



Wellington North Power Inc.

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ESA # 7012854

February 19th 2020

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

Dear Ms. Walli:

Re: OEB File: EB-2019-0073
2020 Price Cap IR Distribution Rate Application - Wellington North Power Inc.
Applicant Responses to OEB Staff Follow-up Questions (February 13th 2020)

On February 13th 2020, Wellington North Power Inc. (WNP) received two interrogatory follow-up questions from OEB Staff regarding the LDC's 2020 IRM Rate Application (OEB case number EB-2019-0073.) Please find enclosed the Applicant's responses to the questions raised.

An electronic copy of this letter containing responses to the follow-up questions has been filed on the Board's web portal together with the following:

- a) An updated GA Analysis Workform.
- b) An updated IRM Rate Generator model.
- c) A workbook showing RPP / Non-RPP Split calculations and corrections.

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

Respectfully submitted,

Original Signed By

Richard Bucknall

Regulatory Manager

Wellington North Power Inc.

c.c. Kelli Benincasa - Rates Analyst, OEB

Wellington North Power Inc. (Wellington North Power)

2020 IRM Application

EB-2019-0073

Applicant's Responses to OEB Staff Follow-up Questions

Staff Follow-up Question-1

Ref: Applicant's Response to OEB Staff Follow-up Question 1

$I = (F) / (A-B)$	RPP Customers	43.45%	69.77%
$J = (A-B-H) / (A-B)$	Non RPP Customers	56.55%	30.23%
		100.00%	100.00%

- a) Please explain why the denominator of the formula for the RPP and Non-RPP splits does not include the embedded generation (MicroFIT and FIT), i.e. A+E-B ?
- b) Please confirm whether this practice has been applied consistently in the past?

Wellington North Power Inc. Response:

- a) Wellington North Power (WNP) acknowledges this was an error. The applicant confirms the denominator should include the embedded generation kWh energy volume. The corrected RPP / Non-RPP percentage split for the settlement months of June 2018 and July 2018 should be:

Settlement Month:			Jun-2018	Jul-2018
Settlement Period - From:			1-Jun-18	1-Jul-18
Settlement Period - To:			30-Jun-18	31-Jul-18
	Calculation	Description	kWh	kWh
Start	A	Total System Load	8,312,326	8,610,575
Less	B	Class A customers	1,959,964	4,194,517
Less	C	Retail Total - MIST meters (excluding Class A)	3,389,935	1,129,293
Less	D	Street Lights	43,064	45,808
Add	E	MicroFIT and FIT	54,890	59,168
Equals	F = A-B-C-D+E	Net System Load Shape	2,974,252	3,300,125
Less	G	Non-Designated Load (Retailer-Enrolled accounts)	213,941	218,916
Equals	H = F-G	Net System Load Shape for RPP Accounts	2,760,311	3,081,209
	$I = (H) / (A-B+E)$	RPP Customers	43.08%	68.85%
	$J = (A-B-H+E) / (A-B+E)$	Non RPP Customers	56.92%	31.15%
			100.00%	100.00%

- b) WNP acknowledges this practice has been applied consistently in the past, that is the denominator of the formula when determining the RPP and Non-RPP percentage splits not including embedded generation kWh energy volume.

Staff Follow-up Question-2

Ref: Applicant's Response to OEB Staff Follow-up Question 1

$I = (F) / (A-B)$	RPP Customers	43.45%	69.77%
$J = (A-B-H) / (A-B)$	Non RPP Customers	56.55%	30.23%
		100.00%	100.00%

If Wellington North Power confirms that the denominator should include the generation from MicroFIT and FIT, please quantify the impacts on the accounts 1588 and 1589 balances from the last time the accounts were final disposed.

Wellington North Power Inc. Response:

Wellington North Power (WNP) confirms the denominator should include the embedded generation kWh volume from the MicroFIT and FIT accounts.

The Applicant disposed of accounts 1588 and 1589 in its' 2016 Cost of Service rate application (EB-2015-0110). In its' 2016 Cost of Service rate application, WNP received OEB approval for final disposition of accounts 1588 and 1589 with balances as at December 31st 2014.

WNP has completed a review of its' RPP / Non-RPP split for each settlement month from January 1st 2015 to December 31st 2018. By correcting the denominator to include embedded generation kWh volume in determining the allocation of the "CT148 Class B Global Adjustment Settlement Amount" charge between RPP and Non-RPP customers, the review identified the following:

Settlement Year	2015	2016	2017	2018	Total
Without Generation:					
RPP	\$2,716,947.28	\$3,420,582.66	\$3,425,024.20	\$3,112,124.73	
Non-RPP	\$6,058,403.66	\$7,202,550.46	\$6,134,365.10	\$2,953,744.69	
With Generation:					
RPP	\$2,707,487.63	\$3,408,483.53	\$3,410,958.68	\$3,092,686.60	
Non-RPP	\$6,067,863.31	\$7,214,649.59	\$6,148,430.62	\$2,973,182.82	
GL Adjustment: [With Generation less Without Generation]					
RPP	\$(9,459.64)	\$(12,099.13)	\$(14,065.51)	\$(19,438.13)	\$(55,062.41)
Non-RPP	\$9,459.64	\$12,099.13	\$14,065.51	\$19,438.13	\$55,062.41

WNP has filed a copy of the calculations and findings of its' RPP/ Non RPP split review on the OEB's Board's web portal together with this response – please refer to workbook called "Final GA 2015-2018 RPP_Non-RPP Split".

Based upon its' findings, WNP has made adjustments in its' 1588 and 1589 account balances. These adjustments have been made as a 2019 GL entry and the Applicant has filed an updated IRM Rate Generator model on the OEB's Board's web portal. The table below summarizes the adjustments made to the Continuity Schedule within the IRM Rate Generator model:

\$	2015	2016	2017	2018
Account 1588 Power – Principal Adjustments during the year of	182,816	(26,827)	(489,139)	333,150
Current 1588 Adjustment Value	173,356	(38,926)	(503,989)	313,712
Account 1589 GA - Principal Adjustments during the year of	(221,740)	58,474	405,166	(241,900)
Current 1589 Adjustment Value	(212,280)	70,573	419,232	(222,462)

These adjustments result in a total variance of \$55,063 between the 1588 and 1589 accounts in the continuity schedule.

WNP has also filed an updated GA workform on the OEB's web portal reflecting the resulting GA adjustments.

As noted above, Applicant last disposed of accounts 1588 and 1589 on a final basis in its' 2016 Cost of Service rate application (EB-2015-0110). In subsequent rate applications, WNP has not requested partial or final disposal of 1588 or 1589 account balances. With the above correction, there is no financial advantage or disadvantage to either RPP-customers, Non-RPP-customers or the LDC.

WNP confirms it has implemented the new accounting guidance related to Accounts 1588 and 1589 as per OEB's letter (*"Accounting Guidance related to Accounts 1588 RSVA Power and 1589 RSVA Global Adjustment" issued February 21st 2019*). The LDC implemented the new accounting guidance in September 2019 and, at this time, implemented the inclusion of embedded generation kWh volume to calculate the RPP / Non-RRP split for September 2019 and onwards. Furthermore, the Applicant made corrections to the January 2019 to August 2019 settlement files to include embedded generation kWh volume as a denominator when calculating the RPP / Non-RRP split.