



PUBLIC INTEREST ADVOCACY CENTRE  
LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

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January 21, 2021

VIA E-MAIL

Christine E. Long  
Registrar (registrar@oeb.ca)  
Ontario Energy Board  
Toronto, ON

Dear Ms. Long:

**Re: EB-2020-0061 Wellington North Power Inc. (WNP) 2021 Cost of Service Rates  
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)**

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

Yours truly,

A handwritten signature in black ink, appearing to read 'M. Garner', is written over a light blue horizontal line.

Mark Garner  
Consultants for VECC/PIAC

Email copy:

Richard Bucknall, WNP Manager of Customer Services & Regulatory Affairs  
[rbucknall@wellingtonnorthpower.com](mailto:rbucknall@wellingtonnorthpower.com)

Michael Buonaguro, WNP Counsel  
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<b>REQUESTOR NAME</b>	<b>VECC</b>
<b>TO:</b>	<b>Wellington North Power Inc. (WNP)</b>
<b>DATE:</b>	<b>January 21, 2021</b>
<b>CASE NO:</b>	<b>EB-2020-0061</b>
<b>APPLICATION NAME</b>	<b>2021 COS Rate Application</b>

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## **1.0 ADMINISTRATION (EXHIBIT 1)**

### **1.0-VECC-1**

Reference: Exhibit 1, Table -11, page 43

- a) Please update Table 11 (2021 Parameters vs 2016 Parameters) adding a new column to show the results with the Board's updated cost of capital numbers (Nov 9, 2020) and any changes made as a result of the responses to the interrogatories.

### **1.0-VECC-2**

Reference: Exhibit 1, page 62, Table 37 page 83 / page 119 (Business Plan page 23)

- a) Please confirm (or correct) that no third-party customer survey has been completed by WHP since 2018.
- b) Please confirm (or correct) that the Customer Satisfaction Survey Results shown in TABLE 37-WNP's Scorecard for 2017 and 2019 are based on the prior years' surveys.
- c) What was the cost of the 2018 survey?
- d) Who undertook the customer survey discussed at page 23 of the Business Plan?

### **1.0-VECC-3**

Reference: Exhibit 1, page 68 / Exhibit 2 Appendix 2A, DSP PDF pg. 101

- a) What is the lowest cost solution identified by WHP to provide outage information to its customers?
- b) Please explain what steps are being taken to implement a SMS Text messaging service for outage notification (or other solution).
- c) Does WNP offer any form of subscription/notification service to its customers?

#### **1.0-VECC-4**

Reference: Exhibit 1, page 74

- a) Please explain the nature of the April 12, 2018 outage that affected 25% of the customer base.

#### **1.0-VECC-5**

Reference: Exhibit 1, Table 39, page 86

- a) Please update Table 39 to show 2020 (unaudited) results.

#### **1.0-VECC-6**

Reference: Exhibit 1, page 151

- a) Please update the Scorecard for 2020 results.

### **2.0 RATE BASE (EXHIBIT 2)**

#### **2.0-VECC -7**

Reference: Exhibit 2,

- a) Please update Appendices 2-AA and 2-AB to show 2020 actuals (unaudited).
- b) Please provide a variance analysis as between 2020 planned (963k) and actuals.

#### **2.0-VECC -8**

Reference: Exhibit 2, Appendix 2-AB

- a) Please provide the method for calculating the estimate of 20k each year (2021-2025) in capital contributions.
- b) Please provide the actual contributions in 2020.
- c) Please confirm (or correct) that WNP did not forecast capital contributions in its last Distribution System Plan (DSP).

**2.0-VECC -9**

Reference: Exhibit 2, page 17, DSP, page 231

- a) Has WNP purchased and taken possession of the budgeted bucket truck?
- b) If yes, what was the final cost of that vehicle?
- c) Are there any other vehicle purchases planned for 2021? If yes please provide the estimated cost and expected purchase date.

**2-VECC-10**

Reference: Exhibit 2, Table 20, page 31

- a) Please update Table 20 to show the capital contributions (budget and actuals) for each year.

**2-VECC-11**

Reference: Exhibit 2, Table 20, page 38-40

- a) The following table is taken from the last cost of service Distribution System Plan (EB-2015-0110). Please provide the actual amounts spent in each year.

