Ontario Energy Board | Commission de l'énergie de l'Ontario

BY E-MAIL

January 19, 2021

Christine E. Long
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Long:

Re: Wellington North Power Inc. (Wellington North Power)
2021 Cost of Service Rate Application
Ontario Energy Board (OEB) File Number: EB-2020-0061

In accordance with Procedural Order No. 1, please find attached OEB staff's interrogatories in the above noted proceeding. Wellington North Power and all intervenors have been copied on this filing.

Wellington North Power's responses to interrogatories are due by February 8, 2021. Responses to interrogatories, including supporting documentation, must not include personal information unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Yours truly,

Original Signed By

Donald Lau
Project Advisor – Electricity Distribution: Major Rate Applications & Consolidations

Attach.

OEB Staff Interrogatories
2021 Electricity Distribution Rates Application
Wellington North Power Inc. (Wellington North Power)
EB-2020-0061
January 19, 2021

*Responses to interrogatories, including supporting documentation, must not include personal information unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Exhibit 1 – Administration

1-Staff-1
Updated Revenue Requirement Work Form (RRWF) and Models

Upon completing all interrogatories from Ontario Energy Board (OEB) staff and intervenors, please provide an updated RRWF in working Microsoft Excel format with any corrections or adjustments that the Applicant wishes to make to the amounts in the populated version of the RRWF filed in the initial applications. Entries for changes and adjustments should be included in the middle column on sheet 3 Data_Input_Sheet. Sheets 10 (Load Forecast), 11 (Cost Allocation), and 13 (Rate Design) should be updated, as necessary. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note. Such notes should be documented on Sheet 14 Tracking Sheet and may also be included on other sheets in the RRWF to assist understanding of changes.

In addition, please file an updated set of models that reflects the interrogatory responses. Please ensure the models used are the latest available models on the OEB's 2021 Electricity Distributor Rate Applications webpage.

1-Staff-2
Letters of Comment

Following publication of the Notice of Application, the OEB received one letter of comment. Section 2.1.7 of the Filing Requirements states that distributors will be expected to file with the OEB their response to the matters raised within any letters of comment sent to the OEB related to the distributor's application. If the applicant has not received a copy of the letters or comments, they may be accessed from the public record for this proceeding.

Please file a response to the matters raised in the letters of comment referenced above. Going forward, please ensure that responses to any matters raised in subsequent

comments or letter are filed in this proceeding. All responses must be filed before the argument (submission) phase of this proceeding.

1-Staff-3
COVID-19
Ref 1: Exhibit 1, 1.4.1
Wellington North Power has stated that it has not taken into consideration the effect and/or impact of the COVID-19 Pandemic in the application. Wellington North Power stated that forecasted Capital Expenditures and Operations, Maintenance, and Administration costs in 2020 and 2021 are based on COVID-19 free data. Wellington North Power is recording costs related to COVID-19 in Account 1509 Impacts Arising from the COVID-19 Emergency.

a) Please provide a detailed breakdown of the amounts included in each of the Account 1509 sub-accounts.
    i. Please provide a forecast of the amounts in each sub-account at the end of 2020.
    ii. Please explain the types of costs/savings/lost revenues and the amounts associated that Wellington North Power has recorded in the sub-account(s).
b) Please confirm that Wellington North Power is proposing to continue using Account 1509 even if future OEB guidance that is issued for the account as a result of the consultation is different (e.g. the OEB finds that the deferral account for the COVID-19 impacts is effective until the end of 2020).
    i. If so, please clarify the effective time period for which Wellington North Power proposes to use the account and Wellington North Power's underlying rationale.

1-Staff-4
Customer Engagement
Ref 1: Exhibit 1- Appendix F – Customer Engagement Survey
In section 7 of the customer engagement survey it showed that only 46.1% of residential customers and 42% of small businesses think it's most important to continue with current investment spending levels to balance reliability and rates.

a) Please breakdown the table provided in section 7 of the customer engagement survey by each statement and the number of responses received between "the most important" to the "least important"
b) How did Wellington North Power define to the customer what it means to balance electricity reliability and rates. If Wellington North Power did not define that to the

customer, how does Wellington North Power define it for the purpose of business planning?

c) For each of the statements provided in section 7, did Wellington North Power provide the customer with a quantum of the rate increase/decrease? If not, why not?
d) How has Wellington North Power accessed the acceptable rate increase customers are willing to accept?
e) How has Wellington North Power accessed the reliability a customer is willing to accept?
f) "Pay lower electricity rates with reduced reliability" is the second most important item to residential customers. Please provide Wellington North Power's plan for lower rates and the reliability impacts it anticipates as a result. If there is no such plan, please explain why.

1-Staff-5
Customer Engagement Survey
Ref 1: Exhibit 1 – Appendix 1F - Customer Engagement Survey
The customer engagement survey included results for "rating of service provided" and "company profile".

a) Please provide the results in which customers disagreed or undecided with the statement in the survey.

The customer engagement survey also included results for "investment priorities".

b) Was there a preamble given to Wellington North Power customers, to give them more context, prior to asking the question "What are your investment priorities when planning the hydro infrastructure?" If not, why not?
c) Are the capital investment impacts the same for each of the investments presented? If not, how is it a fair comparison between the priorities?

Exhibit 2 – Rate Base

2-Staff-6
Fixed Assets
Ref 1: Exhibit 2, 2.1.4 Fixed Asset Continuity Schedule
Ref 2: Exhibit 1, Appendix M – 2019 RRR to AFS Reconciliation

The ending 2019 net book value in the 2019 Fixed Asset Continuity Schedule differs from that as shown in the 2019 RRR to AFS Reconciliation. The difference is shown in the table below. Please explain and reconcile the difference.

	Financial Statements	Appendix 2-BA	Difference
PP&E	10,193,073		
Intangibles	791,785		
Reduced by Account 1508 ACM	(1,634,485)		
NBV	9,350,373	9,208,195	142,178

2-Staff-7
Fixed Asset Disposals
Ref 1: Exhibit 2, 2.1.4 Fixed Asset Continuity Schedule
The 2016 to 2019 Fixed Asset Continuity Schedules shows fixed asset disposals (relating to both costs and accumulated depreciation) in various accounts. The 2020 and 2021 Fixed Asset Continuity Schedules only show fixed asset disposals (for costs only) for Account 1860 Smart Meters.

a) Please confirm that there were only disposals for Smart Meters in 2020. Please update the 2020 Fixed Asset Schedule to actuals.
b) Please explain why Wellington North Power has not forecasted any disposals for 2021 except for Smart Meters.
c) Please explain why there are no amounts for disposals relating to accumulated depreciation for Account 1860 Smart Meters.
d) Please update the 2021 Fixed Asset Continuity Schedule as needed.

2-Staff-8
Customer Consultation
Ref 1: Exhibit 2, Section 5.2.1 page 10
Ref 2: Exhibit 2, Section, 5.2.3c page 57

Wellington North Power states in preparing this Distribution System Plan (DSP), it conducted customer surveys to ascertain customer preferences and investment priorities.

a. For the Customer Satisfaction Survey, what is the expected error rate for a sample size of 300?
b. Were the customers consulted on the specific projects proposed to be undertaken in the forecast period?
c. Were the customers consulted on the final version of the DSP?

2-Staff-9
Smart Grid Development
Ref 1: Exhibit 2, Section 5.2.1a page 13
Ref 2: Exhibit 2, Section 5.2.1h page 17
Ref 3: Exhibit 2, Section 5.2.2b page 37
Ref 4: Exhibit 2, Section 5.4.3.1 Overall Plan

Wellington North Power states that it has a “smart grid development initiative”, involving equipping all the distribution stations with automated feeder reclosers and Supervisor Control and Data Acquisition (SCADA).

a) Is there a document that outlines the smart grid development plan? If so, please provide.
b) Please provide the business case for the SCADA software project planned in 2024.

2-Staff-10
Customers’ Preferences and Expectations
Ref 1: Exhibit 2, Section 5.2.1b page 14

Wellington North Power has determined through its 2020 Customer Survey that burying overhead wires is a customer preference and priority. Wellington North Power has identified burying overhead wire as Priority #6 in the DSP and that Wellington North Power will install plant underground when “cost effective”.

a. Considering that the customer survey showed little or no support for ratepayer funded burying of overhead cable, why is this a DSP priority?
b. Please provide examples of where Wellington North Power determines that burying overhead wire is “cost effective” considering customer reluctance to pay for this.

2-Staff-11
Asset Lifecycle Optimization Policies and Practices
Ref 1: Exhibit 2, Section 5.2.1b page 14
Ref 2: Exhibit 2, Section 5.3.3a pages 133, 134

Wellington North Power states that it “has a relatively heavy mature tree cover where overhead hydro lines are in the proximity to trees”. Wellington North Power states that priority 4B - Invest in Tree Trimming follows a 3-year schedule. On page 134, Wellington North Power states that it follows a two-year tree trimming schedule.

a. Which trimming schedule is correct?

b. Does the tree trimming program consider the impact of climate change on line clearances and cycles?
c. Please provide a copy of Procedure 2060 – Vegetation Management

2-Staff-12
Sources of Expected Cost Savings
Ref 1: Exhibit 2, Section 5.2.1c page 15

Wellington North Power states that reclosers in new substations will reduce call outs to stations. Please provide the expected annual reduction in O&M costs and reliability improvements with the addition of reclosers in the DSP forecast period.

