



Wellington North Power Inc.

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ESA # 7012854

November 20, 2020

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

Attention: Ms. Christine Long, Registrar and Board Secretary

Dear Ms. Long:

**Re: Incomplete Letter - 2021 Cost of Service Application
EB-2020-0061 – Application for May 1 2021 Electricity Distribution Rates
Wellington North Power Inc.**

On November 11, 2020, Wellington North Power Inc. (WNP) received an "Incomplete Letter" from the Ontario Energy Board (the "OEB") following a preliminary review of the Application the utility filed on October 30, 2020. WNP has reviewed the items noted in the OEB's letter and has updated its' Application to address the "missing information".

WNP has amended its' Application to include the "missing information" and has re-filed Exhibits and Excel models on the OEB's web portal. For reference:

a) The amended Exhibits are:

- Exhibit 1 – Exhibit 1 Administrative Documents.
- Exhibit 2 – Exhibit 2 Rate Base and DSP.
- Exhibit 3 – Exhibit 3 Revenues.
- Exhibit 4 – Exhibit 4 Operating Expenses.
- Exhibit 5 – Exhibit 5 Cost of Capital.
- Exhibit 6 – Exhibit 6 Revenue Requirement.
- Exhibit 7 – Exhibit 7 Cost Allocation.
- Exhibit 8 – Exhibit 8 Rate Design.
- Exhibit 9 – Exhibit 9 DVA.
- 2021 Filing Requirements Chapter 2 Appendices filed as a PDF.

b) The updated Excel models are:

- 2021 Filing Requirements Chapter 2 Appendices.
- 2021 Cost Allocation Model.
- 2021 DVA Continuity Schedule.
- 2021 Revenue Requirement work form.
- 2021 Tariff and Bill Impact model.
- 2021 Test Year Income Tax and PILs work form

All Excel model and Exhibits not listed above and as filed on October 30, 2020 remain as evidence for this Application and have not been re-filed.

A summary of the “missing items” and the amendments made by WNP are discussed below:

Chapter 2 Filing Requirement Reference	Description
Section 2.0.7 p. 4	<p>The Filing Requirements state: “Documents are to be provided in bookmarked and text-searchable Adobe PDF format.”</p> <p>The PDF exhibits provided by Wellington North Power do not have functioning bookmarks.</p>
WNP Response:	<p>The Applicant has re-filed the following Exhibits:</p> <ul style="list-style-type: none"> ○ Exhibit 1 – re-filed as Exhibit 1 Administrative Documents EB-2020-0061 v2 20201120. ○ Exhibit 2 – re-filed as Exhibit 2 Rate Base and DSP EB-2020-0061 v2 20201120. ○ Exhibit 3 – re-filed as Exhibit 3 Revenues EB-2020-0061 v2 20201120. ○ Exhibit 4 – re-filed as Exhibit 4 Operating Expenses EB-2020-0061 v2 20201120. ○ Exhibit 5 – re-filed as Exhibit 5 Cost of Capital EB-2020-0061 v2 20201120. ○ Exhibit 6 – re-filed as Exhibit 6 Revenue Requirement EB-2020-0061 v2 20201120. ○ Exhibit 7 – re-filed as Exhibit 7 Cost Allocation EB-2020-0061 v2 20201120. ○ Exhibit 8 – re-filed as Exhibit 8 Rate Design EB-2020-0061 v2 20201120. ○ Exhibit 9 – re-filed as Exhibit 9 DVA EB-2020-0061 v2 20201120. <p>These Exhibits have been filed as Adobe PDF files with functioning bookmarks.</p>