Table 43 IT Projected Expenditure (2016 – 2020)

<b>IT Component</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
Hardware	\$ 31,180	\$63,750	\$ 9,150	\$61,150	\$58,000	\$ 223,230
Network	\$ 6,250	\$ 3,000	\$ 8,400	\$ 6,500	\$ -	\$ 24,150
Software	\$ 1,300	\$ -	\$ -	\$ -	\$ -	\$ 1,300
Smart Meter Communication	\$ 1,920	\$ 1,920	\$ 1,920	\$19,200	\$ -	\$ 24,960
<b>Total</b>	<b>\$ 40,650</b>	<b>\$68,670</b>	<b>\$19,470</b>	<b>\$86,850</b>	<b>\$58,000</b>	<b>\$ 273,640</b>

**2-VECC-12**

Reference: Exhibit 2, Appendix 2A DSP, Section 5.3.2, PDF page 184

**Figure 92: IT Projected Expenditure (2021 – 2025)**

<b>Non Cyber-security</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Servers	\$63,000	\$0	\$16,000	\$26,000	\$5,250
Smart Meter Infrastructure	\$19,200	\$0	\$0	\$0	\$0
Desktop computers; Laptops & Accessories	\$7,200	\$13,050	\$12,050	\$9,100	\$1,250
SCADA	\$15,000	\$0	\$0	\$66,500	\$0
Smart Technology	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Office Equipment	\$6,000	\$17,500	\$20,900	\$6,200	\$18,000
Projects - Software Replacement / Upgrade	\$16,000	\$130,000	\$50,000	\$0	\$97,500
<b>Total</b>	<b>\$136,400</b>	<b>\$170,550</b>	<b>\$108,950</b>	<b>\$117,800</b>	<b>\$132,000</b>
<b>Cyber-security</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Network / Firewall	\$14,100	\$0	\$5,000	\$32,000	\$0
Cyber-Security	\$12,500	\$10,000	\$0	\$10,000	\$10,000
<b>Total</b>	<b>\$26,600</b>	<b>\$10,000</b>	<b>\$5,000</b>	<b>\$42,000</b>	<b>\$10,000</b>
<b>Annual Total</b>	<b>\$163,000</b>	<b>\$180,550</b>	<b>\$113,950</b>	<b>\$159,800</b>	<b>\$142,000</b>

- a) The annual IT budget for the 2021-2025 period (average 151k) has increased significantly from the 2016-2020 period (average 55k). Please explain the reasons for the significant increase in IT spending over the term of the new DSP.

**2-VECC-13**

Reference: Exhibit 2, Appendix 2A DSP, 5.4.3.2.A, page 259

**Table 45 Projected Building Renovation Expenditure (2016 – 2020)**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
<b>Building Renovations</b>	\$30,000	\$30,000	\$5,000	\$50,000	\$50,000	<b>\$165,000</b>

- a) For the above Table taken from the last cost of service Distribution System Plan (EB-2015-0110) please provide the actual amounts spent in each year and explain the variation from budget for building renovations over the 2016 – 2020 period.
- b) Does WNP have plans for renovation, rebuilding or moving to a new office/service centre? If not, have the capital spending over the last DSP resolved the issues identified in the application EB-2011-0249 which caused a proposal for a “gutting” or new building at Mount Forest?

## **2-VECC-14**

Reference: Exhibit 2, Appendix 2A DSP Section 5.4 PDF page 198 & 208

*“ The WNP service area is trimmed on a two-year cycle as per formal requirements and lead hand judgment. This work is primarily carried out by WNP employees, but contractors may be hired, based on cost and availability of resources.”* (page 198)

*“WNP has an aggressive 3-year tree trimming schedule and is a direct reflection of the LDC’s low outage and duration of outage statistics. WNP will continue with this tree-trimming schedule.”* (page 208)

- a) Please clarify whether WPN uses a two- or three-year tree trimming cycle?

## **2-VECC-15**

Reference: Exhibit 2, page 68 / Appendix 2A DSP, PDF pg.96 and 99

- a) Please explain why outages as shown in Figure 14 (Power Outage Records – pg.96) differ in part from Figure 17 on page 99. For example, the scheduled outages (line 1) total customers affected and total customer hours are shown for 2017 in Figure 14 as 509 and 273 respectively. In Figure 17 the equivalent figures are shown as 529 and 276.17.
- b) Please update Figure 17 to include 2020 results.

## **2.0-VECC-16**

Reference: Exhibit 2, Appendix 2A DSP, pg. 157 -158

- a) Kinectrics has recommend that WNP improve data collection in four areas (transformers, switches and switchgear, comprehensive data filing, and updates of historical records). Please explain what steps are being taken during the DSP period to implement these recommendations.

## **2.0-VECC-17**

Reference: Exhibit 2, Appendix 2A DSP, pg. 126

- a) Please explain the source/reason of the loss of supply major events on August 29, 2018 and September 1, 2018.

## **2.0-VECC-18**

Reference: Exhibit 2, Appendix 2A DSP, pg. 33 &

*“By having the meters tested and resealed, WNP decided it would be in the interest of its rate-payers not to replace the meters but to have them re-verified and resealed, extending the useful lives of the meters by **8 years**..”* (page 33)

*“In 2017, WNP started the reverification of its Smart meters. This involves sending a sample of meters, based on the year of manufacturer, for verification according to Measurement Canada standards. The sampling was approved and meter populations were resealed for **six years**”.* (page 217)

- a) Please clarify the meter extension period allowed by Measurement Canada for the testing and resealing of smart meters.

