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Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

February 21, 2018

Dear Ms. Walli:

Re: EB-2017-0084 – 2018 Rates Westario Power Inc.
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)

Please find enclosed the Notice of Intervention of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

Mark Garner

Consultant for VECC

Malcolm McCallum, CFO Westario: Malcolm.mccallum@westario.com
Michael Buonaguro, Counsel: mrb@mrb-law.com

REQUESTOR NAME	**VECC**
TO:	**Westario Power Inc. (WPI)**
DATE:	**February 21, 2018**
CASE NO:	**EB-2017-0048**
APPLICATION NAME	**2018 COS Application**

1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1
Reference: Exhibit 1, page 28

a) Please provide a table with the equivalent listing of positions as shown at page 28-29 but also showing for the year 2013 Board approved and 2013 actual positions and 2017 projected positions (if different from that a pages 28-29).

1.0-VECC-2
Reference: Exhibit 1, Appendix H

a) Please update the scorecard to include 2017 results.

2.0 RATE BASE (EXHIBIT 2)

2.0-VECC-3
Reference: Exhibit 2, page 32-

a) For the periods 2013 through 2016 please explain the variances between the total capital expenditures shown in Appendix 2-AB and the tables at Exhibit 2 pages 33 to 54.

2.0-VECC-4
Reference: Exhibit 2, page 51

a) Please update the table showing 2017 forecast capital expenditures for (unaudited) actuals.

2.0-VECC-5
Reference: Exhibit 2, pages 23-

a) Please identify where in the continuity schedules it shows the removal of the stranded meter values from the rate base of the Utility.

2.0-VECC-6
Reference: Exhibit 2, Section 2.5.2, DSP, page 116

a) Please provide the outages by cause code for each of the years 2012 through 2017.
b) WPI has undertaken a detailed analysis of outages due to equipment failure (see section 5.2.3.4 of DSP). Please explain how the DSP addresses the known issues with respect to equipment failure and how capital investments in the years 2018 through 2022 will be monitored to understand whether these investments are effectively addressing equipment failure issues.

2.0-VECC-7
Reference: Exhibit 2, Section 2.5.2, DSP, page 86 (PDF 168)

a) Please provide a table which shows for each year 2012 through 2022:
    i. The number of poles replaced (or forecast to be replaced)
    ii. The dollar amount spent (or forecast) on pole replacement
    iii. The average cost per pole of pole replacement in each year.

2.0-VECC-8
Reference: Exhibit 2, Appendix D, Costello Asset Condition Assessment (ACA)

The Costello ACA contains the following statements at page 3 of their Report:

This report contains the findings of the asset condition assessment which was derived from available information provided by Westario Power. The information reviewed and analyzed included all data available from the current equipment databases and current employee knowledge. While there are significant gaps in the data available on many of the distribution assets, Westario Power is currently in the process of implementing an ESRI Geographical Information System which can be populated with up to date information to be used for a more accurate assessment.

Health indices were not developed for all Westario assets. This is due to the fact that many of Westario Power's assets are either not registered in their GIS database or do not contain enough valuable information to be assessed.

a) Please explain what steps WPI proposes in order to address the deficiencies in data collection identified in the ACA Report.
b) Using Table 1-1 please indicate any asset group that relied solely on age in order to determine their asset condition (health index).
c) For those assets which relied upon a combination of age and testing please provide a description of the testing undertaken and the percentage of the asset population subject to testing.
d) Please identify any asset groups for which utility employees identified asset condition and indicate whether the information provided was by way of written report or verbal interviews or both.
e) Please explain the " **" footnote on Table 1-1, specifically clarifying what "*values*" are "*not consistent with database totals of 9864 poles total*."

2.0-VECC-9
Reference: Exhibit 2, Appendix D, Costello Asset Condition Assessment (ACA), page 16

a) Please clarify if Table 3-3 Distribution Pole Health Index results are based solely on age.
b) Please explain what study Costello has done, or referenced which correlates pole age to asset condition.
c) Is the useful life used to determine asset condition the same as that used for depreciation purposes?

2.0-VECC-10
Reference: DSP, Section 5.4.5.2.4, page 93

a) Please provide a copy of WPI's vehicle replacement policy
b) Please provide the inventory of vehicles (description/age) for 2015, 2016, 2017 (current with mileage) and proposed 2018.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0 –VECC -11

Reference: Exhibit 3, page 9
Exhibit 1, page 30

Preamble: The Application states that the degree day values used were those reported in Wiarton.

a) Please confirm that there are no Environment Canada weather stations in any of the communities serviced by WPI? If not confirmed why were Wiarton's degree days used?
b) If confirmed, is Wiarton the closest weather station to WPI's service area? If not, why was it chosen?