2-Staff-13
Grid Modernization, Distributed Energy Resources or Climate Change Projects
Ref 1: Exhibit 2, Section 5.2.1c page 15
Ref 2: Exhibit 2, Section 5.2.1h page 17

Wellington North Power states that through good maintenance practices and replacing assets in a prioritized approach it mitigates and limits the cost of unplanned events such as weather-related costs. Wellington North Power has not identified any projects related to climate change adaptation. How does Wellington North Power expect climate change to impact its operations?

2-Staff-14
Changes to the Asset Management Process
Ref 1: Exhibit 2, Section 5.2.1f page 16

Wellington North Power states that it has purchased a Polux Pole tester “to gather enhanced data about the structural integrity of poles”.

a. Please provide examples of enhanced data that has been captured with the pole tester.
b. How many poles have been tested to date with the Polux Pole tester?
c. How many poles were determined to be in “poor” or “very poor” condition based on Pollux Pole tester 2020 data?

2-Staff-15
Aspects of the DSP Reliant on Ongoing Activities or Future Events
Ref 1: Exhibit 2, Section 5.2.1g page 16
Ref 2: Exhibit 2, Section 5.4.1b page 153
Ref 3: Exhibit 2, Section 5.4.3.2 page 177

Wellington North Power states that it is “not aware of ongoing activities or future events that may impact or effect the plans for the DSP forecast period of 2021 to 2025”.

Wellington North Power states that smart meters sampled in 2017, 2018 and 2019 passed testing and were sealed for use for a further 6 years. Does Wellington North Power anticipate that any meter requiring recertification and resealing during the 2021 to 2025 period will pass testing?

2-Staff-16
Methods & Measures to Monitor DSP Planning Process Performance
Ref 1: Exhibit 2, Section 5.2.3a pages 38, 39, 42, 45
Ref 2: Exhibit 2, Section 5.2.3c pages 54, 64, 65

Wellington North Power states that it "measures and monitors its' operating performance using the following performance indicators":

- Customer service quality indicators;
- Supply system reliability & performance indicators;
- Operational effectiveness indicators;
- Planning quality indicators;
- Financial performance indicators; and
- CDM program targets and performance

a. With respect to Customer Service Quality measures, please correct Figure 26 with the correct OEB Minimum standards for Telephone Accessibility and Emergency Response.
b. With respect to System Reliability, please provide the T_{MED} numbers for 2019 and 2020 (if available).
c. Wellington North Power states that it monitors its capital expenditure by comparing budget versus actual spent for each project. What is the threshold for acceptable variance?
d. Wellington North Power states that it prepares Annual Operating Expenditure budgets. What is the threshold for acceptable variance?
e. Wellington North Power states that it measures implementation of the DSP. What is the threshold for acceptable variance?

2-Staff-17
Unit Cost Metrics
Ref 1: Exhibit 2, Section 5.2.3b page 51

For section 5.2.3 b Unit Cost Metrics, Wellington North Power has used data for 2015 to 2019 to calculate the historical 5-year average metrics. Wellington North Power has used 2021 test year values for the 1-year performance metric. Wellington North Power has also used Operations, Maintenance, and Administration (OM&A) data for metrics requiring Operations and Maintenance (O&M) data.

a. As these are historical performance metrics, please recalculate Appendix 5-A and figure 25 using 2016 – 2020 data for the historical 5-year average metric and 2020 data (actual or projected) for the 1-year performance metric.
b. In calculating values in Appendix 5-A, why does Wellington North Power use Pacific Economics Group data for Capital and Capex costs versus data Wellington North Power provided to the OEB that is in the OEB Electricity Distributor Yearbooks?
c. Please recalculate all metrics in Appendix 5-A and Figure 25 that were calculated with OM&A data with O&M data. For example, using data from the OEB 2019 Yearbook, the correct 2019 value for O&M/Customer would be ($407,117 + $214,209)/3,830 = $162/customer as opposed to the figure of $472 shown in Figure 25.
d. Why is there a $ sign for data in the # of metered customers row?

2-Staff-18
Unit Cost Metrics
Ref 1: Exhibit 2, Section 5.2.3b page 52

Wellington North Power states that the Geographic Information System (GIS) is their Asset Management System "representing a single source of truth for the organization". Please provide particulars of the GIS system (provider, version, etc.).

2-Staff-19
Summary of Historical Performance
Ref 1: Exhibit 2, Section 5.2.3c page 59

In Figure 37, Wellington North Power states that 2019 System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI) performance excluding Loss of Supply is 0.84 and 2.05 respectively. As there were no Major Event Days (MEDs) in 2019, why is this different from the 2019 scorecard SAIFI = 0.20; SAIDI = 0.24?

2-Staff-20
Summary of Historical Performance
Ref 1: Exhibit 2, Section 5.2.3c page 67

Figure 49 shows the 2020 Capex as of May 2020. What is the current 2020 Capex?

2-Staff-21
Realized Efficiencies Due to Smart Meters
Ref 1: Exhibit 2, Section 5.2.4 page 74

Wellington North Power states that it has “not realized any cost efficiencies related to the utility’s use of Smart Meters since its’ last Cost of Service application in 2016”. What were the cost efficiencies related to the utility’s use of Smart Meters that were provided in the 2016 Cost of Service application?

2-Staff-22
Asset Management Objectives
Ref 1: Exhibit 2, Section 5.3.1 pages 75, 76
Wellington North Power states that facilitating the connection of new renewable connections is of low importance in terms of its asset management objectives. Wellington North Power also states that it has “reduced the importance of connecting green energy and renewable energy sources”. Explain why this is not in conflict with section 6.2.4 of the Distribution System Code.

2-Staff-23
Components of the Asset Management Process used for Capital Expenditure Plan
Ref 1: Exhibit 2, Section 5.3.1b page 80

Wellington North Power states that “there is no formal quantitative means of prioritizing projects”. Wellington North Power further states that it takes a “qualitative approach” to prioritizing investments. Please provide examples of how this qualitative approach was used to prioritize projects.

2-Staff-24
Asset Type – Profile and Condition
Ref 1: Exhibit 2, Section 5.3.1b page 79
Ref 2: Exhibit 2, Section 5.2.3c pages 93, 95

The 2019 Asset Condition Assessment (ACA) identified the following quantity of assets in “poor” or “very poor” condition:

- 1 x Municipal Station (MS) switchgear
- 1 x MS loadbreak switch
- 10 x padmount transformers
- 69 x 1-phase polemount transformers
- 8 x 3-phase polemount transformers
- 26 x 4kV poles
- 0 x 44kV poles

The ACA Condition-Based Flagged for Action Plan states that a reactive approach is used for pole and overhead transformer replacement while a proactive approach is used for padmount transformers. Wellington North Power also states that the “actual replacement plans might be only a subset of the Flagged for Action plans”.

a. Please confirm that the 10 Year Action in Total numbers in Figure 64 represent quantities in Years 2 through 10.
b. Is it Wellington North Power's expectation that in years 3 and going forward), it will begin replacing padmount transformer units currently in "good" or better condition?
c. How many of the padmount transformers are live front units?
d. Is it Wellington North Power's expectation that in years 3 and going forward, it will begin replacing poles currently in "good" or better condition?
e. Is it Wellington North Power's expectation that in years 3 and going forward, it will begin replacing pole transformers currently in "good" or better condition?
f. The ACA provided four recommendations. When does Wellington North Power plan to start addressing these recommendations and what is the expected completion date?

2-Staff-25
Overview of Assets Managed
Ref 1: Exhibit 2, Section 5.3.2a page 84
Ref 2: Exhibit 2, Section 5.3.2d page 128

Wellington North Power had a winter peak demand of 16,845 kW. Figure 94 provides feeder loading and capacity calculations per Wellington North Power. Wellington North Power states that in their "opinion, supply and capacity of existing assets are adequate to sustain the forecasted load growth for the forecasted period 2021 to 2025".

a. Please provide the 2019 coincidental peak demand for each of the 6 MS owned and operated by Wellington North Power.

b. Please provide the 2019 non-coincidental peak demand for each of the 6 MS owned and operated by Wellington North Power.

c. Please confirm that the Capacity column of Figure 94 does not reflect the total remaining available capacity on each MS.

2-Staff-26
General Plant – Transportation Equipment
Ref 1: Exhibit 2, Section 5.3.2c page 119

Wellington North Power has a guide for replacement of fleet vehicles ranging from 8 to 12 years. Wellington North Power also states that "the vehicle replacement program is based on annual condition surveys and life cycle planning".

a. Please provide current examples of the annual condition survey documents for the Radial Boom Derrick Truck (RBD) to be replaced in 2022 and pickups in 2023 and 2025.
b. If available, please provide the business case for the RBD replacement (Budget = $425,000) in 2022.
c. Considering the significant cost of the RBD procurement, was leasing versus owning the unit considered in the business case analysis?

2-Staff-27
Information Systems, Operational Technology and Cyber-Security
Ref 1: Exhibit 2, Section 5.3.2c page 120

Please provide a copy of the 2019 “review of the current and future business requirements and priorities concerning the utility’s capital investment in Information Systems”.

