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EB-2017-0084

2018 Cost of Service
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Response to Interrogatories
2018 Cost of Service Rate Application
WPI Inc. ("WPI," "WPI")
EB-2017-0084

Exhibit 3 – Operating Revenues (OEB STAFF)

Proposed Revisions

Load Forecast excluding CDM adjustments

WPI has agreed to update its Load Forecast to reflect historical data starting January 2008 and ending December 2017. This includes updates to the Wholesale consumption, adjustments and all variables used in the regression analysis. WPI has also corrected one of the adjustment, specifically the consumption related to Holiday Inn hotel which was inadvertently applied to incorrect years.

The results shown in the table below reflect the two changes in question. WPI notes that the Adjusted R-Square filed in the application was 0.84. WPI is proposing to use the results below in its determination of rates. All other results are for illustrative purposes only and are for the sole purpose of responding to the interrogatories.

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.9230
R Square	0.8520
Adjusted R Square	0.8455
Standard Error	2110036.5649
Observations	120.0000

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ANOVA

	df	SS	MS	F	Significance F
Regression	5	2.92205E+15	5.84409E+14	131.2614191	1.33551E-45
Residual	114	5.07557E+14	4.45225E+12		
Total	119	3.4296E+15			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	10498731.01	8540606.686	1.229272274	0.221500961	-6420145.059	27417607.07	-6420145.059	27417607.07
HDD	19741.66748	1137.191761	17.36001627	8.58148E-34	17488.89936	21994.4356	17488.89936	21994.4356
CDD	38675.1566	14845.85149	2.605115416	0.010408668	9265.639131	68084.67407	9265.639131	68084.67407
Days per month	1017351.375	254749.3092	3.993539288	0.000115646	512694.9555	1522007.794	512694.9555	1522007.794
Spring Fall Flag	2213748.187	478068.1234	4.630612415	9.73326E-06	1266698.917	3160797.458	1266698.917	3160797.458
CPI Ont All Items	-101976.263	31115.36719	-3.277360103	0.001389117	-163615.5658	-40336.96028	-163615.5658	-40336.96028

Customer Count Forecast

WPI has also agreed to update its customer average to use a full year's average as opposed to an average of the opening and closing counts. The effects of this change are shown in the table below.

Revised Date	Residential	General Service < 50 kW	General Service > 50 to 4999 kW	Unmetered Scattered Load	Sentinel Lighting	Street Lighting
2008	18702	2377	250	68	9	6049
2009	18956	2398	270	67	9	6039
2010	19193	2439	275	63	9	6008
2011	19483	2441	280	62	9	6020
2012	19780	2467	279	60	9	6020
2013	19780	2467	279	60	9	6020
2014	20032	2531	236	57	8	6022
2015	19927	2499	271	58	9	6013
2016	20269	2546	234	57	8	6177
2017	20505	2570	208	55	8	6181

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Geomean						
2018	20716	2592	203	53	8	6196

As filed						
Date	Residential	General Service < 50 kW	General Service > 50 to 4999 kW	Unmetered Scattered Load	Sentinel Lighting	Street Lighting
2008	18713	2377	251	68	9	6072
2009	18948	2413	263	65	9	6036
2010	19181	2433	277	62	9	6023
2011	19488	2446	277	62	9	6030
2012	19745	2467	279	60	9	6031
2013	19932	2504	259	58	9	6020
2014	20040	2533	235	57	8	6067
2015	20089	2532	235	57	8	6135
2016	20292	2537	236	57	8	6169
Geomean						
2017	20567	2571	208	55	8	6181
2018	20786	2592	207	54	8	6196

CDM Adjustment to Load Forecast

On the topic of CDM Adjustments, WPI is proposing the following adjustments.

- the removal of the CDM weighting factor related to 2015 CDM. Revise its weighting factors to reflect a ½ year for 2016, full year for 2017 and ½ year for 2018.

- for the 2015-2020 CDM Program Table, the use of the 2016 verified results persisting in 2018 along with annual savings from the CDM plan for 2017 and 2018 assuming a 100% persistence for 2018.

- a revised allocation of the manual CDM adjustment based on the 2016 verified results and the CDM plan savings for 2017 and 2018.

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2015-2020 CDM Program - 2015, first year of the current CDM plan

6 Year (2015-2020) kWh Target: 23,010,000

%	2015	2016	2017	2018	2019	2020	Total
2015 CDM Programs	6.49%	6.40%	6.29%	6.28%	6.23%	6.17%	37.86%
2016 CDM Programs		3.41%	3.40%	3.40%	3.40%	3.40%	17.02%
2017 CDM Programs			4.51%	4.51%	4.51%	4.51%	18.03%
2018 CDM Programs				4.95%	4.95%	4.95%	14.86%
2019 CDM Programs					4.25%	4.25%	8.49%
2020 CDM Programs						3.74%	3.74%
Total in Year	**6.49%**	**9.81%**	**14.20%**	**19.15%**	**23.34%**	**27.02%**	**100.00%**

kWh	2015	2016	2017	2018	2019	2020	Total
2015 CDM Programs	5,860,957.00	5,777,655.00	5,677,236.00	5,672,067.00	5,621,298.00	5,568,798.00	34,178,011.00
2016 CDM Programs		3,078,250.00	3,071,071.00	3,071,071.00	3,071,071.00	3,071,071.00	15,362,534.00
2017 CDM Programs			4,070,500.00	4,070,500.00	4,070,500.00	4,070,500.00	16,282,000.00
2018 CDM Programs				4,473,100.00	4,473,100.00	4,473,100.00	13,419,300.00
2019 CDM Programs					3,834,500.00	3,834,500.00	7,669,000.00
2020 CDM Programs						3,375,200.00	3,375,200.00
Total in Year	**5,860,957.00**	**8,855,905.00**	**12,818,807.00**	**17,286,738.00**	**21,070,469.00**	**24,393,169.00**	**90,286,045.00**

Weight Factor for Inclusion in CDM Adjustment to 2014 Load Forecast

	2011	2012	2013	2014	2015	2016	2017	2018	
Weight Factor for each year's CDM program impact on approved load forecast *Default Value selection*	0	0	0	0	0	0.5	1	0.5	Distributor can select "0", "0.5", or "1" from drop-down list

2011-2014 and

	2011	2012	2013	2014	2015	2016	2017	2018	Total for 2018
	kWh								
Amount used for CDM threshold for LRAMVA			3,915,918.00	3,915,918.00	3,915,918.00	3,915,918.00			15,663,672.00
Amount used for CDM threshold for LRAMVA (2018)						3,071,071.00	4,070,500.00	4,473,100.00	11,614,671.00
Manual Adjustment for 2018 Load Forecast (billed basis)	-		-	-	-	1,535,535.50	4,070,500.00	2,236,550.00	**7,842,585.50**

