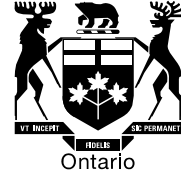


**Ontario Energy
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BY E-MAIL

November 2, 2017

John Pickernell
Manager Applications Administration
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Mr. Pickernell:

**Re: Canadian Niagara Power Inc.
2018 IRM Distribution Rate Application
OEB Staff Interrogatories
OEB File No. EB-2017-0031**

In accordance with Procedural Order #1, please find attached OEB Staff interrogatories in the above proceeding. The applicant has been copied on this filing.

Canadian Niagara Power Inc.'s responses to interrogatories are due by November 9, 2017.

Yours truly,

Original Signed By


Christiane Wong
Incentive Rates & Accounting

Encl.

Canadian Niagara Power Inc. (Canadian Niagara Power) EB-2017-0031

Staff IR-1 Ref: Rate-Setting Method

A portion of Sheet “1. Information Sheet” from the Rate Generator Model is reproduced below.

| | | |
|--|---|-----|
| | Version | 1.0 |
| Utility Name | Canadian Niagara Power Inc. | |
| #N/A | | |
| Assigned EB Number | EB-2017-0031 | |
| Name of Contact and Title | Brian Vander Vloet, Manager Finance | |
| Phone Number | 905-871-0330 | |
| Email Address | brian.vandervloet@cnpower.com | |
| We are applying for rates effective | January-01-18 | |
| Rate-Setting Method | Annual IR Index  | |
| Please indicate in which Rate Year the Group 1 accounts were last cleared ¹ | 2017 | |
| Please indicate the last Cost of Service Re-Basing Year | 2017 | |

Board staff notes that the box in Sheet 1 of the Rate Generator Model pertaining to “Rate-Setting Method” indicates “Annual IR Index”, whereas the Manager’s summary states “Price Cap Adjustment” (page 8 of 18).

Board staff requests Canadian Niagara Power to confirm that Canadian Niagara Power has elected Annual IR Index as the basis for its IRM rate application.

Staff IR-2

Ref: Sheet 3 “Continuity Schedule” - Account 1595 (2015)

Please provide explanations to the amounts of in account 1595 (2015):

- a) Transaction balance in the amount of \$114,172
- b) OEB-Approved Disposition during 2015 in the amount of \$496,634 and associated interest of \$(84,023)

| | | 2015 | | | | | | | |
|--|----------------|---|--|--|---|---|-----------------------------------|--|---|
| Account Descriptions | Account Number | Transactions Debit/ (Credit) during 2015 | OEB-Approved Disposition during 2015 | Principal Adjustments ¹ during 2015 | Closing Principal Balance as of Dec 31, 2015 | Opening Interest Amounts as of Jan 1, 2015 | Interest Jan 1 to Dec 31, 2015 | OEB-Approved Disposition during 2015 | Interest Adjustments ¹ during 2015 |
| Group 1 Accounts | | | | | | | | | |
| LV Variance Account | 1550 | \$41,015 | -\$359 | | 25,531 | (60) | -\$49 | \$54 | |
| Smart Metering Entity Charge Variance Account | 1551 | -\$3,810 | -\$6,222 | -\$9,475 | (14,914) | (65) | -\$15 | -\$102 | \$16,326 |
| RSVA - Wholesale Market Service Charge ⁵ | 1580 | -\$861,506 | -\$1,143,156 | | (989,909) | (34,447) | -\$6,129 | -\$37,131 | |
| Variance WMS – Sub-account CBR Class A ⁵ | 1580 | | | | 0 | 0 | | | |
| Variance WMS – Sub-account CBR Class B ⁵ | 1580 | | | | 0 | 0 | | | |
| RSVA - Retail Transmission Network Charge | 1584 | \$161,591 | \$643,882 | | (12,111) | 21,401 | \$1,509 | \$20,717 | |
| RSVA - Retail Transmission Connection Charge | 1586 | -\$9,153 | \$328,765 | | 145,834 | 12,150 | \$1,715 | \$11,291 | |
| RSVA - Power ⁴ | 1588 | -\$570,319 | \$459,419 | \$12,490 | (1,924,474) | (31,563) | -\$20,145 | -\$12,954 | |
| RSVA - Global Adjustment ⁴ | 1589 | \$1,258,319 | -\$770,098 | -\$97,293 | 2,750,822 | 28,234 | \$26,742 | \$9,924 | |
| Disposition and Recovery/Refund of Regulatory Balances (2009) ³ | 1595 | | | | 0 | 0 | | | |
| Disposition and Recovery/Refund of Regulatory Balances (2010) ³ | 1595 | | | | 0 | 0 | | | |
| Disposition and Recovery/Refund of Regulatory Balances (2011) ³ | 1595 | | | | 0 | 0 | | | |
| Disposition and Recovery/Refund of Regulatory Balances (2012) ³ | 1595 | | | | 0 | 0 | | | |
| Disposition and Recovery/Refund of Regulatory Balances (2013) ³ | 1595 | (82,080) | | | (41,149) | 106,938 | 47 | | |
| Disposition and Recovery/Refund of Regulatory Balances (2014) ³ | 1595 | | | | 0 | 0 | | | |
| Disposition and Recovery/Refund of Regulatory Balances (2015) ³ | 1595 | \$114,172 | 496,634 | | (382,462) | 0 | -\$4,593 | (84,023) | |
| Disposition and Recovery/Refund of Regulatory Balances (2016) ³ | 1595 | | | | 0 | 0 | | | |
| <i>Not to be disposed of until a year after rate rider has expired and that balance has been audited</i> | 1595 | | | | 0 | 0 | | | |