3.0 –VECC -12

Reference: Exhibit 3, pages 15-16
Load Forecast Excel Model, Input Adjustments and Variables Tab

a) With respect to Table 6, please explain why the Fit and MicroFit volumes are subtracted as opposed to being added to the unadjusted wholesale purchases.
b) With respect to Table 6, please confirm that the third column reflects the loss of the load associated with the Energizer plant (Note: This is column C in the Load Forecast model Tab). If not confirmed, what does it represent?
c) With respect to Table 6, what does the 5th column represent and how were the values determined (Note: This is column E in the Load Forecast model Tab).
d) With respect to Table 6, what does the 6th column represent and how were the values determined (Note: This is column G in the Load Forecast model Tab).

3.0 –VECC -13

Reference: Exhibit 3, pages 30-31
Load Forecast Excel Model, Bridge and Test Year Class Forecast Tab
Load Forecast Excel Model, Forecast Tab

a) Please explain why the 10-year weather normalized 2018 load forecast in Table 13 (434,857,075 kWh) does not equal the 2018 wholesale forecast as used in the "Bridge and Test Year Class Forecast" Tab (439,545,356 kWh).
b) It is noted that calculation of the 2018 Wholesale Purchases in the "Bridge and Test Year Class Forecast" Tab (439,545,356 kWh) does not appear to capture values for January to December 2018 from the "Forecast" Tab of the model. Please review and correct as required.
c) What is the basis for the forecast CPI values used in the "Forecast" Tab (Column H)?
d) Why are the HDD and CDD values for the forecast period (August 2017 and onward) not based on the average of the monthly values for the period July 2007 to June 2017 per Table 12 (page 30)?

3.0 –VECC -14
Reference: Exhibit 3, pages 21 and 25

a) Table 8 on page 21 indicates that the regression model used the CPI Ontario-All Items. However, the table on page 25 indicates that the CPI-Ontario Energy was used. Please clarify which CPI variable was used in the model.
b) Please explain how CPI provides an indication of regional or even provincial economic activity as stated on page 21.
c) Please provide:
    i. An alternative load forecast model (and associated regression statistics) that uses all of the same explanatory variables but excludes the CPI variable.
    ii. Please provide the wholesale purchase forecast for 2017 and 2018 using this model and the same values for the explanatory variables as used in the Application.
    iii. Please compare the wholesale forecast for 2017 and 2018 per the Application with the results using this alternative model.

3.0 –VECC -15
Reference: Exhibit 3, pages 32-33
Load Forecast Excel Model, Input – Customer Data Tab

a) Please confirm that contrary to page 32 (lines 2-3) the 2017 customer count for each customer class is based on the actual average customer count for the months of January 2017 to July 2017.

b) Please confirm that the customer counts for 2007 are based on the average monthly values for August to December 2007 and not the full year.
c) Please explain the drop in GS>50 customers between March and April 2017. Did a number of these customers go out of business or were they reclassified as GS<50 customers?
d) Please explain why the 2017 and 2018 GS<50 customer counts in Table 14 do not match those in the final forecast set out in Tables 22 and 24.
e) Please explain why the 2018 GS<50 customer counts are different again in Table 26.
f) Please update the 2017 monthly customer/connection values in the Input-Customer Data Tab to include the counts through to December 2017.
g) For all customer classes, please undertake the following:
   i. Calculate the 2017 average customer count for each class based on all twelve months.
   ii. Calculate the annual geometric mean growth rate for each class based the values for 2008 to 2017 (i.e., exclude 2007).
   iii. Forecast the 2018 customer/connection count for each class by apply the geometric mean growth rate to the 2017 average annual customer count.

3.0 –VECC -16
Reference: Exhibit 3, page 39
Load Forecast Excel Model, Bridge and Test Year Class Forecast Tab

a) It is noted that the forecast kWh 2017 and 2018 kWh for Street Lighting (2,196.082 kWh) are hard coded in the Load Forecast model. How were the forecast values determined?

3.0 –VECC -17
Reference: Exhibit 3, page 43

a) Please provide a copy of WPI's most recently approved 2015-2020 CDM Plan?

