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February 2nd 2018

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

Dear Ms. Walli:

Re: OEB File: EB-2017-0082
2018 Price Cap IR Distribution Rate Application - Wellington North Power Inc.
Applicant Responses to OEB Staff "Follow-Up Questions"

On January 30th 2018, Wellington North Power Inc. (WNP) received four (4) "follow-up" questions from OEB Staff regarding the LDC's 2018 IRM Rate Application (OEB case number EB-2017-0082.) Please find enclosed the Applicant's responses to the questions raised.

An electronic copy of this letter containing responses to the questions raised has been filed on the Board's web portal together with an updated 2018 IRM Rate Generator model, a revised 2018 Capital Module – ACM model and revised 2015 & 2016 GA Analysis Workforms.

Should the OEB have questions regarding this matter please do not hesitate to contact me.

Regards,

Richard Bucknall

Richard Bucknall
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c.c. *Christiane Wong - Information Administrator.*

Wellington North Power Inc. (Wellington North Power)

2018 IRM Application

EB-2017-0082

LDC's Responses to OEB Staff's "Follow-up Questions"

GA Analysis Workform

Staff #1

Ref: Wellington North Power's Response to October 25th GA Question #8

Wellington North Power states that "Taking the total kWh and multiplying it by the OEB GA rate results in the GA calculated being less than the GA WNP is required to pay to the IESO. This happens every month, as illustrated in the table below. It is known that the IESO does prior period adjustments."

Please confirm that the term "OEB GA rate" refers to the actual GA rate for Class B customers posted on the IESO website for each month. If not, please explain what "OEB GA rate" means. If "OEB GA Rate" refers to the actual GA rate as posted on the IESO website, please explain, if known, why there is a difference between the IESO posted actual GA rate and the amount charged on the IESO invoice.

Wellington North Power Inc. Response:

Wellington North Power Inc. (WNP) confirms that the term "OEB GA Rate" refers to the Actual GA rate for Class B customers as posted on the IESO's website for each month.

WNP does not know the reasons why there is a difference between the IESO's posted Actual GA rate and the amount charged on the IESO's monthly invoice.

The table below summarizes the variances between IESO's posted Actual GA rate and the amount charged on the monthly IESO invoice received by WNP for 2015 and 2016:

Global Adjustment 2015												
GA Rate	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Actual Rate posted by IESO (\$/MWh)	50.68	39.61	62.90	95.59	96.68	95.40	78.83	80.10	67.03	75.44	113.20	94.71
WNP's invoice IESO Invoice (\$/MWh)	50.71	39.64	63.13	96.02	97.24	95.94	79.33	80.50	67.38	75.66	113.40	94.80
Variance (WNP's invoice v and Actual)	0.059%	0.076%	0.366%	0.450%	0.579%	0.566%	0.634%	0.499%	0.522%	0.292%	0.177%	0.095%
Global Adjustment 2016												
GA Rate	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Actual Rate posted by IESO (\$/MWh)	91.79	98.51	106.10	111.32	107.49	95.45	83.06	71.03	95.31	112.26	111.09	87.08
WNP's invoice IESO Invoice (\$/MWh)	91.84	98.66	106.43	111.89	108.21	96.15	83.63	71.42	95.77	112.60	111.33	87.06
Variance (WNP's invoice v and Actual)	0.054%	0.152%	0.311%	0.512%	0.670%	0.733%	0.686%	0.549%	0.483%	0.303%	0.216%	-0.023%

Staff #2

Ref: Wellington North Powers Response to January 11th GA Question #4 (3.b)

Wellington North Power states that "Billing for the previous month can begin as soon as the IESO invoice is received. The invoice is posted to the month of consumption after billing for that month has taken place."

