

BY E-MAIL

February 22, 2024

Nancy
Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th
Floor Toronto ON M4P 1E4

Dear Ms. Marconi:

Re: Westario Power Inc. (Westario Power) Application for 2024 Distribution Rates
Ontario Energy Board File Number: EB-2023-0058

In accordance with Procedural Order No. 1, please find attached Westario Power' combined response to OEB staff's, VECC and SEC's interrogatories.

Westario Power's confirms that no personal information unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure* are presented in the following response.

Should you have any questions or concerns, please do not hesitate to contact me at the information below.

WPI response to Interrogatories
2024 Electricity Distribution Rates Application
Westario Power Inc. (Westario Power)
EB-2023-0058
February 22, 2024

*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 D2

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 2024 Electricity Distributor Rate Applications webpage.

When preparing this update, please update to include the current 2024 cost of capital parameters.

[WPI Response: All supporting models have been updated to reflect changes resulting from the herein interrogatories as well as updated to reflect changes in prescribed parameters.](#)

1-Staff– D2

Green Button

Ref 1: Exhibit 1, page 31

Ref 2: Distribution System Plan, page 96

Preamble:

Distributors were required to implement Green Button by November 1, 2023. The OEB has approved the establishment of a generic deferral account for rate regulated distributors to record the incremental costs directly attributable to the implementation of the Green Button initiative. Westario Power indicates it is working with a third-party vendor to meet Westario Power's needs and the regulatory requirements by Q4 of 2023.

Question(s):

- a) Please describe Westario Power's progress towards Green Button implementation.

WPI Response:

Green Button was implemented in October 2023 and was live by November 1st.

- b) Please clarify if Westario Power recorded any incremental costs directly attributable to the implementation of the Green Button in the generic deferral account.

WPI Response:

WPI created and established generic accounts for 1508 Other Regulatory Assets - Green Button Initiative Costs however no costs were assigned to the accounts in 2023 as the majority of costs were related to software enhancements.

- c) Please confirm whether Synergy North has proposed any capital or OM&A costs associated with the implementation of Green Button initiative for the 2023 bridge and 2024 test year.

WPI Response:

WPI capitalized the costs associated with the Green Button implementation and software upgrades in 2023. On-going maintenance has been included in the 2024 OM&A costs.

1-Staff-3 D2

Productivity

Ref 1: Exhibit 1, page 33

Question(s):

- a) Please discuss if Westario Power has implemented any specific productivity initiatives over the 2013-2022 period to improve cost efficiency. If productivity initiatives have been implemented, please provide details of these initiatives as well as associated cost savings (for both capital and OM&A).

WPI Response:

WPI did not have defined productivity initiatives

1-Staff-4 D2

**Ref 1: 2022 Audited Financial Statements (AFS), Exhibit 1 / Appendix
1B Ref 2: WPI_2024 Chapter 2 Appendices_20240106.xls**

Preamble:

OEB staff reviewed the net book value and work-in-progress (WIP) amounts per the 2022 financial statements and fixed assets continuity schedule (Appendix 2-BA) and calculated the differences as below:

Reference	Cost	WIP \$
Appendix 2BA	59,288,859 (cell M343 less	1,669,167
AFS (see suitable below for calculation)	66,083,69	1,547,427
Difference	6,794,834)	121,740

NBV calculation from AFS	\$
Note 7 of AFS - PPE - cost	81,456,650
Less: WIP	(1,547,427)
Less: Acc dep	(14,707,369)
Note 8 - Intangible	3,096,161
Less: Goodwill	(2,214,322)
AFS Cost (NBV)	66,083,693

Question(s):

- Please explain and reconcile the \$6,794,834 difference between the 2022 net book values for property, plant, equipment and intangibles.

WPI Response:

Please see a schedule below to assist with the reconciliation of the Audited Financial statements and fixed assets continuity schedule (Appendix 2-BA).

Regulatory assets (PPE, IA, DR, Contributions)	2022
OEB Appendices 2-BA - Regulatory assets NBV	\$ 61,362,684
Audited Financial statements - NBV	\$ 61,362,685
Property, plant and equipment (PPE)	\$ 66,749,281
Less Major Spare parts	(1,701,708)
Computer software (Intangible assets - IA)	\$ 85,704
Deferred revenue portion	(3,770,592)

b) Please explain and reconcile the \$121,740 difference in WIP.

WPI Response:

WPI revised the 2018 continuity schedule to remove the 121,740 in WIP. The effects move through the year over year schedules to eventually affect the 2024 test year.

c) Please explain what the amount of \$2,214,322 relating to goodwill is for in note 8 of the AFS.

a. Please confirm that the goodwill was not included in rates of the current application.

WPI Response:

The full goodwill amount relates to the acquired business combination and is not included in the rates of the current application.

Please also see the reconciliation in (a) above, as it is not part of the NBV of the intangible asset and not used for the rate base calculations.

1.0-VECC-1 D1

Reference: Exhibit 1, page 19

- a) Please update Table 9 (Bill Impacts) for the update to the cost of capital parameters and any updates made as a result of responding to interrogatories.

WPI Response: The bill impacts table below reflects various changes made to the models are a result of WPI's response to interrogatories and changes a mandated by OEB policies. (i.e. UTRs, Cost of Capital Parameters). A revised model is being filed with these responses.

RATE CLASSES / CATEGORIES (e.g.: Residential TOU, Residential Retailer)	Units	Sub-Total						Total	
		A		B		C		Total Bill	
		\$	%	\$	%	\$	%	\$	%
RESIDENTIAL – RPP	kwh	-\$0.44	-1.4%	\$0.55	1.3%	\$3.11	5.7%	\$3.14	2.4%
GS LESS THAN 50 KW – RPP	kwh	\$2.65	4.6%	\$5.46	6.3%	\$11.64	10.2%	\$11.79	3.7%
GS 50 to 4,999 kW – Non-RPP (Other)	kw	\$202.39	27.5%	\$208.92	15.4%	\$412.50	18.1%	\$458.43	4.2%
USL – Non-RPP (Other)	kwh	\$0.05	0.4%	-\$0.07	-0.3%	\$1.18	4.5%	\$1.19	1.7%
SENTINEL LIGHTING – Non-RPP (Other)	kw	\$155.65	2.0%	\$378.91	4.6%	\$600.70	6.5%	\$608.51	6.5%
STREET LIGHTING – Non-RPP (Other)	kw	\$181.24	4.7%	\$185.22	4.6%	\$229.70	5.4%	\$257.54	3.7%
RESIDENTIAL – Non-RPP (Retailer)	kwh	-\$0.44	-1.4%	-\$0.80	-1.8%	\$1.75	3.1%	\$1.77	1.3%

1.0-VECC-2 D1

Reference: Exhibit 1, 1.5.1, page 34

a) Please update the scorecard to include 2023 results.

WPI Response please see 5.0-VECC-37.

1.0-VECC-3 D2

Reference: Exhibit 1, 1.5.1, page 35

“WPI’s maintenance costs are higher than average because meters have reached their useful lives and need to be changed out. Investment in new meters result and lower maintenance costs.”

- a) The above explanation was provided for the nearly 50% higher metering O&M cost of WPI as compared to the industry average (\$21.01 vs \$14.10). However, electricity distribution systems all implemented smart metering within the same time period and so presumably the comparison group of utilities’ meters have also reached end of useful lives. What evidence or analysis has WPI undertaken which supports the given explanation for being a significant outlier of meter operating costs?

WPI Response

WPI uses a third-party service provider, as its internal resources are limited. Third party provider costs have significantly increased over the period of 2019-2023.

1.0-VECC-4 D2

Reference: Exhibit 1

- a) Please provide a list of service charges for each method of payment accepted by WPI. For each service charge please explain if and where this charge is approved in the regulatory tariff provided in this application.

WPI Response:

WPI does not impose/retain a service charge for any method of payment. For credit card payments, a 1.75% service fee is charged and retained by our third-party host, Payments.

1-SEC-1 - D2

[Ex. 1, Appendix 1A 2023 Business Plan]

- a. Has Westario had the strategic planning session related to the 2024-2025 business plan?

WPI Response

- The Board of Directors held a strategy workshop November 2023.
- The Board received the report at the December 2023 Board Meeting.
- The Board will be reviewing the details of the report at a Board Meeting in April 2024.

- b. If so, please provide details on the outcomes and whether there are any resulting changes to this application.

WPI Response

The Board will be meeting in April 2024 to discuss and make recommendations to the Executive. No resulting changes to this application.

- c. The 2023 Business Plan states that the Cost-of-Service application was interrupted in the spring of 2022 and delayed due to a focus “on yielding increased dividends to shareholders...”. Why does Westario now believe it is appropriate to have January 1, 2024 rates approved when the application was not filed until November 2023 due to a management decision?

WPI Response

WPI had intended to submit their application sooner and is well-aware of the possible financial consequences of submitting it late. The utility's new management and board member believed it was crucial to reassess and amend the budgets and different components of the application under the new board of directors and management. The

positive aspect is that the budgets were reduced with improved attention to the effect on customers.

1-SEC-2 - D2

[Ex. 1, Appendix 1C]

- a. Specifically, what feedback is Westario looking for from customers in response to the Draft Newsletter?

WPI Response

The newsletter will offer information on our application and the potential effects on our customers. We welcome feedback and questions about our application to answer any problems or inquiries during the application process.

- b. How will this feedback be incorporated into this application?

WPI Response

Feedback and discussions with customers will be examined thoroughly with the customers to ensure we understand their feedback and concerns and make any required adjustments.

1-SEC-3 D2

[Ex. 1, Appendix 1-D Customer Satisfaction Survey, p. 11] How does Westario plan to address the poor results for Blackouts and Billing Issues reported in the Customer Satisfaction Survey?

WPI Response

The report's author highlighted billing issues attributed to elevated electricity costs rather than inaccuracies in the billing process. The Blackouts are related to the major storms that went through our territory (2 tornadoes).

1-SEC-4 D2

[Ex. 1, Table 17] Table 17 shows Board Approved Other Revenue as (\$1,094,472), whereas Exhibit 6 indicates \$461,624. Please explain and update as required.

WPI Response: 2018 Board Approved in table 17 was incorrect. The revised table is shown below.

Balance Sheet

	Board Approved 2018
Utility Income	1,812,904
<i>Capital Additions</i>	
PP&E Closing Balance (Asset + WIP + Contribution)	56,765,489
CWIP	
Other adjustments from ROE	
Accum Depreciation (year end)	-28,320,932
Net Fixed Assets	46,118,617
Average Net Fixed Assets ROE	46,118,617
<i>Rate Base from Data Storage (Tab 2.1)</i>	
Utility Rate Base (for ROE Purposes)	50,358,448
Deemed Equity Portion of Rate Base	20,173,349
Income/(Equity Portion of Rate Base)	8.99%
Indicated Rate of Return	6.28%
Approved Rate of Return	6.28%
Sufficiency / (Deficiency) in Return	0.00%
<i>Equity</i>	40%
<i>Short Term Debt</i>	4%
<i>Long Term Debt</i>	56%
<i>Equity Return</i>	9.00%
<i>Short Debt Return</i>	2.29%
<i>Long Debt Return</i>	4.24%
<i>Tax Rate</i>	15.50%
Net Revenue surplus or (shortfall)	0
<i>(different than revenue sufficiency/deficiency from application)</i>	

Income Statement

	Board Approved 2018
Cost of Power	50,685,050
WCA Rate	7.50%
<i>Working Cap Allowance</i>	4,239,831
Derivation of Utility Income	Board Approved
Operating Revenues	
Distribution Revenues	10,669,547
Other Revenue	461,624

Total Operating Revenues	11,131,171
OM&A Expenses	5,811,033
Depreciation & Amortization	1,982,755
Property and Taxes	35,000
Total Costs & Expenses	7,828,788
Deemed Interest Expenses	1,242,349
Total Expenses	9,071,137
Utility Income before Income Taxes / PILs	2,060,034
PILs / Income Taxes	247,130
Adjustments for FS purposes (donations)	
Utility Income	1,812,904

1-SEC-5 D2

[Ex. 1, p. 28] The evidence states, “Innovation expenses are a substantial contributor to the WPI disparity.”. Please explain what is meant by this statement, e.g. disparity from what and how this affects the application.

WPI Response: That specific sentence was incorrect and should ignored.

1-SEC-6 D2

[Ex. 1, Scorecard]

- a. Please explain Westario's statement with respect to the increase in 2022 Total Cost per Customer "WPI's increase is a one-time increase expected to normalize to pre-2020 levels in 2023".

WPI Response

Amend to remove the following clerical error: ' WPI's increase is a one-time increase expected to normalize to pre-2020 levels in 2023.' The statement was incorrect.

- b. Please provide Westario's preliminary Total Cost per Customer for 2023 and explain in light of the answer in part a.

WPI Response

Preliminary 2023 cost per customer is \$638.88 in line with the expectation and response in a.

1-SEC-7 D2

[Ex. 1]

- a. Please provide details of any productivity initiatives Westario has implemented since its last Cost of Service application and quantifiable results.

WPI Response: WPI did not have defined productivity initiatives, which resulted in significant cost savings.

- b. Please provide details of any productivity initiatives Westario plans to implement in 2024 to 2028 with expected results.

WPI Response: As of the time of submission no specific productivity initiatives were considered.

Exhibit 2 – Rate Base

2-Staff-5 - D2

Electrification

Ref 1: Asset Management Plan, page 2

Question(s):

- (a) How has Westario Power planned for vehicle electrification, given that Canada's Emissions Reduction Plan mandates that all new light-duty vehicle sales will be net-zero emission vehicles by 2035?¹ What challenges will the uptake of EVs bring to Westario Power during the DSP period? Has Westario Power considered the use of Level 1 versus Level 2 EV chargers and the difference in load associated with each?

WPI Response:

WPI has not seen a significant uptake in EV's in its rural service area. WPI current forecast period ends in 2029, which is still six years away from the Emissions Reduction Plan mandate of 2035. At this stage WPI expects the impacts and the need for investment related to uptake of EV's to be addressed in the rate period beyond 2029. During this forecast period, WPI will be undertaking further analysis to understand the longer-term impacts and therefore investments need for its system in the future forecast periods. This will include the load associated with different charger types.

- (b) Through the federal Greener Home Initiative, residents are being encouraged to switch to cold climate heat pumps for space heating.² Has Westario Power considered the uptake of cold climate heat pumps over the coming years? What challenges has this brought to Westario Power, and how has it affected planning during the DSP period?

WPI Response:

WPI has not directly considered the uptake of cold climate heat pumps. WPI is not seeing a large uptake in heat pumps in its service area and does not see any impact over the forecast period. WPI will undertake further analysis throughout the forecast period to determine the longer-term impacts of heat pumps on its system.

- (c) When replacing distribution transformers, what does Westario Power do to determine if upsizing is warranted for future potential electrification needs?

WPI Response:

WPI considers customer load, and potential future loads when considering if the replacement distribution transformer requires upsizing. WPI will only upsize if it deems it to be a cost-effective solution. WPI uses its Smart Map EV analytics track EV identified loads per transformer to identify possible overloading on individual transformers.

- (d) How will future increases in electrification affect the capital expenditure plan?

For this forecast period, WPI does not expect there to be any additional impacts to the forecast capital expenditure plan based on any electrification factors. However, for future expenditure periods, WPI expects that significant investment could be required. WPI is undertaking analysis in this forecast period to understand the impacts and investment requirements.

2-Staff-14 – D2

Ref 1: Distribution System Plan pages, 41, 45-48

Preamble:

Westario Power has documented its Asset Management Objectives in Table 5.3-1. Westario Power states that the Asset Management Objectives have been integrated/linked into Westario Power's capital investment process to prioritize investments.

Question(s):

- (a) How are the Asset Management objectives specifically integrated into the prioritization process and prioritization matrix?

WPI Response:

WPI AM Objectives are aligned with the criteria used within the prioritization matrix. The following table shows how the AM objectives link to the prioritization criteria:

AM Objective Category	Prioritization Criteria
Safety	Public Safety, Worker Safety, Maintainability, Operability
Reliability/Quality of Supply	Reliability, Power Quality, End of Life, Maintainability, Operability
Financial Stability	Prudence of Expense,

Electricity Rates	Prudence of Expense, Operability
Compliance	Prudence of Expense, Environmental

(b) The prioritization matrix has 9 Criteria with maximum scores that add up to 90 in total. The matrix summary states a maximum score of 100. Why is there a 10 point difference?

WPI Response:

This was a clerical error, the maximum score is 90 not 100.

(c) Please provide an example of the prioritization matrix being used to prioritize a project or program.

WPI Response:

Each individual project is assessed based on the prioritization criteria outlined above.

2-Staff-6 D2

Ref 1: Distribution System Plan page iii

Page iii of the DSP contains a list of Appendices that are to accompany the DSP and several of them are not in the Exhibit 2 - Rate Base filing. Please provide copies of:

Appendix B - UtilityPULSE Electric Utility Customer – [C](#)

Survey Appendix C - 2017 RIP

Appendix D - 2019 Needs Assessment and the 2022 Regional Infrastructure
Planning reports

Appendix E - Asset Condition Assessment

Report Appendix F - Kincardine System Study

[WPI Response: The above documents have been filed along with these responses.](#)

2-Staff-7 D2

2023 Bridge Year Actual

Ref 1: Appendix 2-AA and Appendix 2-AB

Ref 2: Material Investment Narrative - SA-01 through SA-07

Preamble:

The expenditures provided in the material investment narratives in reference 1 do not match the values provided in Appendix 2-AB.

Question(s):

- (a) Please update actual capital expenditures for 2023 bridge year in Appendix 2-AA format and Appendix 2-AB format (and update other related tabs in Chapter 2 Appendices accordingly). Please specify for which months actual data has been used versus forecast.

[WPI Response: Appendices 2-AA and 2-AB have been updated to reflect 2023 actuals.](#)

- (b) Please review Appendix 2-AA and Appendix 2-AB to verify accuracy of the forecast years and revise as necessary.

[WPI Response: See response above.](#)

2-Staff-8 – D2

Ref 1: Distribution System Plan pages 13, 40, 53

Ref 2: Chapter 2 Appendix 2-R

Preamble:

Westario Power states that losses as a percentage of purchased energy have remained above 5% over the historical period. Westario Power also states that it plans to continue to upgrade its SCADA capabilities and Utilismart's SmartMAP software which will allow for near-real time analysis of the network to manage overloading, under/over voltage, outages, and line losses. In Table 5.3-1 Westario Power states that one of its asset management objectives is to design the distribution system with the intent of maximizing the reduction in electrical losses.

Question(s):

- (a) What actions are Westario Power taking over the DSP forecast period to reduce line losses to below the 5% threshold?

WPI Response:

None, increasing voltage reduces amperage, which reduces line loss. We operate primarily at 2400/4160V lowest common voltage/highest line loss. Performing voltage conversions across our service territory would have a substantial impact on the existing rates.

- (b) Does Westario Power plan to file a line loss study?

WPI Response: No.

- (c) Please provide insights into the cause of the distribution losses trending upwards from 2020?

WPI Response: Increasing load on a 4kv system increases the line loss.

- (d) Please provide Westario Power's projections of annual lines losses for each of the forecast years.

WPI Response: N/A

2-Staff-9 – D2

Ref 1: Distribution System Plan page 16

Preamble:

A UtilityPULSE customer survey was conducted from October 13 - 21, 2021. One of the key responses related to Strategy - Priority Planning. 89% of respondents supported investing to ensure that more frequent and severe weather events will cause less damage to the distribution system.

Question(s):

- (a) What distribution system hardening activities are being undertaken in the DSP forecast period to address this customer preference.

WPI Response:

WPI has a number of System Renewal projects that are aimed at making the system more resilient to severe weather events. This includes its Pole Line Upgrade, Infrastructure upgrade, and Automated Distribution Switches programs.

The Pole Line upgrade program address poles, OH conductor and other associated assets that are at risk of failure, due to rotting wood poles, leaning infrastructure that could easily fail during severe weather events. These assets would be replaced with assets that meet WPI's latest standards and would be more resilient to severe weather events.

The infrastructure program primarily involves replacement of inaccessible/ end of life rear lot infrastructure with standard front lot overhead or underground supply for better access. By relocating assets to more accessible locations and upgrading them to the latest standard, this will not allow for better maintenance and monitoring, and early intervention if any issues are identified. In addition, by undergrounding some of these assets, this reduces the risk of failure when severe weather events occur.

2-Staff-10– D2

Ref 1: Distribution System Plan page 35, 37, 53, 74

Ref 2: Exhibit 4

Preamble:

Westario Power states that it has been experiencing an increased number of storms in recent years and projects like tree trimming are especially important in preventing vegetation from interfering with distribution lines and causing outages. Westario Power states that vegetation maintenance is conducted on a three-year cycle.