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**Ref: Load Forecasting Model, Tab Input – Adjustments & Variables
Exhibit 3, page 15.**

WPI's Load Forecasting model includes Adjustments to Wholesale (i.e loss of user), Adjustments to Wholesale (FIT & MicroFIT), and two populated columns, simply described as "Adjustments". WPI states that the "Energizer plant was removed", and the "Holiday Inn has been adjusted". In the case of FIT, MicroFIT, and other forms of embedded generation, this would normally result in additional supply, available for consumption by regular load customers, but not captured in energy received from the host distributor at any of the delivery points.

a) Please confirm that the column labelled "Adjustments to Wholesale (i.e. loss of user) is an adjustment to remove the historic consumption of the Energizer plant (only), or detail what is included in this column.
b) Is FIT and MicroFIT energy included as part of un-adjusted wholesale purchases?
c) Why is the FIT and MicroFIT adjustment a negative value, serving to reduce the adjusted wholesale amount?
d) Please describe how the historic load adjustment for Holiday Inn was derived.
e) Please detail the contents of each adjustment column if not already detailed above.

WPI Response:

a) WPI confirms that Adjustments to Wholesale (column C) is an adjustment to remove the historic consumption of the Energizer plant only.

b) WPI confirms that its intent was to include FIT and MicroFIT energy as part of un-adjusted wholesale purchases.

c) The MicroFit should have been added as opposed to removed. The formula has been rectified in the LF filed with theses responses.

d) The adjustment is derived from meter reading data.

e) WPI does not have any further detail to offer other than what is already on the record and what's been explained above.

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Ref: Exhibit 3, pages 19-24.

WPI has noted that during the process of testing the regression analysis, many different variables and time periods are tested to arrive at the best R-squared. The utility's rational behind selecting or dropping certain variables involves a "no worse" rational. In other words, if a variable is justified and does not worsen the results, it is generally kept as one of the regression variables. The utility identified several variables tested, but not included in the final regression model as they did not improve the results. WPI did not identify a trend variable, an indicator of CDM results, or a Consumer Price Index (CPI) indicator of Ontario electricity price.

a) Please explain why neither a trend nor an indicator of CDM results were included in the model.
b) Why was a variable labelled CPI Ont Energy used without having testing a CPI indicator of electricity alone?
c) Please prepare a load forecast including a trend variable as a scenario. Please set the value of the trend variable to one in August 2007, increasing by one each month, reaching 120 in July 2017. If any of the current variables no longer satisfy the "no worse" rationale as a result of including the trend variable, please remove those variables.
d) Please prepare a load forecast with a CPI indicator of Ontario electricity price as a scenario. Please see the CPI Ontario Electricity indicator on CANSIM table 326-0020 for an example.
e) If the results under the above scenarios show an improved R squared compared to that provided in the evidence, please provide a revised load forecast on that basis.
f) Please provide the output and model in Excel and PDF formats.
g) WPI has noted in the evidence, that it used CPI, also having included a table indicating CPI Ontario (all items) on page 21 of the evidence. The regression results on page 25 of the evidence indicates that a variable labelled CPI Ont Energy was included in the regression model while the CPI for all items was not included. Please clarify the discrepancy in the description of the independent variables that were discussed in the evidence (page 21) and the variables that were used in the regression analysis (page 25).

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WPI Response:

a) Rather than using the CDM as a variable, WPI opted instead to adjust its "predicted" results in a second step.

    With respect to trend variables, WPI is of the opinion that although trend (and dummy) variables can be a useful extension, they are artificial in the sense that they do not contain any 'real' data about the utility's historical shift in monthly load. They reflect unmeasured trend influences and act as a proxy for some unmeasured variable, which might be thought to have a trend component. WPI is of the opinion that it better to use accurate measures of the underlying variables instead.

b) The CPI for electricity was in fact tested but did not produce as favorable results as the CPI All Items.

c) Please see the regression results below. WPI notes that the exercise was run on the updated historical time frame of Jan 08 to Dec 17.

Table 1- Scenario including trend variable

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.9279
R Square	0.8610
Adjusted R Square	0.8537
Standard Error	2053654.8064
Observations	120.0000

ANOVA

	df	SS	MS	F	Significance F
Regression	6	2.95303E+15	4.92171E+14	116.6973783	4.6939E-46
Residual	113	4.76577E+14	4.2175E+12		
Total	119	3.4296E+15			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	86805994.27	29356374.62	2.956972562	0.003783408	28645721.44	144966267.1	28645721.44	144966267.1
HDD	19129.28816	1129.632822	16.93407609	8.75374E-33	16891.2818	21367.29452	16891.2818	21367.29452
CDD	44755.86875	14622.30802	3.060793734	0.002758272	15786.4393	73725.2982	15786.4393	73725.2982

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Days per month	930118.8366	250022.5645	3.720139575	0.000311777	434779.0425	1425458.631	434779.0425	1425458.631
Spring Fall Flag	1915843.511	478100.5348	4.007198009	0.000110462	968640.1219	2863046.901	968640.1219	2863046.901
CPI Ont All Items	-760633.1466	244902.9756	-3.105855062	0.002399037	-1245830.112	-275436.1813	-1245830.112	-275436.1813
Trend (OEB - IR)	118894.1208	43868.13327	2.710261684	0.007771513	31983.43673	205804.8048	31983.43673	205804.8048

Table 2 – "No Worse" test 1 with Trend variable

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.921508
R Square	0.849178
Adjusted R Square	0.842563
Standard Error	2130111
Observations	120

ANOVA

	df	SS	MS	F	Significance F
Regression	5	2.91E+15	5.82E+14	128.3713	3.91E-45
Residual	114	5.17E+14	4.54E+12		
Total	119	3.43E+15			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	-1297182	7839236	-0.16547	0.868865	-1.7E+07	14232284	-1.7E+07	14232284
HDD	19851.06	1146.626	17.31258	1.08E-33	17579.61	22122.52	17579.61	22122.52
CDD	37835.55	14989.57	2.524125	0.012975	8141.321	67529.77	8141.321	67529.77
Spring Fall Flag	2259282	482454.1	4.682896	7.86E-06	1303545	3215020	1303545	3215020
Days per month	1025884	257351.2	3.98632	0.000119	516073.3	1535695	516073.3	1535695
Trend (OEB - IR)	-16308.2	5626.552	-2.89844	0.004499	-27454.4	-5162.09	-27454.4	-5162.09

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Table 3 – "No Worse" test 1 with Trend variable

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.918706
R Square	0.844021
Adjusted R Square	0.83718
Standard Error	2166218
Observations	120

