



CANADIAN NIAGARA POWER INC.

A FORTIS ONTARIO  
Company

January 21, 2010

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**RE: 2010 IRM3 ELECTRICITY DISTRIBUTION RATE APPLICATION CNPI – FORT ERIE  
EB-2009-0217**

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Attached is the CNPI – Fort Erie response to Board Staff interrogatories related to the above noted application.

These are the interrogatory responses deferred in the January 13, 2010 submission.

If you have any questions in connection with the above matter, please do not hesitate to contact the undersigned at (905) 994 3634.

Yours truly,

Original Signed by

Doug Bradbury  
Director, Regulatory Affairs

**Interrogatory No. 1**

**Ref: 2010 IRM Deferral Variance Account 1588 -Power**

The 2008 ending balances reported in the 2010 IRM Deferral Variance Account workform prepared by CNPI - FE 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	783,392
RSVA - Power (Global Adjustment Sub-account)		736,685

- a) Has CNPI - FE 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 - FE made adjustments subsequent to filing the 2010 IRM3 application and need to re-file an updated 2010 IRM Deferral Variance Account workform?

**Response**

- a. CNPI reviewed the Regulatory Audit & Accounting Bulletin 200901 dated October 15, 2009. CNPI consistently uses the accrual basis of accounting.

In the past, CNPI has not recorded interest revenue and interest expense separately in accounts 4405 and 6035. The financial reporting system will be configured to report the accounts separately beginning in 2010.

On the basis of CNPI understanding of the Board’s direction, account 1588 RSVA Power and account 1588 RSVA Power sub-account

Global Adjustment are both accounted for correctly, including the associated carrying charges.

Regulatory Reporting Requirement (“RRR”) 2.1.1 and RRR 2.1.7 agree materially in total. Due to grouping of the interest within CNPI’s financial system, the reported amounts do not agree for individual accounts.

- b. Adjustments have been made with respect to the projected interest calculations. CNPI is filing an updated 2010 IRM Deferral Variance Account Workform.

**Interrogatory No. 5**

**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	(760,681 )
RSVA - Retail Transmission Network Charge	1584	17,897
RSVA - Retail Transmission Connection Charge	1586	104,740
RSVA - Power (Excluding Global Adjustment)	1588	783,392
RSVA - Power (Global Adjustment Sub-account)		736,685
Recovery of Regulatory Asset Balances	1590	(276,820 )
Disposition and recovery of Regulatory Balances Account	1595	0
	Total	605,214

- 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 - FE** has complied with and applied correctly the Boards accounting policy and procedures for calculation of the final disposition balance. If **CNPI - FE** has used other practices in the calculation please explain where in the filing and why.
- e) Please confirm that **CNPI - FE** has used the simple interest calculation as required by the Board using the Boards prescribed interest rates. If **CNPI - FE** has used other calculations please explain where in the filing and why.
- f) Please confirm that **CNPI - FE** 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 - FE** has not complied with this requirement please explain why not?

## Response

- a. A completed Deferral Variance Account Workform V4 is accompanying these responses, "IRM Deferral and Variance Account Work Form V4 FE20100121.xls".
- b. No. The accompanying Workform, "IRM Deferral and Variance Account Work Form V4 FE20100121.xls" shows the final balances for disposition.
- c. The final balance for disposition to the 2008 year end account balance is reconciled on the Workform.
- d. CNPI has complied, based on its interpretation, with the Board's accounting policy and procedures for calculation of the final disposition balance.
- e. Yes, CNPI has used the simple interest calculation as required by the Board using the Board's prescribed interest rates.
- f. Yes, CNPI has complied with the requirement to apply recoveries to principle first.