Question(s):

- (a) Does Westario Power perform any additional out of cycle vegetation management for faster growing tree species that the 3-year cycle cannot accommodate?

WPI Response:

WPI carries out its vegetation maintenance over a 3-year cycle. If crews notice any vegetation that could cause issues on a more immediate basis.

- (b) Has Westario Power reviewed the root causes of the increasing number of tree related outages each year and considered any additional measures that would mitigate the number and impacts of vegetation related outages?

WPI Response:

Where WPI has noticed a higher number of outages related to tree contacts, they have jointly (with different Municipalities) performed more aggressive trimming as well as removals in these areas.

2-Staff-11– D2

Ref 1: Distribution System Plan pages 33 - 38

Preamble:

Tables 5.2-9 and 5.2-10 show an increasing trend to outages within Westario Power's service territory. Defective Equipment represents the top contributing cause for outages experienced by Westario Power. Table 5.2-13 shows that the highest number of occurrences of equipment failure is due to switch cutout/arrestor failure.

Question(s):

- (a) Please clarify how an outage has been classified as Equipment failure yet the nature of the equipment that failed is Unknown.

WPI Response:

Equipment Failure is a broader classification which can include multiple items of equipment as being the cause of an outage.

Broken/cracked porcelain switches age is not a classification, when fuses have blown, and the staff find no immediate cause they attribute it to the fuse as the piece of equipment. This then gets classified as an Unknown.

- (b) Has Westario Power determined the root cause(s) of the high number of switch cutout/arrestor failures?

WPI Response:

WPI has identified that the porcelain switches and age are the main causes.

- (c) Does Westario Power have a specific program in place to address switch cutout/arrestor failure?

WPI Response:

WPI does not have a current proactive replacement program. WPI does not have a pro-active replacement strategy. However, when WPI is replacing a pole or distribution transformer, then it upgrades the porcelain switches and arrestors with polymer switches.

(d) What are the causes of Fuse failures noted in table 5.2-13?

WPI Response:

Fuse failures are a result of improper fuse coordination, and /or not upgrading the fusing when additional load is added.

2-Staff-12 D2

Ref 1: Distribution System Plan pages 37

Preamble:

Westario Power states that customers are being affected by more Adverse Weather.

Question(s):

- (a) Has Westario Power determined or studied what the impact of increased adverse weather events will have on its distribution system?

WPI Response:

No, WPI has not carried out any studies that look at the impact of increased adverse weather events will have on its distribution system.

- (b) What steps is Westario Power taking to limit the impact of increased adverse weather on distribution system performance?

WPI Response:

WPI has yet to conduct studies examining the potential impact of increased adverse weather events on its distribution system. However, WPI is currently engaged in efforts aimed at addressing and improving system performance in response to adverse weather conditions.

2-Staff-13 D2

Ref 1: Distribution System Plan page 39

Preamble:

Westario Power states that the fixed performance baseline targets for SAIDI and SAIFI over the historical period were set based on the average performance over the 2013- 2017 period, excluding LOS and MEDs.

OEB staff observes that the SAIDI and SAIFI measures, adjusted for LOS and MEDs have been trending higher through the 2017-2021 period with the 2020 and 2021 results indicating more controllable outages than 2017-2019. The 2021 SAIFI, adjusted for LOS and MEDs 0.73 missed the OEB target of 0.62.

Question(s):

- (a) What are the performance baseline targets for SAIDI and SAIFI for the forecast period?

WPI Response:

WPI will continue to use the rolling 5-year average as its target for SAIDI and SAIFI for the forecast period.

- (b) Please provide the SAIDI and SAIFI results for 2022 and 2023

WPI Response:

WPI's 2022 SAIDI was 1.55 and SAIFI was 0.67.
WPI's 2023 SAIDI was 1.82 and SAIFI was 0.56 .

- (c) Please indicate measures Westario Power is taking to improve reliability.

WPI Response:

As outlined in its DSP, WPI is investing in System Renewal programs in the forecast period to replace damaged assets or assets reaching the end of their useful life. Westario has taken a more systematic approach in determining the condition of assets through an Asset Condition Assessment (ACA). The ACA helps generate an informed replacement plan for each asset type to determine whether an asset requires replacement or refurbishment.

Furthermore, WPI has a Voltage conversion program to replace end of life 4.16 kV system with 13.8 kV in Kincardine, which will help improve the reliability of WPI's system. WPI is also carrying out its vegetation management, that will help minimize impacts due to vegetation touching its assets, which can cause unexpected outages.

2-Staff-15 – D2

Ref 1: Distribution System Plan page 45

Preamble:

Westario Power states that as part of Step 1 of its Asset Management process, it gathers data including data on data on EV uptake which is assessed in the development of a load forecast. Westario Power states that it will need to make additional decisions to accommodate potential capacity and grid impacts.

Question(s):

- (a) Please provide the EV uptake data that was used in the most recent load forecast.

WPI Response:

Westario has used data supplied by the Ministry of Transportation's EV database for LDCs'. The latest information indicated that from April 1st 2023 to September 30th 2023, an additional 76 EV's were added within the postal code prefix of Westario service area.

- (b) In the 2018 – 2023 period has there been any EV uptake on transformers and cable that has resulted in new build design standards and equipment replacement sizing?

WPI Response:

WPI has had car dealerships requiring two services/transformers to properties, 1 for the dealership and 1 for car chargers.

2-Staff-16 – D2

Ref 1: Distribution System Plan pages 69-70, 72

Preamble:

Westario Power states that it assesses whether an asset should be refurbished or replaced on a case-by-case basis. Some assets are not considered for refurbishment at all. Table 5.3-8 indicates which assets Westario Power considers for refurbishment and which are not. Table 5.3-8 indicates that UG cables are not considered for refurbishment. Page 72 indicates that the option of rehabilitation through the use of silicone injection for UG cable is considered.

Question(s):

- (a) Please confirm that Westario Power considers cable injection as a potential refurbishment mechanism for UG cables.

WPI Response:

WPI do consider rehabilitation of UG primary cable, however, the areas that WPI is looking to refurbish are generally consisting of 5kV cable and WPI replace these with 15kV cable as the new standard installation.

- (b) What quantity of cables has Westario Power injected each year?

WPI Response:

As WPI upgrades the 5kV cables to 15kV cables, WPI has injected zero cables historically.

2-Staff-17– D2

Ref 1: Distribution System Plan page 75

Preamble:

Westario Power states that System Renewal investments are paced for implementation. Maintenance and inspections identify issues that are placed into a five-level “priority assessment criteria”. Some issues may be prioritized to be done immediately or sometime within the current budget year.

Question(s):

- (a) Are these identified issues generally outside the “planned” work for the current budget year?

WPI Response:

The initial planning is finalized during the ACA assessments and subsequently refined through annual inspections, aiming to identify and prioritize replacements as required.

- (b) Which budget program covers the cost of issues, identified through inspection and maintenance, as requiring action in the current budget year and not prioritized for later years?

WPI Response:

WPI completes these replacements within one of its existing system renewal program budget lines. This requires WPI to re-prioritize which assets it addresses and defer some asset replacements to the following year to accommodate the unexpected replacements. In addition, WPI can carry out some of these emergency replacements during non-regular work hours, with emergency change order generated, with all items captured individually.

2-Staff-18– D2

Ref 1: Distribution System Plan pages 82-85

Ref 2: Chapter 2 Appendix 2-AB

Preamble:

Tables 5.4-3 to 5-4.7 provide Variance Explanations for the historical Planned vs. Actuals expenditures. All expense categories are labelled “Net”, but this only appears to be the case for the System Access Plan values. The remainder are all appear to be presented on a Gross Capital basis. Subsequently, Capital Contributions are removed to produce a net capital amount.

Question(s):

- (a) For Tables 5.4-3, 5.4-4, 5.4-5, 5.4-6 and 5.4-7 please correct the System Access Plan values, “Net” labels where Gross is provided, Variance % values and Variance explanations accordingly.

WPI Response:

Please see below the updated Tables 5.4-3, 5.4-4, 5.4-5, 5.4-6 and 5.4-7:

Table 5.4-3 Updated

Category	2018			Variance Explanations
	Plan.	Act.	Var.	
	\$ '000		%	
System Access, Net	750	1,309	74.53%	System Access spending in 2018 was higher than budget due to an increase in customer demand and new developments. Previous Cost of Service included budget for new developments under “New O/H Service Connections”. However, since Westario saw a large increase in new developments, new development connections were bucketed under a new category called “New Subdivisions” to differentiate from new connections. In addition, the increase in customer demand also led to the capital pole budget being exceeded to accommodate the new developments. There were 41 capital poles installed and

				8 new subdivision connections made in 2018.
System Renewal, Net	3,232	3,220	-0.37%	Minor variance.
System Service, Net	382	437	14.40%	Minor variance. Variance below materiality threshold.
General Plant, Net	585	948	62.05%	The 2018 General Plant spending was higher than expected in 2018 due to an update required for a metering software. When the budget was prepared for the year it wasn't known that the existing software was reaching end of life and would no longer be supported. Additionally, two on-call pick-up trucks were replaced in 2018 and the cost of replacing the other requested vehicles in the year was higher than what had been budgeted resulting in Vehicle Replacement being \$91,000 over budget.
Total Expenditure, Net	4,949	5,914	19.50%	As noted above, overall net variance was mostly driven by System Access and General Plant expenditures.
Capital Contributions	-508	-334	-34.25%	The variance in capital contributions in 2018 was due to the smaller contribution calculated for each system access development.
Total Expenditure, Gross	4,441	6,248	40.69%	The variance in total gross expenditure was primarily driven by increase in System Access and General Plant categories.

System O&M	1,968	1,949	-0.92%	Minor variance. Variance below materiality threshold.
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Table 5.4-4 Updated

Category	2019			Variance Explanations
	Plan.	Act.	Var.	
	\$ '000		%	
System Access, Net	1,005	975	-2.99%	Minor Variance
System Renewal, Net	2,964	3,019	1.86%	Minor variance. System Renewal spending in 2019 was slightly higher than budget due to an increase in higher than expected capital investment replacements of material requirements. Westario saw an increase expenditure due to higher supply chain costs, inflation, and cost of assets.
System Service, Net	67	138	105.97%	System Service spending in 2019 was higher than expected due to an additional PME reverification, and the installation of automated line switch replacement.
General Plant, Net	350	359	2.57%	Minor variance

Total Expenditure, Net	4,045	4,491	11.03%	Overall net variance was driven by increases in System Access, System Renewal and System Service categories.
Capital Contributions	-341	-435	27.57%	The variance in capital contributions in 2019 is due to changes in System Access development.
Total Expenditure, Gross	4,386	4,926	12.31%	As noted above, the variance in overall gross expenditure in 2019 was due to increased expenditure in all categories except General Plant.
System O&M	2,007	2,135	6.39%	Minor variance. Slightly increased O & M costs due to lower than expected material reliability (i.e. supply chain costs , increased labour expenses etc.)

Table 5.4-5 Updated

Category	2020			Variance Explanations
	Plan.	Act.	Var.	
	\$ '000		%	
System Access, Gross	1,012	1,213	19.86%	In 2020, System Access spending increased primarily due to increased investment in capital poles program. An entire street had to be rebuilt and a second circuit was added to back up substation 3 in Southampton. The substation was taken offline for replacement in 2021.
System Renewal, Gross	3,159	2,877	-8.93%	Minor variance. This was mostly due to the deferral of Fiberglass Base Replacement project to allow more time for planning and execution of a pilot project.
System Service, Gross	70	231	230.00%	System Service spending in 2020 was higher than expected due to an increase in of additional residential smart meters, PME reverification required, and the installation of an automated line switch replacement.

General Plant, Gross	590	319	-45.93%	The 2020 General Plant spending was lower than planned due to the delayed purchase of a single bucket truck to 2022.
Total Expenditure, Net	4,490	4,640	3.34%	Minor variance. Overall net variance was driven by increases in all categories except General Plant.
Capital Contributions	-341	-418	22.58%	The variance in capital contributions in 2020 was due to an increase in System Access development.
Total Expenditure, Gross	4,831	5,058	4.70%	Minor variance. Slight increase in total gross expenditure due to increased spending in all categories except General Plant.
System O&M	2,047	2,255	10.16%	Minor variance. Slightly increased O & M costs due to lower than expected material reliability (i.e. COVID-19 related constraints, supply chain costs , increased labour expenses etc.)

Table 5.4-6 Updated

Category	2021			Variance Explanations
	Plan.	Act.	Var.	
	\$ '000		%	
System Access, Net	1,018	1,070	5.11%	System Access spending in 2021 was higher than budget due to a increase in new subdivision developments. Westario had planned for around eight (8) new subdivision connections in 2021, but actually facilitated 13 new subdivision connections.
System Renewal, Net	3,450	3,060	-11.30%	The decrease in spending was a result of the deferral of pilot project planned for the Fiberglass Base Replacement due to not receiving locates in time to complete the project. In addition, due to the complexities with COVID-19 and supply chain issues, a significant

				amount of work had to be deferred across all SR projects.
System Service, Net	70	66	-5.71%	Variance below materiality threshold.
General Plant, Net	95	571	501.05%	General Plant spending in 2021 was higher than expected due to large bucket truck purchase.
Total Expenditure, Net	4,292	4,767	11.07%	The overall net variance was primarily driven by a decrease om spending in System Renewal due to issue with supply chain and COVID-19.
Capital Contributions	-341	-480	40.76%	Minor variance. Variance below materiality threshold.
Total Expenditure, Gross	4,633	5,247	13.25%	The overall variance was primarily driven by an increase in General Plant expenditure.
System O&M	2,088	2,056	-1.55%	Minor variance. Variance below materiality threshold.

Table 5.4-7 Updated

Category	2022			Variance Explanations
	Plan.	Act.	Var.	
	\$ '000		%	

System Access, Net	1,027	2,210	115.19%	The significant increase in System Access spending in 2022 was due to increased investments in capital poles and new subdivision connections. Other projects under this category also saw an increase in expenditure.
System Renewal, Net	3,467	2,535	-26.88%	The decrease in spending in 2022 was to accommodate the increase in System Access spending, whilst implementing investments to maintain reliable supply.
System Service, Net	70	342	388.14%	2022 saw an increase in the volume of metering work, thus increasing the expenditure as well. Additionally, Westario saw an increase in meter reverifications as well.
General Plant, Net	570	750	31.58%	This increase was due to delayed delivery of vehicles from previous years.
Total Expenditure, Gross	5,134	6,376	24.18%	As mentioned above, the variance in total gross expenditure was due to increased spending in all categories except General Plant.
Capital Contributions	-341	-539	58.02%	The variance in capital contributions in 2022 was due to an increase in System Access development.
Total Expenditure, Net	4,793	5,837	21.78%	The overall net variance was due to increased spending in System Access, System Renewal and System Service categories.
System O&M	2,130	2,654	24.61%	Increased O & M costs due to lower than expected material reliability (i.e. high inflation, supply chain costs , increased labour expenses etc.).

(b) For Tables 5.4-3, 5.4-4, 5.4-5, 5.4-6 and 5.4-7 please correct Total Gross, Total Net, Variance % values and Variance explanations accordingly.

WPI Response:

Please see the updated tables in the answer to 2-Staff-18 a).

2-Staff-19 – D2

Ref 1: Distribution System Plan page 86

Preamble:

Table 5.4-8 provides Westario Power's Forecast Gross Expenditures for the 2024-2028 period.

2024-2028 System Access forecast expenditures are \$9.5M compared to the 2018 – 2022 historical amount of \$8.8M. 2024-2028 System Renewal forecast expenditures are

\$26.3M compared to the 2018 – 2022 historical amount of \$13.7M. System Service forecast expenditures are \$1.9M compared to the 2018 – 2022 historical amount of

\$1.2M. General Plant forecast expenditures are \$3.1M compared to the 2018 – 2022 historical amount of \$2.7M. Overall 2024 – 2028 forecast expenditures are \$40.8M compared to the 2018 – 2022 historical amount of \$26.4M, an increase of 54%.

Question(s):

- (a) Please confirm that Westario Power have the internal and external resources in place to perform this increased amount of spend?

WPI Response:

WPI confirms that it has sufficient internal and external resources available for the planned works to be carried out and complete.

- (b) What specific steps is Westario Power taking to secure internal and external resources to perform this increased level of work.

WPI Response:

For large scale projects, WPI runs a competitive RFP process to secure the resources required to deliver these projects. For internal resources, WPI performs analysis each year to determine any additional resources it requires to deliver future work.

2-Staff-20 – D2

Ref 1: Distribution System Plan page 89

Preamble:

Table 5.4-10 provides numbers for System Access expected volume of work over the Forecast Period. Over the 2018-2022 historical period capital contributions totaled

\$2.1M representing approximately 24% of actual spend. Over the 2024 – 2028 forecast period capital contributions total \$4.5M representing approximately 47% of forecast spend.

Question(s):

- (a) Please provide the actual volume of work, per Table 5.4-10 format, for the 2018 – 2022 historical period.

WPI Response:

Please see the updated table below:

Projects	Historical Years					Total
	2018	2019	2020	2021	2022	
Capital Poles	41	18	69	73	61	262
New Subdivision/Developments	8	5	10	13	5	41
New Underground Service Connections & New OH Services	194	213	189	228	187	1,001
Non-demarcation Customers	n/a	n/a	n/a	n/a	n/a	n/a
3-Phase Customers	6	10	8	6	9	39
Service Upgrades	37	56	103	84	82	362

(b) Why has the capital contribution increased from 24% in historical actual spend to 47% in forecast spend?

WPI Response:

WPI has forecasted an increase in capital contribution due to an increase in the expected new developments within its service territory and taking into account increases in inflation and material costs.

2-Staff-21 D2

Ref 1: Distribution System Plan page 91

Preamble:

Table 5.4-12 provides numbers for System Renewal expected volume of work over the Forecast Period.

Question(s):

(a) Please provide the actual volume of work, per Table 5.4-12 format, for the 2018 – 2022 historical period.

WPI Response:

Please see the updated Table below:

	Historical Years					
Projects	2018	2019	2020	2021	2022	Total
Decrepit Pole Replacement	87	81	74	71	60	373
Kincardine Load Balancing	0	0	0	0	0	0
Substation Upgrades	1	1	1	1	1	5
Fiberglass Transformer Base Replacement	0	0	0	0	0	0
Distribution Transformer Replacement	20	27	9	14	10	80
Infrastructure Upgrade	1	0	1	0	1	3
Pole Line Upgrades	0	0	0	0	0	0

2-Staff-22 D2

Ref 1: Distribution System Plan page 93

Preamble:

Table 5.4-14 provides numbers for System Service expected volume of work over the Forecast Period.

Question(s):

- (a) Please provide the actual volume of work, per Table 5.4-14 format, for the 2018 – 2022 historical period.

WPI Response:

Please see the updated Table below:

Projects	Historical Years					Total
	2018	2019	2020	2021	2022	
Metering (3-Phase Customer Connections)	6	10	8	6	9	39
Residential Meter Purchases	570	572	564	512	425	2,643
Automated Distribution Switches	0	4	3	0	36	43

2-Staff-23 – D2

Ref 1: Distribution System Plan page 95

Preamble:

Table 5.4-15 provides forecast Gross General Plant Expenditures by category. Table 5.4-16 provides numbers for vehicle replacement volume of work over Forecast Period

Question(s):

- (a) Please provide the actual category expenditures, per Table 5.4-15 format, for the 2018 – 2022 historical period.

WPI Response:

Please see the updated Table below:

Category	Historical					Total
	2018	2019	2020	2021	2022	(\$ '000)
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
<i>Vehicle Replacement</i>	541	12	112	371	491	1,527
<i>Technology</i>	117	16	0	30	3	166
<i>Tools & Equipment</i>	16	173	0	76	32	295
<i>Facilities Enhancements</i>	58	17	161	21	0	257
<i>Office Furniture and Equipment</i>	20	10	0	32	0	62
<i>Communication Equipment</i>	19	0	0	0	0	19
Total Expenditure	770	228	273	530	525	2327

(b) Please provide the actual number of vehicles obtained/replaced, per Table 5.4-16 format, for the 2018-2022 historical period.

WPI Response:

Please see the updated Table below:

Previous Years							
Projects	2018	2019	2020	2021	2022		Total
<i>Vehicle Replacement Program</i>							
Single Bucket		1		1	1		3
Double Bucket							
Dump Truck	1						1
Digger Truck							
Pick Up 4x4	3			1	1		5
Job Trailer							
Pole Trailer							
Van	1						1

2-Staff-24 - D2

Ref 1: Distribution System Plan page 102

Preamble:

Table 5.4-17 indicates an average O&M cost of \$2.72M per year over the forecast period. This is 23% higher than the yearly average of \$2.21M over the 2018 – 2022 historic period. Westario Power's average annual System Renewal capital expenditure over the forecast period is \$5.3M compared to \$2.7M average annual System Renewal capital spend over the 2018 – 2022 period.