2-Staff-28
Misc. Clarifications
Ref 1: Exhibit 2, Section 5.3.2c page 123
Ref 2: Exhibit 2, Section 5.4.3.1 page 173
Ref 3: Exhibit 2, Section 5.4.3.2 page 191

On page 123 does the statement “WNP’s has included IS investment within its 5-year Capital Investment Plan (2016 to 2020) ….” actually refer to the 2021 to 2025 period?

On page 173 does the statement “Figure 134 above illustrates the 5-year plan for System Access expenditures …” actually refer to General Plant expenditures?

On page 191 does the statement “This investment is a high priority within the General Plant category as SCADA ….” actually refer to System Service expenditures?

2-Staff-29
Expectation of System Development
Ref 1: Exhibit 2, Section 5.4b pages 144, 146

Wellington North Power “forecasts electricity usage (kWh) and demand (kW) to remain static over the forecasted planning period of 2021-2025”. Wellington North Power also forecasts population growth over the forecasted planning period of 2021-2025. Has Wellington North Power considered the impact of distributed energy resources, electric vehicle penetration, or other innovative technologies on load growth and demand over the forecast period?

2-Staff-30
Description of Tools and Methods Used for Risk Management
Ref 1: Exhibit 2, Section 5.4.1a page 147

Wellington North Power states that it maintains a Risk Register that is "used as a guide to assist the utility in identifying and managing risks". Please provide an investment example of where the Risk Register was used in the process of capital expenditure prioritization.

2-Staff-31
Capital Expenditure Summary - Meters
Ref 1: Exhibit 2, Section 5.4.2 page 158
Ref 2: Exhibit 2, Section 5.4.3.1 page 171
Ref 3: Exhibit 2, Section 5.4.3.2 page 175

Figure 106 indicates no costs for meter replacement over the 2018 – 2020 period. Figure 135 indicates an annual meter replacement cost of $25,000. Considering there were no meter replacement costs in the 2018-2020 period, how has Wellington North Power determined that $25,000 should be budgeted annually for the 2021 – 2025 period?

2-Staff-32
O&M Budget – Historic and Proposed
Ref 1: Exhibit 2, Section 5.4.3.1 page 169

Figure 128 shows budgeted O&M values for the 2016 – 2019 historical figures. Please provide actual O&M figures for this period.

2-Staff-33
Overall Plan – System Renewal
Ref 1: Exhibit 2, Section 5.4.3.1 page 171

Figure 132 shows the amount of CapEx spent by Wellington North Power on replacing "poor health" poles and transformers over the 2017 – 2019 period.

a. Why is the 2016 historical information not included?
b. Please update figure 132 to include program work covering the 2016 – 2020 period.

2-Staff-34
Material Investments – System Renewal
Ref 1: Exhibit 2, Section 5.4.3.1 page 171
Ref 2: Exhibit 2, Section 5.4.3.2 page 177

Wellington North Power has provided costs for System Renewal related replacement of poles and transformers for the 2016 – 2019 historical period. Wellington North Power has also provided costs for System Renewal replacement of poles and transformers for the 2021 – 2025 forecast period. Wellington North Power also has an annual Replacement of Pole & Transformer Assets program that may result in poles in "poor" and "very poor condition" being replaced as part of that specific project. The ACA Flag for Action plan calls for 41 to 51 poles being replaced annually over the forecast period.

a. Please provide the actual number of poles and transformers replaced due to System Renewal during the 2016 – 2020 (2020 as current as possible) historical period.
b. Please provide the actual number of poles and transformers forecasted to be replaced under the annual Replacement of Pole & Transformer Assets program for the 2021 – 2025 forecast period.
c. What is the cost and how many poles are expected to be replaced annually in the Replacement of Pole & Transformer Assets program?
d. What is the cost and how many transformers are expected to be replaced annually in the Replacement of Pole & Transformer Assets program?

2-Staff-35
CapEx Program: Pole-Line Rebuild Projects
Ref 1: Exhibit 2, Section 5.4.3.2 page 183, 186

Wellington North Power states it has a Pole-Line Rebuild program for 48 poles per year at an average cost of $3500 per pole.

a. For each of the pole-line projects noted in Figure 141, please provide the quantity of poles to be replaced and the present condition of the poles (poor, fair, good, etc.)
b. For each of the 2016- 2020 pole-line projects noted in Figure 106, please provide the quantity of poles replaced.
c. Are any transformers in poor or very poor condition expected to be replaced as part of the Pole-Line Rebuild program?
d. Please provide the relative dimensions of the Class 3 and Class 6 poles mentioned in the Pole-Line Rebuild program.
e. What is the proposed pole-line rebuild projects for the 2023 – 2025 period?

2-Staff-36
CapEx Program: Underground Projects
Ref 1: Exhibit 2, Section 5.4.3.2 page 187

Wellington North Power states that the Underground Projects "focus on replacing areas where assets are circa vintage 1965-1970 and approaching the end of their life" and that "replacement of end of life underground assets including vaults, transformers and conduit".

a. Please provide details for the material underground projects expenditures in 2021, 2024 and 2025.

2-Staff-37
CapEx Program: Computer – Hardware and Software
Ref 1: Exhibit 2, Section 5.4.3.2 pages 176, 192

Figure 136 provides Computer Hardware/Software/Cyber Security expenditures over the 2021-2025 forecast period while Figure 144 just provides Computer Hardware & Software expenditures over the 2021 -2025 forecast period.

a) Please breakdown the Computer Hardware/Software/Cyber Security numbers in Figure 136 into their separate categories as follows:

Expenditure type	2021	2022	2023	2024	2025
Computer Hardware					
Computer Software					
Cyber Security					

b) Please provide the business case for the Customer Information System in 2022.

2-Staff-38
Advance Capital Module
Ref 1: EB-2017-0082 Advance Capital Module model
Ref 2: 2.1.4 Fixed Asset Continuity Schedule, pp. 25 - 26
In the Advance Capital Module (ACM) model in reference 1, Wellington North Power used a full year depreciation for the purpose of calculating the ACM rate riders. In reference two, the it appears Wellington North Power applied the half-year rule for the first year the asset was put into service.

a) Please explain the appropriateness of applying the half-year rule for calculating the ACM amounts to add into rate base when the ACM rate rider allowed Wellington North Power to recover a full year of depreciation.
b) Please recalculate Table 14-16 in reference two using a full year depreciation in 2018 and update chapter 2 appendices – 2-BA Fixed Asset Continuity Schedule.

2-Staff-39
Asset Condition Assessment
Ref 1: Exhibit 2 – Distribution System Plan – 5.3.2. Overview of Assets Managed
Wellington North Power stated that it excluded line switches, cutouts, conductor, and meters due from the ACA study due to limited amounts of data.

a) Does Wellington North Power intend to extend the ACA to these items in the future?

The ACA notes that "in this study the "age" used is in fact "effective age", or condition-based age if available, as opposed to the chronological age of the asset."

b) Please explain how "effective age" or "condition-based age" is calculated.
c) Please confirm that "effective age" or "condition-based age" is the age used in the age limiting calculation.
d) Please list the number of assets that defaulted to the age limiting factor.

2-Staff-40
Fleet
Ref 1: Exhibit 2 – Distribution System Plan – 5.3.2c – General Plant
Wellington North Power intends to replace three vehicles during the 2021 to 2025 period which are based on annual condition surveys and life cycle planning.

a) Please provide the condition surveys for the vehicles Wellington North Power intends to replace.

2-Staff-41
Cost of Power
Ref 1: Exhibit 2 – 2.3.3. Calculation of Cost of Power
Ref 2: Chapter 2 appendices – 2-ZA and 2-ZB
Ref 3: Regulated Price Plan Report – November 1, 2020 to October 31, 2021, December 13, 2020
Wellington North Power used the commodity prices from the Regulated Price Plan Report – November 1, 2019 to October 31, 2020 to complete appendix 2-ZA. The OEB

issued the Regulated Price Plan Report – November 1, 2020 to October 31, 2021 on December 13, 2020.

a) Please update appendix 2-ZA with the new commodity prices.
b) The updated Ontario Electricity Rebate (OER) of 33.2% was effective November 1, 2020. In appendix 2-ZB, Wellington North Power used the old OER of 31.8%. Please update the OER value in appendix 2-ZB.
c) The number of customers used to forecast the smart meter entity charge in appendix 2-ZB uses 2020 customer numbers for residential and GS<50kW

2-Staff-42
Power Interruption Causes
Ref 1: Distribution System Plan - Figure 36 – All Causes of Power Interruptions
The power interruption cause "other" in reference 1 has a large increase in 2019 as compared to previous years.

a) Please provide details of the event(s) that lead to the increase in 2019.

2-Staff-43
Cost of Power
Ref 1: New Regulated Price Plan (RPP) Prices Effective January 1, 2021, December 15, 2020
Ref 2: Chapter 2 Appendices – 2-ZA and 2-ZB
The OEB issued updated RPP prices and Ontario Electricity Rebate percentage in reference 1.

a) Please update the models in reference 2 to reflect the changes in reference 1.

Exhibit 3 – Operating Revenue

3-Staff-44
Volumetric Load Forecast
Ref 1: Exhibit 3, page 28
Ref 2: Load Forecast Model, Tab: Load Forecast Summary
Wellington North Power has used a Sensitive Customers kWh explanatory variable in its linear regression. It states that it "has five customer accounts in its General Service 1,000-4,999 kW customer class, all of which are manufacturers."