## **3.0 OPERATING REVENUE (EXHIBIT 3)**

### **3.0-VECC-19**

Reference: Exhibit 3, page 28

- a) The title for Table 17 indicates that the values are Sensitive Customers Billed kWh (with Losses). However, the preceding sentence indicates that the values are monthly billed kWh (without losses). Please reconcile and if the values include losses please indicate what loss factor was used.

### **3.0-VECC-20**

Reference: Exhibit 3, pages 29-30

- a) Are the historical values for Regional Employment available from Stats Can on a monthly basis?
  - i. If not, on what basis are they available and how were the monthly values used in the regression analysis derived?
- b) Please explain more fully and provide the supporting calculations as to how the 10-year trend for the employment factor was derived from the 2010 to 2019 data and how it was used to forecast the 2020 and 2021 monthly values (e.g., was separate trend established for each month).
- c) Please explain more fully and provide the supporting calculations as to how the 10-year trend for the Sensitive Customers' kWh was derived from the 2010 to 2019 data and how it was used to forecast the 2020 and 2021 monthly values (e.g., was separate trend established for each month).

### **3.0-VECC-21**

Reference: Exhibit 3, page 31

- a) Please confirm that the -1.37 coefficient for CDM means for every kWh of persisting CDM monthly purchases are reduced by 1.37 kWh.
- b) In WNH's view does this result make sense intuitively and, if yes, why?
- c) Please provide an alternative purchased power model (i.e., coefficients and statistical results) along with the resulting 2020 and 2021 load forecast where:
  - i. The monthly purchased power values used to estimate the regression equation are increased by the persisting monthly CDM and the regression equation is estimated using the balance of the explanatory variables as set out in the Application.
  - ii. The 2020 and 2021 monthly purchases are first forecast using this regression model and the forecast values for the explanatory variables per step (i).
  - iii. The resulting 2020 and 2021 forecast monthly purchases are reduced by the persisting CDM forecast for each month as set in the Application.

### **3.0-VECC-22**

Reference: Exhibit 3, page 36

- a) Please explain how WNP is calculating the 2020 deviations from the load forecast caused by COVID-19 for purposes of the regulatory COVID account.

### **3.0-VECC-23**

Reference: Exhibit 3, pages 36-37

- a) With respect to the streetlights in Arthur and Mount Forest, please confirm that while the conversion was approved in Q1 of 2019 and completed by the end of November 2019, the kW used to bill for these streetlights was not adjusted until the bills for January 2020.
- b) If the conversion occurred during 2019 won't WNP's purchased power values for 2019 capture the impact of the conversion as it occurred such that by December 2019 the purchased power values would reflect the full impact of the conversion? If not, why not?
- c) Does the CDM variable used in the regression model include the impact of the streetlight conversion programs for Holstein and Arthur/Mount Forest?
  - i. If not, why not?
  - ii. If yes, please provide a reference to the IESO reports.



### **3.0-VECC-24**

Reference: Exhibit 3, page 38

WNP Load Forecast Model, Rate Class Energy Model Tab

- a) Please reconcile the 2019 kWh for Streetlights in Table 27 (page 38) of 691,016.89 kWh with the 2019 value in the Rate Class Energy Model Tab of 650,270 kWh.

### **3.0-VECC-25**

Reference: Exhibit 3, pages 40-41

WNP Load Forecast, Rate Class Customer Model Tab

- a) Page 40 indicates that the customer count values are yearly averages. How was the average for each year calculated?
- b) Please provide a schedule that sets out the number of accounts/connections by customer class as of June 30, 2020 and December 31, 2020.
- c) Page 40 indicates that the forecast number of Streetlight Connections for 2021 is 924. However, the Cost Allocation Model (Tab 16.2) reports 889 Connections and 924 Devices for Streetlights for 2021. Please clarify whether the values in Exhibit 3 are number of devices or number of connections.
- d) The Application (page 41) indicates that the connection count for Streetlights was revised as a result of a recount during the LED conversion project. However, the Rate Class Customer Model Tab (see Comment 1) suggests that additional connections were installed during the project. Please clarify.

### **3.0-VECC-26**

Reference: Exhibit 3, pages 26-27

WNP Load Forecast, Purchased Power Model Tab

WNP 2017 Final Annual Verified CDM Program Results

WNP Participation and Cost (P&C) Report, April 2019

- a) Please provide copies of the OPA's published results for 2006-2010 as used to complete Table 15.
- b) Please provide a schedule/excel file that for each of the program years 2006 to 2010 sets out the persisting annualized (i.e., without the ½ year rule)\_CDM impacts through to 2021 as follows:

Impact of Historical and Forecast Annualized CDM					
Calendar Year/ CDM Program Year	2006	Columns for Each Subsequent Year up to 2020			2021
2006 CDM Program Impacts					
Actual CDM impacts for each year to 2009 – one row per year					
2010 CDM Programs Impacts					
Total					

- c) Please provide the OPA/IESO reports that support the CDM activity values used for the 2011 to 2014 programs in Table 15.
- d) Please provide a schedule/excel file that for each of the program years 2011 to 2014 sets out the persisting annualized CDM impacts through to 2021 as follows:

Impact of Historical and Forecast Annualized CDM					
Calendar Year/ CDM Program Year	2011	Columns for Each Subsequent Year up to 2020			2021
2011 CDM Program Impacts					
Actual CDM impacts for each year to 2013 – one row per year					
2014 CDM Programs Impacts					
Total					

- e) In the IESO's Report regarding 2017 Final Annual Verified CDM Program Results the LDC Savings Persistence Tab shows net savings in 2015 from 2015 programs of 806,905 kWh – half of which is 403,453 kWh. It is noted that the April 2019 P&C Report also reports a very similar value for savings in 2015 from 2015 programs of 806,903 kWh. However, Table 15 shows a value for 2015 (using the ½ year rule) of 396,066. Please reconcile.
- f) Similarly, the value in Table 15 for savings in 2016 from 2015 & 2016 CDM Programs (1,088,425 kWh) does not match 1,093,293 kWh - the sum of the net savings in 2016 from 2015 Programs (802,794 kWh) plus ½ of the net savings in 2016 from 2016 Programs (0.5 x 580,997 kWh) as provided in IESO's Report regarding 2017 Final Annual Verified CDM Program Results, LDC Savings Persistence Tab. It is noted that the April 2019 P&C Report sets out a value for savings in 2016 from 2016 Programs of 594,557 kWh – which leads to larger discrepancy. Please reconcile.

- g) Similarly, the value in Table 15 for savings in 2017 from 2015-2017 CDM Programs (1,812,828 kWh) does not match 1,855,136 kWh - the sum of the net savings in 2017 from 2015 CDM Program and 2016 Programs (1,383,378 kWh) plus ½ of the net savings in 2017 from 2017 Programs (0.5 x 943,515 kWh) as provided in IESO’s Report regarding 2017 Final Annual Verified CDM Program Results, LDC Savings Persistence Tab. Again, the savings in 2017 from 2017 Programs is even higher in the April 2019 P&C Report (965,450 kWh) – which leads to a larger discrepancy. Please reconcile.
- h) In the IESO’s April 2019 P&C Report shows net savings in 2018 from 2018 programs of 646,847 kWh – half of which is 323,424 kWh. However, Table 15 shows a value for 2018 (using the ½ year rule) of 316,401 kWh. Please reconcile.
- i) Please explain the derivation of the 992,123 kWh savings in 2019 from 2018 and 2019 programs as set out in Table 15 and provide references for the values used.
- j) Please provide a schedule/excel file that for each of the program years 2015 to 2019 sets out the persisting annualized CDM impacts through to 2021 as follows:

Impact of Historical and Forecast Annualized CDM					
Calendar Year/ CDM Program Year	2015	Columns for Each Subsequent Year up to 2020			2021
2015 CDM Program Impacts					
Actual CDM impacts for each year to 2018 – one row per year					
2019 CDM Programs Impacts					
Total					

- k) Please explain how the monthly CDM savings values in Table 16 were derived from the annualized CDM savings as reported by the OPA/IESO (per parts (b), (d) and (j) above) and provide the supporting worksheets/calculations.

### **3.0-VECC-27**

Reference: Exhibit 3, pages 26-27  
WNP Load Forecast, Purchased Power Model Tab

- a) At page 26 (lines 4-5), the Applications states that “The addition of the monthly values will equal the sum of the total annual results presented in the table below”. However, this is not the case as the sum of the monthly CDM values used Purchased Power Model Tab (and set out in Table 16) do not match the annual values in Table 2015. Please reconcile.
  - i. If the discrepancy is due to the fact the values in Table 2016 have been increased to include losses, please explain why and what was the basis for the loss factor(s) used.

### **3.0-VECC-28**

Reference: Exhibit 3, pages 72 and 80  
Exhibit 8, page 18  
RSC Rate Adjustments, EB-2020-0285, December 3, 2020  
Wireline Pole Attachment Charge, EB-2020-0288,  
December 10, 2020

- a) IWNP has used a 2% inflation factor to estimate 2021 Retail Service Charges. Please revise the Other Revenues for Accounts 4082 and 4084 to reflect the Board’s decision in EB-2020-0285.
- b) WNP has used a 2% inflation factor to estimate 2021 Pole Attachment Charges. Please revise the Other Revenues for Account 4210 to reflect the Board’s decision in EB-2020-0288.
- c) Where in Other Revenue is the revenue from the MicroFIT Monthly Service Charge reported?

## **4.0 OPERATING COSTS (EXHIBIT 4)**

### **4.0 -VECC-29**

Reference: Exhibit 4, Appendix 2-JC

- a) Please update Appendix 2-JC and 2-JA to include 2020 (unaudited) results.

### **4.0 -VECC-30**

Reference: Exhibit 4, Appendix 2-K, page 45, page 49

- a) Please update Appendix 2-k to include 2020 (unaudited) results and to add rows showing for each year the total compensation capitalized in each year.

