

Board Staff Interrogatories

2010 IRM3 Electricity Distribution Rates Canadian Niagara Power Inc. - Eastern Ontario Power ("CNPI - EOP") EB-2009-0216

1. Ref: 2010 IRM Deferral Variance Account 2006 EDR LV

In the 2006 EDR application CNPI - EOP included \$120,767 in LV Allocation as a Rate Adder. In 2007 and 2008 the price cap adjustment (GDP-IPI – X) was 0.9% and 1.1% respectively. This would have increased the 2007 and 2008 LV Allocation to \$121,853 and \$123,194 respectively. In the 2010 IRM Deferral Variance Account Workform CNPI - EOP has reported \$0, \$0 and \$0 for 2006, 2007 and 2008 additions for USoA 1550 LV Variance account.

DVAWF			2006 EDR	
	Transactions (additions) during 2006/7/8, excluding interest and adjustments	Transactions (reductions) during 2006/7/8, excluding interest and adjustments	7-2 ALLOCATION - LV-Wheeling Cell L120	(GDP-IPI) - X
2006	\$ -	\$ -	\$ 120,767	0.0%
2007	\$ -	\$ -	\$ 121,853	0.9%
2008	\$ -	\$ -	\$ 123,194	1.1%

- a) Please confirm that CNPI - EOP has applied the 2006 EDR LV Allocation against Hydro One LV costs and that the balance shown in the Deferral Variance Account workform are net of the LV allocation and correct.
- b) If LV Allocation not applied or Account 1550 not correct please provide an explanation in respect to the accounting for the LV

2. Ref: 2010 IRM3Rate Generator – LV and 2010 IRM Deferral Variance Account

Sheet "C3.1 Curr Low Voltage Vol Rt" of the 2010 IRM3Rate Generator are shown as below under the caption Rate Generator. The 2006 LV Allocation rate adder are shown in comparison from Sheet "8-2 RATES - LV-Wheeling" of the 2006 EDR.

Rate Generator		2006 EDR	
	Rebased LV	Rate Class	LVRate
Residential	0.0015	Regular	\$0.00145
General Service Less Than 50 kW	0.0013	Less than 50 kW	\$0.00128
General Service 50 to 4,999 kW	0.5638	Greater than 50 kW (to 3000 kW)	\$0.54424
Unmetered Scattered Load	0.0013	Greater than 50 kW Time of Use	\$0.59662
Sentinel Lighting	0.4172	Sentinel Lighting	\$0.41329
Street Lighting	0.4086	Street Lighting	\$0.40483

- a) Please provide reference to the 2009 Cost of Service application that identifies the rate adders as shown under the Rate Generator.

3. Ref: 2010 IRM Deferral Variance Account 1588 -Power

The 2008 ending balances reported in the 2010 IRM Deferral Variance Account workform prepared by CNPI - EOP shows the split for account 1588 – Power and Global Adjustment. On October 15, 2009 the Board issued “Regulatory Audit and Accounting Bulletin 200901” which clarified the accounting rules for reporting the 1558 – Global Adjustment sub-account.

Account Description	Account Number	Total Claim
RSVA - Power (Excluding Global Adjustment)	1588	543,744
RSVA - Power (Global Adjustment Sub-account)		230,800

- a) Has CNPI - EOP reviewed the Regulatory Audit & Accounting Bulletin 200901 dated October 15, 2009, and ensured that it has accounted for its account 1588 and sub-account Global Adjustment in accordance with this Bulletin?
- b) Has CNPI - EOP made adjustments subsequent to filing the 2010 IRM3 application and need to re-file an updated 2010 IRM Deferral Variance Account workform?

4. Ref: 2010 IRM Deferral Variance Account 1588 – Global Adjustment

On November 13, 2009 Board Staff prepared a submission in the Enersource EB-2009-0193 2010 IRM3 Application. The following is an excerpt from the submission in respect to Board staff concerns with the current proposal for handling the disposition of the USoA 1588 – Global Adjustment.

The EDDVAR Report as well as the Board’s Decision in EB-2009-0113 adopted an allocation of the GA sub-account balance based on kWh for non RPP customers by rate class. Traditionally this allocation would then

be combined with all other allocated variance account balances by rate class. The combined balance by rate class would then be divided by the volumetric billing determinants (kWh or kW) from the most recent audited year end or Board approved forecast, if available. This process hence spreads the recovery or refund of allocated account balances to all customers in the affected rate class.

This method was factored on two premises; a) that the recovery/refund of a variance unique to a subset of customers within a rate class would not be unfair to the rate class as a whole and b) that the distributors' billing systems would not be able to bill a subset of customers within a rate class, without placing a significant burden to the distributor.

For these reason the Board's original Deferral Variance Account workform was modeled on this basis. However based on Enersource's evidence, there could be material unfairness to RPP customers within the affected rate classes.

Therefore Board staff suggests that a separate rate rider be established to clear the GA sub-account balance to Non-RPP customers within rate classes.

What remains unclear to Board staff is whether Enersource's billing system could accommodate that change within a reasonable timeframe."

While Enersource's response to the Board staff's submission is still pending Board staff would like to poll CNPI - EOP on the above issue.