ANOVA

	df	SS	MS	F	Significance F
Regression	5	2.89E+15	5.79E+14	123.3738	2.63E-44
Residual	114	5.35E+14	4.69E+12		
Total	119	3.43E+15			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	1.28E+08	28720189	4.444028	2.06E-05	70738859	1.85E+08	70738859	1.85E+08
HDD	19075.23	1191.451	16.01009	6.1E-31	16714.98	21435.49	16714.98	21435.49
CDD	55197.37	15136.97	3.646528	0.000402	25211.15	85183.58	25211.15	85183.58
Spring Fall Flag	1615498	497063.5	3.250085	0.001517	630819.5	2600177	630819.5	2600177
CPI Ont All Items	-872990	256354.5	-3.4054	0.000913	-1380826	-365154	-1380826	-365154
Trend (OEB - IR)	139902.7	45887.58	3.048814	0.002857	48999.75	230805.6	48999.75	230805.6

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Table 4 – "No Worse" test 1 with Trend variable

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.917221
R Square	0.841293
Adjusted R Square	0.834333
Standard Error	2185078
Observations	120

ANOVA

	df	SS	MS	F	Significance F
Regression	5	2.89E+15	5.77E+14	120.8614	7.04E-44
Residual	114	5.44E+14	4.77E+12		
Total	119	3.43E+15			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	1.17E+08	30178007	3.881966	0.000174	57367585	1.77E+08	57367585	1.77E+08
HDD	20935.07	1102.146	18.99483	4.1E-37	18751.73	23118.41	18751.73	23118.41
CDD	79943.65	12440.25	6.42621	3.15E-09	55299.62	104587.7	55299.62	104587.7
Days per month	760933.8	262202.3	2.902086	0.004451	241513	1280355	241513	1280355
CPI Ont All Items	-987611	253510.2	-3.89575	0.000166	-1489813	-485410	-1489813	-485410
Trend (OEB - IR)	159308.6	45425.17	3.507055	0.000649	69321.66	249295.5	69321.66	249295.5

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d) See regression results below. As it did in its original regression study, WPI tested the CPI Electricity and CPI Water, Fuel and Electricity, CPI Energy. As can be noted in the regression results below, the Adjusted R-Square in all cases, was lower than the regression results using the CPI All Items variable (0.8455)

Table 5 – Scenario including CPI Electricity

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.9204
R Square	0.8472
Adjusted R Square	0.8405
Standard Error	2143563.851
Observations	120

ANOVA

	df	SS	MS	F	Significance F
Regression	5	2.90579E+15	5.81158E+14	126.4797873	7.99061E-45
Residual	114	5.23815E+14	4.59487E+12		
Total	119	3.4296E+15			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	815143.639	7924315.344	0.102866128	0.918249953	-14882864.02	16513151.3	-14882864.02	16513151.3
HDD	19828.0521	1154.369081	17.17652736	2.06723E-33	17541.25584	22114.84836	17541.25584	22114.84836
CDD	37694.45101	15085.92859	2.498649704	0.013892069	7809.342664	67579.55935	7809.342664	67579.55935
Days per month	1027051.416	259074.2714	3.964312669	0.000128815	513827.2802	1540275.553	513827.2802	1540275.553
Spring Fall Flag	2278149.084	485580.7303	4.691596971	7.58967E-06	1316217.397	3240080.77	1316217.397	3240080.77
CPI Electricity	-21734.05337	8292.373755	-2.620968858	0.009963493	-38161.18191	-5306.924833	-38161.18191	-5306.924833

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Table 6 – Scenario including CPI Water, Fuel and Electricity

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.9223
R Square	0.8506
Adjusted R Square	0.8441
Standard Error	2119754.2037
Observations	120.0000

ANOVA

	df	SS	MS	F	Significance F
Regression	5	2.91736E+15	5.83472E+14	129.8521221	2.24963E-45
Residual	114	5.12243E+14	4.49336E+12		
Total	119	3.4296E+15			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	3175860.882	7925195.081	0.400729679	0.689369198	-12523889.53	18875611.3	-12523889.53	18875611.3
HDD	19826.95543	1141.249803	17.3730198	8.06441E-34	17566.14836	22087.7625	17566.14836	22087.7625
CDD	38905.82346	14914.48803	2.608592624	0.010309518	9360.33755	68451.30936	9360.33755	68451.30936
Days per month	1030680.464	256139.9532	4.023895729	0.000103334	523269.1891	1538091.738	523269.1891	1538091.738
Spring Fall Flag	2267512.247	480123.4716	4.722768997	6.67841E-06	1316391.347	3218633.146	1316391.347	3218633.146
CPI Water Fuel Electricity	-37791.16752	12197.04444	-3.098387295	0.00245065	-61953.41861	-13628.91643	-61953.41861	-13628.91643

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Table 7 – Scenario including CPI Energy

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.9221
R Square	0.8503
Adjusted R Square	0.8437
Standard Error	2121818
Observations	120

ANOVA

	df	SS	MS	F	Significance F
Regression	5	2.92E+15	5.83E+14	129.5553	2.51E-45
Residual	114	5.13E+14	4.5E+12		
Total	119	3.43E+15			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	6649963	8214736	0.809516	0.419905	-9623365	22923291	-9623365	22923291
HDD	19524.93	1150.499	16.97083	5.57E-33	17245.8	21804.06	17245.8	21804.06
CDD	43378.45	15009.32	2.890101	0.004612	13645.1	73111.8	13645.1	73111.8
Days per month	981608.9	256011.9	3.834232	0.000207	474451.3	1488766	474451.3	1488766
Spring Fall Flag	2162930	481508.6	4.491986	1.7E-05	1209065	3116795	1209065	3116795
CPI Ont Energy	-49189.7	16078.46	-3.05936	0.002765	-81041	-17338.4	-81041	-17338.4

e) None of the scenarios requested by Board Staff produced Adjusted R-Square higher than the set of variables presented in the application.

f) Excel spreadsheet entitled 3-Staff-41.xlsx

g) WPI confirms that the correct variable used in the original application and updated in theses responses is in fact the CPI All items.

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Ref: Exhibit 3, pages 19-24

WPI has used data for the period August 2007 to July 2017 in the regression analysis. The regression result has been used to prepare the load forecast.

a) Please confirm whether WPI tested the accuracy of its forecast and if yes, please explain how the accuracy was tested.

b) If the answer to part a) is no, please use the same independent variables as those in the evidence for the years August 2006 to July 2015 and prepare a load forecast for the two periods August 2015 to July 2016 and August 2016 to July 2017. Please compare the forecasted consumption with the actuals for those same periods.

WPI Response:

a) WPI notes that it conducted many iterations of the regression analysis in order to get the highest R-Square possible. Hence, the load forecasting information filed in its application is accurate to the best of the utility's knowledge. WPI also notes that it used the OEB approved method of determining its Load Forecast.

b) N/A as the answer to a) is yes.