Question(s):

- (a) Please explain the substantial increase in forecast O&M over historical O&M spend considering the forecast focus on System Renewal spending.

WPI Response:

WPI has forecasted an increase on average of 2.5% to O&M year over year for the forecast period. This is to account for inflation increases.

2-Staff-25 – D2

Ref 1: Material Investment Narrative - SR-06- Infrastructure Upgrade

Preamble:

Westario Power states that the Infrastructure Upgrade program involves the proactive replacement of overhead and underground infrastructure. Projects can include:

- Replacement of inaccessible rear lot infrastructure with standard front lot overhead or underground supply.
- Replacement of obsolete and end of life rear lot infrastructure with standardized assets.
- Specific, one-off projects to replacement of overhead or underground infrastructure in a street or location that are at risk of failure and have reached end of life, and/or are obsolete assets.

Question(s):

- (a) What are the specific projects that are planned for each of the 2024 – 2028 forecast years?

WPI Response:

In the town of Kincardine, WPI is planning to replace a 50-year-old, end of life 5kv UG cable, associated end of life transformers, and decrepit fiberglass vaults. They will be replaced with new 15kV cable, new transformers and cement vaults with improved grounding. In addition, WPI has identified areas that have decrepit rear-lot poles and pole lines that are in need of replacement and will be upgrade to more standardized equipment. Some of the existing decrepit pole lines will also be relocated to be more accessible.

2-Staff-26– D2

Ref 1: Material Investment Narrative - SS-02- Meters

Preamble:

The SS-02 Metering program includes annual expenditures related to the supply and installation of revenue meters that are installed at each customer service point for retail settlement and billing purposes for all customers connected to Westario Power's distribution system.

Question(s):

- (a) Why has this program been placed in the System Service Investment Category instead of the System Access Investment Category as per OEB Chapter 5 requirements?

WPI Response:

WPI has historically always categorized this as a System Service Investment, and therefore for continuity has carried it on in this OEB category.

- (b) Over what years were the smart meters first installed in Westario Power?

WPI Response:

2009

- (c) What is the expected life of smart meters?

WPI Response:

The typical useful life is 10 years, before recertification is required.

(d) What is Westario Power experiencing in terms of smart meter failure rates and/or issues with resealing meters?

WPI Response:

WPI experiences a low rate of meter failures annually.

2-Staff-27 D2

Ref 1: Material Investment Narrative - GP-02 – Fleet Replacement

Preamble:

Westario Power states that it is planning to replace multiple fleet vehicles that will be at the end of their useful life and in poor condition over the forecast period. Westario Power has provided a fleet listing of their vehicles. Vehicles #52 and #62 are being replaced in the 2024 test year.

Question(s):

(a) Which specific vehicles are being replaced in the 2023 bridge year?

WPI Response:

WPI replaced the following vehicles in 2023:

- Single bucket truck,
- Double bucket truck,
- Pick-up truck, and,
- a pole trailer.

(b) Which specific vehicles are being replaced in the 2025 – 2028 forecast years?

WPI Response:

The following vehicles will be replaced in 2025-2028, as illustrated in Exhibit 2: Appendix A – Material Narratives – GP-02 – Fleet Replacement

Description	Forecast Replacement				
	2025	2026	2027	2028	Total
Single Bucket					2
Double Bucket		1			2
Dump Truck					1
Digger Truck	1				1
Pick Up 4x4	1	2		3	7
Job Trailer	1				1
Pole Trailer			1		2
Van		1			1

(c) Did the 2021 and 2022 maintenance costs for vehicles #52 and #62 provide any useful life extension beyond 2024?

WPI Response:

For vehicle #52, there was a minor extension of useful life, however it required more substantial work due to the identification of rust in 2023. For vehicle #62 there was no added useful life, just the maintaining of its typical useful life.

2-Staff-28 – D2

Ref 1: Chapter 2 Filing Requirements for Cost of Service

Ref 2: Exhibit 2 / page 19

Ref 3: WPI_2024 Chapter 2 Appendices_20240106.xls, tab 2BB

Preamble:

Distributors are required to provide explanations for any useful lives of an asset that are proposed that are not within the ranges contained in the Kinectrics Report.

Question(s):

- a) Please confirm whether any useful lives of an asset are not within the ranges contained in the Kinectrics Report. If there are any, please explain why and provide the details of these assets.

WPI Response:

All useful lives used by WPI are within the ranges contained within the Kinectrics Report.

2-Staff-29 D2

Ref 1: Exhibit 2 / Material Investment Narrative Projects / Program: GP- 01 – Technology

Preamble:

In Reference 1, Westario Power states that:

Westario Power is not proposing any innovative solutions in delivering this program at this time. Westario Power will continue to assess any new innovations as they arise.

Question(s):

- a) Please confirm that the current system/software (for example, the customer information system) are on-premise solutions, rather than cloud-based solutions.

WPI Response:

Westario Power's CIS/ERP system is in fact hosted in our partners virtual private cloud (VPC) however, not as a software-as-a-service cloud model. The remaining operating systems are currently hosted locally on our servers. Other electronic documents are cloud based.

- b) Please explain why Westario Power is not proposing any innovative solutions in this application.

WPI Response:

WPI operates with our partners on any future developments of our current systems to ensure the cost-efficient way for our customers.

- c) Please explain if Westario Power has evaluated the cloud-based solutions in the test year. If not, why not.

WPI Response:

WPI had not discussed cloud-based solutions in the test year. Presently, based on the current state of its assets, WPI will be determining whether to repair; replace; or find an alternate solution (i.e. virtual servers) to one of their now defunct on-premise servers. WPI's will explore cloud-based versus on-premise solutions to restore redundancy to our current environment. Total cost of implementation along with ongoing maintenance, will be measured against gains in security, disaster recovery, and high-availability enhancements to establish a path forward.

2.0-VECC -5 – D2

Reference: Exhibit 2, EB-2017-0084 Exhibit 2, 2.5.2 WPI DSP 2013-2022

The following tables were provided as part of the previous WSP DSP:

Table #51: Substation upgrades over the forecast period

	2018	2019	2020	2021	2022	Total
Substation Upgrades	1,310,000	1,200,000	1,200,000	1,270,000	1,270,000	6,250,000

Table #52: Decrepit Pole Replacements over the forecast period

	2018	2019	2020	2021	2022	Total
Decrepit Pole Replacement	780,146	789,866	799,586	1,153,628	1,167,236	4,690,463

Table #53: Fiberglass Transformer Base Replacements over the forecast period

	2018	2019	2020	2021	2022	Total
Fiberglass Transformer Base Replacement	-	-	690,804	698,101	700,045	2,088,950

Table #54: Vehicle replacement over the forecast period

	2018	2019	2020	2021	2022	Total
Vehicle Replacement	500,000	160,000	465,000	55,000	530,000	1,710,000

Table #55: Capital Poles over the forecast period

	2018	2019	2020	2021	2022	Total
Capital Poles	306,742	325,481	328,883	332,285	335,687	1,629,078

Table #56: Distribution Transformer Replacements over the forecast period

	2018	2019	2020	2021	2022	Total
Distribution Transformer Replacement	307,305	317,023	322,691	327,790	329,645	1,604,454

Table #58: Poletran conversions over the forecast period

	2018	2019	2020	2021	2022	Total
Poletran Conversion	463,286	384,553	-	-	-	847,839

Table #59: #6 Copper Replacement over the forecast period

	2018	2019	2020	2021	2022	Total
#6 Copper Replacements	370,772	272,120	145,598	-	-	788,490

Table #61: SCADA over the forecast period

	2018	2019	2020	2021	2022	Total
SCADA	282,000	36,750	39,690	39,690	39,690	437,820

Table #63: Facilities Enhancements over the forecast period

	2018	2019	2020	2021	2022	Total
Facilities Enhancements	35,000	95,000	40,000	-	-	170,000

Table #64: Tools and Equipment over the forecast period

	2018	2019	2020	2021	2022	Total
Tools & Equipment	35,000	35,000	35,000	35,000	30,000	165,000

Table #65: Meter investments over the forecast period

	2018	2019	2020	2021	2022	Total
Primary Meter Upgrades	30,000	30,000	30,000	30,000	30,000	150,000

Table #66: Office Furniture and Equipment over the forecast period

	2018	2019	2020	2021	2022	Total
Office Furniture & Equipment	35,000	30,000	15,000	10,000	10,000	100,000

Table #67: Technology over the forecast period

	2018	2019	2020	2021	2022	Total
Technology	30,000	30,000	35,000	-	-	95,000

Table #68: Cyme and GIS Integration over the forecast period

	2018	2019	2020	2021	2022	Total
Cyme and GIS integration	70,000	-	-	-	-	70,000

- a) Please provide the total amount expended in each of the above categories by year end 2022 (i.e., by completion of the last DSP).

WPI Response

The following tables have been updated with 2018-2023 actuals and the forecast 2024 bridge year costs.

Table #51: Substation upgrades

	2018	2019	2020	2021	2022	2023	2024
Substation Upgrades	1,350,783	1,025,882	1,063,358	856,613	1,052,559	1,928,976	1,294,515

Table #52: Decrepit Pole Replacements

	2018	2019	2020	2021	2022	2023	2024
Decrepit Pole Replacement	674,069	920,915	1,086,293	2,045,865	998,984	1,164,482	1,652,855

Table #53: Fiberglass Transformer Base Replacements

	2018	2019	2020	2021	2022	2023	2024
Fiberglass Transformer Base Replacement	0	0	0	0	0	277,308	230,321

Table #54: Vehicle replacement

	2018	2019	2020	2021	2022	2023	2024
Vehicle Replacement	541,413	11,688	112,200	371,220	490,809	506,755	250,000

Table #55: Capital Poles

	2018	2019	2020	2021	2022	2023	2024
Capital Poles	620,437	460,555	863,087	726,784	1,582,977	516,001	810,423

Table #56: Distribution Transformer Replacements

	2018	2019	2020	2021	2022	2023	2024
Distribution Transformer Replacement	174,253	279,728	160,608	118,616	63,179	78,770	242,719

Table #58: Poletran conversions

	2018	2019	2020	2021	2022	2023	2024
Poletran Conversion	587,918	582,181	0	0	0	0	0

Table #59: #6 Copper Replacement over the forecast period

	2018	2019	2020	2021	2022	2023	2024
#6 Copper Replacements	345,036	187,665	134,540	0	0	0	0

Table #61: SCADA

	2018	2019	2020	2021	2022	2023	2024
SCADA	212,572	364	0	0	0	0	0

Table #63: Facilities Enhancements

	2018	2019	2020	2021	2022	2023	2024
Facilities Enhancements	57,682	17,320	161,261	21,136	0	172,435	20,000

Table #64: Tools and Equipment

	2018	2019	2020	2021	2022	2023	2024
Tools & Equipment	15,694	172,600	0	75,571	31,588	52,610	61,000

Table #65: Meter investments

	2018	2019	2020	2021	2022	2023	2024
Primary Meter Upgrades	224,096	112,537	224,140	65,932	109,156	99,996	310,494

Table #66: Office Furniture and Equipment

	2018	2019	2020	2021	2022	2023	2024
Office Furniture & Equipment	19,649	10,123	0	31,769	0	9,523	15,000

Table #67: Technology

	2018	2019	2020	2021	2022	2023	2024
Technology	117,083	16,145	0	30,311	2,875	125,654	144,196

Table #68: Cyme and GIS Integration

	2018	2019	2020	2021	2022	2023	2024
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Cyme and GIS integration	0	0	0	0	71,778	0	0
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- b) Please provide the expenditures on each of these above categories in 2023 and, separately, in 2024.

WPI Response

Please see response to 2.0-VECC –5 a).

2.0-VECC - D2

Reference: Exhibit 2, Appendix 2AA

- a) Why was there no vehicle replacement in 2019 whereas in every other year there is a significant amount allocated for vehicle replacement?

WPI Response

Whilst WPI had put in orders for new vehicles in 2019, the actual delivery of the vehicles did not occur until the following year. This meant the actual expenditures were not incurred in 2019.

2.0-VECC - D2

Reference: Exhibit 2, Appendix 2AB

- a) WPI's annual average approved DSP spending for the period 2018 to 2022 for the categories of System Renewal, System Service and General Plant was \$3,824,000. Actual annual spending in those categories over the same DSP period was \$3,551,000, or a difference of \$273,000 per year. Why did WPI spend less on capital investments than intended by the previous DSP?

WPI Response

WPI's enhanced Distribution System Plan (DSP) and annual expenditures are on the rise, reflecting a commitment to bolster system reliability and align with recent industry advancements. The year-over-year increase in overall capital expenditure contrasts with the averages, which were impacted by the challenges posed during the COVID-19 years.

2.0-VECC -8 D2

Reference: Exhibit 2, Appendix 2A, 2024-2028 DSP

“Westario upgraded its Geographic Information System (GIS) in 2021, since the previous version was no longer supported, offered no operability with other systems and had no real prospect of being the technology platform needed moving forward.”

- a) In prior DSP WPI forecast spending on GIS integration in 2018 (see Table 68 in interrogatory #5 above). Was this investment made prior to the upgrading of the GIS system and if so, what value did it provide?

WPI Response

WPI's originally forecasted spend on GIS integration did not occur until 2022.

2.0-VECC -9 D2

Reference: Exhibit 2, Appendix 2A, 2024-2028 DSP, page 55

- a) Figure 5.3-4 shows the overall asset condition assessment results of major asset categories. What is WPI's health index target for each asset class by the completion of the current DSP?

WPI Response

WPI aims to maintain a similar pattern of HI across each asset class. This will help support WPI and customers' preferences for maintaining reliability levels.

- b) Specifically what portion of assets does it expect to be in poor, very poor or no health index availability (combined if necessary) for each asset class after the completion of the five-year plan?

WPI Response

WPI performs ACA and incorporates into the forecasting based on the index outlined below.

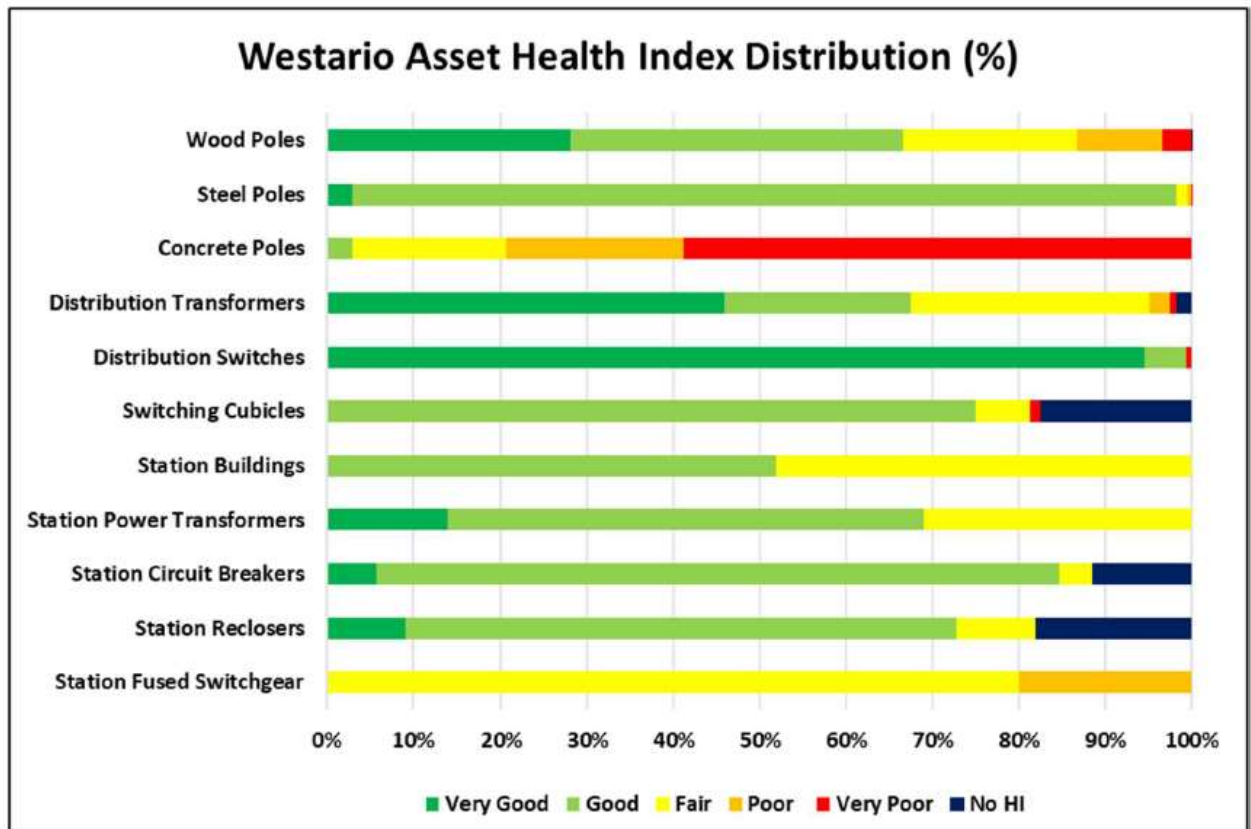


Figure 5.3-3: Overall Asset Condition Assessment Results

2.0-VECC -10 – D2

Reference: Exhibit 2, Appendix 2A, 2024-2028 DSP, page 70

“Historically, Westario has not practiced refurbishing overhead transformers, nor do they generally require any maintenance. Westario has generally replaced pole mount transformers only upon failure unless the device is supplying critical loads or when carried out with the replacement of an old and deteriorated pole. However, faced with an aging population of overhead transformers with a worsening condition, Westario will require increased capital investments in its transformer replacement.”

- a) Is WPI changing its “run-to-failure” policy for overhead transformers as part of this DSP? If yes, please provide the annual incremental capital cost of this policy change and the associated reduction in maintenance costs with the greater number of asset replacements.

WPI Response

WPI's has not changed its policy. WPI will proactively replace the associated OH transformers at the same time if they have been identified as at end of or approaching end of life.

2.0-VECC -11 – D2

Reference: Exhibit 2, Appendix 2A, 2024-2028 DSP, page 76

“The only major change since the last DSP filing is that Westario has moved from urban to rural classification.”

- a) What relevance (change) does the noted change make to WPI’s current DSP as compared to the prior plan?

WPI Response

There is no major impact on its current DSP, other than the official change in classification. The main impact to WPI’s operation is that due to the distance between service areas (over 100km), it can take longer than 1 hour for response times from dispatch due to these large distances.

2.0-VECC -12 – D2

Reference: Exhibit 2, Appendix 2A, 2024-2028 DSP

- a) In categories of System Renewal, System Service and General Plant WPI’s 2024-2028 DSP contemplates spending of on average \$6,264,000. This compares to the last DSP forecast spending in these categories of \$3,824,000 and actual spending of \$3,551,000. What adjustments would WPI need to make if it capped investments in these three areas to a total of \$5million (as compared to the current \$6.3 million).

WPI Response

WPI has put together a plan that reflects an optimized investment strategy to continue to maintain reliability, keep the network safe whilst keeping rate impacts within acceptable boundaries. Any reduction in WPI’s forecast expenditure will have a determinantal impact on WPI’s ability to meet the needs of its customers.

2.0-VECC -13 – D2

Reference: Exhibit 2, Appendix 2A, DSP Material Investment SR-04, pg. 197

Table 3: Comparative Historical Number of Poles Replaced

	2018	2019	2020	2021	2022
Number of Poles Replaced	87	81	74	71	60

Table 1: Forecast Volume of Poles to be Replaced

Bridge Year	Forecast Years					
2023	2024	2025	2026	2027	2028	Total
89	110	115	120	120	120	674

	Historical Costs (\$ '000)					Future Costs (\$ '000)					
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Capital (Gross)	674	921	885	783	999	1,351	1,653	1,722	1,766	1,801	1,837
Contributions	(0)	(33)	(9)	0	(7)	0	0	0	0	0	0
Capital (Net)	674	888	876	783	992	1,351	1,653	1,722	1,766	1,801	1,837

- a) What accounts for the significant increase in the per pole costs beginning in 2022?

WPI Response

Similar to what other utilities and industries have experienced, WPI has experienced significant increase in material, labour costs and contracted services. This has been a combination of supply chain issues, and Covid-19 impacts.

