



Wellington North Power Inc.

290 Queen Street West, PO Box 359, Mount Forest, ON N0G 2L0

Phone: 519.323.1710 Fax: 519.323.2425

www.wellingtonnorthpower.com

E-mail: wnp@wellingtonnorthpower.com

ESA # 7012854

February 4, 2022

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

Dear Board Secretary:

Re: OEB File: EB-2021-0064

2022 Price Cap IR Distribution Rate Application - Wellington North Power Inc.
Applicant Responses to OEB Staff Questions (January 28, 2022)

On January 28, 2022, Wellington North Power Inc. (WNP) received questions from OEB Staff regarding the LDC's 2022 IRM Rate Application (OEB case number EB-2021-0064). Please find enclosed the Applicant's responses to the questions raised.

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

- a) An updated GA Analysis Workform.

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

Respectfully submitted,

Original Signed By

Richard Bucknall
Regulatory Manager

Wellington North Power Inc.

c.c. Arturo Lau - Advisor, OEB

Wellington North Power Inc. (Wellington North Power)

2022 IRM Application

EB-2021-0064

Applicant's Responses to OEB Questions

**Wellington North Power Inc.
EB-2021-0064**

Please note, Wellington North Power Inc. (Wellington North) is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff questions and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

OEB staff has made the following updates in the Rate Generator Model attached:

- Updated the IPI Inflation Factor to 3.30%¹ in Tab 16 and Tab 17-Retail Service Charges.
- Updated the Ontario Electricity Rebate in Tab 20 to 17% (as of November 1, 2021).
- Updated the Wireline Pole Attachment Charge to \$34.76² in Tab 17 and removed "Approved on an Interim Basis" from the Tariff in Tab 19.
- Updated the 2022 UTRs³ and Hydro One Sub-transmission rates⁴ in Tab 15.

Wellington North Power Inc. Response:

Wellington North Power Inc. (WNP) acknowledges that all documents filed with the OEB, including the Applicant's responses to OEB staff questions and any other supporting documentation, does not include any personal information.

WNP has reviewed the Rate Generator Model updated by OEB staff. All the updates as described above have been made to model with the exception of removing "*Approved on an Interim Basis*" from the Tariff schedule as presented in worksheet "19. Final Tariff Schedule".

¹ 2022 inflation factor established in the Decision and Order issued on November 18, 2021, EB-2021-0212

² EB-2021-0302, Decision and Order, issued December 16, 2021

³ EB-2021-0276, Decision and Rate Order, issued December 16, 2021

⁴ EB-2021-0032, Decision and Rate Order, issued December 14, 2021

Staff Question-1

Ref: (1) Manager's Summary, November 8, 2021, page 23
(2) EB-2020-0061, February 8, 2021, 9-Staff-99

At Reference (1), Wellington North stated that "the settlement with the IESO relating to embedded generation (FIT and MicroFIT) is performed on the IESO contract price for each MicroFIT / FIT agreement versus TOU On-Peak and Off-Peak rate on a monthly basis."

However, at Reference (2), Wellington North stated that it "settles MicroFIT and FIT between the contract price and the HOEP price."

Questions:

- 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 has been settling embedded generation based on the difference between contract price and TOU prices, please quantify the impact to Account 1588 had Wellington North settled embedded generation based on the difference between contract price and HOEP.
-

Wellington North Power Inc. Response:

- a) Wellington North Power Inc. (WNP) acknowledges the statement in the Manager's Summary was an error and is incorrect.

The Applicant confirms that the utility settles embedded generation using the difference between the contract price and the Wholesale Market Price (i.e. the Hourly Ontario Electricity Price – HOEP).

- b) Not applicable.

Staff Question – 2

Ref: (1) GA Analysis Workform, November 8, 2021
(2) OEB Instructions for Completing GA Analysis Workform – 2022 Rates, June 24, 2021, page 17-18

Preamble:

At Reference (1), Wellington North provided an Account 1589 reconciling item of a debit of \$460,316 related to the “Non-RPP Class B GA for April to June” in cell C85 of Tab GA 2020 of the GA Analysis Workform.

Wellington North has inserted a formula in this cell C85 which shows the calculation of the \$460,316. The product of \$460,316 is equal to the multiplication of the “Weighted Average GA Actual Rate Paid (\$/kWh)” by the sum of cells F44, F45, and F46, which represent the “Non-RPP Class B Including Loss Adjusted Consumption, Adjusted for Unbilled (kWh)” for April, May, and June 2020.