- a) Board staff is proposing that a separate disposition rate rider be applied prospectively to Non-RPP customers for 1588 – Global Adjustment. Does CNPI - EOP agree that this proposal would be fair to all customers? Why or why not?
- b) If the Board were to order CNPI - EOP to provide such a rate rider, would CNPI - EOP's billing system be capable of billing non-RPP the separate rate rider? What complications, if any, would CNPI - EOP see with this rate rider?
- c) If CNPI - EOP were to be unable to bill in this fashion what would CNPI - EOP consider proposing in the alternative?

5. Ref: 2010 IRM Deferral Variance Billing Determinants

Below are the billing determinants identified on Sheet "B1.3 Rate Class And Bill Det" of the workform.

Rate Class	Billed Customers or Connections		
	A	B	C
Residential	3,119	29,586,254	
General Service Less Than 50 kW	417	14,048,011	
General Service 50 to 4,999 kW	35	18,614,527	58,180
Unmetered Scattered Load	8	94,602	
Sentinel Lighting	91	80,618	241
Street Lighting	599	555,619	1,662

- Please identify if these values are from the CNPI - EOP 2009 Cost of Service Application or 2008 RRR reported values.
- If the above are from the 2009 CoS application please provide reference to location in the application.
- If the above are from the 2008 RRR reported values, please explain why CNPI - EOP has not used the 2009 CoS values.

6. Ref: 2010 IRM Deferral Variance Billing Determinants

Below are the Billed kWh for Non-RPP customers identified on Sheet "B1.3 Rate Class And Bill Det" of the workform.

Rate Class	Billed kWh for Non-RPP customers
	D
Residential	3,555,325
General Service Less Than 50 kW	297,988
General Service 50 to 4,999 kW	16,541,928
Unmetered Scattered Load	
Sentinel Lighting	19,924
Street Lighting	555,619

- Please identify if these values estimated values or actual values and specify the applicable period.
- If the above values are estimated please explain why CNPI - EOP is unable to determine actual.

- c) As discussed in one of the questions above Board staff have proposed a non-RPP customer rate rider for disposition of the 1588 – Global adjustment. If accepted would CNPI - EOP support using the numbers above as the most reasonable denominator to be used for rate determination.
- d) If CNPI - EOP were to establish a separate rate rider to dispose of the balance of the 1588 – Global adjustment sub-account, does CNPI - EOP believe that the rider be applied to customers in the MUSH sector? If not, would CNPI - EOP have the billing capability to exclude customers in the MUSH sector if a separate rate rider were to apply for the disposition of the 1588 – Global adjustment sub-account?

7. Ref: 2010 IRM Deferral Variance Total Claim

Below are the Total Claim values for the EDDVAR Group One Deferral Accounts.

Regulatory Assets - Continuity Schedule Final

Account Description	Account Number	Total Claim
LV Variance Account	1550	0
RSVA - Wholesale Market Service Charge	1580	(429,448)
RSVA - Retail Transmission Network Charge	1584	(232,390)
RSVA - Retail Transmission Connection Charge	1586	(139,127)
RSVA - Power (Excluding Global Adjustment)	1588	543,744
RSVA - Power (Global Adjustment Sub-account)		230,800
Recovery of Regulatory Asset Balances	1590	(9,224)
Disposition and recovery of Regulatory Balances Account	1595	0
	Total	(35,645)

- a) Please complete the amended Deferral Variance Account Workform V4 as found on the Board's website under the 2010 Electricity Distribution Rates update December 7, 2009. Note that Board staff can assist in converting your most recent model (either the one filed with your application or a

- more recent version if available). Please contact your case manager to assist you if need be.
- b) Please confirm if these are the final balances for disposition. If not the final balances please provide amended workform to support final balances for disposition.
 - c) Please reconcile final balance for disposition to the 2008 year end account balance reported in the RRR filing. Please identify the source and reasons for variances.
 - d) Please confirm that CNPI - EOP has complied with and applied correctly the Boards accounting policy and procedures for calculation of the final disposition balance. If CNPI - EOP has used other practices in the calculation please explain where in the filing and why.
 - e) Please confirm that CNPI - EOP has used the simple interest calculation as required by the Board using the Boards prescribed interest rates. If CNPI - EOP has used other calculations please explain where in the filing and why.
 - f) Please confirm that CNPI - EOP has complied with the requirement to apply recoveries to principal first as outlined in the 2006 Regulatory Assets Transactions document issued September 4, 2009 (included in the Updated IRM Deferral and Variance Account Work Form zip file). If CNPI - EOP has not complied with this requirement please explain why not?

8. Ref: Manager's Summary Smart Meter Rate Adder.

CNPI - EOP has applied for an increased Smart Meter Rate Adder from \$0.27 to \$1.00 per metered customer per month.

- a) Section 1.4 of Board Guideline G-2008-0002, Smart Meter Funding and Cost Recovery, specifies further filing requirements for distributors seeking the standard \$1.00 or more smart meter funding adder. In accordance with section 1.4, please provide documentation supporting that CNPI - EOP is duly authorized to deploy smart meters pursuant to O.Reg. 427/06, as amended on June 25, 2008 by O.Reg. 235/08. A copy of an "Attestation of the Fairness Commissioner" would be consistent with this filing requirement.

HST Interrogatory

9. Harmonized Sales Tax

It is possible that the PST and GST may be harmonized effective July 1, 2010.

In the event that PST and GST are harmonized effective July 1, 2010:

- a. Would the Applicant agree to the establishment of a variance account to capture the reductions in OM&A and capital expenditures?

- a. Are there other alternatives that the Board might consider to reflect the reductions in OM&A and capital expenditures if this bill is enacted?