2.0-VECC -14 – D2

Reference: Exhibit 2, Asset Management Plan

The following table was provided in the previous DSP:

Table 1-1 Summary of Asset Conditions/ Health Indices

Asset Group	Asset Condition					Total Population	EOL within 10 years Units (%)
	Very Good	Good	Fair	Poor	Very Poor		
Distribution Station Transformers	3	12	11	1	4	31	5 (16.1%)
Circuit Breakers	2	0	2	45	0	49	45 (92%)
Reclosers	12	0	0	4	0	16	4 (25%)
Switchgear Assemblies	0	0	0	0	9	9	9 (100%)
Network Protectors	N/A						
Distribution Poles	3941	519	734	348	4322	9864**	5404 (55%)
Distribution Pole mount Transformers	678	81	187	212	609	1767	1008 (57%)
Distribution Pad mount Transformers	634	23	198	56	68	979	322 (33%)
Switches – 3 Phase Load Break	No Analysis Available						
Switches – 3 Phase Air Break	No Analysis Available						
Switches – 1 Phase Air Break	No Analysis Available						
U/G Primary Cables	4.2km	12.45km	7.35km	0km	25.1km	49.1km	32.45km (66%)

** Indicates values not consistent with database totals of 9864 poles total.

This discrepancy is expected to be clarified upon completion of the GIS data collection and verification process. Appendix A contains more information on the health indices.

a) Please update this table to show the most current Asset Management Plan data.

WPI Response

Please see below for the updated table based on the 2022 ACA results.

Asset Group	Asset Condition						Total Population	EOL within 10 years Units (%)
	Very Good	Good	Fair	Poor	Very Poor	No HI		
Station Transformers	4	16	9	0	0	0	29	9 (31%)
Circuit Breakers	3	41	2	0	0	6	52	2 (4%)
Reclosers	3	21	3	0	0	6	33	3 (9%)
Fused Switchgear	0	0	12	3	0	0	15	15 (100%)
Switching Cubicles	0	60	5	0	1	14	80	6 (7.5%)
Station Buildings	0	14	13	0	0	0	27	13 (48%)
Distribution Wood Poles	1862	2557	1332	655	228	4	6638	2215 (33%)
Distribution Steel Poles	45	1426	21	6	1	0	1499	28 (2%)
Distribution Concrete Poles	0	1	6	7	20	0	34	33 (97%)
Distribution Transformers	1466	692	879	77	25	57	3196	981 (31%)
Distribution Switches	274	14	0	0	2	0	290	2 (0.7%)

2.0-VECC -15 – D2

Reference: Exhibit 2, DSP, Material Investment SR-07

- a) Do any of the pole line upgrades in the project SR-07 include the replacement of poles?

WPI Response

Yes, where poles have been identified as in poor or very poor condition, or do not meet the replacement standards required, WPI will replace the poles at the same time.

- b) Please explain why this program was not implemented prior to 2024?

WPI Response

Historically, WPI has carried out these types of projects as part of other capital investment programs. WPI has decided for the forecast period to break these projects out into a separate reporting category.

2.0-VECC -16 – D2

Reference: Exhibit 2, DSP, Material Investment SR-02

- a) What accounts for the large increase in substation upgrades in 2023 as compared to either 2022 or 2024?

WPI Response

WPI expenditure in 2023 was higher due to expenditure from 2022 project carrying over into 2023 due to delays in delivery of assets to WPI. In addition, the quotes that WPI received for its 2023 investments came out higher than 2022 and 2024, which contributed to the increase in actual expenditure.

- b) Please provide the actual 2023 capital spending in the SR-02 program in 2023.

WPI Response

The actual 2023 capital spending in the SR-02 program was \$1,928,976.

2.0-VECC -17– D2

Reference: Exhibit 2, DSP, Material Investment SR-06

- a) What accounts for the large increase in Infrastructure Upgrades in 2023 as compared to the year before and after?

WPI Response

Ottawa Street, Southampton & David Winkler, Neustadt pole inline rebuilds. Project started in late 2022 but was completed in 2023.

- b) Please provide the actual 2023 capital spending on the SR-06 program in 2023.

WPI Response

The actual 2023 capital spending on the SR-06 program was \$1,039,683.

2.0-VECC -18 D2

Reference: Exhibit 2

- a) Please describe the method for estimating capital contributions for the test year and the other years of the DSP.

WPI Response

Where possible, capital contributions towards the costs of these projects are collected by Westario in accordance with the DSP and the provisions of its COS. Westario's contributed capital into these projects represents costs incurred to provide material to developers and labour to install poles and associated equipment.

2.0-VECC -19 – D2

Reference: Exhibit 2, Appendix 2AA

- a) Please update Appendix 2AA to include 2023 actual (unaudited if necessary) results.

WPI Response

Updated to actual unaudited internal WPI's financials.

2-SEC-8 D2

[Ex. 2, DSP Appendices] Westario's DSP refers to the following Appendices:

- Appendix A – Material Investment Narratives
- Appendix B - UtilityPULSE Electric Utility Customer Survey
- Appendix C -2017 RIP
- Appendix D - 2019 Needs Assessment and the 2022 Regional Infrastructure Planning reports
- Appendix E – Asset Condition Assessment Report
- Appendix F - Kincardine System Study
- Appendix G - Asset Management Plan

Appendices B, C, D E and F do not appear to be included. (Note page 45 of the DSP refers to the Asset Condition Assessment being found in Appendix G of the Asset Management Plan, however it is also not there.) Please provide copies of these Appendices on the record.

[WPI Response: All appendices have been filed as part of these responses.](#)

2-SEC-9 – D2

[Ex. 2, Appendix 2-AB] Please provide year end actuals for 2023 net capital expenditures as shown in Appendix 2-AB, and an updated forecast for 2024 as required.

[WPI Response: Please see WPI's response to 2-Staff-7](#)

2-SEC-10 – D2

[Ex. 2, Appendices 2-AA Updated, 2-AB & 2-BA]

- a. Appendix 2-BA shows an ending balance for Work in Progress (WIP) in 2023 of \$1,669,167 and an opening balance in 2024 of \$0. Please provide the details of what assets and costs make up the \$1,669,167.

WPI Response:

Appendix 2-BA has been updated and shows an ending balance for Work in Progress (WIP) in 2023 of \$1,363,207, and an opening balance in 2024 of \$zero Please see below the details of what assets and costs make up the \$1,363,207.

WIP at the end of 2023 consists of the following project categories.

Oth-03	\$24,427
SA-01	\$48,103
SA-03	\$6,041
SA-05	\$7,373
SA-06	\$7,283
SR-02	<u>\$1,269,981</u>
	\$1,363,207

And relates to the following assets.

1820	\$1,265,234
1830	\$40,181
1835	\$33,283
1840	\$300
1845	\$4,123
1850	\$6,064
1855	\$2,141
1860	<u>\$11,881</u>
	\$1,363,207

- b. When are these assets being put into service?

WPI Response:

In service in the beginning of 2024. Totals shown in Appendix 2-AA reconcile with those shown in Appendix 2-AB.

- c. Please reconcile the totals shown in Appendix 2-AA with those shown in Appendix 2-AB.

WPI Response:

All Assets are assumed “in-service”.

d. Please file Appendix 2-AB on an In-service Assets basis.

WPI Response:
Updated.

2-SEC-11 D2

[Ex. 2, Table 1, Table 18, Appendices 2-BA & 2-C]

a. Table 1 shows the average accumulated depreciation for 2024 to be \$18,547,003, while Appendix 2-BA shows $(\$17,342,435 + 19,988,471)/2 = \$18,665,453$. Please explain the discrepancy and adjust as necessary.

WPI Response: This was an error in the original application. The continuity schedules have been updated.

b. The total depreciation expense for 2024 of \$2,409,135 shown in Table 18 and Appendix 2-C does not equal that shown in Appendix 2-BA, \$2,646,036. Please explain.

WPI Response: See response above

2-SEC-12 – D2

[Ex. 2, DSP, Table 5.2-10 & 5.2-13]

- a. Defective Equipment is the top contributor to outages, and Switch Cutout Arrestors and Connections have the highest number of occurrences of equipment failure. Under what assets or programs are the failure of Switch Cutout Arrestors and Connections addressed?

WPI Response:

WPI does not have a current proactive replacement program or a pro-active replacement strategy. However, when WPI is replacing a pole or distribution transformer, then it upgrades the porcelain switches and arrestors with polymer switches.

- b. What is the forecast on reliability if the failures of these two pieces of equipment are addressed?

WPI Response:

WPI would expect to see a slight improvement. However, no quantified analysis has been performed to determine what the potential improvements would be.

2-SEC-13 – D2

[Ex. 2, Appendix 2-AB, DSP, Material Investment Narrative Investment Category: SA-01 - Capital Poles] For 2018-2022 actuals, Westario has under forecasted contributed capital by 22%.

- a. How does Westario determine the forecast amount for contributed capital?

WPI Response:

WPI took its historical forecast costs and increased those costs with inflation to determine an estimate for the contribution.

- b. Westario states “Economic evaluations for the capital poles program expected in the 2024 Test Year are not available at the time of writing since the project details including scope, budget and schedule are still under development. Economic evaluations will be completed closer to project execution once the project details are finalized.” Have the economic evaluations for 2024 been completed? If so, please update the forecast or if not, how has Westario determined the amount of contributed capital for the poles program?

WPI Response:

WPI has not yet completed the economic evaluations for 2024. It is currently in the process of doing these and will have these finalized later in 2024, once developers have signed the contracts.

2-SEC-14 – D2

[Ex. 2, Appendix 2-AB, DSP, p. 29 and Table 5.2-6] Westario states that its targets for SAIDI and SAIFI are based on the average performance over the 2013-2017 period, i.e. 2.37 for SAIDI and 0.62 for SAIFI. Please explain why Westario does not use the most recent five-year averages of 1.39 for SAIDI and 0.50 for SAIFI as its targets.

WPI Response:

WPI, as part of its last cost of service, was set the five-year (2013-2017) target for SAIDI and SAIFI by the OEB. For this forecast period, WPI will be using a rolling –year average as its target.

2-SEC-15 D2

[Ex. 2, p. 19, Table 11, Appendix 2-D] Please complete Appendix 2-D or explain why it does not apply to Westario.

WPI Response: Unfortunately, WPI has not kept track of the overhead capitalization details over the past years therefore this information is not currently available. WPI commits to integrating this table into its process and commits to having this information going forward

Exhibit 3 – Operating Revenue

3-Staff-30 D2

Customer Forecast

Ref 1: Exhibit 3, page 19

Preamble:

Westario Power has used historical customer/connection usage from 2013 to 2022 to forecast future usage.

Question(s):

- a) Please provide customer numbers for all rate classes for the most recent historical months available for 2023.

WPI Response: The Load Forecast

Wholesale LF	2022	2023
January	47,203,417	42,799,821
February	41,797,637	39,595,646
March	42,551,682	41,610,301
April	36,094,613	34,901,326
May	34,287,485	34,262,408
June	34,727,204	34,904,261
July	36,965,340	39,461,215
August	38,942,956	36,652,884
September	34,315,274	34,231,432
October	34,341,915	35,576,444
November	37,142,391	38,387,670
December	42,267,056	40,141,486
Total	460,636,970	452,524,892

Retail LF	2022	2023
Residential		
KWhs	198,504,570	190,594,088
Cust Count	21,510	21,706
GS < 50 kW		
KWhs	73,619,513	71,447,671
Cust Count	2,654	2,693
GS > 50 to 4999 kW		
KWhs	170,442,715	173,490,295
kW	422,433	442,706
Cust Count	171	177
USL		
KWhs	222,219	222,219

kW		
Cust Count	49	49
Sentinel		
KWhs	7,576	7,575
kW	16	21
Cust Count	8	9
Street Lighting		
KWhs	2,315,417	2,293,044
kW	6,232	5,671
Cust Count	6,283	6,283
Total		
KWhs	445,112,010	438,054,892
kW	428,682	448,398
Cust Count	24,335	24,577
Connection Count	6,340	6,341

b) Please provide a scenario using historical actual data for 2023 for the customer forecast for each rate class where available.

WPI Response: WPI has rerun the Load Forecast using the 2023 data and proposes to use the results in its rates and its derivatives.

3-Staff-31 D2

Energy Forecast

Ref 1: Exhibit 3, page 6

Preamble:

Westario Power has used 2013-2022 as historic years in preparing its forecast.

Question(s):

- a) Please provide historic actual 2023 monthly consumption.

WPI Response: Please see the response to 3-Staff 30 above. WPI has rerun the Load Forecast using the 2023 data and proposes to use the results in its rates and its derivatives.

- b) Please prepare an updated forecast using actual 2023 historic input data. If this cannot be done, please explain why and provide as much of the input data as possible.

WPI Response: Please see the response to a) above and the Load Forecast model filed with these responses.

3-Staff-32 D2

COVID-19

Ref 1: Exhibit 3, page 7

Preamble:

Westario Power states:

“The utility found that the first pandemic-related shutdowns in 2020 had a slight impact on the overall load but not enough to warrant any adjustments to the regression calculations.”

Question(s):

- a) Did Westario Power undertake any analysis to test the impact of COVID-19 on the load forecast (e.g., including a Covid variable in the regression model)? If so, please provide the results. If not, please explain why not.

WPI Response: As explained at section 3.1.3.1, WPI analyzed the wholesale during the shutdown months and ultimately decided not to use a COVID-19 flag. Moreover, the utility believes that the effects of Covid are less relevant now that 2 years at normal levels have passed (2022-2023)

- b) Please indicate how COVID-19 impacted the rate classes differently, and how this influenced the proposed rate class energy forecasts.

WPI Response: See response above.

3-Staff-33 – D2

Electric Vehicles

Ref 1: Exhibit 3, page 3

Preamble:

Westario Power provided a load forecast in Exhibit 3. In Table 2 at reference 1, Electric Vehicles (EVs) were not a factor that impacted load growth.

Question(s):

- a) How has EV penetration been factored into load growth expectation over the forecast period?

WPI Response:

There has been slow uptake in Electric Vehicle ownership in our service territory. Only fifteen (15) customers have switched to Ultra-Low Rates. Westario serves a large rural area with limited EV charging capabilities.

- b) Has Wasaga Distribution considered the impact of Distributed Energy Resources or other emerging technologies on its load forecast? Please explain your response.

WPI Response:

At the time of submission there were no DER projects or applications in the works. WPI reached out to companies, contractors and third parties who possibly may be interested in or could build DERs requesting any information or plans for future developments regarding DERs. At the time of filing there were no parties with plans for future DERs.

Equation Parameters						95% Confidence/Autocorrelation			
R Squared	0.9059	90.18% of the change in WS can be explained by the change in the 5 independent variables to +/- on result of Regression Equation Therefore analysis IS Significant				1.262	Durbin-Watson Statistic		
Adjusted R Squared	0.9018					1.63 - 1.77	Positive autocorrelation detected		
Standard Error	1370758.2500					2.290	Critical F-Statistic - 95% Confidence		
F - Statistic	219.5463					89.62%	Confidence to which analysis holds		
Multiple Regression Equation					Independent Analysis		Auto Correlation	Multicoll	
	Coefficients	Standard Error	t Stat	p Value	R Squared	Coefficient	Intercept	DI=1.69 Du=1.72 DW-Stat	Adjusted R-Squared against other Indep
Intercept	-4,288,518.630	7,325,843.560	-0.585	55.94%					
HDD	19,196.270	1,086.575	17.667	0.00%	68.23%	13880.46	33325674.00	0.35	79.58%
CDD	39,094.918	4,884.281	8.004	0.00%	7.52%	-22639.76	38321924.00	0.69	75.61%
NoD in Month	675,923.670	155,866.470	4.337	0.00%	0.02%	65761.20	35546448.00	2.94	6.20%
Spring Fall	-1,112,714.230	405,497.184	-2.744	0.71%	47.51%	-6004844.33	40549652.00	1.34	60.58%
CustCount	625.752	233.423	2.681	0.84%	0.10%	257.08	31528142.00	0.41	-2.74%

As filed but using Wiarton instead of Toronto

? Equation Parameters						? 95% Confidence/Autocorrelation			?	
R Squared	0.8892	88.44% of the change in WS can be explained by the change in the 5 independent variables to +/- on result of Regression Equation Therefore analysis IS Significant				1.297	Durbin-Watson Statistic			
Adjusted R Squared	0.8844					1.63 - 1.77	Positive autocorrelation detected			
Standard Error	1487261.2500					2.290	Critical F-Statistic - 95% Confidence			
F - Statistic	183.0655					89.62%	Confidence to which analysis holds			
? Multiple Regression Equation					? Independent Analysis			? Auto Correlation	? Multicollinearity	
	Coefficients	Standard Error	t Stat	p Value	R Squared	Coefficient	Intercept	DI=1.69 Du=1.72 DW-Stat	Adjusted R-Squared against other Indep	Variables With RSQ at > 90%
Intercept	-5,088,463.847	7,972,650.851	-0.638	52.46%						
HDD	16,828.862	1,000.041	16.828	0.00%	65.04%	13229.28	32884384.00	0.34	72.95%	
CDD	77,332.485	11,119.450	6.955	0.00%	5.60%	-46986.46	38164632.00	0.91	67.93%	
NoD in Month	709,233.974	169,811.758	4.177	0.01%	0.02%	65761.20	35546448.00	2.94	6.97%	
Spring Fall	-1,891,822.069	393,656.484	-4.806	0.00%	47.51%	-6004844.33	40549652.00	1.34	50.77%	
CustCount	643.023	252.926	2.542	1.24%	0.10%	257.08	31528142.00	0.41	-3.02%	

3.0-VECC -21 D2

Reference: Exhibit 3, page 6

Preamble: The Application states:

“WPI purchases electricity from the IESO and embedded generation (MicroFIT).”

However, on the same page the Application states:

“WPI purchases electricity from Hydro One and embedded generation (MicroFIT).”

- a) Please clarify whether WPI purchases electricity from the IESO or Hydro One or both.

WPI Response:

WPI has some delivery points that are embedded within Hydro One points and therefore some of our feeders go through Hydro One substations while others points are fed directly from the IESO metering points. Westario purchases electricity directly from the IESO however, this occurs after the IESO settles with Hydro One for our embedded delivery points and our consumption is agreed by those parties before being passed to WPI.

3.0-VECC -22 D2

Reference: Exhibit 3, pages 6-7

- a) The data presented in Tables 3, 4 and 5 do not appear to be consistent. For example: i) the highest monthly value in Table 4 is just over 20 GWh whereas in Table 3 all of the monthly values are over 30 GWh and ii) the total annual purchases in Table 3 do not match those in Table 5. Please reconcile the values in the three tables and provide revised versions as necessary.

WPI Response: Staff is correct in that the tables were not updated correctly to reflect the load forecast filed on November 3, 2023.

The table below reflects the corrected tables as well as the revised tables which now include 2023.

Table 3 – Historical Monthly Wholesale (2018-2023)

	2016	2017	2018	2019	2020	2021	2022	2023
January	44,182,307	41,870,354	45,303,345	46,360,881	43,447,689	43,527,339	47,203,417	42,799,821
February	40,734,589	36,769,365	38,010,442	40,126,452	41,046,124	41,279,331	41,797,637	39,595,646
March	39,051,917	40,358,687	40,822,738	41,742,643	39,146,163	40,171,239	42,551,682	41,610,301
April	35,582,403	32,359,460	37,268,114	36,007,111	33,162,782	34,273,202	36,094,613	34,901,326
May	32,158,070	32,466,960	33,661,736	33,884,251	33,144,752	33,543,166	34,287,485	34,262,408
June	32,230,295	31,942,169	33,150,240	32,413,451	34,594,858	37,512,786	34,727,204	34,904,261
July	36,050,965	34,485,257	36,985,444	37,948,386	40,573,553	38,597,541	36,965,340	39,461,215
August	38,144,563	33,750,093	37,978,825	35,859,378	38,203,279	40,059,214	38,942,956	36,652,884
September	32,958,786	32,126,297	33,668,647	32,309,083	32,819,206	34,178,605	34,315,274	34,231,432
October	33,427,319	32,454,034	32,878,907	34,937,472	35,693,648	34,477,683	34,341,915	35,576,444
November	34,938,644	37,086,665	39,246,375	40,083,050	36,622,836	38,088,839	37,142,391	38,387,670
December	41,527,821	42,555,873	41,296,482	42,216,028	42,343,068	41,741,160	42,267,056	40,141,486
Total	440,987,679	428,225,214	450,271,296	453,888,186	450,797,958	457,450,105	460,636,970	452,524,892

Table 4 – Trend in Historical Monthly Wholesale (2016-2022)

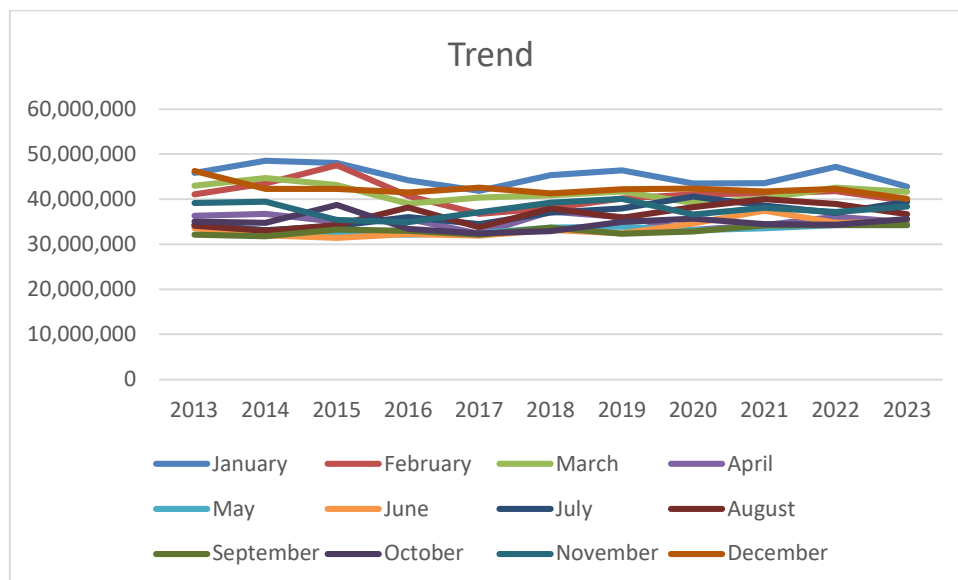


Table 5 – Trend in Historical Yearly Wholesale Purchases

Year	Wholesale	year over year
2013	454,992,226	
2014	453,005,451	-0.44%
2015	455,412,607	0.53%
2016	440,987,679	-3.17%
2017	428,225,214	-2.89%
2018	450,271,296	5.15%
2019	453,888,186	0.80%
2020	450,797,958	-0.68%
2021	457,450,105	1.48%
2022	460,636,970	0.70%
2023	452,524,892	-1.76%

3.0-VECC -23 D2

Reference: Exhibit 3, page 7

Preamble: The Application states:

“WPI analyzed its wholesale purchases to see the effects of Covid on its monthly load. Although the utility evaluated various scenarios, it did not feel confident enough in the relationship between the variance to attribute it to Covid.”