#### **4.0 -VECC-31**

Reference: Exhibit 4, page 49

WNP shows the current staff compliment as:

- A Chief Executive Officer (CEO)/President
- A Field Lead-hand
- 3 Linesmen
- Senior Operations Technician
- A Finance Manager
- A Financial Analyst
- A Manager of Customer Service & Regulatory Affairs
- A Senior Customer Service Representative
- A Customer Service & Collections Representative
- An Operations Coordinator

- a) Please confirm that all these positions are currently filed.
- b) Please show the equivalent staff compliment at year end 2016.

#### **4.0 -VECC-32**

Reference: Exhibit 4, Appendix JB / page 39

- a) Please provide the annual cyber security OM&A costs in 2019, 2020 and 2021 (forecast).

#### **4.0 -VECC-33**

Reference: Exhibit 4, JB / page 42

- a) Please provide the annual membership fees for 2016 through 2021 (forecast) for each of:
  - i. CHEC;
  - ii. EDA; and,
  - iii. USF.

#### **4.0 -VECC-34**

Reference: Exhibit 4, Appendix JB

- a) Please explain what “1518 and 1548” Charges refer to.

#### **4.0 -VECC-35**

Reference: Exhibit 4, Appendix JC

- a) Please explain why the elimination of one position in creating the position of CEO (from COO and CAO) results in only a \$10,000 net savings.
- b) Please clarify if this is the annual savings or the savings in the year the position was created (i.e., net of any severance or related costs).

#### **4.0 -VECC-36**

Reference: Exhibit 4, Table 13, page 21

- a) Please provide the source (and link to) of the inflation rates shown in Table 13.

#### **4.0 -VECC-37**

Reference: Exhibit 4, Appendix JC, page 23

- a) Please explain how the bad debt figure of \$15,000 was estimated.
- b) Please provide the actual bad debt amount in 2020.

#### **4.0 -VECC-38**

Reference: Exhibit 4, Appendix JC, page 23

- a) Please explain how the 2021 estimates for the following categories were estimated (specifically address why these costs have increased from the four-year 2016-2019 average actuals):
  - i. Customer Service Collections;
  - ii. Service Locates
  - iii. Line Clear (tree trimming)
  - iv. Executive, Financial, Legal.

#### **4.0 -VECC-39**

Reference: Exhibit 4, page 29

- a) For the period 2016 – 2020 please provide:
  - i. The number of customers (year-end) billed electronically

- ii. The number of bills issued each year
- iii. The number of bills paid electronically (phone or internet) or via bank or other financial institution (or conversely the number of bills received by mail and in-person at a WNP office.

**4.0 -VECC-40**

Reference: Exhibit 4, page 29

- a) When a new account is open what is the default billing service offered – mail or electronic?

**4.0 -VECC-41**

Reference: Exhibit 4, Table 18, page 47

**Table 18 - OPEB Accrual vs Cash Expense Comparison**

	2016	2017	2018	2019	2020	2021
<b>OPEBs</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Bridge</b>	<b>Test</b>
<b>Accrual</b>						
OPEB Amount in Rates	12,568	12,568	12,568	12,568	12,568	20,000
Actuarial Cost - Income Statement	10,735	11,164	13,950	14,372	15,233	16,690
Actuarial Cost - Other Comprehensive Income		-9,410			29,797	
<b>Cumulative Difference</b>	<b>-1,833</b>	<b>-12,647</b>	<b>-11,265</b>	<b>-9,461</b>	<b>23,361</b>	
<b>Cash</b>						
Post Retirement Benefits Paid (OM&A and Capital)	14,533	15,419	15,630	12,976	12,204	

- a) Please explain the rationale for increasing the OPEB amount in rates from 12.568k to 20k.

#### 4.0 -VECC-42

Reference: Exhibit 4, Tables 21 & 22, pages 56-57

**Table 21 - Regulatory Costs specific to the 2021 Cost of Service**

	<b>2021</b>
<i>Kinectrics – DSP Review</i>	\$25,000
<i>Kinectrics – Asset Condition Assessment</i>	\$27,000
<i>Legal Counsel</i>	\$27,000
<i>Rate Consultant</i>	\$17,000
<i>Production of DSP, Application &amp; Submission – WNP labour to prepare application</i>	\$25,000
<i>Reply to Interrogatories – WNP labour</i>	\$5,000
<i>Public Notice – newspaper print</i>	\$700
<i>Customer Notice – bill inserts</i>	\$350
<i>Settlement – assuming 2 day conference</i>	\$15,000
<i>Intervenor and OEB costs – assuming 2 intervenors</i>	\$35,000
<b>Total Cost</b>	<b>\$160,050</b>
<b>Total Cost over 5 years</b>	<b>\$32,010</b>

- a) Please clarify what costs in Table 21 are attributable to work carried out by staff at WNP and what costs are payable to consultants or other third parties engaged specifically to work on this application.
- b) Please explain what section 30 – Applicant-originated (line 2, \$11.5k forecast) costs are contemplated to recover.