	<p>The re-filed work forms include “v2” in the file name (representing version 2.0) and the re-filed date of 20201120 (representing November 20, 2020).</p> <p>The re-filed Exhibits (v2) serve as amended evidence to replace the original Exhibits that were filed on October 30, 2020.</p>
<p>Section 2.0.7 p. 5</p>	<p>The Filing Requirements state that “when filing Excel models, applicants should ensure that any links within these models are not broken”</p> <p>The cost allocation model and revenue requirement work form provided by Wellington North Power have links to external files, which result in broken links. Please review all models to ensure there are no other broken links that need to be removed.</p>
<p>WNP Response:</p>	<p>The Applicant has re-filed the following work forms ensuring that links to external files have been removed:</p> <ul style="list-style-type: none"> ○ Cost Allocation work form– refiled as 2021 Cost Allocation Model EB-2020-0061 v2 20201120 ○ DVA Continuity Schedule – refiled as 2021 DVA Continuity Schedule EB-2020-0061 v2 20201120 ○ 2021 Filing Requirements Chapter 2 Appendices – re-filed as 2021 Filing Requirements Chapter 2 Appendices EB-2020-0061 v2 20201120 ○ Revenue Requirement work form – re-filed as 2021 Rev Req Workform EB-2020-0061 v2 20201120 ○ Tariff Schedule and Bill Impact Model – re-filed as 2021 Tariff Schedule and Bill Impact Model EB-2020-0061 v2 20201120 ○ Test Year Income Tax & PILs – re-filed as 2021 Test Year Income Tax PILs EB-2020-0061 v2 20201120 <p>The re-filed work forms include “v2” in the file name (representing version 2.0) and the re-filed date of 20201120 (representing November 20, 2020).</p> <p>The re-filed work forms (v2) serve as amended evidence and replace the original Exhibits that were filed on October 30, 2020.</p>
<p>Section 2.1.4 p. 7</p>	<p>The Filing Requirements state the applicant must include “Confirmation of the applicant’s internet address for purposes of viewing the application and related documents, and any social media accounts used by the applicant to communicate with its customers.”</p> <p>In Exhibit 1, Section 1.2.3 – Confirmation of Internet Address, Wellington North Power only provided its website. In Exhibit 1, Appendix F: Customer Engagement Survey, it appears Wellington North Power also has Facebook and Twitter accounts. Please provide the social media accounts that are associated with Wellington North Power.</p>
<p>WNP Response:</p>	<p>The Applicant has re-filed Exhibit 1 to include its’ social media accounts as used by Wellington North Power to communicate with customers. This information is in Exhibit 1, section 1.2.3 “Confirmation of Internet Address” and is re-filed as “Exhibit 1 Administrative Document EB-2020-0061 v2 20201120”.</p>

<p>Section 2.1.4 p. 8</p>	<p>The Filing Requirements state the applicant must include "A list of specific approvals requested and relevant section(s) of the legislation must be provided. All approvals, including accounting orders (deferral and variance accounts), new rate classes, revised specific service charges or retail service charges which the applicant is seeking, must be separately identified in Appendix 2-A and clearly documented in the appropriate sections of the application. A PDF copy of this Appendix should be provided in this section."</p> <p>In Exhibit 5, Wellington North Power proposed that it be allowed an opportunity to apply for an adjustment to its' embedded return-on-equity in a future Incentive Rate-setting Mechanism application. This approval request was not included in the list of specific approvals. Please update the list of specific approvals and Appendix 2-A to reflect this request.</p>
<p>WNP Response:</p>	<p>The Applicant has removed this return-on-equity proposal from Exhibit 5 on the basis that the "2021 Cost of Capital Parameters", issued by the OEB on November 9 2020, contains a Return on Equity that is not suppressed or materially affected by the COVID-19's impact on the economy.</p> <p>Consequently, WNP has revised the wording in Exhibit 5, section 5.4.2 "Return on Equity" and has re-filed Exhibit 5 as "Exhibit 5 Cost of Capital EB-2020-0061 v2 20201120".</p> <p>With this proposal removed, the Applicant is not required to update:</p> <ol style="list-style-type: none"> a) The list of specific approvals as filed on October 30, 2020; or b) Update the Appendix 2-A. <p>At this time, WNP has not updated its' Application to reflect the 2021 Cost of Capital Parameters, as published by the OEB on November 9, 2020, as the Applicant anticipates there will be other adjustments through the course of interrogatories. Therefore, WNP commits to updating its' evidence with the published 2021 Cost of Capital Parameters during the course of responding to interrogatories.</p>
<p>Section 2.1.9 p. 12</p>	<p>The Filing Requirements state the applicant must include "A detailed reconciliation of the financial results shown in the audited financial statements with the regulatory financial results filed in the application, including a reconciliation of the fixed assets in order to, as one example, separate non-distribution businesses. This must include the identification of any deviations that are being proposed between the audited financial statements and the regulatory financial results, including the identification of any prior OEB approvals for such deviations."</p> <p>In Exhibit 1, Appendix K: Reconciliation for RRR to Financial Statement, Wellington North Power only provided a reconciliation for the 2019 audited financial statements. Please also provide the reconciliation for the 2017 and 2018 audited financial statements.</p>