Wellington North Power indicates that in its prior cost of service, it "removed data for three specific accounts from the analysis due to their negative effect on the results of

the regression analysis." Here it "has included the GS>1,000-4,999kW customers in the regression analysis and created a variable based on their monthly billed kWh (without losses)."

The load forecast indicates that the rate class has had at least 5 customers since 2010, the first year for which data is provided. In 2019, the variable used totaled 50.5 GWh, 2020, it totaled 52.1 GWh, and in 2021, it totaled 52.8 GWh. In all three years, the forecast for the GS 1,000 – 4,999 kW rate class totals 42.8 GWh.

a) How has the energy consumption for these customers been forecasted for 2020 and 2021?
b) Why did Wellington North Power select five customers to use in the explanatory variable this time, instead of the three customers as it had removed from its regression methodology in its last load forecast?
c) As a scenario, please prepare a forecast where the consumption of the GS 1,000 – 4,999 kW customers are uplifted for losses and removed from the wholesale purchases, and the resulting wholesale purchase model is used to forecast all rate classes except GS 1,000 – 4,999 kW. In this scenario, please forecast these customers using the methodology proposed for sensitive customers.
d) Please explain the difference in consumption between the Sensitive Customers variable, and the GS 1,000 – 4,999 kW rate class, and why the Sensitive Customers variable changes in the forecast years, while the GS 1,000 – 4,999 kW forecast consumption remains constant.

3-Staff-45
Impacts of COVID-19
Ref 1: Exhibit 3, page 28-29, 36
Wellington North Power noted that it observed all customers in the General Service 1,000 – 4,999 kW rate class were affected in April 2020 due to the COVID-19 pandemic. It states that it "has not assumptions to account for the impact of COVID-19 in the Bridget Year (2020) or Test Year (2021) and WNP will track any lost revenue from these customers in the COVID regulatory account if one or more of the customers in this rate class close because of the pandemic."
Wellington North Power states that it "is tracking deviations from the load forecast caused by COVID-19 in the regulatory COVID account as announced by the OEB."

a) In the event that the final direction from the OEB regarding the COVID-19 accounts is incompatible with Wellington North Power's plans, does it plan to follow the COVID-19 related direction from the OEB, or is it seeking approval for the approach described in this application?

b) Does Wellington North Power propose to track lost revenue only from customers in the General Service 1,000 – 4,999 rate class, or other classes as well. If others as well, which ones?
c) Please confirm that only customer closures due to the pandemic are proposed to be captured in the COVID regulatory account.
d) If a customer closes, how will Wellington North Power determine whether the closure was due to the pandemic or other factors?
e) How is Wellington North Power determining which deviations from the load forecast are caused by COVID-19 for the purpose of tracking in the regulatory COVID account?

3-Staff-46
Volumetric Load Forecast
Ref1: Exhibit 3, page 24
Ref2: Load Forecast Model, Sheet 2a) Power Purchased Model
Wellington North Power has provided 10-Year average Heating Degree Days (HDD) and Cooling Degree Days (CDD) and used these in the forecast of 2020 energy. However, the load forecast model (LFM) uses different weather data.

	HDD			CDD		
	Exhibit 3	LFM - 2020	LFM - 2021	Exhibit 3	LFM - 2020	LFM - 2021
Jan	789.65	789.65	789.47	0.00	0.00	0.00
Feb	698.95	698.95	700.84	0.00	0.00	0.00
Mar	614.93	614.93	625.95	0.34	0.34	0.37
Apr	394.49	394.49	406.62	0.10	0.10	0.01
May	168.45	168.45	170.48	16.08	16.08	15.29
Jun	57.87	57.87	58.13	28.28	28.28	29.23
Jul	17.11	17.11	17.55	72.36	72.36	70.63
Aug	24.60	24.60	25.13	52.28	52.28	49.30
Sep	102.41	102.41	98.95	25.18	25.18	26.14
Oct	283.30	283.30	281.53	1.32	1.32	1.45
Nov	487.21	487.21	492.00	0.00	0.00	0.00
Dec	655.25	655.25	646.35	0.00	0.00	0.00

a) Please reconcile the differences and explain why the 2010 to 2019 average as supplied in Exhibit 3 was not used to forecast 2021.

Wellington North Power indicates that in forecasting the Employment Factor, it “Used the 10-year Trend of 2010 to 2019 data and applied to both 2020 and 2021.”

b) Has Wellington North Power considered other options such as independent forecasts of regional or provincial employment growth? If not, why not? If so, what was the outcome, and why were they dismissed?

The resulting model has an intercept of -724,236.

c) Please provide an explanation of why Wellington North Power believes the negative intercept is reasonable.
d) Please provide an analysis of multicollinearity of the variables chosen, and if multiple variables are found to be significantly correlated, please explain why it is appropriate to include both.

3-Staff-47
LED Conversion
Ref 1: Exhibit 3, page 36-39
Wellington North Power states that it has completed a street light conversion project in 2019 “to replace all high-pressure sodium (HPS) lights used in the streetlights with light emitting diodes (LEDs) in Arthur and Mount Forest owned by the Township of Wellington North Power.” This project was approved in Quarter 1 2019 and completed by the end of November 2019. However, it indicates that the same 63.6 kW in Arthur and 92 kW in Mount Forest was charged in the entire year of 2019, only reducing to 15.6 kW in Arthur, and 34.23 kW in Mount Forest in January of 2020.
The change in Arthur reflects a 75% reduction in billing demand, and the change in Mount Forest reflects a 63% reduction in billing demand.

a) Please confirm, that Wellington North Power charged its street lighting customers based on the historic load through to December 2019 despite the project having been completed in the prior month.
b) Please provide any details on consultations Wellington North Power had with its street lighting customers regarding the appropriateness of these charges

3-Staff-48
Other Revenue
Ref 1: Chapter 2 Appendices – 2-H
Ref 2: EB-2020-0288 Order, December 10, 2020

The other revenue from the specific service charges have been consistently trending downwards since 2016.

a) Please explain the reason for the downward trend.

Wellington North Power has anticipated that the OEB will be issuing a decision increasing the wireline pole attachment charge by 2% and reflected this in the Other Revenue. On December 10, 2020, the OEB issued an order suspending the 2021 inflationary increase and the current charge of $44.50 will remain in effect as of January 1, 2021 on an interim basis.

b) Please update the Other Revenue amount to reflect the current wireline pole attachment charge of $44.50.

The forecasted interest and dividend income is four times lower than the 2020 bridge year and six times lower than 2018 and 2019 levels.

c) Please explain how Wellington North Power forecasted the 2021 interest and dividend income.

Exhibit 4 – Operating Costs

4-Staff-49
Cyber Security
Ref 1: Exhibit 4 – Cyber Security, p. 39
Ref 2: Chapter 2 appendices – 2-JB OM&A cost drier
Ref 3: Letter of the OEB – Cyber Security Readiness Report & Amendments to Electricity Reporting and Record Keeping Requirements, November 29, 2018
Wellington North Power retained a cyber security consultant in 2017 to evaluate current practice and infrastructure. The cyber security changes led to an overall OM&A increase of $52,600. There was also an increase of $25,400 in reoccurring costs to a 3rd party Information Technology (IT) provider.

a) Please provide the request for proposal in searching for the 3rd party IT provider and an explanation of the selection process.
b) Wellington North Power is a member of the Cornerstone Hydro Electric Concepts (CHEC). Did Wellington North Power investigate if there were potential synergies with the CHEC group and hiring of a 3rd party IT provider? If not, why not.
c) Is the cyber security infrastructure on-site or cloud based?

d) Does Wellington North Power have cyber security insurance? If so, how much does it cost?
e) Does Wellington North Power co-locate or share its customer systems with local municipality or telecom providers?

In reference 3, the OEB expects that distributors incorporate cyber security investments into their distribution system plans and that these responsibilities should be addressed in the same manner as any other operational risk.

f) As the cyber security responsibilities should be addressed in the same manner as other operational risks so should costs. How has Wellington North Power tried to manage its Cyber Security costs within its historical OM&A budget.

4-Staff-50
Wages and Benefits
Ref 1: Exhibit 4 – Appendix 4C – CHEC Wage & Benefit Analysis
Ref 2: Chapter 2 Appendices – Appendix 2-K Employee Costs
In reference 1, the report provided a table for salary ranges for a variety of positions.

a) Please confirm if there are any positions within Wellington North Power that fall outside the upper and lower end of the salary range provided. If any positions are outside of this range, please provide an explanation and justification.

The annual salary increases for management provided in reference 1 was estimated to be 2.12% for 2019. The annual salary increases for union positions provided in reference 1 was estimated to be 2.1% for 2019.

b) In reference 2, the average annual management increase between 2016 and 2020 was 6.36%. The average annual non-management increase between 2016 and 2020 was 3.06%. Please explain the higher average yearly increase as compared to the findings in reference 1.

4-Staff-51
Retailer Charges
Ref 1: Chapter 2 Appendices – 2-JC OM&A Program
The retailer charges have almost doubled since Wellington North Power's last cost of service.

a) Please provide an explanation to the increase in these costs.