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Ref: Load Forecasting Model, Tab Forecast

WPI has extended the August 2007 to July 2017 time horizon two more years. In doing so, WPI has taken an average of the August source data, and used that as 'normal' for the first forecast month for the HDD, CDD, Days in Month, and Spring Fall indicator. Similarly the average of the historical September months was used for the second forecast month, October months for the third forecast month, and so on. The 13th through 24th forecast months were then calculated as an average of the last nine actual observations, and the prior forecast for that month. It would appear that the forecasted periods are August 2017-July 2018 and August 2018-July 2019. However, this rate application is for calendar 2018.

a) Please update the data to the end of calendar 2017.
b) Please ensure that the final forecast period is reflective of calendar 2018.
c) Please revise the days in month count to reflect the actual number of days in February 2017 and 2018 rather than the historical average.
d) Please describe the method for forecasting the variable labeled CPI Ont Energy.
    i.   Was the FHP was considered?
    ii.   If not, why not?

WPI Response:

a) WPI has updated the historical data to reflect a calendar year.

b) WPI has updated the forecast period to reflect a calendar year.

c) The Days in month variable count reflects the actual number of days in February for the forecast period.

d) WPI confirms that it did not use CPI Energy in its final regression. However, WPI can attest that the CPI Energy originates from the Stats Canada CANSIM table 326-0020.

    a. WPI is not familiar with the acronym FHP
    b. N/A

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Ref: Load Forecasting Model, Tab Input - Customer Data

WPI has used partial years for 2007 and 2017 to arrive at an average customer count in those years. For 2007, this was calculated as an average of August and December, and for 2017, it was calculated as an average of January and July. A ten-year (2007 to 2016) geometric mean function was used to determine the forecasted number of customers for 2018.

a) Please revise the forecast to use all available months – i.e., a 12-month average rather than first and last.
b) Please update the forecast to include customer counts to the end of 2017.

WPI Response:

a) The data has been updated as requested.

b) The data has been updated as requested.

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Ref: Exhibit 3, page 43

WPI states that "While the forecast as presented in the previous section assumes some level of embedded 'natural conservation,' it does not consider the impacts on energy purchases arising from CDM programs undertaken by WPI's customers."

a) Please confirm that both natural conservation as well as historic CDM programs undertaken by the WPI's customers is embedded in the wholesale purchases used by WPI in its regression analysis.

b) Please confirm that by including the impacts of historic CDM Program delivery, that some level of continued program delivery consistent with past program delivery is therefore embedded in the forecast.

c) Please expand and complete the following table relating to historic CDM.

|	2007 Persisting Savings	2008 Persisting Savings	…	2016 Persisting Savings
Savings from Programs Delivered in 2007				
Savings from Programs Delivered in 2008	-			
…				
Savings from Programs Delivered in 2016	-	-		
Total Savings Realized				

WPI Response:

a) Confirmed

b) Confirmed

c) The requested table is filed in an Excel format along with these responses. (the file is entitled 3-Staff-45.xls)

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3-Staff-46

Ref: Exhibit 3, page 46

WPI has included a half year of savings from each of 2014, 2015, 2016, and 2018 as well as a full year of savings from 2017 in preparing its CDM adjustment.
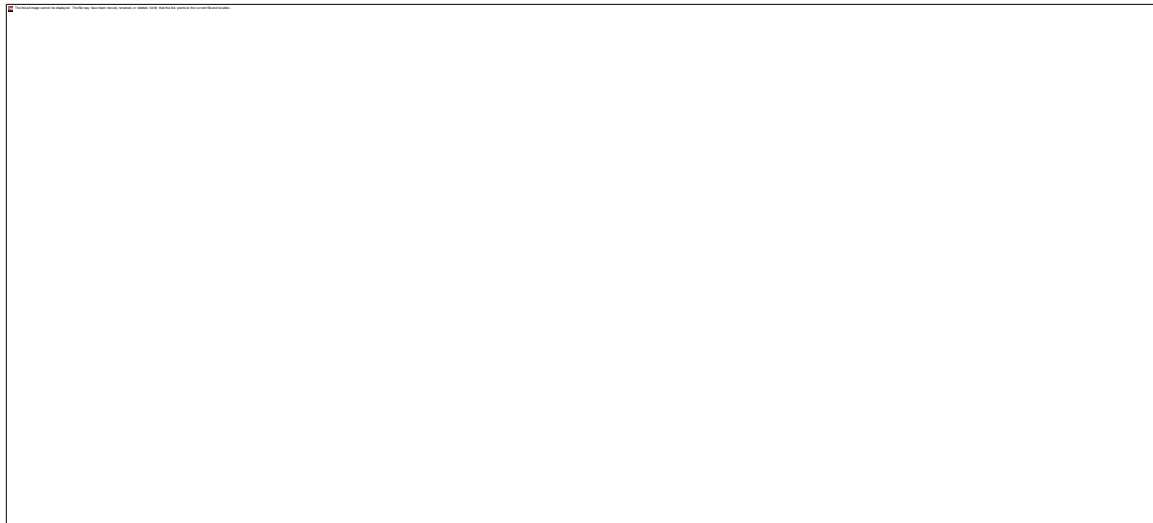
a) Please confirm that as a result of updating the load forecast to the end of 2017 in 3-Staff-43 that the effects of CDM programs delivered in 2014, 2015, and 2016 will be fully reflected in the historical data.
b) Please also confirm that since on average, half of the CDM programs delivered in 2017 will be in effect at any point in 2017, that half of the 2017 CDM program delivery will be reflected in the load.
c) Please confirm whether the CDM adjustment should be revised to 3,880,327 kWh,if the CDM adjustment should reflect half a year of savings from each of 2017 and 2018.
d) Please confirm whether the LRAMVA threshold should be revised to 15,249,347 kWh, if the LRAMVA target should reflect a full year of savings from each of 2015 to the test year of 2018, in accordance with the guidance provided in Appendix 2-I.

WPI Response:

a) Confirmed

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b) Confirmed

c) Partially confirmed. Please note that the CDM results have been updated to use a combination of 2015/2016 verified results and 2017/2018/2019/2020 planned savings from the 2015-2020 CDM plan.

d) It is WPI's understanding that (1) the CDM weighting factor related to 2015 CDM should be removed. (2) For the 2015-2020 CDM Program Table, WPI should use the 2016 verified results persisting in 2018 along with annual savings from the CDM plan for 2017 and 2018 assuming a 100% persistence for 2018. (3) The allocation of the manual CDM adjustment should be based on the 2016 verified results and the CDM plan savings for 2017 and 2018.

