

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.

CNPI Response:

CNPI clarifies that its application for 2018 rates includes a Price Cap IR adjustment as indicated in the Manager’s summary. The “Price Cap Index” value input at cell D13 of Sheet 16 of the Rate Generator Model is consistent with this request. CNPI notes that the drop-down selection at Sheet 1 of the Rate Generator Model inadvertently reverted to Annual IR Index as indicated above. The drop-down selection has been corrected in the Rate Generator Model that has been filed in conjunction with these interrogatory responses.

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	\$469,419	\$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				0	0			
Disposition and Recovery/Refund of Regulatory Balances (2014) ³	1595				0	0			
Disposition and Recovery/Refund of Regulatory Balances (2015) ³	1595	(\$2,080)			(41,149)	106,938	47		
Disposition and Recovery/Refund of Regulatory Balances (2016) ³	1595				0	0			
Disposition and Recovery/Refund of Regulatory Balances (2016) ³	1595	\$114,172	496,634		(382,462)	0	-\$4,593	(\$84,023)	
<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 Adjustments¹ 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)	(1,629)		(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)	(718,365)	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)	(277,116)		18,548	0	1,368	(300,152)	

CNPI Response:

- a) This amount relates to principal amounts paid back to (recovered from) CNPI's customers in 2015 in accordance with rate riders effective January 1, 2015 per EB-2014-0061.
- b) These were amounts approved for disposition per EB-2014-0061. See table below:

	Principal	Interest	Total
Approved amounts per EB-2014-0061:			
Gananoque Service			
Territory Total Group 1	220,461	73,056	293,517
Port Colborne Service			
Territory	(639,577)	904	(638,673)
Fort Erie Service Territory	(158,387)	10,174	(148,213)
LRAM Disposition	80,868	-	80,868
	(496,635)	84,134	(412,501)
Per EB-2017-0031 DVA			
Continuity	(496,634)	84,023	(412,611)
Difference	(1)	111	110
		rounding	

- c) This amount relates to principal amounts paid back to (recovered from) CNPI's customers in 2016 in accordance with rate riders effective January 1, 2015 per EB-2014-0061.
- d) This amount relates to reclassification of amounts paid back to (recovered from) CNPI's customers in 2016 in accordance with rate riders effective January 1, 2015 per EB-2014-0061. In certain regions, principal amounts approved in EB-2014-0061 had been paid back to (recovered from) CNPI customers during 2016. This adjustment reflects a reclassification to interest to net against the outstanding interest approved as part of EB-2014-0061 as per response provided in a) above. This reclassification methodology is in accordance with Appendix A of Chapter 3 Incentive Rate-Setting Applications.

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-ration 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.

CNPI Response:

1. Confirmed.

2.

a. See table completed below.

	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	i. Estimate confirmed. ii. In reviewing actual January 2017 billings, the actual adjustment amount should have been \$82,428 (i.e. actual billings less than accrued unbilled revenues, adjustment is a debit to DVA).
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	i. Estimate confirmed. ii. In reviewing actual January 2017 invoices, the actual adjustment amount should have been \$389,301 (i.e. actual invoice amount greater than accrued expense, adjustment is a debit to DVA).
iii	Expenses - GA non-RPP: Charge Type 148 with respect and RPP/non-RPP pro-ration percentages	N/A	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)	i. Trued up actual confirmed. ii. Balance correctly stated as submitted.

b. The continuity has been adjusted to include the actual adjustment amounts reported in the Comments column in the table above, including the i. adjustment. See table below for reconciliation of 1589 Total Claim amount between continuity schedule provided in original Application and updated continuity schedule provided as part of these interrogatory responses.

1589 Total Claim Amt	
Original DVA Submission	(1,894,193)
IRR 2. a) i.	82,428
IRR 2. a) ii.	(408,000)
IRR 2. a) ii.	389,301
Interest impact of above	701
IRR DVA Submission	(1,829,763)

- 3.
- a. The true-up amount pertains to the Global Adjustment true-up only. The amount does not relate to the microFIT/FIT true-up as this amount is included in Note C of Table 4 on page 12 of the Application.
 - b. N/A as per response to a. above.

- 4.
- a. See table completed below.

	Component	a) Estimate or Actual	b) Quantify True Up Adjustment	Comments
i	Revenues (i.e. is unbilled revenues trued up by year end)			i. Estimate confirmed. ii. In reviewing actual January 2017 billings, the actual adjustment amount should have been \$156,021 (i.e. actual billings more than accrued unbilled revenues, adjustment is a credit to DVA).
ii	Expenses – Commodity: Charge Type 101 (i.e. is expense based on IESO invoice at year end)			i. Estimate confirmed. ii. In reviewing actual January 2017 invoices, the actual adjustment amount should have been \$286 (i.e. actual invoice amount greater than accrued expense, adjustment is a debit to DVA).
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	N/A
iv	Expenses - GA RPP: Charge Type 148 with respect and RPP/non-RPP pro-ratio percentages	N/A if charge type booked fully in Account 1589	N/A	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)	i. Trued up actual confirmed. ii. Balance correctly stated as submitted.

- b. The continuity has been adjusted to include the actual adjustment amounts reported in the Comments column in the table above, including

the i. and ii. adjustments. See table below for reconciliation of 1588 Total Claim amount between continuity schedule provided in original Application and updated continuity schedule provided as part of these interrogatory responses.

	1588 Total Claim Amt
Original DVA Submission	2,648,778
IRR 3. a) i.	(156,061)
IRR 3. a) ii.	286
Interest impact of above	(1,714)
IRR DVA Submission	2,491,290

5.
 - a. As noted on page 15 of the Application, “any differences that arise as a result of the true-ups are typically due to billing corrections (i.e. consumption value changes) that have occurred after the original IESO settlement submissions were submitted.” Also included in the 2016 true-up calculation was a catch up of MIST meters that had been excluded from CNPI’s monthly former form 1598 IESO settlement submissions during the first several months of 2016. Once this oversight was discovered, CNPI correctly included MIST meters in its monthly former form 1598 IESO submissions for the duration of 2016. CNPI expects that in a typical year, the true-up amounts should not be material.
 - b. Confirmed.

6.
 - a. Confirmed.
 - b. The IESO has been made aware of the perpetual lag and they have indicated that they do not have a process to review and validate LDC data submission. The responsibility of the verification and validation of the data (i.e. what monthly data the LDC is submitting and for what month) lies with the distributor.
 - c. The market rules do not quantify what monthly data must be submitted.

7. As noted on page 12 of the Application, “CNPI is not aware of any adjustments that have been made to previously approved 1595 recovery accounts, in DVA balances sought for disposition within this proceeding.” CNPI will endeavour to ensure that, in any instance where there may be a billing correction posted to a vintage 1595 Sub-account, that those amounts are written off in accordance with Chapter 3 Filing Requirements.