WNP Response:	<p>The Applicant has added reconciliation information for 2017 and 2018 audited financial statements as an Appendices to Exhibit 1, included as Appendix 1K and Appendix 1L respectively. Appendix 1M is now the reconciliation to the 2019 audited financial statement.</p> <p>WNP has amended the wording in Exhibit 1 Section 1.9.4 to reference 2017, 2018 and 2019 reconciliations to the audited financial statements have been included as Appendices.</p> <p>Exhibit 1 has been re-filed as "Exhibit 1 Administrative Document EB-2020-0061 v2 20201120".</p>
Section 2.2.2.2 p. 17	<p>The Filing Requirements state "The summary must show capital expenditures, treatment of contributed capital, and additions and deductions from CWIP. As part of Exhibit 2, a distributor must also provide explanations of year-over-year variances..."</p> <p>In Exhibit 2, Wellington North Power has provided variance analysis between the planned and actual capital expenditures but did not provide variance analysis for year-over-year analysis. Please provide the year-over-year analysis for capital expenditures, treatment of contributed capital, and additions and deductions from CWIP.</p>
WNP Response:	<p>The Applicant has amended Exhibit 2 to include year-over-year analysis for capital expenditures, treatment of contributed capital and CWIP. This analysis is in section 2.2.2 "Year-Over-Year Variance Analysis" of Exhibit 2.</p> <p>Exhibit 2 has been re-filed as "Exhibit 2 Rate Base and DSP EB-2020-0061 v2 20201120".</p>
Section 2.4.3.1 p. 31	<p>The Filing Requirements state that an applicant must provide "A breakdown of the pension and OPEBs amounts included in OM&A and capital must be provided for the last OEB-approved rebasing application, and for historical, bridge and test years"</p> <p>Wellington North Power did not provide a breakdown of the pension and Other Post-Employment Benefits (OPEBs) amounts included in Operation Maintenance & Administration and capital for the last OEB-approved rebasing application, and for historical, bridge and test years. Please provide a breakdown of the pension and OPEBs.</p>
WNP Response:	<p>The Applicant has amended Exhibit 4 to include a breakdown of the Pension and Other Post-Employment Benefits (OPEBs) amounts. This is illustrated in table 18 of Exhibit 4 of section 4.4 "Workforce Planning and Employee Compensation".</p> <p>Exhibit 4 has been re-filed as "Exhibit 4 Operating Expenses EB-2020-0061 v2 20201120".</p>