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Ref: Exhibit 3, page 47

WPI has "allocated on a pro-rata basis" its CDM adjustment to all rate classes. This method may be inconsistent with CDM program delivery plans. To the extent that the CDM adjustment can be consistent with the program delivery, the need for LRAMVA rate riders in future periods can be minimized.

a) If WPI has estimated savings by class for CDM delivery in 2017 and 2018, please revise the allocation to rate classes to use consistent proportions.

b) If WPI is unable to estimate savings by rate class, please remove any rate classes from the CDM adjustment where it is unlikely that programs will be delivered targeting that rate class.

WPI Response:

a) & b) The data has been updated as requested. WPI notes that this methodology is consistent with the methodology agreed upon and approved as part of EB-2017-0035 and EB-2017-0048.

Weather-Adjusted Load Forecast Results					Alternate Allocation methodology (as per HHI, CWH, CHE)						
	Year	2017	2018 Weather Adj		2016 verified (kWh)	2016 verified (kW)	2017+2018 CDM Plan	total	Share	Target	Final Adjusted (kWh)
Residential	Cust/Conn	20,535	20,749								20,749
	kWh	185,452,373	184,283,453		3,438,118	0	997,167	4,435,285	30.71%	2,382,083	181,901,370
	kW										
General Service < 50 kW	Cust/Conn	2,579	2,583								2,583
	kWh	65,124,517	64,714,032		2,463,116	0	3,694,767	6,157,883	42.63%	3,307,248	61,406,784
	kW										
General Service > 50 to 4999 kW	Cust/Conn	199	193								193
	kWh	164,939,252	163,899,628		0	0	3,851,567	3,851,567	26.66%	2,068,582	161,831,046
	kW	443,482	440,687								440,687
Unmetered Scattered Load	Cust/Conn	54	53								53
	kWh	264,389	259,493								259,493
	kW	-	-								
Sentinel Lighting	Cust/Conn	8	8								8
	kWh	13,802	13,622								13,622
	kW	17	17								17
											-

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Street Lighting	Cust/Conn	6,181	6,196								6,196
	kWh	2,196,082	2,196,082								2,196,082
	kW	6,846	6,846								6,846
Total	**Cust/Conn**	**29,556**	**29,783**								**29,783**
	kWh	**417,990,415**	**415,366,311**	5,901,234	-	8,543,501	14,444,735	100.00%	7,757,913.50		**407,608,398**
	kW	**450,345**	**447,550**								**447,550**

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Ref: Exhibit 3, page 50
Load Forecast Model, Tab Final CDM Adjusted Forecast.

Table 26 from Exhibit 3, page 50 does not agree with the Load Forecast Model, tab Final CDM Adjusted Forecast. For example, in Table 26, approximately 197 GWh of load is forecasted for residential in 2018. In the model, approximately 182 GWh is forecasted.

   a) Please confirm that these tables should agree, or explain.
   b) Please confirm that WPI intended to propose the forecast in the Load Forecast Model.

WPI Response:

a) The table on page 50 was incorrect.

b) Confirmed however WPI notes that the model has been updated as a result of agreed to revisions to the regression analysis and CDM adjustments.

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Ref: Exhibit 3, page 48

WPI has prepared a table "Allocation of amount used for CDM threshold for LRAMVA". This appears to be a calculation of the LRAMVA balance rather than an allocation of the LRAMVA target to rate classes.

Please prepare an allocation to rate classes of the LRAMVA target which includes both targeted kWh and kW savings for each rate class. In doing so, please ensure that is formatted consistently with Table 24 on the previous page, and consistent with the LRAMVA target as updated in 3-Staff-46

WPI Response: The data has been updated as requested. WPI notes that this methodology is consistent with the methodology agreed upon and approved as part of EB-2017-0035, EB-2017-0048.

Weather-Adjusted Load Forecast Results					2015	2016	2017+2018	total	Share	Target
	Year	2018			verified (kWh)	verified (kWh)	CDM Plan			
Residential	Cust/Conn	20,749								
	kWh	181,901,370			1,143,253	3,438,118	997,167	5,578,538	29.22%	3,344,526
	kW	-								
		-								
General Service < 50 kW	Cust/Conn	2,583								
	kWh	61,406,784			3,329,929	2,463,116	3,694,767	9,487,812	49.70%	5,688,270
	kW	-								
		-								
General Service > 50 to 4999 kW	Cust/Conn	193								
	kWh	161,831,046	0.27%		172,440		3,851,567	4,024,007	21.08%	2,412,531
	kW	440,687								
		-								
USL	Cust/Conn	53								
	kWh	259,493					-	-	0.00%	-
	kW	-								
		-								
Sentinel	Cust/Conn	8								
	kWh	13,622						-	0.00%	
	kW	17								
		-								
Street Lighting	Cust/Conn	6,196								
	kWh	2,196,082						-	0.00%	
	kW	6,846								
Total	**Cust/Conn**	**29,783**			4,645,622	5,901,234	8,543,501	19,090,357	100.00%	
	kWh	**407,608,398**								**11,445,327.00**
	kW	**447,550**			4,645,622					

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Ref: Exhibit 3, pages 78 to 80
**   Appendix 2-H**
**   RRWF Sufficiency / Deficiency**

Appendix 2-H and Exhibit 3 include different entries for 2017 and 2018. Exhibit 3 totals -$354,051 and -$337,674 for other revenue in 2017 and 2018 respectively. Appendix 2-H totals -$720,650, and -$723,903 for 2017 and 2018. The RRWF is consistent with Exhibit 3 in 2018.

a) Please reconcile the figures in Appendix 2-H and Exhibit 3
b) Please provide an update of Table 39 and Appendix 2-H with actual results for 2017.

WPI Response:

a) The amounts in Exhibit 3 were the correct budgeted figures.