- a) Please confirm the approximate dates when actual consumption data becomes available for a given calendar month.
 - b) Please confirm that the IESO CT 148 amount is allocated to 1588 and 1589 according to actual consumption data for the corresponding month of the IESO bill and not estimated amounts for the corresponding month. If they are based on estimated consumption data for RPP/Non-RPP customers, please explain why there is no true-up adjustment recorded in 1588 and 1589 for the actual pro-ration percentages of the RPP/Non-RPP consumption.
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Wellington North Power Inc. Response:

- a) Three (3) business days after the end of the month, WNP knows the following:
 - i) The total kWh usage of all of its customers; and
 - ii) How the total usage is divided between RPP and non-RPP usage.
The actual usage consumed by the Regulated Price Plan (RPP) customer accounts (i.e. by the Time-of-Use periods of Off-Peak, Mid-Peak and On-Peak or by Tier 1 & Tier 2) is not known until actual billing is performed on the 12th business day of the month.
- b) WNP confirms the IESO CT 148 amount is allocated to 1588 and 1589 according to actual consumption data for the corresponding month of the IESO bill.

Staff #3

Ref: Wellington North Power's Response to October 25th GA Question #5

Wellington North Power states that "Charge Type 148 is prorated based on RPP/non-RPP consumption kWh and then booked into Account 1588 and 1589, respectively. The true up for RPP GA is completed monthly based on the IESO invoice and makes up most of Charge Type 142. This does not affect 1589."

The true-up process should not be based on the IESO invoice, but based on the difference between actual consumption kWh for RPP and non-RPP customers and estimated amounts initially submitted to the IESO. Account 1589 is affected if there is a change in the actual prorated percentages in kWhs for RPP and Non-RPP customers.

Please explain:

a) What is meant by: "The true up for RPP GA is completed monthly based on the IESO invoice and makes up most of Charge Type 142. This does not affect 1589".

b) Wellington Power currently has reconciling item 1a figures in both 2015 and 2016.

Please explain:

i) Why are there RPP Settlement true-up figures in the schedule of reconciling items for both 2015 and 2016 GA Analysis Workforms if Wellington North Hydro believes that 1589 is not affected by the RPP Settlement true-up?

ii) If the 2016 Worksheet has a reconciling item (1a) for \$25,799 that removes the impacts to GA from the prior year's (2015) RPP Settlement true up processes booked in 2016, why is the inverse of that amount not shown in line 1b in the 2015 GA Workform's list of reconciling items, as an amount that impacts the GA from the current year (2015) that is booked in the subsequent year (2016)?

Wellington North Power Inc. Response:

- a) When completing the monthly IESO 1598 filing, both the final GA rate and the exact division of kWh usage by the Time-of-Use period (i.e. Off-Peak, Mid-Peak and On-Peak) or by RPP Tier 1 & Tier 2 are unknown. These must be adjusted for and the value calculated adjusts the current month calculations for two IESO filings, "Regulated Price Plan vs. Market Price – Variance for Smart Meters" and "Regulated Price Plan vs. Market Price – Variance for Conventional Meters". These filings determine Charge type 142 (now 1142) on the IESO invoice which is assigned to 1588 – Cost of Power as required. None of this affects 1589.

- b)
 - i) The inclusion of RPP Settlement true-up figures is inconsistent. WNP have removed these values from the 2015 and 2016 GA workforms. The Applicant has filed updated workforms on the OEB's web portal.

 - ii) No further action required based on the response to b) i) above.

Staff #4

ACM Question

OEB staff is fine with Wellington North Power's response to the ACM IR in updating to 2015 actuals corresponding to Yearbook data. The one correction to the ACM model is that Wellington North Power need to use the 2018 IPI of 1.2% instead of the 2017 amount of 1.9% (the updated IPI affects the ACM/ICM materiality calculation, in addition to the impact on the distribution rate adjustment in the Rate Generator model).

Please confirm whether Wellington North Power agree with the updated rate riders.