Section 2.4.4 pp. 34 - 35	<p>The Filing Requirements state "An applicant that has not made any changes to its depreciation expense policy or asset service lives must state that this is the case. For an applicant that has made any depreciation expense policy or asset service lives changes since its last rebasing application, the following is required: Identification of the changes and a detailed explanation for the causes of the changes, including any changes subsequent to those made by January 1, 2013."</p> <p>Wellington North Power indicated there were no changes to its capitalization policy since its last rebasing application but did not confirm whether this was also the case for its depreciation policy.</p>
WNP Response:	<p>The Applicant has amended Exhibit 4 to include a statement that there have been no changes to its' depreciation policy. This statement is in Exhibit 4 section 4.8.5 "Depreciation and Capitalization Policy".</p> <p>Exhibit 4 has been re-filed as "Exhibit 4 Operating Expenses EB-2020-0061 v2 20201120".</p>
Section 2.4.4 pp. 34 - 35	<p>The Filing Requirements state that "the applicant must file the applicable depreciation appendix as provided in the Chapter 2 Appendix 2-C. These must tie back to the accumulated depreciation balances in the fixed asset continuity schedule (Appendix 2-BA) under rate base"</p> <p>The depreciation expense provided in Appendix 2-C do not reconcile to Appendix 2-BA. Please reconcile the depreciation expense in Appendix 2-C to Appendix 2-BA.</p>
WNP Response:	<p>The Applicant has updated Chapter 2 Appendix 2-C work form ensuring that the depreciation balances reconcile to the fixed asset continuity schedule (Appendix 2-BA).</p> <p>WNP has updated the tables 24 to 29 in Exhibit 4 of section 4.8.2 "Depreciation Rates and Methodology".</p> <p>Exhibit 4 has been re-filed as "Exhibit 4 Operating Expenses EB-2020-0061 v2 20201120".</p> <p>The Applicant has also re-filed the OEB's 2021 Chapter 2 Appendix work form both as an excel version and a PDF version.</p>
Section 2.4.5.1 pp. 37	<p>The Filing Requirements state that the applicant must provide "completion of the integrity checks in the PILs model." The integrity checklist in the PILs model includes "A discussion is included in the application as to when the loss carry-forwards, if any, will be fully utilized."</p> <p>Wellington North Power indicated a discussion of loss carry-forward utilization will be included in the application, but this does not appear to be included in the application.</p>
WNP Response:	<p>The Applicant has included a discussion of loss carry-forward utilization in Exhibit 4 at the end of section 4.9.1 "Overview of PILS".</p> <p>Exhibit 4 has been re-filed as "Exhibit 4 Operating Expenses EB-2020-0061 v2 20201120".</p>

<p>Section 2.4.5.1 pp. 37</p>	<p>The Filing Requirements state that “distributors must bring forward the balance tracked in Account 1592 - PILs and Tax Variances – CCA Changes for review and disposition in its current cost-based rate application, as well as future cost-based rate applications.”</p> <p>Wellington North Power has \$0 for Account 1592 in the DVA Continuity Schedule. Wellington North Power has not brought the account forward for review, discussed how the account balance was determined nor discussed their proposal for Account 1592.</p>
<p>WNP Response:</p>	<p>The Applicant has included a discussion of 1592 – PILS and Tax Variances in Exhibit 9. This information is in Exhibit 9 in section 9.2.2 “Disposition of DVAs used by Applicant”.</p> <p>Exhibit 9 has been re-filed as “Exhibit 9 DVA EB-2020-0061 v2 20201120”.</p>
<p>Section 2.8.13.2 pp. 62</p>	<p>The Filing Requirements state that “a distributor must file a mitigation plan if total bill increases for any customer class exceed 10%.”</p> <p>Wellington North Power has shown an 86.5% total bill impact for the Street Lighting rate class. Wellington North Power also stated that it is not proposing rate mitigation strategies for the Street Lighting rate class. This is contrary to the filing requirements. Please provide a mitigation plan for the Street Lighting rate class.</p>
<p>WNP Response:</p>	<p>The Applicant has updated Exhibit 8 to include proposed rate mitigation options for consideration for the Street Light customer class. This information is in Exhibit 8 in section 8.1.19 “Rate Mitigation/Foregone Revenues”.</p> <p>Exhibit 8 has been re-filed as “Exhibit 8 Rate Design EB-2020-0061 v2 20201120”.</p>

Should the Board or OEB staff have questions regarding this matter or require further information, please do not hesitate to contact me.

Yours sincerely,
Original signed by James Klujber

James Klujber

Chief Executive Officer / President
Wellington North Power Inc.