3.0 –VECC -18
Reference: Exhibit 3, pages 45-46
Load Forecast Excel Model, CDM Adjustment Tab

Preamble: It is noted (per page 17) that the load forecast model is based on actual data up to July 2017.

a) Please explain why the value used for 2014 CDM program savings on page 46 does not equal the persisting impact of 2014 programs in 2018 per the 2011-2015 Persistence Report filed with the Application.
b) Please explain why the value used for 2015 CDM program savings on page 46 does not equal the persisting impact of 2015 programs in 2018 per the 2016 Verified Results Report filed with the Application.
c) Are the 2018 savings from 2017 and 2018 CDM programs based on the planned savings in those years per the most recently approved 2015-2020 CDM Plan? If not, why not?
d) Since the load forecast model is based on actual data up to July 2017, please explain why any manual CDM adjustment for 2014 and 2015 program results is required.
e) Since the load forecast model uses actual data up to July 2017 please explain why the manual CDM adjustment for 2018 is based on 50% of persisting 2016 program savings when the model uses 7 months of data (January 2017-July 2017) that capture the full impact of 2016 programs,
f) Since the load forecast model uses actual data up to July 2017 please explain why the manual CDM adjustment for 2018 is based on 100% of persisting 2017 program savings when the model uses 7 months of data (January 2017-July 2017) that capture part of the impact of 2017 CDM programs.

3.0 –VECC -19

Reference: Exhibit 3, pages 45-46
Load Forecast Excel Model, CDM Adjustment Tab

a) Please explain the rationale for including the saving from 2014-2016 CDM programs in the LRAMVA.

3.0 –VECC -20

Reference: Exhibit 3, page 47
Load Forecast Model, CDM Allocation Tab

a) Please explain why the total CDM savings allocated per Table 24 (12,508,399.4 kWh) does not equal the total in the CDM Allocation Tab.

3.0 –VECC -21
Reference: Exhibit 3, page 50

a) Please explain why the class kWh in the 2018 Final Adjusted column do not sum to the total shown
b) Please explain why the customer counts in the 2018 Final Adjusted column change from those in the preceding column.

3.0 –VECC -22
Reference: Exhibit 3, pages 69-70
Appendix 2 – Tab 2-H (Other_Oper-Rev)

a) Please explain why the 2018 values in Table 39 do not match those in Appendix 2, Tab 2-H. Which values are correct?
b) Please provide the actual 2017 values for Table 39.
c) With respect to Table 39, please indicate what the forecast SSS Admin revenues are for 2018 and in which of the accounts in Table 39 they are included.
d) With respect to Table 39, please explain why for 2017 and 2018 the Revenues from Merchandise Jobbing etc. (Account 4325) are less than the Costs and Expenses of Merchandise Jobbing (Account 4330).
e) Please provide an update on the expected Loss from Retirement of Utility and Other Property (Account 4362) for 2018.

3.0 –VECC -23
Reference: Exhibit 3, page 81
Cost Allocation Model, Tab O3.6 (MicroFIT Charge)

a) Please confirm that that proposed $10 charge for MicroFIT just covers the cost of Utilismart's services.
b) With respect to Tab O3.6, does WPI also incur any of the costs set out here (e.g. Customer Billing or Meter Maintenance)? If so, why isn't the recovery of these costs also included in the proposed rate?

4.0 OPERATING COSTS (EXHIBIT 4)

4.0-VECC-24
Reference: Exhibit 4

a) Please revise Appendix 2-JA and Appendix 2-JC to show 2017 actual (unaudited) results.

4.0-VECC-25
Reference: Exhibit 4, page 14

a) Please provide the actual bad debt cost in 2017.
b) Please explain how the bad debt cost for 2018 was derived.
c) At page 14 of the evidence WPI states: "*With the OEB's new disconnect policy customers that do not require electricity in the summer can request WPI to reconnect them every November and keep them connected for the entire Winter without ever paying a bill.*" Over the past 2 years how many customers have requested disconnection in summer and then asked to be reconnected in the following winter?

4.0-VECC-26
Reference: Exhibit 4, page 14.

a) With the full implementation of smart and interval meters please explain what the meter reading costs remain in the 200k + range.

4.0-VECC-27
Reference: Exhibit 4, pages 58-

a) It is unclear from the explanation at page 58 as to why the tree trimming spending was significantly less (more than 50%) in each year since the original allocation of 580k in 2013. The vegetation study referenced in evidence appears to have been undertaken in 2011 or roughly 2 years prior to seeking 580k for this activity in 2013. Please explain the significantly lower spending in each year than originally anticipated.
b) Please provide the referenced tree trimming study.
c) Please provide the number of outages due to tree contact in each year 2013 through 2017.
d) Please provide the kilometers of vegetation managed in each year 2013 through 2017.

4.0-VECC-28
Reference: Exhibit 4, page 68

a) Please amend Table 20 (Appendix 2-k) to show
   i. the amount of total compensation capitalized in each year,
   ii. the actual 2017 amounts.

4.0-VECC-29
Reference: Exhibit 4, page 83

a) Please update Table 26 to show in a separate column the actual spending to date on this application.

