**Canadian Niagara Power Inc.**

**EB-2024-0011**

**October 1, 2024**

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

**Staff Question-1**

**Reference:**

1. EB-2024-0011, 2025 Rates Application, Rate Generator Model, Tab 4, Column O
2. EB-2024-0011, 2025 Rates Application, Manager’s Summary, Pg. 14
3. EB-2022-0019, Decision and Order, Rate Generator Model, Tab 5, Column F

Preamble:

If any residual balances of Account 1595 Sub-accounts are being requested for disposition, the distributor needs to populate the percentage allocations by customer class. These percentage allocations should be derived from the information used to establish the rate riders originally. Hence, the percentage allocations for 1595 (2021) should match those applied to the DVA Accounts in the 2023 rate application, as used during the initial disposal of the 2021 balances for the calculation of the rate rider.

**Question(s):**

1. Please explain the basis for percentage allocations in Ref. (I) for each rate class and discuss reasons for the negative allocations in Cells O18 and O24.
2. Provide an analysis of the allocation methodology mentioned in Reference (II) under the section titled 'Disposition of DVA Balances.’
3. OEB staff notes that the percentage allocations should align with those originally used to establish the rate riders in the vintage year application Ref. (III). Please confirm and explain any discrepancies.
4. Please update the Rate Generator Model to reflect the correct allocations, if required.

**Staff Question-2**

**Reference:**

1. EB-2024-0011, Rate Generator Model, Tab 6.1, Column M
2. EB-2024-0011, Manager’s Summary, Pg. 12

Preamble:

The purpose of Tab 6.1 Global Adjustment (GA) is to calculate the GA rate riders for all current Class B customers who did not transition between Class A and B in the period since the Account 1589 GA was last disposed.

**Question(s):**

1. Please confirm that the zero rate riders in Ref. (I) represent CNPI’s decision to defer disposition of the GA Account balance to the future application.
2. Provide a brief overview of CNPI’s plan to allocate the Non-RPP metered 2023 consumption for current Class B customers in a future application.
3. In Ref. (II), CNPI stated that it purchased power from National Grid between August and September 2023 during planned transmission system maintenance. Please provide a high-level analysis of how this will affect the GA rate rider calculation in the future application, taking into account the impact on utility consumers' bills.

**Staff Question-3**

**Reference:**

1. EB-2024-0011, Rate Generator Model, Tab 3, Cells BF35 and BF36
2. EB-2024-0011, Rate Generator Model, Tab 3, BK35 and BK36

Preamble:

OEB staff has identified principal adjustments in Sub-account 1595 (2022) and 1595 (2023), but no explanation for these adjustments is provided in the Manager’s Summary.

**Question(s):**

1. Please explain the principal adjustments made in Sub-account 1595 (2022) and 1595 (2023).
2. Please confirm whether CNPI plans to offset the principal adjustments in Ref. (I) with those in Ref. (II) and explain the rationale for this approach.

**Staff Question-4**

**Reference:**

1. EB-2024-0011, Rate Generator Model, Tab 3, Columns BM and BN
2. EB-2023-0009, Decision and Order, December 12, 2023, Pg. 9 and 10
3. EB-2024-0011, Manager’s Summary, Pg. 12
4. EB-2024-0011, Rate Generator Model, Tab 3, Column BR, Cells BR28 and BR29
5. EB-2024-0011, Rate Generator Model, Tab 3, Columns BO and BP

Preamble:

OEB staff observes that CNPI has not included the OEB-approved disposition amounts for Accounts 1588 and 1589 in Ref. (I). Additionally, staff notes that the total disposition amount in Sub-account 1595 (2024) in Ref. (I) does not match the total disposition approved in the 2024 Distribution Rates Application Decision and Order.

**Question(s):**

1. Please provide reason(s) for not entering the OEB-approved disposition amounts for Accounts 1588 and 1589 in Ref. (I).
2. Please confirm whether the amounts were omitted due to the reason stated in Ref. (III). OEB staff requests that CNPI update the Rate Generator Model with the approved disposition amounts for Accounts 1588 and 1589.
3. Explain the discrepancy between the total approved disposition amount in Ref. (II) and the amount recorded for 1595 (2024) in Ref. (I), including any missing amounts for Accounts 1588 and 1589.
4. Explain the amounts entered in Ref. (IV) for “projected interest from Jan 1, 2025 to Apr 30, 2025 on Dec 31, 2023 balance adjusted for disposition during 2024.”
5. Confirm whether CNPI plans to offset the sum of the closing principal and interest balances in Ref. (V) for Accounts 1588 and 1589 with the amounts in Ref. (IV) to bring the total claim value to zero. If this is the case, please update the Rate Generator Model to exclude amounts in Ref. (IV) and reflect the accurate ending balances in Accounts 1588 and 1589.
6. OEB staff requests CNPI to enter ‘No” in column BU for Accounts 1588 and 1589 to reflect that no disposition is requested for Accounts 1588 and 1589 in this application. Any questions or issues related to the Rate Generator Model can be directed to ratemodels@oeb.ca with a copy to the case manager.

**Staff Question-5**

**Reference:**

1. Instructions for Completing GA Analysis Workform 2025 Rates, April 10, 2024, Pg. 1
2. EB-2024-0011, GA Analysis Workform, tab GA 2023, Cell C93

Preamble:

Instructions for completing the GA Analysis Workform 2025 Rates requires any material differences between an approximate expected balance in Account 1589 and expected amount to the amount reported in the distributor’s ledger needs to be reconciled and explained. Materiality is assessed on an annual basis based on a threshold of +/-1% of the annual IESO Global Adjustment (GA) Charges.

**Question(s):**

1. OEB staff notes that the unresolved difference as percentage of expected GA payments to IESO is greater than + or – 1%, displayed in Ref. (II). OEB staff requests CNPI to explain the difference.

**Staff Question-6**

**Reference:**

1. EB-2024-0042, Rate Generator Models, Tab 3, Continuity Schedule

Preamble:

On September 13, 2024, the OEB published the 2024 Quarter 4 prescribed accounting interest rates applicable to the carrying charges of deferral, variance and construction work in progress (CWIP) accounts of natural gas utilities, electricity distributors and other rate-regulated entities.

**Question(s):**

1. Please update Tab 3 (Continuity Schedule) as necessary to reflect the Q4 2024 OEB-prescribed interest rate of 4.40%.