- c) Transaction balance in the amount of \$169,565
- d) Principal Adjustments' during 2016 in the amount of \$78,239

| | | 2016 | | | | | | | |
|--|----------------|---|--|--|---|---|-----------------------------------|--|---|
| Account Descriptions | Account Number | Transactions Debit/ (Credit) during 2016 | OEB-Approved Disposition during 2016 | Principal Adjustments ¹ during 2016 | Closing Principal Balance as of Dec 31, 2016 | Opening Interest Amounts as of Jan 1, 2016 | Interest Jan 1 to Dec 31, 2016 | OEB-Approved Disposition during 2016 | Interest Adjustments ¹ during 2016 |
| Group 1 Accounts | | | | | | | | | |
| LV Variance Account | 1550 | 53,281 | (15,484) | | 94,296 | (163) | 657 | -\$285 | |
| Smart Metering Entity Charge Variance Account | 1551 | (7,067) | (1,829) | | (20,353) | 16,348 | (33) | \$19 | |
| RSVA - Wholesale Market Service Charge ⁵ | 1580 | (523,290) | (128,403) | | (1,384,795) | (3,445) | (14,080) | \$1,271 | |
| Variance WMS – Sub-account CBR Class A ⁵ | 1580 | | | | 0 | 0 | | | |
| Variance WMS – Sub-account CBR Class B ⁵ | 1580 | 70,105 | | | 70,105 | 0 | 1,492 | | |
| RSVA - Retail Transmission Network Charge | 1584 | (139,561) | 149,481 | | (301,153) | 2,193 | (2,542) | \$2,329 | |
| RSVA - Retail Transmission Connection Charge | 1586 | (108,135) | 154,987 | | (117,288) | 2,574 | (662) | \$2,564 | |
| RSVA - Power ⁴ | 1588 | 199,331 | (1,366,644) | 2,422,176 | 2,063,677 | (38,754) | (7,701) | -\$33,642 | |
| RSVA - Global Adjustment ⁴ | 1589 | 159,747 | 1,589,796 | (2,039,158) | (718,385) | 45,052 | 18,663 | \$35,798 | |
| Disposition and Recovery/Refund of Regulatory Balances (2009) ³ | 1595 | | | | 0 | 0 | | | |
| Disposition and Recovery/Refund of Regulatory Balances (2010) ³ | 1595 | | | | 0 | 0 | | | |
| Disposition and Recovery/Refund of Regulatory Balances (2011) ³ | 1595 | | | | 0 | 0 | | | |
| Disposition and Recovery/Refund of Regulatory Balances (2012) ³ | 1595 | | | | 0 | 0 | | | |
| Disposition and Recovery/Refund of Regulatory Balances (2013) ³ | 1595 | 25,784 | | | (15,366) | 106,985 | (106,985) | | |
| Disposition and Recovery/Refund of Regulatory Balances (2014) ³ | 1595 | | | | 0 | 0 | | | |
| Disposition and Recovery/Refund of Regulatory Balances (2015) ³ | 1595 | 169,565 | | 78,239 | (134,658) | 79,430 | (2,410) | | (78,239) |
| Disposition and Recovery/Refund of Regulatory Balances (2016) ³ | 1595 | | | | | | | | |
| <i>Not to be disposed of until a year after rate rider has expired and that balance has been audited</i> | 1595 | (258,567) | (277,115) | | 18,548 | 0 | 1,368 | (300,152) | |