4.0-VECC-30
Reference: Exhibit 4, page 78

a) Please provide any membership fees paid to the Electricity Distribution Association (EDA) for each of the years 2013 through 2018 (forecast).

4.0 – VECC - 31
Reference: Exhibit 4, page 96

a) Please confirm that WPI elected to use the deemed cost election under IFRS for opening balance sheet values for its capital assets upon transition to IFRS in 2015.
b) Please confirm that no material changes were identified upon the adoption of IFRS that impact the application. If material changes were identified, please explain the changes and the impact to the application.

4.0-VECC-32
Reference: Exhibit 4, page 105-106

a) Please provide a table showing the actual PILs paid for each year 2013 through 2017.

4.0 -VECC -33
Reference: Exhibit 4, LRAMVA Work Form
Exhibit 4, pages 109-112
DVA Continuity Schedule – Excel Work Form

a) To date, has WPI applied for and receive approval for recovery of any lost revenues arising from CDM programs implemented in 2011 or later years? If so, please indicate the Application file number(s) and the CDM program years/rate years for which recovery has already been approved.
b) Please explain why the total and individual class values for the LRAMVA set out in the LRAMVA Summary Tab of the LRAMVA Work Form don't match the totals and class values set out in the DVA Continuity Schedule (Allocation of Balances Tab).
c) Please confirm that WPI does not propose any recovery of LRAMVA balances as part of the current Application.

5.0 COST OF CAPITAL AND RATE OF RETURN (EXHIBIT 5)

5.0-VECC-34
Reference: Exhibit 5, page 6

a) Please update Table 2 (Appendix 2-OA) with the Board's most recent cost of capital values (November 23, 2017).

5.0-VECC-35
Reference: Exhibit 5, page 10.

a) In 2017 WPI negotiated a loan at 4.47%. In 2018 it forecast a similar 15 year loan at a rate of 3.72%. Yet since 2017 the prime lending rate has increased. Please explain why the loan negotiated in 2017 was at a higher rate than that projected to be negotiated in 2018 notwithstanding the upward trend in interest rates.
b) The current Infrastructure Ontario lending rates for a 15 year (serial or amortizer) loan is approximately 3.62% (http://www.infrastructureontario.ca/Templates/RateForm.aspx?ekfrm=2147483942&langtype=1033&sector=ldc)
Please explain why WPI has not availed itself to these lower cost loans.

5.0-VECC-36
Reference: Exhibit 5, page 6, 10

a) Please explain why the long-term debt costs for 2018 in Table 2 (Appendix 2-OA) of 3.72% do not match the results of Table 3 (Appendix 2-OB) of 4.29%?

6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)-N/A

7.0 COST ALLOCATION (EXHIBIT 7)

7.0 – VECC –37
Reference: Exhibit 7, page 12
Cost Allocation Excel Model, Tabs I6.2 and I7.2

a) With respect to Tab I6.2, please explain why the secondary customer base for Street Lighting is 11and not 6193.
b) .With respect to Tab I7.2, why is the customer count for GS>50 206 when in Tab I6.2 it is 207?
c) For all classes except for Street Light, please explain how the number of bills (Tab I6.2) were determined.

7.0 – VECC –38
Reference: Exhibit 7, pages 19 & 21

a) Please explain why the R/C ratio for GS>50 was only increased to 89.86% while the ratio for Sentinel was increased to 95%.

8.0 RATE DESIGN (EXHIBIT 8)

8.0 –VECC - 39
Reference: Exhibit 8, pages 8-9

a) Page 8 indicates that the current RTSR for Connection Service are over-collecting. However, the proposed 2018 Connection Service rates are higher than the current rates. Please reconcile.

8.0 –VECC - 40
Reference: Exhibit 8, pages 24-26

a) Please update Table 15 to include the actual 2017 billed and charged amounts for LV Service.
b) Page 24 states that the 2018 charges were calculated based on the 2016 charges. However, the 2018 LV charge used in the rate derivation does not equal the 2016 actual charge – please reconcile.

8.0 –VECC - 41
Reference: Exhibit 8, pages 26-27
Chapter 2 Appendices, Appendix 2-R (Loss Factors)

b) Page 26 states that the proposed loss factor is based on five years of historical data. However, in Appendix 2-R the proposed loss factor calculation only uses the last 3 historical years. Please reconcile and indicate whether WPI is proposing to use the three or five year average.

8.0 –VECC - 42
Reference: Exhibit 8, page 33
Exhibit 8, Tariff Schedule and Bill Impact Model

a) The customer class bill impacts set out on page 33 do not match those in the Bill Impact Model. Please reconcile and indicate which values are correct.

9.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC -43
Reference: Exhibit 9, page 8

a) What is the major cost driver of the $41,036 related to IFRS transition costs?

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