- a) Please outline the scenarios that were evaluated by WPI and explain why, in each case, WPI was not confident that it represented the impact of COVID on wholesale purchases.

WPI Response: Please see Staff-32 (copied below) for a response.

As explained at section 3.1.3.1, WPI analyzed the wholesale purchases during the shutdown months and ultimately decided not to use a COVID-19 flag.

WPI would like to emphasize that effects of Covid are becoming less and less relevant as time goes by and now that 2 years at normal levels have passed (2022-2023). WPI feels that a dummy variable (on or off) flagging certain months is no longer statistically reliable enough to use as a variable.

3.0-VECC -24 D2

Reference: Exhibit 3, page 9

Preamble: The Application states:

"WPI tested and included a "Customer Count" variable."

- a) Please indicate which customer classes were included in the Customer Count variable.

WPI Response: WPI used the total of the weather sensitive classes, namely residential , GS<50kW and GS 50-4999kW.

3.0-VECC -25 D2

Reference: Exhibit 3, page 12

Preamble: The Application states:

“The utility then forecasts consumption per customer and adds the new customer's load to the total consumption for the class.”

- a) Please confirm that in the current Application's load forecast there are no loads added to the Residential, GS<50 or GS>50 classes to explicitly account for new customers' loads.

WPI Response: WPI confirms that no new specific residential load was added to the forecast.

3.0-VECC -26 D2

Reference: Exhibit 3, page 13

- a) Please provide a schedule that sets out: i) the actual monthly HDD and CDD values for 2023 for those months available based on the same source as WPI used to estimate its regression equation; ii) the actual monthly purchases for 2023 for each month available; and iii) the predicted 2023 monthly purchases using WPI's regression equation and the actual monthly 2023 values for the independent/explanatory variables.

WPI Response: WPI used Toronto Pearson Airport as a source of the HDD/CDD

1. See table below

Date	HDD	CDD
Jan-23	585.10	0.00
Feb-23	543.30	0.00
Mar-23	530.90	0.00
Apr-23	275.70	7.10
May-23	153.90	15.00
Jun-23	16.10	59.10
Jul-23	0.00	128.30
Aug-23	7.00	70.80
Sep-23	26.00	47.00
Oct-23	188.80	21.80
Nov-23	422.10	0.00
Dec-23	473.70	0.00

2. See table below

Wholesale LF	2023	2024
January	42,799,821	45,230,039
February	39,595,646	41,912,447
March	41,610,301	42,623,649
April	34,901,326	36,886,877
May	34,262,408	34,687,870
June	34,904,261	33,395,000
July	39,461,215	37,616,862
August	36,652,884	37,250,851
September	34,231,432	33,330,410
October	35,576,444	35,756,151
November	38,387,670	38,483,410
December	40,141,486	42,973,657
Total	452,524,892	460,147,223

3. See table below

Date	Actual WS	Predicted WS	HDD	CDD
Jan-13	45,827,932.00	42,673,403.45	624.40	0.00
Feb-13	41,082,656.00	40,723,785.39	631.50	0.00
Mar-13	42,975,876.00	41,365,497.40	554.80	0.00
Apr-13	36,308,876.00	35,838,209.44	358.60	0.00
May-13	34,245,332.00	32,822,163.53	109.10	23.10
Jun-13	33,534,202.00	32,065,274.79	33.00	59.60
Jul-13	34,321,064.00	35,701,707.74	1.30	120.80
Aug-13	34,126,512.00	34,710,188.94	4.40	93.80
Sep-13	32,127,846.00	31,790,593.07	83.00	28.10
Oct-13	35,018,160.00	33,778,130.21	208.50	0.40
Nov-13	39,153,192.00	38,155,782.49	478.20	0.00
Dec-13	46,270,576.00	43,950,988.57	687.90	0.00
Jan-14	48,560,156.00	46,558,995.28	825.90	0.00
Feb-14	43,502,028.00	43,494,023.10	737.10	0.00
Mar-14	44,749,296.00	44,018,120.03	690.60	0.00
Apr-14	36,703,500.00	35,895,074.32	356.90	0.00
May-14	33,120,208.00	32,822,778.86	132.10	11.90
Jun-14	31,986,696.00	32,104,491.65	14.10	68.10
Jul-14	33,114,324.00	33,875,305.40	4.00	71.00
Aug-14	32,996,892.00	34,397,920.14	8.80	81.80
Sep-14	31,808,440.00	31,690,286.62	69.70	30.10
Oct-14	34,772,520.00	34,181,166.89	224.30	1.30
Nov-14	39,442,096.00	38,304,814.18	482.10	0.00
Dec-14	42,249,292.00	41,560,819.67	557.30	0.00
Jan-15	48,032,768.00	45,994,472.65	792.40	0.00
Feb-15	47,536,664.00	45,132,163.74	856.80	0.00
Mar-15	43,095,044.00	42,667,919.29	615.50	0.00
Apr-15	34,966,160.00	35,141,331.00	313.70	0.00
May-15	32,451,518.00	32,951,654.89	89.30	34.10
Jun-15	31,428,888.00	31,136,473.89	33.80	32.30
Jul-15	34,059,072.00	35,645,117.79	4.00	114.30
Aug-15	34,233,108.00	34,662,865.98	4.40	88.60
Sep-15	33,226,978.00	33,074,289.11	31.10	81.90
Oct-15	38,729,356.00	34,711,823.10	249.80	0.00
Nov-15	35,403,760.00	35,814,685.57	345.00	0.00
Dec-15	42,249,292.00	39,155,231.25	429.70	0.00
Jan-16	44,182,308.00	43,767,847.95	670.40	0.00
Feb-16	40,734,588.00	40,850,832.99	588.40	0.00
Mar-16	39,051,916.00	40,135,135.65	476.10	0.00
Apr-16	35,582,404.00	36,772,596.80	394.80	0.00
May-16	32,158,070.00	34,162,536.56	142.50	36.90
Jun-16	32,230,294.00	33,083,970.91	24.20	83.70
Jul-16	36,050,964.00	38,126,948.98	0.00	176.90
Aug-16	38,144,564.00	38,875,940.07	0.00	195.40
Sep-16	32,958,786.00	32,593,882.78	25.90	69.40
Oct-16	33,427,318.00	33,908,426.17	194.20	4.10
Nov-16	34,938,644.00	35,780,563.35	337.80	0.00
Dec-16	41,527,820.00	42,738,226.14	608.00	0.00
Jan-17	41,870,352.00	42,866,689.88	608.90	0.00
Feb-17	36,769,364.00	38,833,796.67	510.40	0.00
Mar-17	40,358,688.00	42,124,053.99	574.00	0.00
Apr-17	32,359,460.00	34,327,389.28	257.50	0.00
May-17	32,466,960.00	33,512,244.70	177.00	0.00

Jun-17	31,942,168.00	30,366,660.15	26.70	9.00
Jul-17	34,485,256.00	34,148,744.58	0.00	68.20
Aug-17	33,750,092.00	36,158,376.77	11.60	116.50
Sep-17	32,126,296.00	33,437,315.04	49.10	75.20
Oct-17	32,454,034.00	35,969,474.98	154.00	71.50
Nov-17	37,086,664.00	37,707,296.66	414.20	8.10
Dec-17	42,555,872.00	44,966,098.42	718.50	0.00
Jan-18	45,303,344.00	45,245,316.86	732.30	0.00
Feb-18	38,010,440.00	39,822,812.57	555.00	0.00
Mar-18	40,822,740.00	41,895,898.94	554.00	0.00
Apr-18	37,268,116.00	37,878,207.58	437.20	0.00
May-18	33,661,736.00	33,461,115.55	75.30	43.40
Jun-18	33,150,240.00	32,286,009.74	14.80	60.50
Jul-18	36,985,444.00	38,062,834.74	0.00	167.80
Aug-18	37,978,824.00	37,889,155.13	1.20	162.40
Sep-18	33,668,648.00	33,460,598.46	41.40	76.40
Oct-18	32,878,906.00	36,155,465.12	289.40	8.20
Nov-18	39,246,376.00	39,014,429.47	494.10	0.00
Dec-18	41,296,484.00	42,168,620.40	563.60	0.00
Jan-19	46,360,880.00	45,968,100.06	764.50	0.00
Feb-19	40,126,452.00	41,203,772.06	621.70	0.00
Mar-19	41,742,644.00	42,789,957.03	593.90	0.00
Apr-19	36,007,112.00	36,286,841.42	346.80	0.00
May-19	33,884,252.00	33,861,455.21	181.00	0.00
Jun-19	32,413,450.00	32,042,353.36	35.50	41.30
Jul-19	37,948,388.00	38,158,784.60	0.00	166.90
Aug-19	35,859,380.00	35,693,601.81	0.90	103.30
Sep-19	32,309,084.00	31,546,702.48	38.40	25.40
Oct-19	34,937,472.00	35,196,746.67	236.50	5.10
Nov-19	40,083,048.00	39,525,295.11	513.30	0.00
Dec-19	42,216,028.00	42,683,237.00	582.40	0.00
Jan-20	43,447,688.00	43,112,127.47	605.00	0.00
Feb-20	41,046,124.00	41,867,809.82	611.80	0.00
Mar-20	39,146,164.00	40,377,988.43	458.70	0.00
Apr-20	33,162,782.00	36,737,832.25	362.30	0.00
May-20	33,144,752.00	35,481,846.66	208.10	24.20
Jun-20	34,594,856.00	34,204,966.78	23.80	97.70
Jul-20	40,573,552.00	40,217,736.56	0.00	215.70
Aug-20	38,203,280.00	36,751,473.55	0.80	126.70
Sep-20	32,819,206.00	32,553,924.40	69.10	33.30
Oct-20	35,693,648.00	35,754,574.31	270.30	0.00
Nov-20	36,622,836.00	36,292,070.45	334.80	0.00
Dec-20	42,343,068.00	42,524,877.43	567.30	0.00
Jan-21	43,527,340.00	43,554,197.16	621.00	0.00
Feb-21	41,279,332.00	41,100,963.63	600.90	0.00
Mar-21	40,171,240.00	40,556,122.04	460.70	0.00
Apr-21	34,273,200.00	35,753,931.12	302.40	0.00
May-21	33,543,166.00	34,941,904.55	164.20	27.90
Jun-21	37,512,788.00	35,001,652.80	7.00	122.00
Jul-21	38,597,540.00	35,991,086.65	4.40	101.70
Aug-21	40,059,212.00	38,941,957.66	0.00	178.50
Sep-21	34,178,604.00	31,774,211.59	35.60	24.90
Oct-21	34,477,684.00	33,788,678.89	145.20	5.60
Nov-21	38,088,840.00	37,964,424.96	413.70	0.00
Dec-21	41,741,160.00	40,410,001.26	445.80	0.00
Jan-22	47,203,416.00	45,930,689.32	737.10	0.00

Feb-22	41,797,636.00	40,982,332.32	585.10	0.00
Mar-22	42,551,684.00	41,924,728.48	523.90	0.00
Apr-22	36,094,612.00	36,404,032.79	327.90	0.00
May-22	34,287,484.00	34,128,406.51	98.20	34.60
Jun-22	34,727,204.00	33,086,348.58	17.70	64.20
Jul-22	36,965,340.00	37,771,324.32	0.00	144.70
Aug-22	38,942,956.00	37,750,526.83	0.00	140.50
Sep-22	34,315,276.00	33,079,443.00	52.30	46.10
Oct-22	34,341,916.00	35,464,872.53	236.70	0.20
Nov-22	37,142,392.00	37,515,179.26	380.10	0.90
Dec-22	42,267,056.00	42,421,511.81	544.00	0.00
Jan-23	42,799,820.00	43,217,522.40	585.10	0.00
Feb-23	39,595,644.00	40,353,776.37	543.30	0.00
Mar-23	41,610,300.00	42,223,234.78	530.90	0.00
Apr-23	34,901,324.00	35,887,561.73	275.70	7.10
May-23	34,262,408.00	34,617,813.98	153.90	15.00
Jun-23	34,904,260.00	33,065,004.07	16.10	59.10
Jul-23	39,461,216.00	37,315,706.19	0.00	128.30
Aug-23	36,652,884.00	35,202,692.92	7.00	70.80
Sep-23	34,231,432.00	32,807,338.86	26.00	47.00
Oct-23	35,576,444.00	35,585,560.22	188.80	21.80
Nov-23	38,387,668.00	38,443,866.62	422.10	0.00
Dec-23	40,141,488.00	41,276,827.52	473.70	0.00
Jan-24		45,230,038.81	687.91	0.00
Feb-24		41,912,447.17	622.00	0.00
Mar-24		42,623,649.29	548.46	0.00
Apr-24		36,886,877.41	339.44	0.65
May-24		34,687,870.04	139.15	22.83
Jun-24		33,394,999.95	22.43	63.41
Jul-24		37,616,861.76	1.25	134.21
Aug-24		37,250,851.14	3.55	123.48
Sep-24		33,330,409.86	47.42	48.89
Oct-24		35,756,151.20	217.97	10.75
Nov-24		38,483,409.90	419.58	0.82
Dec-24		42,973,656.94	561.65	0.00

Exhibit 4 – Operating Costs

4-Staff-34 – D2

Executive Leadership

Ref 1: Exhibit 4, pages 9, 24

Preamble:

Westario Power has had three CEOs or Acting CEOs since the 2018 Cost of Service proceeding. Executive compensation has fluctuated significantly during that time. The current CEO has been hired on an interim basis starting May 2023 until October 2024.

Question(s):

- a) What steps is Westario Power taking to ensure that the CEO position is filled following the end of the Interim CEO's term?

WPI Response:

Following the review of the Strategy Workshop at the Board Meeting in April 2024, the Board of Directors will determine the requirements for a CEO and begin the process.

- b) Please provide the measures used determine compensation for the CEO and executive leadership, including any incentive compensation.

WPI Response:

The MEARIE Group - 2021 Management Salary Survey - All Organizations Results is filed along with this application. The study provides the WPI's BOD the guidance of the executive compensation.

4-Staff-35 – D2

Non-Management Compensation

Ref 1: Exhibit 4, page 36, 42

Preamble:

Westario Power's collective agreement expires on April 30, 2024.

Question(s):

- a) Please provide an update on the status of any collective bargaining with unionized employees.

WPI Response:

Collective Agreement Negotiations is scheduled with the Power Workers Union on the following dates: March 4, 2024, April 18, 2024, and April 19, 2024.

- b) If Westario Power is able, without impacting any current collective bargaining, please provide updated forecasts on compensation.

WPI Response:

Not able at this time.

4-Staff-36 D2

Overhead right-of-way Ref

1: Exhibit 4, pages 21

Preamble:

Westario Power transitioned to a new tree trimming contractor in 2020.

The tree trimming expense increased in 2022 by \$100K from \$278K to \$379K, \$86K of which is attributed to storm-related damages and reactive maintenance. In 2023, the costs increased a further \$29K to \$408K, which is attributed to inflation and weather events. In 2024 the expense is forecast to increase another \$9K to \$417K.

Question(s):

- a) Did the use of the new external contractor impact internal resourcing allocated to vegetation management, if so, please provide details of the incremental change on internal resourcing.

WPI Response:

No impact on internal resourcing.

- b) How much of the expense in 2023 is related to weather events?

WPI Response:

Based on the outage statistics of 8-10% related to the weather events, approximately this percentage is likely attributable to those costs.

- c) How much expense is forecast in 2024 related to weather events?

WPI Response:

In line with the WPI average of 8-10%

- d) How much of the increase from \$278K in 2021 to \$417K 2024 is attributed to inflation?

WPI Response:

Inflationary yearly increase of 2-3% of the total maintenance contracts.

4-Staff-37 – D2

Ref 1: Exhibit 4 / page 26

Ref 2: Appendix 4A ActuaryRpt_WPI_20231103

Preamble:

Data on year-over-year employee pensions and benefits from table 16 in reference 1 is reproduced below:

	Annual Increase 2018-2019	Annual Increase 2019-2020	Annual Increase 2020- 2021
5645 - Employee Pensions and Benefits	47,591	12,850	40,028

Question(s):

- a) Please explain the increase in employee pensions and benefits in the above and why, if the increase in OMERS contributions is the main driver of variances over the historical and forecast framework, the 2019-2020 increase was significantly lower than the preceding or following periods.

WPI Response:

The increase in employee pension and benefits is mainly due to an increase in OMERS contributions. The 2019-2020 increase was significantly lower due to several reasons. First, since 2020 was a covid year full of economical ambiguity OMERS did not increase contributions significantly. Second, in 2019-2020 several senior level employees left the company, thus the increase in pension and benefits was not significant.

- b) Please confirm any capitalized amounts relating to pension and OPEBs for the years 2018 through 2024 and provide a breakdown between capital and OM&A.

WPI Response:

	2018	2019	2020	2021	2022	2023	2024
Capitalized amounts relating to pension and OPEB	\$103,421	\$130,410	\$123,478	\$134,937	\$170,295	\$219,692	\$226,600
OM&A amounts relating to pension and OPEB	\$126,204	\$173,794	\$186,644	\$266,672	\$255,541	\$192,868	\$243,825
Total	\$300,167	\$341,377	\$384,853	\$423,638	\$508,166	\$412,560	\$470,425

c) Please provide the OPEB amounts from 2018 through 2024 reconciled to the actuarial report in reference 2.

WPI Response:

	2018	2019	2020	2021	2022	2023	2024 Projected
Defined benefit obligation actual	\$362,000	\$382,565	\$412,066	\$347,900	\$324,417	\$302,336	\$347,900
Defined benefit obligation from actuarial report	\$362,000	\$382,565	\$412,100	\$347,869	\$337,459	\$327,769	\$318,512
Difference	\$0	\$0	-\$34	\$31	-\$13,042	-\$25,433	\$29,388

The Net defined benefits liability/asset amounts are reconciled in the table above. There is no significant difference in the year 2018 through 2021. In 2022 and 2023 the difference is due paid out benefits.

4.0 -VECC -27 – D2

Reference: Exhibit 4, Appendix 2-JA/2-JC

- a) Please update Appendices 2-JA and 2-JC for 2023 actual (unaudited if necessary) results.