#### 4.0 -VECC-43

Reference: Exhibit 4, page 59

In its July 17, 2020 letter to LDCs the Board said:

*Distributors may make a one-time increase to LEAP EFA funding by a maximum of 50% of their 2020 fiscal year funding amount. The additional funding is to be made available to agencies for use in the LEAP EFA for 2020. Given the importance of supporting consumers during this extraordinary time, the OEB is permitting the increased funding to be recorded in the Account Impacts Arising from the COVID-19 Emergency, Sub-account Other Costs.*

- a) Has WNP taken advantage of this direction?
- b) What plans has WNP to expand LEAP funding in 2021?



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

### **5.0-VECC-44**

Reference: Exhibit 5, page 10 /EB-2015-0110 Interrogatory Response 5-VECC-36

In EB-2015-0110 WNP provided the following response with respect to the Township Promissory Note:

*“In WNP’s opinion, it considers the loan callable; however the Applicant would need to seek legal advice to confirm whether this is true or not as well as to determine if there are penalties for retiring the loan.”*

- a) Given the precipitous decline in interest rates since that time (e.g., WNP has negotiated a 7-year loan at 2.66% for a bucket truck-page 13) has WNP exercised its due diligence responsibility to: (a) understand whether the affiliated debt is callable; and (b) determine whether the replacement debt might be below the current rate of 4.54%?
- b) Why has WNP not set up a schedule to repay the remaining principal of this loan (established at \$1,585,016) and so as to retire the affiliate debt in due course?
- c) Please file the schedule of payment that was attached to the promissory note.
- d) What provision, if any, in the promissory note prohibits WNP from paying principal on the loan?

## **6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)**

N/A

## **7.0 COST ALLOCATION (EXHIBIT 7)**

### **7.0 – VECC –45**

Reference: Exhibit 7, pages 7-8  
WNP 2021 Cost Allocation Model (CAM), Tab I4 (BO Assets)  
EB-2015-0110, WNP\_IR 2016 CAM, Tab I4

- a) It is noted that in the 2021 CAM a portion of accounts 1830 and 1835 are designated as “Subtransmission Bulk Delivery”. However, in the 2016 CAM none of the assets in these accounts were designated as such. Please explain what changes have occurred in WNP’s distribution system since 2016 that give rise to some of the assets in these accounts now being designated as “Subtransmission Bulk Delivery”. As part of the

response, please describe fully the assets now being designated as “Subtransmission Bulk Delivery” (e.g., voltage, km, role in the overall distribution system, etc.)

- b) At page 8 the Application indicates that WNP has 71 km of primary overhead, 15 km of primary underground and 6 km of secondary.
  - i. What portion of the 6 km of secondary is underground?
  - ii. Please reconcile these values with the fact that in Tab I4, 30% of both accounts 1830 and 1835 are designated as secondary and 70% of accounts 1840 and 1845 are designated as secondary.

#### **7.0 – VECC –46**

Reference: Exhibit 7, page 8  
WNP 2021 CAM, Tab I5.1

Preamble: At page 8 the Application indicates that WNP has 71 km of primary overhead and 6 km of secondary

- a) Tab I5.1 indicates that 100% of the pole rental revenue is from the use of secondary poles. Given the small proportion for overhead km that are secondary, please re-confirm that this is the case.

#### **7.0 – VECC –47**

Reference: Exhibit 7, pages 8-9  
2021 CAM, Tab I4

Preamble: The Application (page 9) states:

*“WNP notes that it has costs for Services USoA Account 1855 for residential and GS<50 kW customers only and these expenses will be almost entirely residential and GS <50 kW since only wire from small transformers (<100 -150 kV) is allocated to 1855. General Service 50 to 999 kW and General Service 1,000 to 4,999 kW classes have a factor of 0 since any costs are recovered fully through capital contributions (USoA 1995/2440) received from those customers.”*

- a) Does the \$560,662 book value assigned to account 1855 include the cost of Services for GS 50-999 and GS 1,000-4,999 customers? If not, where are the costs for these facilities recorded?
- b) Does the \$106,317 in contributed capital assigned to account 1855 specifically include the contributions received from GS 50-999 and GS 1,000-4,999 customers? If not, to which USOA account(s) are these contributions assigned?
- c) Please explain why the weighting for GS<50 is set at 0.4 as opposed to being the same as that for Residential.

## 7.0 – VECC –48

Reference: Exhibit 7, page 14

- a) Please provide a revised version of WNP's 2021 Cost Allocation Model where HONI's 2004 load profiles are used to determine the demand allocators in Tab I8 instead of the values derived using the "USF Demand Profile Working Group" methodology.