b) See updated table 39 below with actual results for 2017

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	Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
		2013	2013	2014	2015	2016	2017	2018
	USoA Description	Board Approved						
4235	4235-Miscellaneous Service Revenues	$130,636	-$20,362	-$10,387	-$92,445	-$99,504	-$97,985	-$100,000
4225	4225-Late Payment Charges	$89,685	-$81,746	-$90,433	-$208,407	-$204,775	-$117,924	-$200,000
4082	4082-Retail Services Revenues	$19,900	-$12,372	-$11,425	-$10,874	-$12,037	-$14,249	-$14,546
4084	4084-Service Transaction Requests (STR) Revenues	-$115,125	-$451	-$475	-$362	-$327	-$195	-$171
4086	4086-SSS Administration Revenue	$0	$0	$0	-$65,189	-$66,102	-$67,143	-$68,500
4205	4205-Interdepartmental Rents	$0	$0	$0	$0	$0	$0	$0
4210	4210-Rent from Electric Property	-$105,000	-$105,257	-$105,257	-$105,257	-$92,373	-$121,998	-$124,474
4215	4215-Other Utility Operating Income	$0	$0	$0	$0	$0	$0	$0
4220	4220-Other Electric Revenues	$0	-$222,978	-$223,688	$0	-$113,382	-$43	-$42
4240	4240-Provision for Rate Refunds	$0	$0	$0	$0	$0	$0	$0
4245	4245-Government Assistance Directly Credited to Income	$0	$0	$0	-$8,361	-$57,851	-$40,481	-$35,747
4324	4324-Special Purpose Charge Recovery	$0	$52	$0	$0	$25	$0	$0
4325	4325-Revenues from Merchandise Jobbing, Etc.	-$210,938	-$209,580	-$698,373	-$127,904	-$46,084	-$34,123	-$10,350
4330	4330-Costs and Expenses of Merchandising Jobbing, Etc.	$167,000	$56,990	$582,679	$61,684	$28,050	$44,227	$59,500
4335	4335-Profits and Losses from Financial Instrument Hedges	$0	$0	$0	-$13,321	$0	-$805	$0
4355	4355-Gain on Disposition of Utility and Other Property	-$8,000	$0	$0	$0	-$3,750	$0	-$1,244
4360	4360-Loss on Disposition of Utility and Other Property	$0	$45,079	$12,574	$813	$0	$0	$0
4362	4362 - Loss from retirement of utility and other property	$0	$0	$0	$201,444	$146,493	$103,677	$140,000
4375	4375-Sub-account Generation Facility Revenues	-$200,000	-$33,207	-$53,970	-$155,226	$0	$0	$0
4380	4380-Expenses of Non-Utility Operations	$200,000	$0	$0	$0	$0	$0	$0
4390	4390-Miscellaneous Non-Operating Income	$0	-$4,252	$0	$0	-$5,021	-$12,712	-$20,600
4395	4395-Rate-Payer Benefit Including Interest	-$20,000	$0	-$10,561	-$10,720	$0	$0	$0
4405	4405-Interest and Dividend Income	-$55,000	$16,240	-$91,544	-$65,638	-$37,792	-$48,741	-$30,000
	Total	-$106,842	-$571,844	-$700,860	-$599,762	-$564,430	-$408,495	-$406,174
	Specific Service Charges	$130,636	-$20,362	-$10,387	-$92,445	-$99,504	-$97,985	-$100,000
	Late Payment Charges	$89,685	-$81,746	-$90,433	-$208,407	-$204,775	-$117,924	-$200,000
	Other Distribution/Operating Revenues	-$200,225	-$341,058	-$340,845	-$190,042	-$342,072	-$244,109	-$243,480
	Other Income or Deductions	-$126,938	-$128,678	-$259,195	-$108,868	$81,921	$51,523	$137,306

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Total	-$106,842	-$571,844	-$700,860	-$599,762	-$564,430	-$408,495	-$406,174

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Ref: Exhibit 3, pages 69, 78 to 80
**   Appendix 2-H**

On page 78, WPI states that the revenue in account 4086-SSS Administration Revenue as of October 2017 was approximately $55,000, and that this revenue is correctly tracked in account 4086. In previous years, the revenue for the full-year has been approximately $65,000. Account 4086 does not appear in the 2017-2018 variance on page 80.

   a) Please explain why account 4086 has $0 revenue in 2018 on page 69, and is missing from the 2017-2018 variance analysis on page 80.
   b) If account 4086 was omitted from 2018 in error, please revise Tables 39, 45, and update the evidence to reflect the change in other operating revenues.

WPI Response:

   a) The amounts that had been budgeted for account 4086 had been improperly grouped with account 4080 when Westario prepared its 2017 and 2018 budgeted amounts. The reason that there is no amount showing on the variance analysis on page 80 is that no amount was allocated to account 4086 in the budget for 2017 or 2018.

   b) Account 4086 was omitted from 2018 in error. Below are Tables 39 and 45 that have been updated to reflect the correction in 2018 along with 2017 actuals.

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	Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
		2013	2013	2014	2015	2016	2017	2018
	USoA Description	Board Approved						
4235	**4235-Miscellaneous Service Revenues**	$130,636	-$20,362	-$10,387	-$92,445	-$99,504	-$97,985	-$100,000
4225	**4225-Late Payment Charges**	$89,685	-$81,746	-$90,433	-$208,407	-$204,775	-$117,924	-$200,000
4082	4082-Retail Services Revenues	$19,900	-$12,372	-$11,425	-$10,874	-$12,037	-$14,249	-$14,546
4084	4084-Service Transaction Requests (STR) Revenues	-$115,125	-$451	-$475	-$362	-$327	-$195	-$171
4086	4086-SSS Administration Revenue	$0	$0	$0	-$65,189	-$66,102	-$67,143	-$68,500
4205	4205-Interdepartmental Rents	$0	$0	$0	$0	$0	$0	$0
4210	4210-Rent from Electric Property	-$105,000	-$105,257	-$105,257	-$105,257	-$92,373	-$121,998	-$124,474
4215	4215-Other Utility Operating Income	$0	$0	$0	$0	$0	$0	$0
4220	4220-Other Electric Revenues	$0	-$222,978	-$223,688	$0	-$113,382	-$43	-$42
4240	4240-Provision for Rate Refunds	$0	$0	$0	$0	$0	$0	$0
4245	4245-Government Assistance Directly Credited to Income	$0	$0	$0	-$8,361	-$57,851	-$40,481	-$35,747
4324	4324-Special Purpose Charge Recovery	$0	$52	$0	$0	$25	$0	$0
4325	4325-Revenues from Merchandise Jobbing, Etc.	-$210,938	-$209,580	-$698,373	-$127,904	-$46,084	-$34,123	-$10,350
4330	4330-Costs and Expenses of Merchandising Jobbing, Etc.	$167,000	$56,990	$582,679	$61,684	$28,050	$44,227	$59,500
4335	4335-Profits and Losses from Financial Instrument Hedges	$0	$0	$0	-$13,321	$0	-$805	$0
4355	4355-Gain on Disposition of Utility and Other Property	-$8,000	$0	$0	$0	-$3,750	$0	-$1,244
4360	4360-Loss on Disposition of Utility and Other Property	$0	$45,079	$12,574	$813	$0	$0	$0
4362	4362 - Loss from retirement of utility and other property	$0	$0	$0	$201,444	$146,493	$103,677	$140,000
4375	4375-Sub-account Generation Facility Revenues	-$200,000	-$33,207	-$53,970	-$155,226	$0	$0	$0
4380	4380-Expenses of Non-Utility Operations	$200,000	$0	$0	$0	$0	$0	$0
4390	4390-Miscellaneous Non-Operating Income	$0	-$4,252	$0	$0	-$5,021	-$12,712	-$20,600
4395	4395-Rate-Payer Benefit Including Interest	-$20,000	$0	-$10,561	-$10,720	$0	$0	$0
4405	4405-Interest and Dividend Income	-$55,000	$16,240	-$91,544	-$65,638	-$37,792	-$48,741	-$30,000
	Total	-$106,842	-$571,844	-$700,860	-$599,762	-$564,430	-$408,495	-$406,174
	Specific Service Charges	$130,636	-$20,362	-$10,387	-$92,445	-$99,504	-$97,985	-$100,000
	Late Payment Charges	$89,685	-$81,746	-$90,433	-$208,407	-$204,775	-$117,924	-$200,000
	Other Distribution/Operating Revenues	-$200,225	-$341,058	-$340,845	-$190,042	-$342,072	-$244,109	-$243,480