WPI Response: Please see below Appendix 2-JA

	Board Approved	2018	2019	2020	2021	2022	2023	2024
Operations	\$580,760	\$522,033	\$655,009	\$758,568	\$709,495	\$620,655	\$791,759	\$670,580
Maintenance	\$1,386,773	\$1,427,339	\$1,480,065	\$1,496,436	\$1,346,049	\$2,033,085	\$1,581,224	\$1,879,524
SubTotal	\$1,967,533	\$1,949,372	\$2,135,074	\$2,255,004	\$2,055,545	\$2,653,740	\$2,372,984	\$2,550,104
%Change (year over year)		-0.9%	9.5%	5.6%	-8.8%	29.1%	-10.6%	7.5%
Billing and Collecting	\$1,132,000	\$839,486	\$903,280	\$762,523	\$865,406	\$1,021,751	\$848,816	\$1,079,683
Community Relations	\$31,000	\$29,323	\$53,566	\$14,104	\$25,068	\$15,930	\$25,387	\$35,422
Administrative and General+LEAP	\$2,680,500	\$2,638,752	\$2,816,581	\$2,898,310	\$3,793,056	\$4,194,260	\$3,279,250	\$3,306,508
SubTotal	\$3,843,500	\$3,507,561	\$3,773,427	\$3,674,937	\$4,683,530	\$5,231,942	\$4,153,453	\$4,421,613
%Change (year over year)		-8.7%	7.6%	-2.6%	27.4%	11.7%	-20.6%	6.5%
Total	\$5,811,033	\$5,456,933	\$5,908,501	\$5,929,941	\$6,739,075	\$7,885,682	\$6,526,437	\$6,971,717
%Change (year over year)		-6.1%	8.3%	0.4%	13.6%	17.0%	-17.2%	6.8%

WPI Response: Please refer to the stand-alone file named 4-VECC-27 for the updated tables. (which can also be found in Appendix 2)

4.0 -VECC -28 D2

Reference: Exhibit 4, Appendix 2-JC

a) Please explain how the bad debt expense for 2024 is estimated.

WPI Response:

The bad debt expense for 2024 is estimated through the accounts receivable aging method. The accounts receivable aging method groups receivable accounts based on age and assigns a percentage based on likelihood to collect. The assumption is based on prior and current years. The percentage then multiplied by the amount of receivables in the aged group. The bad debt expense is estimated based on the aged Accounts Receivables at December 31, 2023 for the upcoming 2024 year.

4.0 -VECC -29 – D2

Reference: Exhibit 4, 4.2.6, page 29-

- a) If WPI is a member of the EDA, CHEC or any other industry association please provide the annual membership fees (show each association separately) for the period 2018 to 2024 (forecast).

WPI Response:

Association Name	2018	2019	2020	2021	2022	2023	2024
Electricity Canada	\$0	\$0	\$0	\$0	\$9,452	\$0	\$0
Electricity Distribution Association	\$51,800	\$51,800	\$52,300	\$52,300	\$52,300	\$54,900	\$56,300
Green Button Alliance	\$0	\$0	\$0	\$0	\$5,000	\$3,700	\$3,700
OEB Annual Assessment	\$96,224	\$99,016	\$99,126	\$95,625	\$105,313	\$117,693	\$120,348
Ontario Energy Board	\$800	\$800	\$800	\$800	\$800	\$800	\$800
Ontario Energy Network	\$0	\$0	\$0	\$1,750	\$1,750	\$0	\$0
ORCGA	\$125	\$125	\$125	\$125	\$125	\$0	\$0
Utilities Standard Forum (USF)	\$9,888	\$9,888	\$8,894	\$9,888	\$9,888	\$10,170	\$10,170

4.0 -VECC -30 D2

Reference: Exhibit 4, pages 32 -, Appendix 2-M

- a) Is the \$121,500 Board Assessment shown for 2023 an actual amount or a forecast? If the latter please explain the reason WPI expects a large increase from the amount assessed in 2022 (105k).

WPI Response: This 121K reflects actual costs (30K/quarter)

4.0 -VECC -31 D2

Reference: Exhibit 4, pages 32 -, Appendix 2-M

- a) Please provide a breakdown of the one-time application costs (\$517k) into the following components:
- i. Legal Costs
 - ii. Consulting Costs
 - iii. Intervenor Costs
 - iv. Other – please specify
- b) For each of these costs please provide the amount spent to-date.

WPI Response:

Please see the below

App.2-M - Regulatory Costs

	Forecasted	Spent YTD
i Legal Costs	30,000	17,200
ii Consulting Costs (4)	410,000	414,136
iii Intervenor Costs	75,000	0
iv Other – Public Notice	2,000	0
	517,000	431,336

4.0 -VECC -32 – D2

Reference: Exhibit 4, 4.2.9

Table 20 – LEAP Contributions

	2018	2019	2020	2021	2022
Agency Fee	\$3750	3750	\$3750	\$3750	\$3750
Grant to Cust	\$20650	21250	\$20291.43	\$12260.71	\$37857.84
Unit Sub-Metered	\$600	0	\$288.57	0	0
# Customer	43	44	40	27	56
Total	\$25000	\$25000	\$25000	\$16,010.71	\$41,607.84

a) Please provide the 2023 LEAP amount.

WPI Response:
\$25,000

b) Please provide the most up-to-date (i.e. after interrogatory changes) LEAP amount for 2024.

WPI Response:
\$25,000

4.0 -VECC -33 D2

Reference: Exhibit 4, 4.5.5 pages 42

“Labour rates and benefits are adjusted annually based on the collective agreement. WPI’s current collective agreement covers a three-year period that expires on April 30, 2024.”

a) Please provide an update on the current status of collective bargaining.

WPI Response:

Collective Agreement Negotiations are scheduled with the Power Workers Union on the following dates: March 4, 2024, April 18, 2024 and April 19, 2024

4.0 -VECC -34 D2

Reference: Exhibit 4, Appendix 2-K

a) Please update Appendix 2-K to include 2023 actual results.

WPI Response
Updated

b) Please also update Appendix 2-K adding a row to show the total compensation that is capitalized in each year.

WPI Response: Please see revised numbers below.

Employee Costs

	Board Approved							
	2018	2018	2019	2020	2021	2022	2023	2024
Number of Employees (FTEs including Part-Time)¹								
Management (including executive)	9	10	11	10	11	11	13	13
Non-Management (union and non-union)	26	25	25	27	26	28	28	28
Total	35	35	36	37	37	39	41	41
Total Salary and Wages including overtime and incentive pay								
Management (including executive)	\$1,101,293	\$1,464,206	\$1,390,822	\$1,204,928	\$1,607,664	\$1,934,443	\$1,534,535	\$1,716,512
Non-Management (union and non-union)	\$1,990,859	\$1,903,290	\$2,014,431	\$2,149,731	\$2,290,381	\$2,382,590	\$2,454,709	\$2,552,897
Total	\$3,092,152	\$3,367,496	\$3,405,253	\$3,354,659	\$3,898,045	\$4,317,033	\$3,989,244	\$4,269,409
Total Benefits (Current + Accrued)								
Management (including executive)	\$297,349	\$323,280	\$340,525	\$348,885	\$473,612	\$524,520	\$325,435	\$341,446
Non-Management (union and non-union)	\$554,189	\$484,919	\$510,788	\$523,327	\$578,860	\$641,079	\$579,215	\$595,143
Total	\$851,538	\$808,199	\$851,313	\$872,211	\$1,052,472	\$1,165,599	\$1,037,204	\$1,110,046
Total Compensation (Salary, Wages, & Benefits)								
Management (including executive)	\$1,398,642	\$1,787,485	\$1,731,348	\$1,553,813	\$2,081,276	\$2,458,963	\$1,859,970	\$2,057,958
Non-Management (union and non-union)	\$2,545,048	\$2,388,210	\$2,525,219	\$2,673,058	\$2,869,241	\$3,023,669	\$3,033,924	\$3,148,041
Total	\$3,943,690	\$4,175,695	\$4,256,566	\$4,226,871	\$4,950,517	\$5,482,632	\$5,026,448	\$5,379,456
Total Compensation Breakdown (Capital, OM&A)								
OM&A		\$3,190,637	\$3,453,339	\$2,499,891	\$2,908,005	\$3,475,067	\$2,732,397	\$3,221,644
Capital		\$985,058	\$803,228	\$1,726,980	\$2,042,512	\$2,007,565	\$2,317,616	\$2,157,811
Total	\$0	\$1,002,167	\$1,064,142	\$1,098,986	\$1,336,640	\$1,480,311	\$1,306,876	\$1,398,659

4.0 -VECC -35 D2

Reference: Exhibit 4, Appendix 2-K

- a) Please provide a table for the years 2018, 2022 and 2024 which shows all job classifications, the number of employees in each classification, and the classification's upper and lower salary range.

WPI Response

2018

Unionized positions - Outside Workers

Job classifications	Number of employees
Lead Hand	2
Journeymen Lineman	8
Engineering Technician	2
Metering Tech	1

Unionized positions – Inside Workers

Job classifications	Number of employees
Customer Service Agent 4th Year	2
Customer Service Agent 3rd Year	1
Customer Service Agent 2nd Year	1
Billing Support Clerk	2
Finance Clerk	3
Operation Clerk	1
Storekeeper	1
Design Drafter	1

Non-unionized positions

Position	Number of employees
President & CEO (acting)	1
CFO	1

Executive Assistant and Human Resources	1
Line Supervisor	2
Manager of Accounting	1
Manager Customer Service	1
Financial Analyst	1
Planning and Design Coordinator (Engineering)	1
Officer, Conservation and Demand Management	1

2022 - Updated on December 19, 2022

Unionized positions - Outside Workers

Job classifications	Number of employees
Crew Foreperson	1
Leadhand	2
Journeymen Lineman	10
4th Year Engineering Tech	1
3rd Year Engineering Tech	1
Metering Tech	1
Inventory Clerk	1

Unionized positions – Inside Workers

Job classifications	Number of employees
Customer Service Clerk	3
Billing Clerk	2
Collections Clerk	1
Finance Clerk	3
Operation Clerk	1
4th Year	1

Non-unionized positions

Position	Number of employees
CFO	1
VP Engineering & Operations	1
Executive Assistant and Board Secretary	1
Line Superintendent	1
Manager of Corporate Services	1
Human Resources Coordinator	1
Manager Customer Service	1
Key Account Manager & Health and Safety Coordinator	1
Financial Analyst	1
Infrastructure Business Processes and Modernization Security Specialist	1
Government Relations Coordinator	1

2023 - Updated on December 17, 2023

Unionized positions - Outside Workers

Job classifications	Number of employees
Crew Foreperson	1
Leadhand	2
Journeymen Lineman	9
4th Year Engineering Tech	2
Metering Tech	1
Inventory Clerk	1

Unionized positions – Inside Workers

Job classifications	Number of employees
Customer Service Clerk	3

Billing Clerk	3
Collections Clerk	1
Finance Clerk	3
Operation Clerk	1

Non-unionized positions

Position	Number of employees
President & CEO	1
CFO	1
VP Engineering & Operations	1
Executive Assistant and Board Secretary	1
Line Superintendent	1
Line Supervisor	1
Manager of Accounting	1
Manager of Corporate Services	1
Human Resources Manager	1
Manager Customer Service	1
Manager of Engineering Department	1
Key Account Manager & Health and Safety Coordinator	1
Financial Analyst	1
Administrative Assistant for Engineering & Operations, fixed-term contract	1

a) Salary ranges for unionized employees

Job classifications	Hourly Rate Range \$
Lineman	28.54 – 52.60
Engineering Technician	22.72 – 37.87
Metering Technician	36.73

Customer Service Clerk	21.34 – 34.80
Billing Support Clerk	21.34 – 34.80
Customer Service Assistant	21.34 – 34.80
Finance Clerk	21.34 – 34.80
Operation Clerk	21.34 – 34.80
Storekeeper	21.34 – 34.80
Design Drafter/GIS	22.72 – 37.87

4.0 -VECC -36 D2

Reference: Exhibit 4, Appendix 2-K

a) Of the 40 FTEs shown for 2024 how many positions are currently unfilled?

WPI Response

Currently we have two vacant positions:

1. VP of Engineering and Operations
2. GIS Technician

b) Please provide the status of all unfilled positions (i.e., position advertised, interviewing, etc.).

WPI Response

1. VP of Engineering and Operations – no status update.
2. GIS Technician – posted and remains unfilled.

4-SEC-18 D2

[Ex. 4, Appendices 2-JB, 2-JC, 2-K & 2-L]

- a. Please ensure that Appendices 2-JB 2-JC are accessible in the Excel spreadsheet.

WPI Response

- b. Please provide the breakdown of Total Compensation between Capital and OM&A on Appendix 2-K.

WPI Response: Please see revised numbers below.

Date:

Appendix 2-K Employee Costs

	Last Rebasin Year (2018 OEB Approved)	Last Rebasin Year (2018 Actuals)	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Bridge Year	2024 Test Year
Number of Employees (FTEs including Part-Time)¹								
Management (including executive)	9	10	11	10	11	11	13	13
Non-Management (union and non-union)	26	25	25	27	26	28	27	27
Total	35	35	36	37	37	39	40	40
Total Salary and Wages including overtime and incentive pay								
Management (including executive)	\$ 1,101,293	\$ 1,464,206	\$ 1,390,822	\$ 1,204,928	\$ 1,607,664	\$ 1,934,443	\$ 1,534,535	\$ 1,716,512
Non-Management (union and non-union)	\$ 1,990,859	\$ 1,903,290	\$ 2,014,431	\$ 2,149,731	\$ 2,290,381	\$ 2,382,590	\$ 2,454,709	\$ 2,552,897
Total	\$ 3,092,152	\$ 3,367,496	\$ 3,405,253	\$ 3,354,659	\$ 3,898,045	\$ 4,317,033	\$ 3,989,244	\$ 4,269,409
Total Benefits (Current + Accrued)								
Management (including executive)	\$ 297,349	\$ 323,280	\$ 340,525	\$ 348,885	\$ 473,612	\$ 524,520	\$ 325,435	\$ 341,446
Non-Management (union and non-union)	\$ 554,189	\$ 484,919	\$ 510,788	\$ 523,327	\$ 578,860	\$ 641,079	\$ 579,215	\$ 595,143
Total	\$ 851,538	\$ 808,199	\$ 851,313	\$ 872,211	\$ 1,052,472	\$ 1,165,599	\$ 904,650	\$ 936,589
Total Compensation (Salary, Wages, & Benefits)								
Management (including executive)	\$ 1,398,642	\$ 1,787,485	\$ 1,731,348	\$ 1,553,813	\$ 2,081,276	\$ 2,458,963	\$ 1,859,970	\$ 2,057,958
Non-Management (union and non-union)	\$ 2,545,048	\$ 2,388,210	\$ 2,525,219	\$ 2,673,058	\$ 2,869,241	\$ 3,023,669	\$ 3,033,924	\$ 3,148,041
Total	\$ 3,943,690	\$ 4,175,695	\$ 4,256,566	\$ 4,226,871	\$ 4,950,517	\$ 5,482,632	\$ 4,893,894	\$ 5,205,999
Total Compensation Breakdown (Capital, OM&A)								
OM&A		\$ 3,190,637	\$ 3,453,339	\$ 2,499,891	\$ 2,908,005	\$ 3,475,067	\$ 2,594,981	\$ 3,048,187
Capital		\$ 985,058	\$ 803,228	\$ 1,726,980	\$ 2,042,512	\$ 2,007,565	\$ 2,317,616	\$ 2,157,811
Total	\$ -	\$ 4,175,695	\$ 4,256,567	\$ 4,226,871	\$ 4,950,517	\$ 5,482,632	\$ 4,912,597	\$ 5,205,998

- c. Please ensure that the totals shown in Appendix 2-L (line 18) agree with the totals shown in 2-JA.

WPI Response : The two lines in the revised appendices reconcile.

- d. Please provide preliminary year end numbers for the end of 2023 for Appendix 2-A.

WPI Response: Please see below Appendix 2-JA

	Board Approved	2018	2019	2020	2021	2022	2023	2024
Operations	\$580,760	\$522,033	\$655,009	\$758,568	\$709,495	\$620,655	\$791,759	\$670,580
Maintenance	\$1,386,773	\$1,427,339	\$1,480,065	\$1,496,436	\$1,346,049	\$2,033,085	\$1,581,224	\$1,879,524
SubTotal	\$1,967,533	\$1,949,372	\$2,135,074	\$2,255,004	\$2,055,545	\$2,653,740	\$2,372,984	\$2,550,104
%Change (year over year)		-0.9%	9.5%	5.6%	-8.8%	29.1%	-10.6%	7.5%
Billing and Collecting	\$1,132,000	\$839,486	\$903,280	\$762,523	\$865,406	\$1,021,751	\$848,816	\$1,079,683
Community Relations	\$31,000	\$29,323	\$53,566	\$14,104	\$25,068	\$15,930	\$25,387	\$35,422
Administrative and General+LEAP	\$2,680,500	\$2,638,752	\$2,816,581	\$2,898,310	\$3,793,056	\$4,194,260	\$3,279,250	\$3,306,508
SubTotal	\$3,843,500	\$3,507,561	\$3,773,427	\$3,674,937	\$4,683,530	\$5,231,942	\$4,153,453	\$4,421,613
%Change (year over year)		-8.7%	7.6%	-2.6%	27.4%	11.7%	-20.6%	6.5%
Total	\$5,811,033	\$5,456,933	\$5,908,501	\$5,929,941	\$6,739,075	\$7,885,682	\$6,526,437	\$6,971,717
%Change (year over year)		-6.1%	8.3%	0.4%	13.6%	17.0%	-17.2%	6.8%

4-SEC-19 – D2

[Ex. 4, pp. 10 & 44-52, Appendix 2-K]

- a. Appendix 2-K shows 35 employees in 2018, 36 in 2019, 37 in 2021, 39 in 2022, and 40 in 2023 and 2024.

WPI Response

Confirmed no changes required for the years above, except 2024 41.

How many positions does Westario currently have? How many are vacant?

WPI Response

41 (40 in January, 1 employee returned from mat leave) employees and 2 vacancies. VP of Engineering and Operations and GIS Technician.

- b. Please provide details (positions not filled or eliminated/positions added) on each of the above increases to employee count and reconcile with the statements:
 - Five positions were required to run the utility operations; President and CEO, manager of HR, accounting and engineering and they were hired during 2023.
 - Westario provides Business Cases for 5 Employee Hires (not including co-op students).

WPI Response

All of the above were hired. VP of Operations is vacant from February 2024

4-SEC-20 D2

[Ex. 4, Tables 14 & 15]

- a. Westario has provided an explanation of why the Maintenance costs in 2022 were \$687k higher than 2021, notably one-time storms or new staff, however, for 2023 the costs only reduced by \$141k resulting in a permanent increase of \$546k. Please explain this permanent increase.

WPI Response

The sustained increase in 2022 and 2023, compared to 2021, is linked to the transition from reactive tree-trimming to the proactive three-year program.

- b. Please explain why Bad Debt Expense continues to be high in 2023 and 2024, given the explanation for the increase in 2022, as it refers to one specific customer.

WPI Response

The bad debt expense for 2023 and 2024 is estimated through the accounts receivable aging method. Based on the outstanding amounts on December 31 the amount of allowance for uncollectible accounts is calculated and expensed during the year. It is updated once a year for the upcoming year. Our assumption also includes that bad debts will follow the economic trend of households struggling to pay bills and as such have increased our uncollectable allowance which contributes to the increasing expense.

4-SEC-21 D2

[Ex. 4, Appendix 2-M] Westario's 2018 approved revenue requirement included \$65k for one time application costs based on the total one-time cost of \$332.5k/5. This included \$112k for the DSP. (Reference: EB-2017-0084, WPI 2018 CoS SProposal Ch 2 Appendix 2018042, 2-M). Please explain the increased cost of \$275k for the DSP underpinning this application.

WPI Response

A new DSP was developed based on the new chapter 5 guidelines that came out 2022 and costs also include the expenses associated with an Asset Condition Assessment study that assisted with this development.

4-SEC-22 D2

[Ex. 4, p. 41]

- a. Please provide further details on the Short-Term Incentive (STI) compensation paid each year, e.g. who is eligible, total amounts paid, the metrics and their weighting, etc.

WPI Response

STIs are based on various criteria such as annual personal and corporate performance goals and weighted based on established set organizational levels which include importance, relevancy, safety, etc. Payment metrics are based on accomplished weights and contractual values.

- b. What amount has been budgeted for STI in 2024?

WPI Response

2024 Budget figures are \$100k.

4-SEC-23 D2

[Ex. 4, Table 4, Appendix 2-JC]

- a. Please provide the UsoA which includes the cost of providing locates.

WPI Response

Locate costs were recorded in accounts 5040 – Underground Distribution Lines and Feeders – Operations in 2020 to 2023 and in account 5045 – Underground Distribution Lines and Feeders – Operations in 2018 and 2019.

- b. Provide historical and forecast data on costs for and number of locates.

WPI Response

	2018	2019	2020	2021	2022	2023
Total \$ Value	\$162,388	\$155,450	\$160,468	\$144,320	\$171,307	\$331,729
Total Locates	3,962	3,822	3,969	3,306	3,614	4510

- c. Has Westario included in its forecast any increased costs related to the Getting Ontario Connected Act?

WPI Response

WPI has not included these costs as they were not expected to be significant.

- d. If so, how much and how was that determined?