Wellington North Power ACM IR Responses						
	As Filed in the IR response			With 2018 IPI		
IPI	1.90%			1.20%		
stretch factor	0.30%			0.30%		
PCI (Price Cap Index)	1.60%			0.90%		
growth factor "g"	3.19%			3.19%		
2018 threshold	\$934,029			\$ 859,645.00		
2018 capex	\$ 2,196,470.00			\$ 2,196,470.00		
2018 ACM project	\$ 1,700,000.00			\$ 1,700,000.00		
ACM eligible capex	\$ 1,262,441.00			\$ 1,336,825.00		
Revenue Requirement on eligible capex	\$ 103,286.00			\$ 108,239.00		
Rate riders	Fixed	per kWh	per kW	Fixed	per kWh	per kW
Residential	\$ 1.41			\$ 1.47		
GS < 50 kW	\$ 1.69	\$ 0.0007		\$ 1.77	\$ 0.0008	
GS 50-999 kW	\$ 11.19		\$ 0.1067	\$ 11.73		\$ 0.1180
GS 1000-4999 kW	\$ 91.45		\$ 0.1237	\$ 95.84		\$ 0.1297
USL	\$ 1.15	\$ 0.0006		\$ 1.20	\$ 0.0007	
Sentinel Lighting	\$ 0.30		\$ 1.1074	\$ 0.31		\$ 1.1605
Street Lighting	\$ 0.06		\$ 0.0716	\$ 0.01		\$ 0.0751

Updates to 2018 Capital Module and Rate Generator Model:

1. 2018 Capital Module (New)
2. Rate Generator Model:
 - a. Sheet 11 "RTSR UTRs & Sub-Tx" – 2018 UTR rates
 - b. Sheet 16 "Rev2Cost_GDPIPI" Cell B12
 - c. Sheet 18 "Additional Rates" – Revised ACM rate riders

Wellington North Power Inc. Response:

Wellington North Power Inc. (WNP) has updated the 2018 Capital Module – ACM model to show the 2018 IPI as 1.20% (rather than 1.90%).

WNP confirms that the Rate Riders as provided by OEB staff ("Follow-up Questions - January 30th 2018") with the exception of the following:

- General Service 50-999kW: Volumetric rate is \$0.1118 per kW (not \$0.1180); and
- Street Lighting Fixed rate is \$0. 07 (not \$0. 01).

Below is the Applicant’s summary of the ACM components and Rate Riders for the differences between the filed IR responses (January 19th 2018) and when amending the 2018 IPI to 1.20%:

Wellington North Power						
ACM - 2018						
Applicant Response to OEB Staff "Follow-up Questions" (January 30th 2018)						
	As filed in IR Responses			Adjusted with 2018 IPI		
	- January 19th 2018			- February 2nd 2018		
IPI	1.90%			1.20%		
Stretch Factor	0.30%			0.30%		
Price Cap Index (PCI)	1.60%			0.90%		
Growth Factor ("g')	3.19%			3.19%		
2018 threshold	\$934,029			\$859,645		
2018 CapEx	\$2,196,470			\$2,196,470		
2018 ACM Project	\$1,700,000			\$1,700,000		
ACM Eligible CapEx	\$1,262,441			\$1,336,825		
Revenue Requirement on Eligible CapEx	\$103,280			\$108,239		

Rate Riders:		As filed in IR Responses			Adjusted with 2018 IPI		
		Fixed	per kWh	per kW	Fixed	per kWh	per kW
	Residential	\$ 1.41			\$ 1.47		
	General Service <50kW	\$ 1.69	\$ 0.0007		\$ 1.77	\$0.0008	
	General Service 50-999kW	\$ 11.19		\$0.1067	\$11.73		\$ 0.1118
	General Service 1,000 - 4,999kW	\$ 91.45		\$0.1237	\$95.84		\$ 0.1297
	Unmetered Scattered Load	\$ 1.15	\$ 0.0006		\$ 1.20	\$0.0007	
	Sentinel Lighting	\$ 0.30		\$1.1074	\$ 0.31		\$ 1.1605
	Street Lighting	\$ 0.06		\$0.0716	\$ 0.07		\$ 0.0751

The Applicant has updated the IRM Rate Generator model (worksheets "18. Additional Rates", "19. Final Tariff Schedule" and "20. Bill Impacts") to reflect the updated Rate Riders as a result of the revised ACM materiality calculation by using the 2018 IPI of 1.20%.

The Applicant has filed an updated IRM Rate Generator model and ACM model on the OEB’s web portal.