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Other Income or Deductions	-$126,938	-$128,678	-$259,195	-$108,868	$81,921	$51,523	$137,306
Total	-$106,842	-$571,844	-$700,860	-$599,762	-$564,430	-$408,495	-$406,174

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Table 45

		2017	2018	Var $	Var %
	USoA Description				
4235	**4235-Miscellaneous Service Revenues**	-$97,985	-$100,000	-$2,015	2.06%
4225	**4225-Late Payment Charges**	-$117,924	-$200,000	-$82,076	69.60%
4082	4082-Retail Services Revenues	-$14,249	-$14,546	-$297	2.08%
4084	4084-Service Transaction Requests (STR) Revenues	-$195	-$171	$24	-12.32%
4086	4086-SSS Administration Revenue	-$67,143	-$68,500	-$1,357	2.02%
4210	4210-Rent from Electric Property	-$121,998	-$124,474	-$2,476	2.03%
4220	4220-Other Electric Revenues	-$43	-$42	$1	-2.33%
4245	4245-Government Assistance Directly Credited to Income	-$40,481	-$35,747	$4,734	-11.69%
4325	4325-Revenues from Merchandise Jobbing, Etc.	$34,123	-$10,350	$23,773	-69.67%
4330	4330-Costs and Expenses of Merchandising Jobbing, Etc.	$44,227	$59,500	$15,273	34.53%
4335	4335-Profits and Losses from Financial Instrument Hedges	-$805	$0	$805	-100.00%
4355	4355-Gain on Disposition of Utility and Other Property	$0	-$1,244	-$1,244	0%
4362	4362 - Loss from retirement of utility and other property	$103,677	$140,000	$36,323	35.03%
4390	4390-Miscellaneous Non-Operating Income	-$12,712	-$20,600	-$7,888	62.05%
4405	4405-Interest and Dividend Income	-$48,741	-$30,000	$18,741	-38.45%
	Total	-$408,495	-$406,174	$2,321	-0.57%
	Specific Service Charges	**-$97,985**	**-$100,000**	**-$2,015**	**2.06%**
	Late Payment Charges	**-$117,924**	**-$200,000**	**-$82,076**	**69.60%**
	Other Distribution/Operating Revenues	**-$244,109**	**-$243,480**	**$629**	**-0.26%**
	Other Income or Deductions	**$51,523**	**$137,306**	**$85,783**	**166.49%**
	Total	**-$408,495**	**-$406,174**	**$2,321**	**-0.57%**

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Ref: Exhibit 2, pages 27 to 31
**   Appendix 2-BA**
**   Exhibit 3, pages 68 to 69**
**   Appendix 2-H**

Per the Accounting Procedures Handbook Article 430, for regulatory purposes the deferred revenue arising from customer contributions is to be included as an offset to rate base and amortized to income (i.e. Account 4245) over the useful life of the PP&E to which it relates. WPI shows capital contributions in Appendix 2-BA and accumulated depreciation for the capital contributions.

> Please confirm that the amortization of deferred revenues relating to capital contributions has been shown as depreciation expense.

WPI Response:

WPI confirms that amortization of deferred revenues relating to capital contributions has been shown as depreciation expense.

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Exhibit 3 – Operating Revenues (SEC)

3-SEC-24

[Ex.3, p.69] For each material USoA account, please explain the basis for the 2018 (and 2017) forecast.

WPI Response:

Draft Response here…

Accounts 4235 and 4225 have been based off historical averages. These amounts are expected to be similar to previous years.

Account 4210 has increased from prior years as pole rental revenue and expenses used to be netted together to make up this account balance. The revenues and expenses are now shown separately and therefore there will be an increase in this account as it will now show gross pole rental income.

Account 4330 is an estimate based off the prior year information and trends. Amount is customer driven and therefore not easy to predict.

Account 4362 is loss on disposal of assets. The estimates in this account are based off historical data. These amounts are not known at the start of the year since it is unknown which assets will break or need to be retired early therefore the best estimate is to use historical information.

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Exhibit 3 – Operating Revenues (VECC)

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?

WPI Response:

a) There is a weather station in Walkerton. However, the data was found to be incomplete therefore the utility opted to use Wiarton's data instead.
b) The utility looked at using Toronto and Kitchener/Waterloo, however Wiarton was found to be a better match for the utility.

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).

WPI Response:

a) Subtracting the consumption related to Fit and MicroFit was an error. The issue has been corrected in the model filed along with this response.

b) & c) & d) WPI should have used more concise labeling in the model. This issue has also been rectified in the model filed along with these responses. The Fit and MicroFit results are obtained from readings and reports. The data related to Holiday Inn is also obtained from internal readings and reports.

Column C	Column D	Column E	Column F
Remove Energizer	Add back MicroFit	Add back Fit	Remove Holiday Inn

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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)?

WPI Response:

a) WPI uses a slightly different methodology averaging 10 years of historical data by averaging the ratio between retail and wholesale as opposed to using the average wholesale.

b) This anomaly was as a result of using July 2008 to July 2017 historical. WPI has since updated its LF to use a calendar year which resolves this issue.

c) Please see WPI's response to 3-Staff-41 part d)

d) Similar to part b) WPI believes that this anomaly was as a result of using July 2008 to July 2017 historical. WPI has since updated its LF to use a calendar year which resolves this issue.

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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.

WPI Response:

a) WPI confirms that although it did test various CPI indicators, the variable used in the regression analysis was the CPI all items.

b) CPI (or the "consumer price index") is considered a leading economic indicator. Prices, affected by the rate of inflation, naturally impact consumer spending on goods significantly. WPI is of the opinion that the CPI affects usage in the same manner that the price of fuel may affect how much an individual uses his/her vehicle.

c)

    i.