4-Staff-52
Distribution Sub-stations and Protection and Control
Ref 1: Chapter 2 Appendices – 2-JC OM&A Program
The distribution sub-stations and protection and control program almost doubled in 2019 and remains at this level into 2021.

a) Please explain what caused the increase in this program in 2019 and sustained through to 2021.

4-Staff-53
Distribution Transformers
Ref 1: Exhibit 4 – Program Overview, p. 34
Ref 2: Chapter 2 Appendices – 2-JC OM&A Program
In reference 1, Wellington North Power references a Distribution Transformer program, however, in reference 2, there is no such program.

a) Please confirm if 2-JC is missing a program or is the cost included in another program in 2-JC.

4-Staff-54
Regulatory Costs
Ref 1: Chapter 2 Appendices – 2-M Regulatory Costs
Wellington North Power has budgeted $27k in legal costs, $52k in consultant costs, and $35k in intervenor costs.

a) Please provide the legal and consultant costs incurred to date.
b) To date there is only one intervenor in this application. Please update the estimated intervenor costs, which included provision for two intervenors.

4-Staff-55
Metering Compliance
Ref 1: Exhibit 4 – Program Overview
Ref 2: Chapter 2 Appendices – 2-JC OM&A Program
In reference 2, there is a Metering Compliance program, however, in reference 1, there is no program overview for Metering Compliance.

a) Please provide a description of the Metering Compliance program.

4-Staff-56
Other Post Employment Benefits
Ref 1: Exhibit 4, 4.3 p.37
In Wellington North Power's 2016 cost of service application, Wellington North Power recovered Other Post Employment Benefits (OPEBs) on a cash basis and established an account to track the difference in OPEBs between the cash and accrual basis. In the current proceeding, Wellington North Power is proposing to recover OPEBs on an accrual basis.

a) Please confirm that Wellington North Power has recovered OPEBs on an accrual basis prior to its 2016 rate application.
b) If not, please discuss the impact of changing OPEBs recovery from a cash basis to accrual basis in consideration of page 9 of the Report of the Ontario Energy Board, Regulatory Treatment of Pension and Other Post-Employment Benefits (OPEBs) Costs, dated September 14, 2017.
    i. Please provide a calculation showing the cumulative recovery Wellington North Power has collected in rates to date with an indication of the recovery basis (cash or accrual).
    ii. Please also provide the annual cash and accrual amounts for OPEBs from the commencement of when Wellington North Power first recovered OPEBs to 2020.

4-Staff-57
Other Post Employment Benefits
Ref 1: Exhibit 4, 4.4 p.47

Wellington North Power states that "All cash OPEB costs from 2016 to 2020 are included in OM&A and none of these costs have been capitalized".

a) Please confirm whether the above statement refers only to the OPEB cash contributions or to the OPEB accrual expense requested for recovery in rates.
    i. If the statement is referring to OPEB cash contributions only, please provide a breakdown of the amount of OPEB accrual expense requested for recovery that has been included in OM&A vs. capital.
b) Please provide a breakdown of the amount of pension costs that have been included in OM&A vs. capital.

4-Staff-58
PILS
Ref 1: PILS Model

ACM assets have been proposed to be included in rate base in 2021.

a) For tax purposes, please confirm that the assets were included in UCC in 2018. If not confirmed, please explain when the assets were included in UCC.
b) Please confirm that the PILS model reflects the resulting CCA from the inclusion of ACM assets in UCC in 2018. If not confirmed, please explain where the ACM assets are added to UCC in the PILS model.

4-Staff-59
PILS
Ref 1: PILS Model

The depreciation expense in the PILS model does not agree to the depreciation expense in the Fixed Asset Continuity Schedules for 2020 and 2021 as shown in the table below. Please explain and reconcile the difference. Please revise the evidence as needed.

		2020	**2021**
PILS Model	Amortization of tangible assets	430,563	499,418
	Amortization of intangible assets	73,027	71,227
	Total Amortization in PILS Model	503,590	570,645
2-BA	Depreciation Expense (including ACM)	489,960	515,203
Difference		**13,630**	**55,442**

4-Staff-60
Accelerated CCA
Ref 1: PILS Model
In the Chapter 2 Filing Requirements for 2021 Rate Applications, page 38 states: Applicants may propose a mechanism to smooth the tax impacts over the five-year IRM term. The OEB will assess applicants' smoothing proposals on a case by case basis. If the OEB is satisfied with the smoothing proposals applicants may not be required to use Account 1592 going forward.

The Accelerated Investment Incentive (AII) program is expected to be phased out after 2023.

a) Please confirm that Wellington North Power is not proposing a mechanism to smooth the tax impacts over the IRM term.
b) If a) is confirmed, please confirm that Wellington North Power will continue to use Account 1592 going forward to capture the impact of any future CCA rule changes, including the impacts from the phasing out of the AII program.

c) If a) is not confirmed, please discuss and quantify the smoothing mechanism.

4-Staff-61
Street Lighting Savings in Load Forecast
Ref 1: Load Forecast Model, Tab 5d. Street Lighting LED Conv
Ref 2: Appendix 4I, M&V Report

Wellington North Power included 229,832.85 kWh street light demand in the load forecast. The streetlight demand is based on a LED conversion project completed at the end of 2019. Wellington North Power started billing the Arthur and Mount Forest streetlight accounts using LED streetlight profile data in February 2020.

a) Please confirm that LED street lighting adjustment to the load forecast is comprised of actual billed demand data from Jan-March 2020 and forecast data from April to December 2020.
b) Please explain how the results of the M&V Report produced by the third party were used to inform the calculation of actual savings into 2020.
c) Please further clarify that Wellington North Power does not seek to true-up the forecast street light savings to actuals in a future rate application.

4-Staff-62
Lost Revenue Adjustment Mechanism Variance Account (LRAMVA)
Ref 1: LRAMVA Workform, Tab 4
Wellington North Power has requested approval of LRAMVA amounts in 2015 related to persisting savings from Conservation Demand Management (CDM) programs implemented from 2014. As part of Wellington North Power's 2016 COS application, it received approval of lost revenues in 2014.

a) Please discuss the appropriateness of including persisting savings from 2014 CDM programs within the 2015 lost revenue amount when the OEB approved 2014 LRAMVA amounts on a final basis as part of the 2016 COS application.
b) Please discuss if actual 2014 CDM results were incorporated within Wellington North Power's updated load forecast approved as part of its 2016 COS application.

4-Staff-63
LRAMVA
Ref 1: LRAMVA Workform, Tab 5
Ref 2: Application, page 84

Wellington North Power has requested approval of LRAMVA amounts in 2020 related to persisting savings from CDM programs implemented from 2015 to 2019. This also includes the persistence of a street lighting conversion project from 2019 persisting into 2020. When the OEB approves lost revenues related to a certain program year, those balances will be approved on a final basis, unless otherwise stated.

Wellington North Power further notes that it wishes to dispose of all balances in Account 1568, and unless instructed by the OEB through policy or accounting guidelines, the utility will not be allocating future lost revenues due to CDM programs in 2020 or beyond to the 1568 LRAMVA variance account.

a) Please discuss if Wellington North Power has or expects to have new, incremental savings from CDM programs deployed in 2020.
b) If Wellington North Power has or expects to have new, incremental CDM savings from 2020 programs and wishes to seek recovery of the associated lost revenues, please discuss whether Wellington North Power can revise the LRAMVA workform to include the incremental 2020 lost revenues now or if they will be included in a future application.
c) If incremental 2020 lost revenues are not available now, please discuss if Wellington North Power will remove all lost revenues in 2020 and defer recovery of 2020 lost revenues until its next rate application when all 2020 amounts can be included (both persisting savings and new savings in 2020).
d) Please confirm that if Wellington North Power proceeds with its application as filed, inclusive of lost revenues in 2020 from persisting savings from 2015 to 2019 CDM programs, it will forego the opportunity to recover lost revenues from any new, incremental savings from 2020 CDM programs.

4-Staff-64
LRAMVA
Ref 1: LRAMVA Workform, Tab 5

It appears as though there are several minor discrepancies between the CDM savings included within the LRAMVA workform and the savings including in the IESO's 2015 final verified results report.

a) Please discuss and reconcile the programs and savings differences outlined in the table below.

Program Year	Program	LRAMVA Workform (kWh)	IESO Verified Results (kWh)	Difference (kWh)

2015	Coupon Initiative	39,615	39,904	-289
2015	Coupon Initiative – Adjustment	8,961	9,038	-77
2015	Bi-Annual Retailer Event Initiative	57,324	58,361	-1,037
2015	Bi-Annual Retailer Event Initiative - Adjustment	597	604	-7
2015	Efficiency: Equipment Replacement – Adjustment	-5,961	0	-5,961
2015	Direct Install Lighting and Water Heating Initiative	10,802	22,548	-11,746
2015	Direct Install Lighting and Water Heating Initiative – Adjustment	1,895	0	1,895
2015	Low Income Initiative	18,482	22,009	-3,527

4-Staff-65
LRAMVA

a) In light of the responses to the above LRAMVA interrogatories, please confirm whether a 24-month disposition period is still required for rate mitigation.
b) If Wellington North Power made any changes to the LRAMVA workform as a result of its responses to the above LRAMVA questions, please file an updated LRAMVA workform and ensure that any changes to the LRAMVA workform are reflected in "Table A-2. Updates to LRAMVA Disposition (Tab 1-a)".

