Please find below Wellington North Power Inc.'s (WNP) responses to OEB Staff's clarification questions regarding case number EB-2016-0111.

Wellington North Power Inc. confirms the Applicant has also filed a copy of these responses through the Board's e-filing service together with an updated Rate Generator model.

Should you have any questions, please do not hesitate to contact me.

Regards,

*Richard Bucknall*

Richard Bucknall

Chief Administrative Officer  
**Wellington North Power Inc.**

Cc: OEB Staff: Ms. Anna King (Analyst, Rates)

**Wellington North Power Inc.**

**Application Analysis (EB-2016-0111)**

**Tab 1 – Information Sheet**

It is indicated that the rate-setting method for the application is “Annual IR Index”. Which does not agree with the method stated in Manager’s Summary, please clarify which method you are applying for.

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**Wellington North Power’s Response:**

Wellington North Power Inc. (WNP) confirms the LDC is applying for a “Price Cap IR” rate-setting method.

The Applicant has corrected worksheet “1. Information Sheet” of the Rate Generator model (*version 1.3*) to show the rate setting method to be “Price Cap IR”.

An updated copy of the Applicant’s Rate Generator model (*version 1.3*) has been filed through the Board’s e-filing service.

**Tab 3 - Continuity Schedule**

Please confirm why there is no value provided for the projected interest in Account 1580  
- Variance WMS – Sub-account CBR Class B.

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**Wellington North Power's Response:**

The amounts for the CBR Class B were combined with the other WMS values. These amounts have now been separated and updated worksheet "3. Continuity Schedule" of the Rate Generator model (*version 1.3*).

An updated copy of the Applicant's Rate Generator model (*version 1.3*) has been filed through the Board's e-filing service.

**Tab 8 – STS – Tax Change**

OEB staff notes that the figure for Tax Related Amounts Forecast from Capital Tax Rate Changes (cell L19) does not agree with the figure reported in Revenue Required Work Form from the most recent COS. Please verify this figure.

OEB staff cannot reconcile the figure entered for Taxable Capital (\$8,265,840) with that recorded in the Revenue Required Work Form from the most recent COS (\$9,452,221). Please verify this figure.

Please provide evidence for the Regulatory Taxable Income and Corporate Tax Rate entered into the model. The figures do not agree with what is recorded in the Revenue Required Work Form from the most recent COS.

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**Wellington North Power's Response:**

The figure WNP provided (in cell L19) was the Capital Asset Rate base and excluded the Working Capital Allowance amount.

The Applicant has updated worksheet "8. STS – Tax Change" of the Rate Generator model (*version 1.3*) amending Taxable Capital (cell L19) to be the sum of the Capital Asset Rate base plus the Working Capital Allowance amounts. This corrected amount is \$9,452,211 which corresponds to the Total Rate Base figure as reported in Wellington North Power Inc.'s Revenue Required Work Form (worksheet "4. Rate Base") in the LDC's 2016 Cost of Service application (EB-2015-0110).

The Applicant has also updated worksheet "8. STS – Tax Change" of the Rate Generator model (*version 1.3*) amending Taxable Income, Tax Impact, and Gross-up Tax Amount to zero (\$0 as per cells L30, L34, L36). These corrected values justify the \$0 taxes payable as reported in Wellington North Power Inc.'s Revenue Required Work Form (worksheet "9. Rev\_Reqt") in the LDC's 2016 Cost of Service application (EB-2015-0110).

An updated copy of the Applicant's Rate Generator model (*version 1.3*) has been filed through the Board's e-filing service.

**Tab 9 – Shared Tax – Rate Rider**

The figure reported for the re-based distribution volumetric rate for sentinel lighting in the model is 23.3041 kW (cell H22), this does not agree with the tariff sheet from the most recent COS which reports this figure was 27.304 kW. Please explain the discrepancy.

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**Wellington North Power’s Response:**

Wellington North Power Inc. (WNP) confirms the correct distribution volumetric rate for the Sentinel Lighting rate class is \$27.3041 per kW as per the Applicant’s approved 2016 Cost of Service application EB-2015-0110 (*Tariff of Rates and Charges issued March 31, 2016; corrected April 6, 2016*).

WNP acknowledge the distribution volumetric rate for the Sentinel Lighting rate class included in the Rate Generator model was incorrectly inputted.

The Applicant has corrected worksheet “9. Shared Tax – Rate Rider” of the Rate Generator model (*version 1.3*) to show the corrected distribution volumetric rate for the Sentinel Lighting rate class as \$27.3041 per kW.

An updated copy of the Applicant’s Rate Generator model (*version 1.3*) has been filed through the Board’s e-filing service.

**Customer Classification**

Please confirm if there has been any movement of customers from Class A to Class B or from Class B to Class A.

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**Wellington North Power's Response:**

Wellington North Power Inc. (WNP) confirms there has been no movement of customers from Class A to Class B or from Class B to Class A.