WPI Response

N/A

Exhibit 5 – Cost of Capital

5-Staff-38 D2

Debt

Ref 1: Exhibit 5, pages 7-14

Preamble:

Westario Power has debt instruments with CIBC with various start dates from 2011 to 2023. These debt instruments are all denoted as “Fixed Rate” and all carry an interest rate of 3.54% in 2023. The outstanding instruments in 2021 had interest rates of 3.94%, and in 2020 had interest rates of 3.631%.

Westario Power notes that the fixed interest rates will fluctuate and are expected to be competitive with other banks, in the 4.5%-8% range.

A new loan is for \$7.5 million sought at 4.7% interest rate.

Question(s):

- a) Please explain how these debt instruments are “Fixed Rate” if the interest rate is fluctuating.

WPI Response:

Following the completion of each individual loan agreement, all loans will be subject to a fixed interest rate. However, it is important to note that the interest on these loans undergoes a periodic review and adjustment concurrent with the introduction of new financial facilities, and an interest swap is applied to all loans issued by the Canadian Imperial Bank of Commerce (CIBC) based on the interest rate at the date of the refinancing and pricing of the swap.

- b) Why does Westario Power expect interest rates to be in the 4.5 – 8% range when historic interest rates, as recently as 2023 have been 3.54%

WPI Response:

Please refer to the Bank of Canada rates and a) above.

- c) Please explain what underpins the 4.7% interest rate on the new loan.

WPI Response:

It represents a forecasted assessment of the market conditions based on the application interest rates. All individual loans rates will undergo updates following the refinancing scheduled in April – May 2024.

- d) Does Westario Power have updated information on the expected rate of the new loan?

WPI Response: Not at this time.

5.0 COST OF CAPITAL (EXHIBIT 5)

5.0-VECC-37 - D2

Reference: Exhibit 5, 5.2.1, page 6

Table 3 – Historical Return On Equity Achieved

	2018	2019	2020	2021	2022	2023
2018 Board Approved	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
Actual Achieved	10.10%	10.99%	8.77%	7.01%	5.09%	9.22%

a) Please update Table 3 to show 2023 results.

WPI Response: Please note that the inputs below are preliminary and are subject to changes as 2023 has not yet be audited.

Regulated net income	
Regulated net income (loss), as per RRR 2.1.7	\$2,839,008.97
Adjustment items:	
Non-rate regulated items and other adjustments (Appendix 1)	\$0.00
Unrealized (gains)/losses on interest rate swaps (Not applicable if recorded in Other Comprehensive Income)	
Actuarial (gains)/losses on OPEB and/or Pensions not approved by the OEB	
Non-recoverable donations (Appendix 2)	\$4,512.66
Net interest/carrying charges from DVAs (Appendix 3)	\$0.00
Interest adjustment for deemed debt (Appendix 4)	-\$392,793.28
Adjusted regulated net income before tax adjustments	\$2,450,728.34
Add back:	
Future/deferred taxes expense	\$0.00
Current income tax expense (Does not include future income tax)	\$26,780.43
Deduct:	
Current income tax expense for regulated ROE purposes (Appendix 6)	-\$60,183.50
Adjusted regulated net income	\$2,537,692.27
Deemed Equity	
Rate base:	
Cost of power	\$47,508,275.38

Operating expenses before any applicable adjustments						\$6,501,436.80
Other Adjustments:						
Adjusted operating expenses						\$6,501,436.80
Total Cost of Power and Operating Expenses						\$54,009,712.18
Working capital allowance % as approved in the distributor's last CoS Decision and Order						7.50%
Total working capital allowance (\$)						\$4,050,728.41
PP&E						
Opening balance - regulated PP&E (NBV) (Appendix 5)						\$63,346,869.06
Adjusted closing balance - regulated PP&E (NBV) (Appendix 5)						\$66,232,780.93
Average regulated PP&E						\$64,789,825.00
Total rate base						\$68,840,553.41
Regulated deemed short-term debt % and \$	4.00%	%	v			\$2,753,622.14
Regulated deemed long-term debt % and \$	56.00%	%	w			\$38,550,709.91
Regulated deemed equity % and \$	40.00%	%	x			\$27,536,221.36
Regulated Rate of Return on Deemed Equity (ROE)						
Achieved ROE%						9.22%
Deemed ROE% from the distributor's last CoS Decision and Order						9.00%
Difference - maximum deadband 3%						0.22%

5.0-VECC-38 - D2

Reference: Exhibit 5, 5.2.1, page 6

"In 2023 and 2024 WPI expects to enter into a financing agreement with CIBC for the purposes of funding capital projects for \$9.5 and \$7.5 million respectively. The fixed interest rates from CIBC through the Interest Rate Swap market will fluctuate and are expected to be competitive with other Banks. WPI expects them to be in 4,50-8.00 % range, depending on the Bank of Canada governor's decisions. Actual interest rates from CIBC will not be available until the time of drawdown. Currently, the effective fixed interest rate is 3.54% and plus a yearly stamping fee of 1.4%."

- a) In Table 4 showing the calculation of the weighted cost of long-term debt three "New Bank Loans" are shown with principals of \$4.1, \$7.766 and \$7.5 million dollars. The first two of these are shown to have already been negotiated while the third has a start date of 04-15-2024. Please confirm (or correct) that of these three loans are those referred to in the above paragraph. Please also confirm that of the three the final loan of \$7.5 million remains outstanding.

WPI Response:

2023 – 2 loans, 2024 1 loan is still outstanding.

- b) Please also confirm (or correct) that all of the CIBC loans, other than the loan of 04-15-2024 are effectively fixed at 3.540% for the duration of the rate plan period (i.e. 5 years).

WPI Response:

Following the completion of each individual loan agreement, all loans will be subject to a fixed interest rate. However, it is important to note that the interest on these loans undergoes a periodic review and adjustment concurrent with the introduction of new financial facilities, and an interest swap is applied to all loans issued by the Canadian Imperial Bank of Commerce (CIBC) based on the interest rate at the date of the refinancing and pricing of the swap.

5.0-VECC-39 D2

Reference: Exhibit 5, Table 1, page 5

- a) Please recalculate Table 1 using the most recent Board cost of capital parameters and provide the revenue requirement adjustment associated with is change.

WPI Response: Please see the table below.

2024					
Particulars	Capitalization Ratio		Cost Rate	Return	
	(%)	(\$)	(%)		(\$)
Debt					
Long-term Debt	56.00%	\$39,660,861	3.62%		\$1,435,589
Short-term Debt	4.00%	\$2,832,919	6.23%		\$176,491
Total Debt	60.00%	\$42,493,779	3.79%		\$1,612,080
Equity					
Common Equity	40.00%	\$28,329,186	9.21%		\$2,609,118
Preferred Shares	0.00%	\$ -	0.00%		\$ -
Total Equity	40.00%	\$28,329,186	9.21%		\$2,609,118
Total	100.00%	\$70,822,965	5.96%		\$4,221,198

5-SEC-24 - D2

[Ex. 5, Appendix 2-OB,] Appendix 2-OB shows three new 20-year bank loans in 2023/2024, as follows:

	Principal	Start Date	Rate %
Loan #1	4,106,250	May 1, 2023	.0354
Loan #2	3,766,668	June 1, 2023	.0354
Loan #3	7,500,000	April 15, 2023	.047

a. Please confirm that this information is correct and update as required.

WPI Response:

Loan 3 should be 2024.

b. Please explain the difference in interest rates between Loan #1 & #2 and Loan #3.

WPI Response:

Following the completion of each individual loan agreement, all loans will be subject to a fixed interest rate. However, it is important to note that the interest on these loans undergoes a periodic review and adjustment concurrent with the introduction of new financial facilities, and an interest swap is applied to all loans issued by the Canadian Imperial Bank of Commerce (CIBC) based on the interest rate at the date of the refinancing and pricing of the swap.

Exhibit 6 – Revenue Requirement and Revenue Deficiency or Sufficiency

6-Staff-39 D2

Ref 1: 2024 PILs model

Preamble:

OEB staff notes that Westario Power has a negative taxable income of \$930,325 in the historical year of 2022 but Westario Power did not fill out the loss carry forward tabs in the PILs model.

Question(s):

- a) Please confirm that Westario Power is not going to carry forward the loss to offset the taxable income in bridge year and test year. If not, why not.

WPI Response:

The \$928,868 non-capital loss incurred in historical year 2022 was requested to be carried back to reduce the taxable income of the second previous tax year (2020) by \$82,464 and the third previous tax year (2019) by \$846,404. There are no further non-capital losses to be carried forward to the bridge or test year.

6.0 REVENUE REQUIREMENT (EXHIBIT 6)

6-Staff-40 – D2

Ref 1: WPI 2024 PILs 20231103.xls

Ref 2: WPI_2024 Chapter 2 Appendices_20240106.xls, tab 2BA

Preamble:

OEB staff reviewed tab H1 Schedule 1 in reference 1 and tab 2BA of reference 2 and the additions to accumulated depreciation and noted the following:

Reference	2020	2021	2022
2BA	1,762,411	1,858,929.23	1,976,122
PILS - Sch1	1,830,436	2,181,129	2,409,135
Difference	-68,025	-322,199	-433,013

Question(s):

- Please reconcile and explain the differences between the additions noted above.

WPI Response:

Variance in amortization is caused by the following:

- Amortization rates used in the rate application process are different from what is captured in the income statement. For the PILs model we have added back the amortization included in net income for accounting purposes to accurately reflect the taxable income.

Reference	2022	2023	2024
2BA	1,817,188	2,003,193	2,208,429
PILS - Sch1	1,830,436	2,003,193	2,208,429
Difference	-13,248	0	0

6-Staff-41 D-1

Ref 1: WPI 2024 PILs 20231103.xls

Preamble:

OEB staff notes that there is an issue with the CCA model that may impact utilities who are claiming CCA under the accelerated investment incentive program (AIIP). The AIIP provides an enhanced first-year allowance for certain eligible property equal to three times CCA for the years of 2018 (stub period) to 2023. The AIIP is phasing out from 2024 so that the enhanced first-year allowance is reduced to two times the normal first-year CCA deduction.

OEB staff noted that in the schedule 8 tabs in reference 1, Westario Power has eligible property for which it claims the accelerated CCA factor in 2024 test year. OEB staff notes that the relevant factor for the eligible property is set to 0.5 whereby CCA is calculated on UCC reflecting the full effect of the AIIP rather than the phased out effect of the AIIP, in which case, the relevant factor should be set to 0.

Question(s):

1. Please use the attached updated PILs model and provide the updated PILs calculation.

WPI Response:

Please see the updated PILS model and updated PILs calculation.

6-Staff-42 D2

Ref 1: Exhibit 6 / Section 6.2

Preamble:

Westario Power notes in its application that it does not pay property taxes as its office space is leased. Property Taxes on the distribution system are recorded in OM&A.

In table 5 of Exhibit 6, Westario Power shows the trend in revenue requirement from 2018 to 2024 including an amount for property taxes, which is forecasted to be \$49,008 in 2024.

Question(s):

- a) Please describe the nature of the \$49,008 costs as it relates to the distribution system.

WPI Response:

WPI has owned the building since 2007 and pays the taxes for the office building. The \$49,008 relates to our administration building. All taxes assigned to substations properties (distribution assets) are recorded in GL account #511400.

- b) Please explain the difference in regulatory and accounting treatment for distribution system property taxes and other property taxes (as mentioned under section 6.2 – PILS and other taxes).

WPI Response:

Please see a.

6.0-VECC-40 D2

Reference: Exhibit 6, page 14 (Table 8) /Appendix 2-H

- a) With respect to Account 4210 (Rent for Electric Property), for each of the years 2018-2024 please provide a breakdown by source of revenue.

WPI Response:

Number of Poles	Renters
28	Eastlink - Bluewater Cable TV
11	Wightman
3570	Eastlink - Pole Attachments
226	Eastlink - Clearances
883	Rogers Communications - Attachments
60	Rogers Communications - Clearances
31	Bruce Telecom
23	HONI
765	Bell Aliant

- b) For each of the years 2018-2024 please provide details regarding the pole attachment revenues from Telecom companies (i.e. the number of poles and the rate use per pole).

WPI Response:

2018:

		Jan - Aug 2018	Sep Dec 2018
Renters - pole attachments	Number of poles	Rate	Rate
Eastlink - Bluewater Cable TV	28	\$22.35	\$28.09
Wightman	11	\$22.35	\$28.09
Eastlink	3570	\$22.35	\$28.09
Rogers Communications	883	\$22.35	\$28.09
Bruce Telecom	31	\$22.35	\$28.09
Bell Aliant	767	\$22.35	\$28.09

2019:

	2019	
Renters - pole attachments	Number of poles	Rate
Eastlink - Bluewater Cable TV	28	\$43.63
Wightman	11	\$43.63
Eastlink	3570	\$43.63
Rogers Communications	883	\$43.63
Bruce Telecom	31	\$43.63
Bell Aliant	767	\$43.63

2020:

	2020	
Renters - pole attachments	Number of poles	Rate
Eastlink - Bluewater Cable TV	28	\$44.50
Wightman	11	\$44.50
Eastlink	3570	\$44.50
Rogers Communications	883	\$44.50
Bruce Telecom	31	\$44.50
Bell Aliant	767	\$44.50

2021:

	2021	
Renters - pole attachments	Number of poles	Rate
Eastlink - Bluewater Cable TV	28	\$44.50
Wightman	11	\$44.50
Eastlink	3570	\$44.50
Rogers Communications	883	\$44.50
Bruce Telecom	31	\$44.50
Bell Aliant	767	\$44.50

2022:

	2022	
Renters - pole attachments	Number of poles	Rate
Eastlink - Bluewater Cable TV	28	\$34.76
Wightman	11	\$34.76
Eastlink	3570	\$34.76
Rogers Communications	883	\$34.76
Bruce Telecom	31	\$34.76
Bell Aliant	773	\$34.76

2023:

	2023	
Renters - pole attachments	Number of poles	Rate
Eastlink - Bluewater Cable TV	28	\$36.05
Wightman	11	\$36.05
Eastlink	3570	\$36.05
Rogers Communications	883	\$36.05
Bruce Telecom	31	\$36.05
Bell Aliant	773	\$36.05

2024:

	2024	
Renters - pole attachments	Number of poles	Rate
Eastlink - Bluewater Cable TV	28	\$37.78
Wightman	11	\$37.78
Eastlink	3570	\$37.78
Rogers Communications	883	\$37.78
Bruce Telecom	31	\$37.78
Bell Aliant	773	\$37.78

- c) Please explain how WPI forecasted the 2023 and 2024 amounts for each of the following USOAs set out in Table 8: #4225, #4235, #4360 and #4362.

WPI Response:

MRS to tweak to reflect the models used.

Budgets 2023 and 2024 forecasted revenue was based on inflation rates and adjusted for seasonality.

- d) Please provide a schedule that sets out, for each of the USOAs set out in Appendix 2-H, the 2023 actual values. Note: If 2023 actual values are not available, please provide the available 2023 year-to-date values and the values for 2022 for the same months.

WPI Response:

Updated to 2023 actuals.

- e) Please clarify whether the forecasted 2024 amount for Account #4405 includes interest debits/credits related to regulatory accounts. If yes, what is the amount?

WPI Response:

In 2024 account includes forecasted \$79k.

6-SEC-25 D2

[Ex. 6, Appendix 2-H]

- a. Please provide year end actuals for Other Revenue in the detail provided in Appendix 2-H. Please update the forecast for 2024 if required.

WPI Response:
Updated

- b. Appendix 2-H shows an entry of \$157k under 4380 Expenses of Non Rate-Regulated Utility Operations in 2019, which has a corresponding revenue of \$1.4k. Westario states that this is for consulting fees. Please explain.

WPI Response:

WPI contracted PWC to assist with strategic goals at that time and support in the development of new revenue report.

- c. Why has Westario forecast \$0 for accounts 4325 and 4330 going forward?

WPI Response:

Since these requests do not have a direct impact on our distribution system and can be very hard to predict, therefore WPI budgeted as \$0.

WPI is not expecting any costs associated with 4330 since most of these customer requests have no material associated with them.

Exhibit 7 – Cost Allocation

7-Staff-43 D2

Load Profiles

Ref 1: Exhibit 7, page 13

Preamble:

Westario Power states that due to the time-consuming data mining exercise and its relatively new workforce, it was unable to update load profiles for all rate classes.

Question(s):

- a) Please explain why Westario Power believes it is appropriate to rely on load profiles prepared in 2004.

WPI Response: Westario Power does not believe it to be appropriate to rely on load profiles that are twenty years old. The utility planned to update its demand profiles but unexpectedly underwent a significant staff restructuring. As such, the utility's priorities shifted away from working on these inputs to Cost Allocation model to other critical matters.

WPI has is also taking advantage of this exercise to better understand its load, trends and profiles all of which will help the utility update its profiles in its next Cost of Service

- b) Does Westario Power commit to having plans in place to update load profiles for all rate classes for its next rebasing application?

WPI Response: Yes, WPI commits to updating its profiles for its next cost of service. WPI would also encourage the OEB to champion, much like it did in 2004, the development of a mechanism that would help utilities update their profiles in a cost and resources efficient manner.

7-Staff-44 D2

Revenue-to-cost ratio

Ref 1: Exhibit 7, page 21

Preamble:

Westario Power states that the calculated revenue-to-cost ratios for all rate classes fell within the OEB approved range except for the GS 50-4999 kW class.

Westario Power further states,

“The Residential class shows a level of cross-subsidization; therefore, WPI proposes to apply the shortfall of approximately 500K in the GS 50-4999 kW to offset its over contribution in terms of revenues to costs.

The revenue to cost ratios for the other classes were marginally adjusted in accordance with board policy. The collective adjustments of the non-weather sensitive classes were relatively small; therefore, the impact on rates is minimal.”

Question(s):

- a) Please provide details on the marginal adjustments that were made to other classes and why they were adjusted if they were already within the OEB policy range.

WPI Response: WPI's understanding of the expected adjustment is that firstly, classes whose ratios fall outside the range must be moved to either the floor or ceiling. Then, the next class WPI would move is the furthest below/above 1.0 in order to accommodate any moves made at step 1. No other class moves are made until that specific class matches the next lowest below/above 1.0.

If required, WPI would move both up in tandem until they both match the 3rd lowest below 1.0. Residential would possibly need adjusting because the other classes move up too quickly to absorb the shortfall, but the residential should not move until every class below it have caught up.

The marginal adjustments are because of rounding as can be seen in the shortfall reconciliation below.

b) Please provide the bill impacts if the marginal adjustment in part a) is not made.

WPI Response: As explained above the adjustments to other classes are due to rounding.

Customer Class Name	Calculated R/C Ratio	Proposed R/C Ratio	Variance	Target Range		Shortfall Reconciliation
				Floor	Ceiling	
Residential	1.0621	1.0080	0.0541	0.85	1.15	461,798.9
General Service < 50 kW	0.9771	0.9772	-0.0002	0.80	1.20	-391.0
General Service > 50 to 4999 kW	0.8249	1.0295	-0.2046	0.80	1.20	-461,774.8
Unmetered Scattered Load	0.8969	0.8665	0.0304	0.80	1.20	320.1
Sentinel Lighting	0.8280	0.8138	0.0143	0.80	1.20	28.0
Street Lighting	0.8742	0.8741	0.0000	0.80	1.20	18.7

7-Staff-45 D2

Cost Allocation

Ref 1: Cost Allocation Model, Tab I8 Demand Data

Ref 2: CoS Load Profiles, Revised Input to CA model

Preamble:

The Non-Coincident Peak (NCP) Sanity Check is not passed in the first reference. The second reference, row 27, columns K to P is picking the January NCP, which is not the largest NCP for four rate classes.

OEB Staff noted the above discrepancy during error checking. Westario Power requested additional time to investigate the issue.

Question(s):

- a) Please provide additional details and correct the discrepancy noted.

WPI Response: WPI has corrected the formula at row 27 of the demand profile worksheet to pick up the largest monthly load instead of January. The corrected demand profile is filed with these responses. Please note the results incorporate all changes to the model as described in WPI's responses to VECC-01.

7.0 COST ALLOCATION (EXHIBIT 7)

7.0-VECC-41 D2

Reference: Exhibit 7, page 8 (Table 8)

- a) With respect to Table 8, please explain how the Customer Billing (Account 4315) costs are attributed to the various customer class and, in particular, why there are no costs attributed to either the Sentinel or USL classes.

WPI Response: WPI agrees with VECC in that certain billing costs should have been allocated to the Sentinel and USL classes. WPI's head of billing reviewed and updated the weighting factors to reflect these costs. (presented below) An Excel version of the billing and collecting weighting factors has been filed along with these responses.