## 7.0 – VECC –49

Reference: Exhibit 7, pages 14-21 and Appendix 7A  
Exhibit 3, pages 24 and 42

- a) Please provide a schedule which sets out the monthly and annual values for HDD and CDD for: i) 2018; ii) 2019; iii) the average of 2018 and 2019 and iv) the 10-year average used in the Load Forecast model to define "weather normal".
- b) At Appendix 7A, page 56 the Application states: "Both 2018 and 2019 weather-normal load profiles are based on 10-year of averages of HDD and CDD values up to and including the year in question; that is:
  - o 2018 is derived from the 10-year period of 2009 to 2018; and
  - o 2019 is derived from the 10-year period of 2010 to 2019." Why wasn't the time period that was used to define "weather normal" for purposes of the load forecast used for both years?
- c) At Appendix 7A, page 57 the Application states that the GS 1,000-4,999 is treated as not being weather sensitive. At Appendix 7B, pages 68-69 the Application indicates that WNP undertook an analysis of the impact of HDD and CDD on 2018 GS 1,000-4,999 load. Please provide the full results of the regression analysis including the independent variable used, their resulting coefficients and the regression statistics (e.g., t-stats for each independent variable). As part of the response please comment on whether the coefficients for HDD and/or CDD were significantly different (based on the t-statistics) from zero.
- d) Per Appendix 7A, page 56 & pages 67-68 and Appendix 7B please confirm that for any given day, the same adjustment factor for the difference between the actual HDD/CDD versus the weather normal HDD/CDD is applied to each hour of the day (e.g., for January 1, 2018 the same HDD adjustment factor of 0.9482 was used for all hours of the day).
- e) At Appendix 7A, pages 67-68 the Application states that "The Mount Forest weather station does not record or store HDD or CDD weather data in hourly intervals, only daily. Pearson Airport weather station is the nearest station to WNP's service territory with hourly HDD and CDD data." Based on 2018 data what was the average of the absolute values of the daily variance between: i) the daily HDD values for the Mount Forest weather station vs. the Pearson Airport weather station and ii) the daily CDD values

for the Mount Forest weather station vs. the Pearson Airport weather station.

- f) Per Appendix 7A, page 56 and Appendix 7B please confirm for each month the same HDD and CDD adjustment factors were used for each of the Residential, GS<50 and GS 50-999 rate classes (e.g., for January 2018 the HDD adjustment factor used was 20% for all customer classes).
  - i. If yes, please reconcile this approach with that used in the Load Forecast where the weather normalization assumes that the sensitivity to weather varies by customer class (per Exhibit 3, page 42).
- g) At Appendix 7A, pages 68-69, the Application indicates that WNP undertook separate analyses as to the impact of HDD and CDD on the 2018 load for the Residential, GS<50 and GS 50-999 customer classes.
  - i. For each customer class, please provide the full results of the regression analysis including the dependent and independent variables used, the resulting coefficients for the independent variables and the regression statistics (e.g., t-stats for each independent variable). As part of the response please comment on whether, for each customer class, the coefficients for HDD and/or CDD were significantly different (based on the t-statistics) from zero.
- h) With respect to the Appendix 7A and the table on page 69, please explain why some of the variance values for the Residential, GS<50 and GS 50-999 as between Predicted with HDD and Predicted without HDD are negative and some are positive. If the same estimated coefficient for the HDD variable is used for all months and HDD values are all positive, one would expect variances to all be negative or all be positive.
- i) With respect to the Appendix 7A and the table on page 69, please explain why some of the values for the Residential variance between Predicted with CDD and Predicted without CDD are negative and some are positive. If the same estimated coefficient for the CDD variable is used for all months and CDD values are all positive, one would expect variances to all be negative or all be positive
- j) At Appendix 7A, pages 66-67 the Application states that the limitations of Microsoft Excel prevent members of the USF Working Group from performing weather normalization of an hourly basis as was done by Elenchus for other utilities. Has the USF Working Group investigated the cost of acquiring the software necessary such that the member LDCs could undertake such analysis?
  - i. If yes, what would the initial and annual cost be if the Working Group acquired the software and shared it amongst its members?

## **7.0 – VECC –50**

Reference: Exhibit 7, pages 26 and 28-30

- a) Given the significant bill impact on the Street Lights class of moving from a revenue to cost ratio of 51.56% to 100% in 2021, did WNP give any consideration to phasing the increase in the class' revenue to cost ratio in over a number of years?
  - i. If not, why not?
  - ii. If yes, why was any form of phase-in rejected?
- b) What is the increase in the costs assigned to the GS 1,000-4,999 class as a result of moving the ratio from 90.23% to 100%?
- c) Do the GS 1,000-4,999 customers receive any additional services apart from the example cited on page 29 that are not costed and accounted for in the CAM? If yes, what are they?
- d) Overall, does WNP consider the value of the additional services received by the GS 1,000-4,999 customers (and not accounted for in the CAM) to be equal/greater than the additional costs noted in response to part (b)?
- e) Why is WNP proposing to reduce the revenue to cost ratio for Residential from 98.38% to 93.79%?

## **7.0 – VECC –51**

Reference: Exhibit 7, page 32

- a) In what USOA account are the capital costs for the MicroFIT meters recorded?