At Reference (2), the OEB provided guidance regarding the “Impacts of GA Deferral”.

Questions:

- a) Please explain whether this Account 1589 debit reconciling item of \$460,316 is related to the “Impacts of GA Deferral”.
 - b) If so,
 - i. Please explain why this reconciling item has been inserted on Line 7 (and not Line 5) of the tab GA 2020 of the GA Analysis Workform, Note 5 Reconciling Items.
 - ii. Please provide high level calculations for the debit of \$460,316, following the OEB’s guidance at Reference (2), or alternatively explain why Wellington North has calculated the reconciling item in the manner it has.
 - c) If this is reconciling item is not related to the Impacts of GA Deferral, please further explain its nature.
-

Wellington North Power Inc. Response:

- a) WNP confirms the 1589 Debit reconciling item is not related to the “Impacts of GA Deferral”.
- b) i. Not applicable.
 - ii. Not applicable.
- c) WNP included the annual kWh in cell G57 and then accounted for the difference with the calculation as described in OEB staff’s question.
WNP has filed an updated GA Analysis Workform in which cell G57 has been updated to exclude the months of April, May and June.

Staff Question – 3

Ref: (1) GA Analysis Workform, November 8, 2021
(2) OEB Instructions for Completing GA Analysis Workform – 2022 Rates, June 24, 2021, page 5

At Reference (1), Wellington North provided an Account 1589 reconciling item of a debit of \$460,316 related to the “Non-RPP Class B GA for April to June”.

In cell D85 of tab GA 2020, Wellington North explained this reconciling item by stating that “the effect of excluding April -June GA in cell H57 assumes that the GA paid on that usage was \$0. WNP offsets that adjustment here.” OEB staff notes that cell H57 represents the “Annual Non-RPP Class B Retail billed kWh (excludes April to June 2020).”

OEB staff notes that as per Reference (2), the OEB noted that the 2020 calculation of the expected volume variance should exclude data from April to June 2020, as the line loss volume variance would be reflected in the “Impacts of the GA deferral” reconciling item.

Question:

- a) Please explain Wellington North’s comment in cell D85 of tab GA 2020, that “the effect of excluding April -June GA in cell H57 assumes that the GA paid on that usage was \$0. WNP offsets that adjustment here.”
-

Wellington North Power Inc. Response:

- a) This explanation was accounting for the adjustment between the Annual kWh in cell G57 of WNP’s GA Analysis Workform (as filed with the application) and the 9 months of kWh in cell H57.

WNP has filed an updated GA Analysis Workform that shows the difference of the kWh numbers.

Staff Question – 4

Ref: (1) GA Analysis Workform, November 8, 2021

OEB staff has prepared the following table which shows a high-level analysis of the Expected GA Volume Variance in the GA Analysis Workform.

OEB Staff Table 1
Expected GA Volume Variance – Potential Discrepancies – Loss Factor

Column P - Annual Non-RPP Class B Retail billed kWh (excludes April to June 2020)	A	13,229,057	
Approved Loss Factor	B		1.0656
Retail kWh excluding losses	$C = A / B$	12,414,656	
Column O - Annual Non-RPP Class B Wholesale kWh	D	17,260,525	
Actual Loss Factor	$E = D / C$		1.3903
Difference	$F = B - E$		(0.3247)

Questions:

- a) Please confirm whether Wellington North is in agreement with OEB staff's calculations in the above noted OEB Staff Table 1.
 - a. If this is not the case, please explain, and update OEB Staff Table 1.
- b) Please explain the substantial difference in approved versus actual losses of 0.3247 (or 32.47%) and comment on its reasonability.

Wellington North Power Inc. Response:

- a) WNP has filed an updated GA Analysis Workform and the table below shows the revised quantities:

Expected GA Volume Variance – Potential Discrepancies – Loss Factor

Column P - Annual Non-RPP Class B Retail billed kWh (excludes April to June 2020)	A	13,229,057	
Approved Loss Factor	B		1.0656
Retail kWh excluding losses	$C = A / B$	12,414,656	
Column O - Annual Non-RPP Class B Wholesale kWh	D	13,301,654	
Actual Loss Factor	$E = D / C$		1.0714
Difference	$F = B - E$		(0.0058)

- b) As illustrated in the above table above, using the revised quantities, the calculated new "difference" yields a more reasonable result.