As filed:

Sheet 15.2 Weighting Factors Worksheet -

	1	2	3	7	8	9
	Residential	GS <50	GS>50-Regular	Street Light	Sentinel	Unmetered Scattered Load
Insert Weighting Factor for Services Account 1855	1.0	1.0	5.2	0.8	0.8	0.8
Insert Weighting Factor for Billing and Collecting	1.0	5.1	27.2	0.1	-	-

Revised:

Sheet 15.2 Weighting Factors Worksheet -

	1	2	3	7	8	9
	Residential	GS <50	GS>50-Regular	Street Light	Sentinel	Unmetered Scattered Load
Weighting Factor for Services Account 1855	1.0	1.5	5.2	0.9	0.4	0.6
Weighting Factor for Billing and ting	1.0	5.2	27.2	10.7	2.4	1.6

- b) As the weighting factor is meant to be per bill, please explain why the result for Street Lighting is not 12.58 (i.e. \$1,660.64/132) as opposed to 0.26.

WPI Response: VECC is correct in that the total for Street Lighting should have been calculated on a per bill basis. WPI has corrected this error in the model filed with these responses.

7.0-VECC-42 D2

Reference: Exhibit 7, page 9 (Table 9), page 10 (Table 10) and page 14

- a) In Table 9 a portion of the GS>50 billing demand is shown as receiving the TOA. However, in Table 10 the CCP, CCLT and CCS values are all the same (154) suggesting that all of the GS>50 customers used WPI's transformers and secondary assets. Similarly, on page 14, the PNCP4, LTNCP4 and SNCP4 values for GS>50 are all the same, suggesting that all GS>50 customers use WPI's transformers and secondary assets. Please reconcile.

WPI Response: WPI Response: VECC is correct. Tab I6.2 (line 24 and 25) was corrected to remove customers that have their own transformers.

The inputs for the GS>50 for 1,4 and 12 NCP to remove the profiles associated with customers that own a transformer. The model filed with these responses has been corrected accordingly.

7.0-VECC-43 D2

Reference: Exhibit 7, pages 19, 20 and 21
Cost Allocation Model (CAM), Tab O1
RRWF, Tab 11

- a) The Status Quo Revenue to Costs Ratios set out in Exhibit 7 at page 20 (part c) and pages 21 (Table 21) and in the RRWF (Tab 11) differ from those in Tab O1 of the CAM and in Exhibit 7, page 19 (Table 19). As required, please provide revised versions of the tables on pages 20 and 21 and Tab 11 of the RRWF that reconcile with the Status Quo results set out in the CAM (Tab O1). Please also indicate if these revisions alter WPI's proposal regarding the 2024 Revenue to Cost Ratios.
- b) The Proposed 2024 Revenue to Cost Ratios set out in the RRWF (Tab 11) and Exhibit 7, pages 19 (Table 19) differ from those in Exhibit 7, page 20 (Part C) which differ again from those in Exhibit 7, page 21 (Part D) which differ again from those in Exhibit 7, page 21 (Table 21). Please clarify the proposed 2024 Revenue to Cost Ratios are for each customer class.
- c) If the proposed 2024 Revenue to Cost Ratio for GS>50 is above the Board's target floor of 0.80, please explain why.

WPI Response: a) b) c) : the model have been updated to reflect various changes as a result of responding to these IRs. The Cost Allocation has been updated to reconcile between the RRWF and CA model which hopefully resolves the issues raised above.

7-SEC-26 D2

[Ex. 7, Tables 6, 7 & 20]

- a. Please confirm that the weighting factor of 27.2 was used for billing and collecting for GS> 50kW in the approved cost allocation for 2018 and not 5.6 as shown in Table 6. (Reference: EB-2017-0084, WPI 2018 CoS SProposal Cost_Allocation_Model 20180425).

WPI Response: That is correct. WPI confirms that it used 27.2 and that table 6 (2018) was presented for informational purposes only .

Exhibit 8 – Rate Design

8-Staff-47 D2

RTSRs

Ref 1: Exhibit 8, page 12

Ref 2: RTSR Workform

Preamble:

On January 18, 2023⁴, the OEB approved the 2024 UTR³ and on December 14, 2023, OEB approved 2024 Hydro One Network Inc.'s host RTSRs⁴.

Question(s):

- a) Please confirm which historic year of RRR data has been used at reference 2.

WPI Response: 2022 was used in the original application. The model has been updated to reflect 2023 data.

- b) Please confirm which year of wholesale purchase volumes have been used.

WPI Response: 2022 was used in the original application. The model has been updated to reflect 2023 data.

- c) Please update the RTSR model using the 2024 approved UTRs and RTSRs.

WPI Response: WPI confirms that it updated the UTR to reflect the most recently published rates.

8-Staff-48 D2

Low Voltage

Ref 1: Exhibit 8, page 10.

Preamble:

Westario Power has used the most recent Hydro One Charges of \$1,699,897 as a forecast for its 2024 Low Voltage Rates.

Question(s):

- a) Please provide the low voltage expense that would result if Hydro One rates excluding rate riders were applied to a 5-year average of 2018-2022 volumes.

WPI Response: Please see the revised LV charges and the use of a 5-year average to determine the 2024 LV rates.

Low Voltage Charges

Host I:	2016	2017	2018	2019	2020	2021	2022	2023	AVG 2024
Host Volume									
Host Charges			1,244,277	1,699,171	2,233,772	2,390,967	1,699,897	1,467,033	1,898,168

Host II:	2016	2017	2018	2019	2020	2021	2022	2023	2024
Host Volume									
Host Charges									

Instructions: The methodology of the test year forecast for host charges is at the distributor's discretion. Please provide a brief descriptor of the methodology used and rationale in the filed evidence.

Regardless of the methodology chosen, please ensure that the Host Charges for the test year is completed for each host distributor.

Low Voltage Rates

Proposed Loss Factor 1.0703

Instructions: Please enter the rate class volumes consistent with the proposed load forecast, and proposed loss factor.

If Low voltage charges are applied based on volumes updated for losses, please select Loss Adjusted volume in cell

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Rate Class	Unit	2024	RTSR Connection Rate	Loss Adjusted Volume	RTSR Connection Revenue	Allocation	Allocated Low Voltage Charges	Loss Adjusted Volume	Low Voltage Rates
Residential	\$/kWh	194,967,766	0.0076	208,672,638	1,584,234	54.8%	1,040,330	208,672,638	0.0050
General Service < 50 kW	\$/kWh	72,307,815	0.0069	77,390,549	535,086	18.5%	351,379	77,390,549	0.0045
General Service > 50 to 4999 kW	\$/kW	274,792	2.7503	274,792	755,768	26.1%	496,295	274,792	1.8061
Unmetered Scattered Load	\$/kWh	218,260	0.0069	233,602	1,615	0.1%	1,061	233,602	0.0045
Sentinel Lighting	\$/kW	15	2.1716	15	33	0.0%	21	15	1.4261
Street Lighting	\$/kW	6,516	2.1226	6,516	13,831	0.5%	9,083	6,516	1.3939
Large User	\$/kW	0		0	0	0.0%	0	0	0.0000
TOTAL					2,890,567	100.0%	1,898,168		

8.0 RATE DESIGN (EXHIBIT 8)

8.0-VECC-44 D2

Reference: Exhibit 8, page 8

Preamble: The Application states:

“Table 7 below shows the Current fixed/variable proportion for each rate class, along with the reconciliation to the Base Revenue Requirement.”

And

“For all classes listed above, the existing fixed to variable ratios fell within the minimum and maximum range indicated in table 4. Therefore, WPI proposes to adopt the resulting rate of keeping the existing fixed to variable split.”

- a) While the Application states that Table 7 shows the Current fixed/variable proportion for each rate class, the heading for the Table is “Table 7 – Proposed Fixed to Variable Split.” Please confirm that Table 7 sets out the proposed fixed/variable split for each class and the associated proposed 2024 rates.
- b) Please confirm that in the second referenced statement above the minimum and maximum range for each class is indicated in Table 5 (not Table 4).
- c) Please confirm that contrary to the second referenced statement, the current monthly fixed charge for the GS>50 class exceeds the maximum value for that class as set out in Table 5. Please confirm that, for the GS>50 class, WPI’s proposal is not to maintain the current fixed/variable split but rather to maintain the current (2023) fixed charge for 2024.
- d) Contrary to the second referenced statement, the GS<50 fixed/variable split proposed for 2024 appears to be different from the existing fixed/variable split (53.76 % fixed per Table 7 versus 50.88% fixed per Table 6). Please reconcile and confirm WPI’s proposal with respect to the GS<50 class.

WPI Response for all of the above: The evidence reflected an outdated iteration of fixed to variable adjustments and unfortunately, WPI missed updating the evidence to reflect the revised adjustments. The rate design has been updated to reflect changes to the models as a result of the response to IRS.

8.0-VECC-45 D2

Reference: Exhibit 8, pages 10

- a) If actual 2023 host LV billing determinants are available for the full year, please provide:
- i. The actual 2023 host LV billing determinants.

WPI Response:

- ii. The actual host LV charges for 2023 based on the actual 2023 billing determinant values and the HONI's approved ST rates for 2023 per EB-2021-0110.

WPI Response: Original submission for 2023 LV host charges were based on LV charges host charges from 2022 and HON's approved ST rates for 2024. LV host charges for 2023 have been updated to 2023 actual values.

- iii. The forecast LV host charges for 2024 based on the HONI's approved 2024 ST rates per EB-2023-0030 and the actual 2023 billing determinants.

WPI Response: Original submission for 2024 forecasted LV host charges were based on LV charges host charges from 2022 and HON's approved ST rates for 2024. LV host charges for 2024 have been recalculated using 2023 actual values.

- b) If actual 2023 LV host billing determinants are not available for the full year, please provide:
- i. The actual 2022 host LV billing determinants.

WPI Response: 2023 billing determinants have been used for update.

- ii. An estimate of the LV host charges for 2024 based on actual 2022 billing determinants and HON's approved ST rates for 2024 per EB-2023-0030.

WPI Response: LV charges host charges have been updated and new forecast is based on 2023 billing determinants. Original submission was based on HON's approved ST rates for 2024.

8.0-VECC-46 D2

Reference: Exhibit 8, page 12 /RTSR Model, Tabs 3, 4 and 5

- a) Please confirm that both the RRR data in Tab 3 and the billing units in Tab 5 are based on 2022 actuals. If not confirmed, please indicate the basis for the data used and update the RTSR Model as required.

WPI Response:

Tab 5 billing units was originally based on the 2022 actuals however, WPI has updated the inputs and rates to reflect 2023 actuals.

- b) Are the HON 2024 rates used in Tab 4 the same as those approved by the OEB in EB-2023-0030. If not, please update the RTSR Model as required.

WPI Response:

The RTSR rates has been updated to reflect the most recently published UTRs

8.0-VECC-47 D2

Reference: Exhibit 8, page 16 (Table 17)
Exhibit 3, Load Forecast Model, Bridge & Test Year Class
Forecast Tab. Cells C10-C14

Please explain why the actual purchased power values in the Load Forecast Model do not match either the higher or lower Wholesale kWh Delivered to the Distributor values in Table 17

WPI Response: WPI uses the most recent RRR filing to allocate load between both RPP/Non-RPP. Instead of using the per class load forecast, WPI uses the overall wholesale and RRR split across all classes for allocation purposes.(see below)

Commodity Expense (volumes for the bridge and test year are loss adjusted)

Commodity				2024 Test Year						
Customer		Revenue	Expense							
Class Name	UoM	USA #	USA #	Class A Non-RPP Volume**		Class B Non-RPP Volume**	Class B RPP Volume**	Average HOEP	Average RPP Rate	Amount
Residential	kWh	4006	4705	-		2,929,075	195,418,115	\$0.0318	\$0.1111	\$21,794,297
General Service < 50 kW	kWh	4010	4705	-		20,893,872	52,667,272	\$0.0318	\$0.1111	\$6,512,917
General Service > 50 to 4999 kW	kWh	4035	4705	74,297,784		91,201,571	4,808,225	\$0.0318	\$0.1111	\$5,795,178
Unmetered Scattered Load	kWh	4010	4705	-		34,101	187,942	\$0.0318	\$0.1111	\$21,955
Sentinel Lighting	kWh	4025	4705	-		-	7,570	\$0.0318	\$0.1111	\$841
Street Lighting	kWh	4025	4705	-		2,313,582	-	\$0.0318	\$0.1111	\$73,549
Large User	kWh	4025	4705	-		-	-	\$0.0318	\$0.1111	\$0
New Class	kWh	4025	4705					\$0.0318	\$0.1111	\$0
New Class	kWh	4025	4705					\$0.0318	\$0.1111	\$0
TOTAL				74,297,784		117,372,201	253,089,123			\$34,198,736
				Integrity Check		444,759,108				

Commodity Expense (volumes for the bridge and test year are loss adjusted)

Commodity		2022 RRR				Last RRR weighted		
Customer		Class A Non-RPP Volume**	Class B Non-RPP Volume**	Class B RPP Volume**	Total	Class A Non-RPP Volume**	Class B Non-RPP Volume**	Class B RPP Volume**
Residential			2,931,399	195,573,174	198,504,573	0.00%	0.66%	43.94%
General Service < 50 kW			20,910,451	52,709,062	73,619,513	0.00%	4.70%	11.84%
General Service > 50 to 4999 kW	74,356,737		91,273,937	4,812,040	170,442,714	16.71%	20.51%	1.08%
Unmetered Scattered Load			34,128	188,091	222,219	0.00%	0.01%	0.04%
Sentinel Lighting				7,576	7,576	0.00%	0.00%	0.00%
Street Lighting			2,315,418		2,315,418	0.00%	0.52%	0.00%
Large User	0				-	0.00%	0.00%	0.00%
New Class					-			
New Class					-			
TOTAL	74,356,737	117,465,333	253,289,943	445,112,013		16.71%	26.39%	56.90%

8-SEC-27 D2

[Ex. 8, p. 15] Please update the RRRP as per the decision in EB-2023-0268, issued on December 7, 2023.

WPI Response: WPI has updated its cost of power and bill impacts to reflect an RRRP of 0.0014 vs 0.0007.

8-SEC-28 D2

[Ex. 8, p. 17] Westario states ‘The distribution rates at subtotal A show that all classes are going down.’ Please explain this given the results in Table 18, specifically the GS > 50 kW class, which is increasing by 36.4%.

WPI Response: This statement was made in error. Certain classes’ distribution and overall bill impacts are going up.

Exhibit 9 – Deferral and Variance Accounts

9-Staff-49– D2

Ref 1: Exhibit 9 / page 5

Preamble:

Westario Power states that it is not proposing to smooth the impact of the CCA rules changes and disposition over the IRM period. In addition, the utility is proposing not to continue using Account 1592 unless there are new changes to the CCA rules.

Question(s):

- a) Given that the accelerated CCA program will be phased out starting 2024 and that Westario Power has claimed accelerated CCA for the test period, the utility should expect to have differences accumulate in sub account 1592 in its incentive period before the next rebasing application. Please confirm that Westario Power will continue to track and record such variances to sub account 1592.

WPI Response:

Correct. Account 1592 will be tracked in F2023 for accelerated CCA and future years and any variances will be recorded.

9-Staff-50 -D2

Ref 1: Exhibit 9 / page 5

Ref 2: Exhibit 9 / Appendix 9B

Preamble:

Westario Power hired a third-party auditor (Baker-Tilly) to review its processes and verify the accuracy of its calculations prior to attempting to dispose of account balances 1588 and 1589.

In Appendix 9B, memo by Baker-Tilly, Baker-Tilly states that it observed a pattern of substantial debit balances accumulating in account 1588 over the last few years. They stated that this pattern is logically inconsistent with expectations for balances in 1588, primarily due to the monthly 1598 filings with the Independent Electricity System Operator (IESO).

Further, Baker-Tilly stated that they had identified errors in the 1598 filings with the IESO. These errors have a direct impact on the balances in Account 1588 and could have an indirect impact on the balances in Account 1589. The auditor recommended postponing the disposition of Accounts 1588 and 1589 in Westario Power's upcoming COS application. In Baker-Tilly's view, additional time would enable the utility to conduct a comprehensive review of these accounts, rectify any errors, and align them with regulatory standards.

Westario Power is not seeking disposition of accounts 1588 and 1589 in this application.

Question(s):

- a) Please provide an update of the audit and please provide an estimated timeline for the audit to be completed.

WPI Response:

Baker Tilly is currently assisting with the internal audit, focusing on account 1588 and 1589, as well as the IESO 1598 filings from Westario Power. Minor discrepancies in the 1598 filings were identified, but these were deemed insufficient to explain the accumulating debit balances in account 1588. Utilismart has been engaged to provide additional consumption data. While Baker Tilly has received substantial data, their analysis is ongoing, and further reconciliation and data requests are anticipated from Westario Power and Utilismart. Due to year-end closing, external audits, and IRs, completion of the internal audit with Baker Tilly is expected to be performed and finalized between May and July 2024.

DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC -48 D2

Reference: Exhibit 9, Table 5, page 5

- a) Table 5 does not appear to match the subsequent evidence descriptions. For example, account 1592 shows no amount for disposition in Table 5, yet a page 5 the evidence describes a \$503,607 credit to ratepayers. Please review Table 5 and revise as necessary.

WPI Response:

On page 9, WPI states that: the utility proposes to dispose 100% of its balances in the same manner as it disposes of its other deferral and variance accounts through the DVA rate rider mechanism.

WPI therefore, has updated WPI EX 9 Deferral and Variance account page 12 Table 5 to include (\$503,607) under line 1592 PILs and Tax Variance for 2006 and Subsequent Years - Subaccount CCA Changes.

Missing Table WPI please paste corrected table below

9.0 –VECC -49 D2

Reference: Exhibit 9, Appendix 9B

- a) What is the date of the Bakertilly memorandum shown at Appendix 9B?

WPI Response: Bakertilly's email was received November 3rd 2023.

9.0 –VECC -50 D2

Reference: Exhibit 9, Appendix 9B

a) What is the disposition period for the Group 2 DVA balances?

WPI Response: WPI is requesting a disposition period of 12 months.

9-SEC-29– D2

[Ex.9, p. 5] With respect to Account 1592 – Sub-account CCA Changes, please provide an update that includes a forecast balance through the end of 2023.

WPI Response:

WPI forecasts that the balance at the end of December 2023 be: \$539,665 (December 2022's balance of \$503,607 +\$36,058).

Class No.	CCA with no AIIP	CCA with AIIP	Variance
1	\$252,589	\$253,313	\$(724)
1b	\$70,881	\$80,640	\$(9,759)
2	\$140,168	\$140,168	\$0
8	\$286,015	\$123,319	\$162,696
8	\$2,250	\$2,250	\$0
10	\$595,763	\$274,860	\$320,903
12	\$122,875	\$122,875	\$0
14.1	\$28,467	\$28,326	\$141
45	\$1	\$1	\$(0)
47	\$2,814,027	\$3,224,851	\$(410,824)
50	\$10,681	\$4,874	\$5,807
Total Variance			\$68,240
Tax Rate		26.5%	18,084
Grossed-Up		73.5%	\$24,604

9-SEC-30 – D2

[Ex.9, Table 3] With respect to Account 1508 Pole Attachment Revenue Variance Account, please update Table 3 to include a forecast of 2023 incremental revenue.

WPI Response:
Updated

	Activi ty	Monthly Variance	Cumulativ e Balance	Inter est Rate	Num ber of Days in Mont h	Interest Calculati on	
2023	N/A	150850	150850			150855	Opening Total
Opening Balance	-	(347,146.5 6)				(10,123. 23)	(357,269.79)
Jan	-	(3,719.84)	(350,866.4 0)	4.73 %	31	(1,394.5 8)	
IRM Adjustment		-	(350,866.4 0)	N/A		-	
Feb	-	(3,719.84)	(354,586.2 4)	4.73 %	28	(1,273.1 2)	
Mar	-	(3,719.84)	(358,306.0 8)	4.73 %	31	(1,409.5 2)	
Apr	-	(3,719.84)	(362,025.9 2)	4.98 %	30	(1,466.6 0)	
May	-	(3,719.84)	(365,745.7 6)	4.98 %	31	(1,531.2 2)	
Jun	-	(3,719.84)	(369,465.6 0)	4.98 %	30	(1,497.0 5)	
Jul	-	(3,719.84)	(373,185.4 4)	4.98 %	31	(1,562.6 9)	
Aug	-	(3,719.84)	(376,905.2 8)	4.98 %	31	(1,578.4 2)	

Sep	-	(3,719.84)	(380,625.12)	4.98%	30	(1,542.73)	
Oct	-	(3,719.84)	(384,344.96)	5.49%	31	(1,774.76)	
Nov	-	(3,719.84)	(388,064.80)	5.49%	30	(1,734.29)	
Dec	-	(3,719.84)	(391,784.64)	5.49%	31	(1,809.45)	
Activity for the year		(44,638.08)				(18,574.43)	Cumulative Total
Closing Balance		(391,784.64)				(28,697.66)	(420,482.30)