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.916768
R Square	0.840463
Adjusted R Square	0.834914
Standard Error	2181238

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Observations   120

ANOVA

	df	SS	MS	F	Significance F
Regression	4	2.88E+15	7.21E+14	151.4595	7.2E-45
Residual	115	5.47E+14	4.76E+12		
Total	119	3.43E+15			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	-3749799	8228369	-0.45572	0.649454	-2E+07	12549017	-2E+07	12549017
HDD	19861.43	1174.015	16.91753	5.49E-33	17535.93	22186.92	17535.93	22186.92
CDD	37241.09	15382.58	2.420992	0.017042	6771.168	67711.01	6771.168	67711.01
Days per month	1073659	270084.9	3.975264	0.000123	538672.6	1608645	538672.6	1608645
Spring Fall Flag	2272052	494077.3	4.598575	1.1E-05	1293380	3250724	1293380	3250724

ii.   The requested model (entitled 3-VECC-14) is filed along with these responses.

iii.   See table below.

	Year	A proposed by WPI	As per VECC IR
Residential	Cust/Conn	20,749	20,749
	kWh	184,283,453	191,447,540
	kW		
General Service < 50 kW	Cust/Conn	2,583	2,583
	kWh	64,714,032	67,229,814
	kW		
General Service > 50 to 4999 kW	Cust/Conn	193	193
	kWh	163,899,628	170,271,286
	kW	440,687	457,819
Unmetered Scattered Load	Cust/Conn	53	53
	kWh	259,493	259,493
	kW	-	-
Sentinel Lighting	Cust/Conn	8	8
	kWh	13,622	13,622
	kW	17	17

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Street Lighting	Cust/Conn	6,196	6,196
	kWh	2,196,082	2,196,082
	kW	6,846	6,846
Total	**Cust/Conn**	**29,783**	29,783
	kWh	**415,366,311**	431,417,838
	kW	**447,550**	464,682

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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.

WPI Response:
a) WPI believes that this anomaly was as a result of using July 2008 to July 2017 historical. WPI has since updated its LF to use a calendar year which resolves this issue.

b) 2007 has been dropped as a result of using a full calendar year for 2018, therefore, this anomaly has been resolved.

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c) Westario analysed its customers that were categorized as GS>50 in March of 2017. It was determined that there were a number of customers who's rate class needed to be changed based on examination of their actual demand.

d) This appeared to have been an error in transposing information from the model to the exhibit.

e) This appeared to have been an error in transposing information from the model to the exhibit.

f) The load forecast has been updated to reflect a calendar year.

g) See below

   i.   See "Proposed Revisions" section at the beginning of this Exhibit for updated customer count.

   ii.   Also, see "Proposed Revisions" section at the beginning of this Exhibit for updated customer count.

   iii.   Also, see "Proposed Revisions" section at the beginning of this Exhibit for updated 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?

WPI Response:

a) WPI does not meter streetlights. Since streetlights are on for a certain
   amount of hours every day consumption can be calculated based on the
   type of bulb installed; the amount that will be consumed in any given
   month is the number of hours without daylight in that month multiplied by
   the consumption per hour multiplied by the number of streetlights.

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3.0 –VECC -17

Reference: Exhibit 3, page 43

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

WPI Response:

(Placeholder Approved 2015-2020 CDM Plan)

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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.

WPI Response:

a) & b) WPI has corrected the program savings to reflect the verified results with persistence. The revised table is presented in the "preamble" section of this exhibit.

c)   WPI has corrected the program savings to reflect the values presented in the 2015-2020 CDM Plan.

d) WPI has removed the adjustment for 2014 and 2015.

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e) & f) WPI has updated to reflect a calendar year (January/December), and as such, the CDM is now rightfully justified at 50% of persisting 2016 program savings.

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.

WPI Response:

WPI has corrected the model to exclude 2014-2015 but has kept 2016. This
methodology is consistent with other 2018 applications (EB-2017-0032, EB2017-
0035, EB-2017-0048)

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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.

WPI Response:

This error in the application has been corrected in the model and evidence filed with these responses.

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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.

WPI Response:

These errors in the application have been corrected in the model and evidence filed with these responses.

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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.

WPI Response:

a) The results shown on Exhibit 3 Table 39 are correct. This was an error when entering the amounts in Appendix 2 Tab 2-H. The amounts in account 4086 were missed accidently included with distribution revenue instead of being included on table 39. The amount for 2018 should have been $68,500Draft Response here…

b)

	Reporting Basis	MIFRS
		2017
	USoA Description	
4235	4235-Miscellaneous Service Revenues	-$97,985
4225	4225-Late Payment Charges	-$117,924
4082	4082-Retail Services Revenues	-$14,249
4084	4084-Service Transaction Requests (STR) Revenues	-$195
4086	4086-SSS Administration Revenue	-$67,143
4205	4205-Interdepartmental Rents	$0
4210	4210-Rent from Electric Property	-$121,998
4215	4215-Other Utility Operating Income	$0
4220	4220-Other Electric Revenues	$1,529
4240	4240-Provision for Rate Refunds	$0
4245	4245-Government Assistance Directly Credited to Income	-$6,436
4324	4324-Special Purpose Charge Recovery	$0
4325	4325-Revenues from Merchandise Jobbing, Etc.	-$34,123
4330	4330-Costs and Expenses of Merchandising Jobbing, Etc.	$44,227

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4335	4335-Profits and Losses from Financial Instrument Hedges	-$805
4355	4355-Gain on Disposition of Utility and Other Property	$0
4360	4360-Loss on Disposition of Utility and Other Property	$0
4362	4362 - Loss from retirement of utility and other property	$103,677
4375	4375-Sub-account Generation Facility Revenues	$0
4380	4380-Expenses of Non-Utility Operations	$0
4390	4390-Miscellaneous Non-Operating Income	-$12,712
4395	4395-Rate-Payer Benefit Including Interest	$0
4405	4405-Interest and Dividend Income	-$48,741
	Total	-$372,878

	Specific Service Charges	-$97,985
	Late Payment Charges	-$117,924
	Other Distribution/Operating Revenues	-$208,492
	Other Income or Deductions	$51,523
	Total	-$372,878

c) SSS Admin revenues for 2018 are $68,500. These amounts had previously been included with distribution revenue by accident. This has now been corrected.

d) Account 4325 and 4330 are the costs and revenue associated with many of the customer driven jobs that Westario performs that are not capital. In 2017 after receiving much customer feedback about our costs associated with performing disconnects reconnects Westario changed its billing policy so that the disconnect/reconnect charged by Westario for customer initiated disconnect/reconnects matches the OEB approved rate for disconnects/reconnects due to non-payment. Part of the reason for this change was factoring in safety concerns, Westario did not want customers deciding to perform work around live wires because the cost of a disconnect/reconnect was to much of a burden on its customer base. Due to the size of Westario's Service area these jobs can be time consuming and therefore the costs associated with performing these disconnect/reconnects often exceeds the revenue. In 2017 the actual results were that costs exceeded revenue by $10,000.

e) Account 4362 has forecasted revenue in the test year of $140,000.

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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?

WPI Response:

a) Confirmed

b) WPI does not incur additional costs related to MicroFit other than the $10 charge from Utilismart.