Exhibit 5 – Cost of Capital

5-Staff-66
Cost of Capital Parameters
Ref 1: Exhibit 5 – 5.4 Cost of Capital
Ref 2: Letter of the OEB – 2021 Cost of Capital Parameters, November 9, 2020
Wellington North Power used 2020 cost of capital parameters as a placeholder until 2021 cost of capital parameters were issued. The OEB issued 2021 cost of capital parameters on November 9, 2020.

a) Please update all models and calculations with the 2021 cost of capital parameters.

5-Staff-67
Long-Term Debt
Ref 1: Exhibit 5 – 5.4.4 Long-Term Debt Rate
Wellington North Power used a long-term debt rate of 4.54% for the promissory note owed to the Township of Wellington North. Wellington North Power supported this long-term debt rate by stating that in its last cost of service the settlement proposal, which was accepted by the OEB, stated:

> "Affiliate Debt interest rate to be held at the OEB's current long-term debt rate of 4.54% for the period of this (2016) cost of service application and for the period of the next rebasing cost of service rate application or customer IR application."

a) Please explain if Wellington North Power considered replacing the promissory note with bank debt, which was 2.66% for the latest loan from TD bank. If not, why not?

Exhibit 7 – Cost Allocation

7-Staff-68
Weighting Factors
Ref 1: Exhibit 7, page 9
Wellington North Power "notes that it has costs for Services USoA Account 1855 for residential and GS<50 kW 2 customers only and these expenses will be almost entirely residential and GS <50 kW since only 3 wire from small transformers (<100 -150 kV) is allocated to 1855."

a) Please indicate what proportion of GS < 50 kW customers are connected using 3-wire from small transformers as note above.
b) Please confirm that small transformers actually refer to <100-150 kW, not kV.

7-Staff-69
Meters
Ref 1: Cost Allocation Model, Tab I6.2 Customer Data; Tab I7.1 Meter Capital
Wellington North Power indicates that it has 468 General Service (GS) < 50 kW customers, all with Demand meters without IT, 34 GS 50 - 999 kW customers, and 5 GS 1,000 - 4,999 kW customers all with Demand meters with Interval capability.

a) Does Wellington North Power regularly re-classify customers that that cross above or below the 50kW threshold?
b) If Wellington North Power does regularly re-classify customers, does it change the customer meter?

c) Please confirm whether or not Wellington North Power using demand meters for all GS customers under 50kW when these customers are energy billed?

7-Staff-70
Demand Allocators
Ref1: Cost Allocation Model, Tab I6.1 Revenue, Tab I6.2 Customer Data; Tab I8 Demand Data

Wellington North Power indicates on the Customer Data sheet in the Cost Allocation model that every customer relies on Wellington North Power for secondary distribution, and that all customers except for two out of thirty-four customers in the GS > 50 – 999 kW rate class rely on Wellington North Power for line transformation as well.

On the I6.1 Revenue sheet, 10,607 kW out of 52,425 kW (20.2%) of billing demand in the GS 50 – 999 kW rate class is identified as being subject to transformer ownership allowance (i.e. the customer supplies the transformer). On sheet I8 Demand Data, 2,774 kW of 13,712 kW (20.2%) of 4 Non-Coincident Peak (NCP) demand is served by a Wellington North Power owned line transformer and secondary distribution.

Wellington North Power has not identified any GS 1000 - 4,999 kW load as being served by its own line transformers but has identified that all 5 customers rely on Wellington North Power for secondary distribution.

a) Please explain the situation that would give rise to a customer owning their own line transformer but relying on Wellington North Power for secondary distribution.
b) Please explain how on sheet I6.1 approximately 20% of demand in the GS 50 – 999 kW rate class is served by customer owned transformers while in sheet I8, the same 20% of demand is served by Wellington North Power owned line transformers.
c) Please explain how all 34 of the GS 50 – 999 kW customers are indicated as being served by Wellington North Power secondary distribution, but only approximately 20% of 4 NCP is identified as being served by Wellington North Power secondary distribution.
d) What proportion of General Service 1,000 – 4,999 kW customers, and 4 NCP load are served using:
    a. Wellington North Power owned line transformers?
    b. Wellington North Power owned secondary distribution line?
e) Does Wellington North Power serve any multi-unit residential buildings such as condominiums in the residential rate class at primary voltage?
f) Does Wellington North Power serve any GS < 50 kW customers any analogous multi-unit buildings at primary voltage?

7-Staff-71
Load Profile Update
Ref 1: Exhibit 7, page 50.
Ref 2: Exhibit 3, page 10.

With respect to metering in the Residential and GS < 50 kW rate classes, Wellington North Power states that "Approximately 140 Smart Meters are configured to record metered kW demand every 15 minutes".
Wellington North Power indicates that it had 3,279 Residential and 470 GS < 50 kW customers in 2018, and 3,302 Residential and 470 GS < 50 kW customers in 2019.
Wellington North Power explains that no customers were reclassified between GS 50-999 kW and GS 1,000 – 4,999 kW (either direction) in either of 2018 or 2019.

a) Is this indeed the peak demand over the 15-minute interval, is it the average demand over the interval (i.e. 15 minutes of energy in kWh multiplied by four to arrive at an average hourly rate for the interval), or is some other method used?
b) How are the remainder of the Residential and GS < 50 customers metered? Similar to part a) above, is the measurement based on, or derived from energy over the interval, or is it based on demand?
c) What is Wellington North Power's normal practice with respect to re-classification between rate classes? I.e. what triggers a review of customer classification, how often are customers re-classified?
d) Were customers reclassified between GS < 50 kW and GS 50 – 999 kW?
e) If customers were reclassified between GS < 50 kW and GS 50 – 999 kW, does the data reflect the customer's current rate class, the rate class at the time of the meter reading, or another approach (please explain)?
f) If new customers have come onto the system or customers have left the system, how has Wellington North Power addressed the partial year of meter data for these customers?

7-Staff-72
Load Profile Update
Ref 1: Exhibit 7, page 56.
A 10-year period from 2009 to 2018 was used to define weather normal for the 2018 load profile, while 2010 to 2019 was used to define weather normal for the 2019 load profile.

a) Please explain why different periods were used to define normal weather for the 2018 and 2019 load profiles.

7-Staff-73
Revenue-to-Cost
Ref 1: Exhibit 7, pages 28-30.

Wellington North Power has outlined several revenue-to cost adjustments. Namely, it is proposing to reduce the revenue-to-cost ratios for Unmetered Scattered Load (USL) and GS < 50 kW from above the ceiling to the ceiling, which is 120% in both rate classes. Street Light is proposed to increase from 51.56%, which is below the floor to 100%.
GS 1,000 – 4,999 kW is proposed to increase from 90.23%, which is within the range, to 100%. Wellington North Power attributes this to several un-billed services available only to these customers.
An adjustment is made to reduce Residential from 98.38% to 93.79%.

a) Please provide an estimate of the annual cost, by Uniform System of Account, of providing the described services to the General Service 1,000 – 4,999 customers.
b) Please provide the rationale for decreasing the residential rate class revenue-to-cost ratio, which is already below 100%.
c) Please provide a scenario where first, USL, GS < 50 kW, and Street Lights are moved to the nearest boundary of the respective ranges, that is 120%, 120%, and 80% respectively. Second, any offsetting adjustments are only made to rate classes that would bring them closer to 100%. This may include further adjustments to the rate classes already moved to the boundary of the range.

Exhibit 8 – Rate Design

8-Staff-74
Retail Transmission Service Rates (RTSRs)
Ref 1: Exhibit 8, page 17
Ref 2: EB-2020-0030, Decision and Rate Order, December 17, 2020.
Ref 3: EB-2020-0251, Decision and Rate Order, December 17,2020
Wellington North Power indicates that “Hydro One Sub-Transmission rates for 2021 have yet to be approved by the OEB. The above table replicates the 2021 forecast rates as per the OEB’s 2021 RTSR model”

Since Wellington North Power filed its application, the OEB has approved updated sub-transmission rates for Hydro One Networks Inc and the Uniform Transmission Rates (UTRs).

a) Please update the RTSR model to reflect the Hydro One Sub-Transmission rates and the UTRs issued on December 17, 2020.

8-Staff-75
Pole Rental
Ref 1: Exhibit 8, page 25
Ref 2: EB-2020-0288, Wireline Pole Attachment Charge, December 10, 2020.

Wellington North Power indicates that with respect to the Pole Rental charge it "has applied a 2% inflation rate above the Bridge Year (2020) in the absence of an OEB rate being available at the time of preparing this application."

Since Wellington North Power filed its application, the OEB has decided that the wireline pole attachment charge will be maintained at $44.50 for 2021.

a) Please update the pole rental charge and revenue to be consistent with the above noted decision.

8-Staff-76
Bill Impacts
Ref 1: Exhibit 8, pages 45-48
Wellington North Power indicates that the bill impacts for the street lighting rate class are 87%. It has indicated that OER serves as a form of mitigation.

a) Please confirm that the bill impact resulting from this rate application is 87% when OER is applied to both current and proposed rates.
b) Did Wellington North Power consider other options for mitigating the bill impacts for the street lighting rate class such as increasing the revenue-to-cost ratio to 80% or adopting a phase-in approach to increasing the revenue-to-cost ratios.
c) Please provide a bill impact where a three-year transition is used to a final revenue-to-cost ratio of 80%, and OER is applied both at current rates, and at proposed rates.