Staff IR-3

- 1) Per pages 14 and 15 of the application, please confirm that Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equalling RPP-HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142 equalling GA RPP is credited into Account 1589. If not confirmed, please explain the approach used in recording Charge Types 148 and 1142.
- 2) With regards to the Dec. 31 balance in Account 1589, all components that flow into Account 1589 (i to iv in table below) should all be based on actuals at year end.
 - a) Please confirm the information based on the information provided in the application in the following table to i) indicate whether the component is based on estimates or actuals at year end and ii) quantify the adjustment pertaining to each component that is trued up from estimate to actual

| | Component | a) Estimate or Actual | b) Quantify True Up Adjustment | Comments |
|-----|--|------------------------------|---------------------------------------|-----------------|
| i | Revenues (i.e. is unbilled revenues trued up by year end) | Estimate | \$67,000 | |
| ii | Expenses - GA non-RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end) | Estimate | \$408,000 | |
| iii | Expenses - GA non-RPP: Charge Type 148 with respect and RPP/non-RPP pro-ratio percentages | N/A | N/A | |
| iv | Credit of GA RPP: Charge Type 1142 if the approach under previous is used | Actual but trued up | (\$202,692) | |

- b) The DVA Continuity Schedule includes an adjustment to Account 1589 for charge types 148 (components ii) and 1142 (component iv) but not unbilled revenues (component i). Please include the true up of unbilled revenues as an adjustment in the DVA Continuity Schedule as well.
- 3) Per Table 4 on page 12 of the application, there is a true up of (\$202,692) relating to the true ups described for Account 1588 submitted in August 2017,
 - c) Please explain whether this true up pertains to both the Fixed Price Adjustment and microFIT/FIT true up.
 - d) If yes, please explain how Account 1589 is impacted from the microFIT/FIT true up.

4) With regards to the Dec. 31 balance in Account 1588, all components that flow into Account 1588 (i to iv in table below) should be all based on actuals at year end.

a) Please complete the following table to i) indicate whether the component is based on estimates or actuals at year end and ii) quantify the adjustment pertaining to each component that is trued up from estimate to actual

| | Component | a) Estimate or Actual | b) Quantify True Up Adjustment | Comments |
|-----|--|---|---------------------------------------|-----------------|
| i | Revenues (i.e. is unbilled revenues trued up by year end) | | | |
| ii | Expenses – Commodity: Charge Type 101 (i.e. is expense based on IESO invoice at year end) | | | |
| iii | Expenses - GA RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end) | N/A if charge type booked fully in Account 1589 | N/A | |
| iv | Expenses - GA RPP: Charge Type 148 with respect and RPP/non-RPP pro-ration percentages | N/A if charge type booked fully in Account 1589 | N/A | |
| v | RPP Settlement: Charge Type 142 including any data used for determining the RPP/HOEP/RPP GA components of the charge type | Actual but trued up | \$206,069+(\$92,892) | |

b) The DVA Continuity Schedule includes an adjustment to Account 1588 for RPP settlement (component v). Please include adjustments for unbilled revenues, charge type 101 in the DVA Continuity Schedule as well if the amounts recorded at year end were based on estimates.

5) Per Table 4 of page 11 of the application, true ups for Account 1588 include a true up of the Former Form 1598 Fixed Price Adjustment for \$206,069 and microFIT and FIT true up for (\$92,892).

a) Per page 14 of the application, the Fixed Price Adjustment is calculated as the difference between the weighted average energy price and RPP prices multiplied by consumption values. It is indicated that actual consumption data

- is used in the IESO submissions but true ups are still completed on an annual basis for any changes made after the original IESO settlement submissions were submitted. Please provide further details on what the true up for the Fixed Price Adjustment pertains to.
- b) Please confirm that the microFit and FIT true up is to true up the difference between wholesale price and contract price. If not, please explain.
- 6) There is a true up in Accounts 1588 and 1589 for December 2016 consumption billed in January 2017 due to a one month IESO submission lag.
- a) Please confirm that there was no IESO settlement done in the first month that Canadian Niagara Power was required to settle with the IESO.
- b) Please explain whether the IESO is aware of the perpetual one month lag and explain whether they are in agreement with this submission process.
- c) Please confirm whether the one month lag is in accordance with the IESO Market Rules, if applicable.
- 7) On page 12 of the application, it states that “Occasionally, immaterial adjustments to a previously approved 1595 recovery account may be made in the event that there is a billing correction posted subsequent to the request and approval received for the disposition of that account. That adjustment is then moved to another 1595 account and is requested for disposition in a subsequent proceeding”. Per Appendix A of the *Chapter 3 Filing Requirements for Electricity Distribution Rate Applications for 2018 Rate Applications*, “Any vintage Account 1595 Sub-Account is to be disposed only once, on a final basis. No further dispositions of these accounts are expected thereafter unless justified by the distributor”. Please explain why these immaterial amounts are not written off.