## **8.0 RATE DESIGN (EXHIBIT 8)**

### **8.0 –VECC-52**

Reference: Exhibit 8, page 8 and Appendix 8A, page 59

- a) The calculation of 2021 revenues at 2020 rates used a Streetlights connection count of 924 and a Streetlights fixed charge per connection (per Exhibit A). However, according to the Cost Allocation Model, 924 is the number of Streetlight devices forecast for 2021 while the forecast connection count is 889. Please clarify whether the fixed charge for Streetlights is on a per connection basis (per the approved Tariff) or per device as suggested by Table 1.
  - i. If per Device, please confirm that the Tariff wording needs to be revised.
  - ii. If per Connection, please confirm that the derivation of the Streetlights rate needs to be revised.

### **8.0 –VECC-53**

Reference: Exhibit 8, pages 11 and 14  
WNP Cost Allocation Model (CAM), Tab O2

- a) The please confirm that the fixed rate for Streetlights in Exhibit 8 is determined based on the 2021 forecast number of devices (994) whereas the Customer Unit Cost with Minimum System PLCC Adjustment in Tab O2 of the CAM is calculated based on the 2021 forecast number of connections (889).
- b) What would the Customer Unit Cost with Minimum System PLCC Adjustment for Streetlights be if calculated per device and, based on this value, how would the fixed-variable ratio, as discussed at page 14, change.

### **8.0 –VECC-54**

Reference: Exhibit 8, page 12 and Appendix 8B, page 55  
RRWF, Tab 13

- a) On page 12 the proposed 2021 monthly service charge for the GS 50-999 class is \$289.39. However, in the proposed Tariff Sheet it is \$289.38 and in the RRWF it is \$289.04. Please reconcile.

### **8.0 –VECC-55**

Reference: Exhibit 8, pages 15 and 29-31  
RTSR Workform, Tabs 3 and 4

- a) Please confirm that the Retail Sales data by customer class in Tab 3 is based on the same historical year as the Hydro One billing units in Tab 4.
- b) Please confirm that there were no instances of Hydro One invoicing WNP a “double-peak demand charge” (per pages 29-31) included in the Hydro One billing determinants used in Tab 4 of the RTSR Workform.
  - i. If not confirmed, what adjustments are required?
- c) Please update the RTSR Workform for Hydro One’s 2021 approved Sub-Transmission Rates (EB-2020-0030).

### **8.0 –VECC-56**

Reference: Exhibit 8, page 18

- a) Please update the proposed 2021 Tariffs to reflect the Board’s decision in EB-2020-0285 regarding Retail Service Charges.

### **8.0 –VECC-57**

Reference: Exhibit 8, page 25

- a) Please update the proposed 2021 Tariffs to reflect the Board’s decision in EB-2020-0288 regarding Pole Attachment Charges

### **8.0 –VECC-58**

Reference: Exhibit 8, page 26

- a) Please explain why WNP is proposing to maintain the MicroFIT Monthly Service Charge at \$15.69 as opposed to setting equal to estimated cost of providing the service (\$16.33).

### **8.0 –VECC-59**

Reference: Exhibit 8, page 27  
WNP Cost Allocation Model, Tabs I6.2 and O4

- a) At page 27 the Application states: “Regarding the General Service >1,000-4,999 kW customer class, in the Cost Allocation model this customer class was not assigned costs associated with transformation. All customers in this class own their transformation facilities and do not contribute to the system transformation costs. Therefore, there is no need for WNP to provide a transformer allowance for this customer class.” However, Tab I6.2 of the CAM attributes a customer count to Transformers for this class and Tab O4 of the CAM indicates that some costs related to Transformers (Account #1850) are allocated to the GS>1,000-4,999 kW class. Please reconcile.
- b) Tab I6.2 of the CAM shows a customer count of 5 (of a total of 5 customers) for the GS>1,000-4,999 Secondary Customer Base. If all of these customers own their own transformer, please explain why none of these customers own the secondary services from the transformer to their premises.

### **8.0 –VECC-60**

Reference: Exhibit 8, pages 29-31 and 35

- a) Please confirm that there were no instances of HONI invoicing WNP a “double-peak demand charge” in 2019 included in the determination of the actual 2019 LV charges of \$368,332 that WNP is proposing to use as the basis for its 2021 LV rates.
  - i. If not confirmed, what adjustment should be made to the \$368,332 value?

## **9.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)**

### **9.0 –VECC-61**

Reference: Exhibit 9, page

Per the Board's letter of July 25, 2019 Utilities are required to record the impact of the accelerated CCA rule change in Account 1592 for the period November 21, 2018 until the effective date of the next cost-based rate order. Distributors are also to bring forward any amounts tracked in this account for review and disposition at the next (this) cost of service rate application.

- a) Has WNP made any entries into this account for AIP? If yes, what are the balances and what is the proposal for disposition of the balances. If no, please explain why not

**End of document**