8-Staff-77
Tariff of Rates and Charges
Ref 1: Exhibit 8, page 65
Ref 2: Revenue Requirement Work Form, Sheet 13. Rate Design
Ref 3: DVA Continuity Schedule, Sheet 7. Rate Rider Calculation
The Revenue Requirement Work Form (RRWF) has calculated a fixed charge of $289.04 in the GS 50-999 kW rate class, however the tariff reflects $289.38. Similarly,

the RRWF has calculated a fixed charge of $22.78 for the USL rate class, but the tariff has $22.58.
The Residential rate rider for group 2 accounts is calculated to be -$1.09, but the tariff reflects -$0.09.

a) Please ensure that the tariff reflects the models where rates and rate riders are derived.

8-Staff-78
Low Voltage Charge
Ref 1: Exhibit 8 – 8.1.13 Low Voltage Service Rates
Wellington North Power stated that there are times it would be charged double-peak demand in the Town of Mount Forest as a result of the metering configuration for the two meters used to meter the supply points. Wellington North Power has identified incidents where loading has shifted between feeders supplying the Town of Mount Forest resulting in the double peak billing.

a) When Wellington North Power is charged double-peak demand, is this rectified by Hydro One to reflect the true peak experienced in the Town of Mount Forest? If not, please explain how this is fair to Wellington North Power's customers.
b) If the load shift between the two meters is at Hydro One's request, does Wellington North Power receive a credit for the double-peak demand charge? If not, why?
c) Has Wellington North Power discussed with Hydro One to be billed on the concurrent peak of both meters? If not, why not?
d) What steps is Wellington North Power taking to reduce the frequency of these incidents, or recover funds from Hydro One where it is to blame?

8-Staff-79
Loss Factor
Ref 1: Chapter 2 Appendices – 2-R Loss Factors
In reference 1, the loss factor in distributor's system is trending upwards.

a) Please explain why the distributor's loss factor is trending higher and does Wellington North Power have plans to address this? If not, why?

Exhibit 9 – Deferral and Variance Accounts

9-Staff-80
Account 1557 – MIST Meters
Ref 1: Exhibit 9, 9.2.2, p.12

Wellington North Power is requesting disposition of Account 1557 Meter Cost Deferral Account for $8,415.

a) Please confirm that the amount requested for recovery is only for OM&A related to MIST meters, and not capital.
    i. If not confirmed, please explain whether the $8,415 represents the revenue requirement relating to the capital requested for recovery.
b) In the March 2015 Accounting Procedures Handbook Guidance, #3 states the following regarding Account 1557

> Distributors should be guided by the various Board documents related to recordkeeping and disposition of smart meter costs. Chapter 2 of the Filing Requirements for Electricity Distribution Rate Applications dated July 18, 2014 contains the materiality thresholds in section 2.4.5.

Please explain whether Wellington North Power has considered materiality thresholds in its request to recover Account 1557. Please revise the DVA Continuity Schedule as necessary.

9-Staff-81
Account 1508, Sub-account Energy East Consultation Costs
Ref 1: Exhibit 9, 9.2.2, p.13

Wellington North Power is requesting disposition of Account 1508, Sub-account Energy East Consultation Costs for $591. In March 2015 Accounting Procedures Handbook Guidance, #4 indicates that materiality thresholds will apply to the amounts recorded in the sub-account. Please confirm that the amount recorded in the sub-account does not meet the materiality threshold. If confirmed, please update the DVA Continuity Schedule to remove the account for disposition.

9-Staff-82
Account 1518 – RSVA Retail
Ref 1: Exhibit 9, 9.2.2, p.13
Ref 2: DVA Continuity Schedule

Wellington North Power is requesting disposition of Account 1518 - RSVA Retail for $97,382. In the DVA Continuity Schedule, there is a principal adjustment for of $16,800.

a) Please confirm that this amount represents the forecasted amount for 2020 and January to April 2021.
b) If not confirmed, please explain what the principal adjustment represents.

9-Staff-83
Account 1518 – RSVA Retail, Account 1548 – RSVA STR
Ref 1: DVA Continuity Schedule
Ref 2: Report of the Board on Electricity Distributor's Deferral and Variance Account Review Initiative (EDDVAR), July 31, 2009

Per the EDDVAR Report, the default cost allocation method for Account 1518 – RSVA Retail and RSVA STR is based on number of customers. Please explain why Wellington North Power has chosen to allocate the account balances based on kWh. Please revise the DVA Continuity Schedule as needed.

9-Staff-84
Account 1592, Sub-account CCA Changes
Ref 1: Exhibit 9, 9.2.2, p. 14
Ref 2: Exhibit 4, Appendix 2019 4-G Tax Return

Wellington North Power has not recorded a balance in Account 1592, Sub-account CCA Changes as it does not have any PILS for the 2021 test year and has not paid any taxes in any tax year since its 2016 cost of service rate application.

a) Please explain the main drivers for the actual tax losses incurred.
b) In its 2019 tax return, it appears that Wellington North Power has claimed AII on all additions. Please confirm whether this was the case.

9-Staff-85
Account 1508, Sub-account Other Pension and Employment Benefits
Ref 1: Exhibit 9, 9.2.3, p. 16

Wellington North Power is requesting disposition of Account 1508, Sub-account Other Pension and Employment Benefits for $23,361.

a) The accounting order states the account is to record “the difference between in revenue requirement each year between both the capitalized and OM&A components of OPEBs accounted for using a forecasted cash basis, as reflected in rates and the capitalized and OM&A components of OPEBs accounted for using a forecasted accrual basis.” Wellington North Power’s calculation of the balance in the account appear to be based on the actual annual accrual amount rather than the forecasted accrual amount. Please provide a calculation of the amount in the account based on the forecasted accrual amount.
    i. Please clarify whether Wellington North is seeking disposition of the account balance calculated based on the actual annual accrual amount or the forecasted accrual amount.
b) The $23,361 balance is calculated using the accrual amount of $85,841, which is composed of $65,454 in net income and $20,387 in other comprehensive income. Other comprehensive income is not included in revenue requirement, and therefore, would not be included in the accrual amount that should have been recovered in rates. Please revise the calculation for the sub-account to only reflect the accrual amount for OPEBs included in net income. Please update the DVA Continuity Schedule.
c) Wellington North Power states that it has recorded the difference in revenue requirement each year between both the capitalized and OM&A components of OPEBs accounted for using an actual cash basis. Please confirm whether any OPEB amounts were capitalized in consideration of 4-Staff-56.

9-Staff-86
Account 1508, Sub-account Second Line Feeder Project Variance Account
Ref 1: Exhibit 9, 9.2.3, p. 16

Wellington North Power is requesting Account 1508, Sub-account Second Line Feeder Project Variance Account of ($16,249) for disposition. Wellington North Power confirms that it has recorded the revenue requirement impact of differences in capital contribution to Hydro One and the pole line project costs incurred by Wellington North Power for the Second Line Feeder project. The sub-account was also to record the revenue requirement impact of the project not being placed in service in 2016.

a) The ($16,249) appears to be calculated solely from the difference in capital contributions. Please explain whether this is the case.
    a. If so, please provide the revenue requirement impact from the difference in pole line project costs incurred by Wellington North Power and update the sub-account balance in the DVA Continuity Schedule.

b) Please confirm the project was placed in service in 2016. If not, please provide the revenue requirement impact of timing differences and update the sub-account balance in the DVA Continuity Schedule.

9-Staff-87
Embedded Generation
Ref 1: Exhibit 9, 9.8.4, p. 20 Table 4
Ref 2: Exhibit 9, 9.2.1, p. 7 Table 1

The total Group 2 balances requested for disposition in Table 4 do not agree to the DVA Continuity Schedule as there appears to be a discrepancy in the Account 1508, sub-account Large Project Variance. The total Group 1 balances requested for disposition in Table 1 do not agree to the DVA Continuity Schedule as it appears to be missing Account 1580, Sub-account CBR Class B. Please confirm that Tables 4 and 1 are incorrect in this regard, and the amount requested for disposition is appropriately reflected in the DVA Continuity Schedule. If not confirmed, please explain which accounts are requested for disposition.

9-Staff-88
Account 1588
Ref 1: Exhibit 9, 9.2.2, p.10

Regarding Account 1588, it states that the account is to "capture variances due to billing timing differences (i.e., electricity charged by the IESO to LDCs vs. electricity billed by LDCs to their customers), price and quantity differences (i.e.: arising from final vs. preliminary IESO settlement invoices), and line loss differences (i.e., actual vs. estimate line loss factors).

The February 21, 2019 Accounting Guidance for Accounts 1588 and 1589[1] requires Account 1588 to be trued-up to actual revenues and expenses for disposition purposes. Therefore, there should be no variance due to billing timing differences as well as price and quantity differences from final vs. preliminary settlement statements.

a) Please confirm that this is aligned with Wellington North Power's treatment for Account 1588.
b) If not confirmed, please explain Wellington North Power's treatment of Account 1588 and the type of variances it holds in consideration of the February 21, 2019 Accounting Guidance.

[1] Accounting Procedures Handbook Update - Accounting Guidance Related to Commodity PassThrough Accounts 1588 & 1589, February 21, 2019

9-Staff-89
Accounts 1588 and 1589
Ref 1: Exhibit 9, 9.8.3, p. 45-53
Ref 2: GA Analysis Workform

Wellington North Power states that it had incorrectly recorded the GA unbilled revenue accrual in Account 1588 instead of Account 1589 from 2015 to 2017. Wellington North Power shows principal adjustments in the principal adjustment tab and reconciling items in the 2015 to 2017 GA Analysis Workforms that correct for this. There are no reconciling items 2a/2b for the GA unbilled revenue to actual true-up in the 2015 to 2019 GA Analysis Workforms.

a) Please confirm that Wellington North Power has included the true-up of GA unbilled revenue to actual in Account 1589 in the general ledger for each year-end.
b) If not confirmed, please explain whether the GA unbilled revenue to actual true up has been included in the adjustments to correct the recording of the GA unbilled revenue accrual noted above.
    i. If the unbilled revenue to actual true-up is not included in the adjustments relating to the unbilled revenue accrual, please explain why the unbilled revenue to actual true up is not shown as a principal adjustment or reconciling item 2a/2b in the 2015 to 2019 GA Analysis Workform.
    ii. If the unbilled revenue to actual true-up is included in the 2015-2018 adjustments relating to GA unbilled revenue accrual, please explain why there is no unbilled revenue to actual true up principal adjustment or reconciling item 2a/2b in the GA Analysis Workform for 2018 and 2019.
c) Please revise the GA Analysis Workform as needed.

9-Staff-90
Accounts 1588 and 1589
Ref 1: Exhibit 9, 9.8.3, p. 45-53
Ref 2: GA Analysis Workform

Wellingont North Power indicated that it has adjusted for its RPP/non-RPP proration to include embedded generation. These adjustments are included as principal adjustments in the principal adjustment tab and also included as reconciling items in the 2015 to 2018 GA Analysis Workform. There are no reconciling items 1a or 1b for the charge type 148 true-up based on actual volumes in the 2015 to 2019 GA Analysis Workform.

a) Please confirm that the charge type 148 true-up based on actual volumes has already been included in the year-end general ledger volume
b) If not confirmed, please explain whether the charge type 148 true up has been included in the adjustments relating to embedded generation.
    i. If the charge type 148 true up has not been included in the adjustments relating to embedded generation, please explain why it is also not shown as a principal adjustment or reconciling item 1a/1b in the 2015 to 2019 GA Analysis Workform.
    ii. If it is included in the adjustments relating to embedded generation, please explain why there is no principal adjustment or reconciling item 1a/1b for the charge type 148 true-up in the 2019 GA Analysis Workform.
c) Please revise the GA Analysis Workform as needed.

9-Staff-91
Accounts 1589
Ref: GA Analysis Workform

In the 2015 to 2018 GA Analysis Workform, there is a reconciling item each year for the difference between the IESO GA posted rate and the GA invoiced rate. In the 2019 GA Analysis Workform, there is a reconciling item for CT 2148.

a) Please explain whether Wellington North Power has made revisions to its IESO settlements annually, which would result in a difference between the posted and invoiced GA rates. If not, please explain the reason for the difference between posted and invoiced GA rates.
b) In the 2016 to 2018 GA Analysis Workform, the description for reconciling item #6 for difference in GA posted and invoiced rate states “Only the Non-RPP portion of this was allocated here. The remainder is in Cost of Power. See tab 1 of supporting GA”. Please confirm that this description is related to reconciling item #7 for differences in actual system losses and billed TLF and revise the GA Analysis Workform. If not, please explain what the description means.

9-Staff-92
Accounts 1589
Ref: GA Analysis Workform

In the 2017 GA Analysis Workform, there is a reconciling item for $405,166 with the description “GA Workform Data Adjustments”. This appears to correspond to the sum of the 2017 principal adjustments for the “Reversal of 2015 GA Unbilled Correction” for

$221,740, “Reversal of 2016 GA Unbilled Correction” for ($58,474) and “GA Unbilled Correction not entered in 2017”.

a) Please confirm this to be the case.
b) If confirmed, please revise the GA Analysis Workform to show each of the principal adjustments as a reconciling item.
c) If not confirmed, please provide a detailed explanation for what this reconciling item represents and how it is quantified.
    i. Please also explain why the reversals for the prior year’s unbilled GA revenue accrual and the current year’s GA revenue accrual are not shown as a reconciling items in the 2017 GA Analysis Workform.

9-Staff-93
Accounts 1589
Ref: GA Analysis Workform

In the 2018 GA Analysis Workform, there is a reconciling item for ($241,900) with the description “Actual Entry of final adjustment from 2016. Discussed in previous applications.” This reconciling item appears to correspond to the 2018 principal adjustment to reverse the 2017 principal adjustment for the unbilled GA accrual.

a) Please confirm this to be the case.
b) If confirmed, please revise the GA Analysis Workform to the appropriate description of the adjustment.
a) If not confirmed, please clarify the application and specific evidence Welling North Power is referring to in the description for the reconciling item
    a. Please also explain why the reversal for the prior year’s GA unbilled revenue accrual is not a reconciling item in the 2018 GA Analysis Workform.

9-Staff-94
Accounts 1588 Principal Adjustments
Ref: GA Analysis Workform

Please confirm that in 2019, Wellington North Power changed its process to include the RPP settlement true-up in its Account 1588 balance at year-end in the general ledger and therefore, no principal adjustments are shown in 2019. If not confirmed, please explain why there is no principal adjustment for RPP settlement true-up in 2019.

9-Staff-95
Accounts 1588 and 1589
Ref 1: Exhibit 9, 9.8.3, p. 51

Regarding the RPP settlement process, Wellington North Power states that RPP settlements are trued-up to the GA actual rate. Wellington North Power further states that the variances are recorded in accounts 1588 and 1589. The RPP settlement results in charge type 142 on the IESO invoice, which is only recorded in Account 1588 in accordance with the February 21, 2019 Accounting Guidance.

a) Please confirm that Wellington North Power is only recording charge type 142 in Account 1588.
b) If not confirmed, please explain which variances are recorded in Account 1588 and Account 1589.

9-Staff-96
RPP Settlements
Ref 1: Exhibit 9, 9.8.3, p. 51

In determining RPP consumption for RPP settlement submission, Wellington North Power starts with wholesale consumption, adds MicroFIT and FIT generation and deducts non-RPP consumption. Wellington North Power compares this to actual Net System Load Shape minus non-RPP consumption. In the February 21, 2019 Illustrative Model attached to the Accounting Guidance, wholesale consumption is first derived from AQEW plus embedded generation minus Class A consumption. This is then split into RPP and non-RPP consumption. Please confirm that Wellington North Power's process for determining wholesale consumption and RPP consumption would be consistent with that in the Accounting Guidance. If not, please explain the difference.

9-Staff-97
Account 1588
Ref 1: DVA Continuity Schedule

Typically, large balances are not expected for Account 1588 as it should only hold the variance between commodity costs based on actual line losses and commodity revenues calculated using values for line losses approved by the. Based on RRR data filed for Wellington North Power for Account 4705 Cost of Power, OEB staff calculates the annual net activity (i.e. transactions plus principal adjustments) from the DVA Continuity Schedule as a percentage of annual Account 4705 amounts to be as follows:

	Account 4705 ($)	Net Activity in Account 1588 ($)	% of net activity compared to Account 4705
2019	3,814,398	40,806	1.07%
2018	4,038,573	152,482	3.78%
2017	3,694,396	- 45,819	-1.24%
2016	4,206,311	33,655	0.80%
2015	4,711,265	- 97,781	-2.08%
Cumulative	**20,464,943**	**83,343**	**2.3%**

a) For the years where the percentage is greater than +/-1%, please provide an explanation as to why the Account 1588 activity would be high in consideration of line losses.

9-Staff-98
RPP Settlements
Ref 1: Exhibit 9, 9.8.3, p. 52

Wellington North Power discusses the true up of RPP settlements to be for the true-up of the 2nd GA rate to actual GA rate. Wellington North Power bills its customers on a calendar month basis.

a) Please confirm that Wellington North Power has actual calendar month consumption for the previous month by the time of the RPP settlement submission.
b) If not confirmed, please explain whether Wellington North Power trues-up RPP settlement variances for estimated to actual consumption. If consumption is not trued up, please explain why not.

9-Staff-99
Embedded Generation
Ref 1: Exhibit 9, 9.8.3, p. 52

Regarding MicroFIT and FIT, Wellington North Power indicated that its settlements for embedded generation is performed between the contract price and TOU on-peak and off-peak rates on a monthly basis.

a) Please explain why the settlement is for the difference between contract price and TOU prices instead of the difference between contract price and wholesale market price (i.e. HOEP).
b) If Wellington North Power has been settling embedded generation based on the difference between contract price and TOU prices, please quantify the impact to

the Account 1588 had Wellington North Power settled embedded generation based on the difference between contract price and HOEP. Please update the DVA Continuity Schedule as needed.

9-Staff-100
Account 1550
Ref 1: DVA Continuity Schedule

Wellington North Power is requesting $419,350 for Account 1550 LV Variance for disposition. From 2015 to 2019, annual transactions range from $76,474 to $109,980 except for 2018, where transactions were $7,034. Please explain why 2018 transactions were substantially lower.