Board Staff Interrogatories

2010 IRM2 Electricity Distribution Rates
Niagara Peninsula Energy Inc. – (“NPEI”)
Niagara Peninsula Energy Inc. – Niagara Falls (“NPEI – Niagara Falls”)
EB-2009-0205
Niagara Peninsula Energy Inc. – Peninsula West (“NPEI – Peninsula West”)
EB-2009-0206

1. 2010 IRM Deferral Variance – proposal to Harmonize

NPEI is requesting that the 2010 IRM Deferral Variance accounts disposition for the two service territories be harmonized. This is based on the disclosure in the Manager’s Summary that as of the 2008 amalgamation NPEI has recorded continuing balances together.

a) Can NPEI confirm that the disposition of the deferral variance account balances in this manner will not materially harm the customers in one territory in favour of benefitting the customers in the other territory?

b) NPEI states that the consolidation of accounts started in 2008. Can NPEI separate the deferral/variance account balances and billing determinants by territory for 2008? If not, why not?

c) Please prepare a comparative analysis that shows what the differentials by customer class would be between actual results by territory in comparison to the harmonized rates being applied.

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

The 2008 ending balances reported in the 2010 IRM Deferral Variance Account workform prepared by NPEI 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 1588 – Global Adjustment sub-account. NPEI reported the following account balances:

Account Description	Account Number	Total Claim I = C + D+ E + F + G + H
RSVA - Power (Excluding Global Adjustment)	1588	(4,207,480)
RSVA - Power (Global Adjustment Sub-account)		1,388,149

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

3. 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 modelled 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."*

Board staff would like to poll NPEI 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 NPEI agree that this proposal would be fair to all customers? Why or why not?

b) If the Board were to order NPEI to provide such a rate rider would NPEI's billing system be capable of billing non-RPP the separate rate rider? What complications, if any, would NPEI see with this rate rider?

c) If NPEI were to be unable to bill in this fashion what would NPEI consider proposing in the alternative?

4. 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.

	2008		
Rate Class	Billed Customers or Connections A	Billed kWh B	Billed kW C
Residential	45,053	400,445,564	
General Service Less Than 50 kW	4,218	131,384,401	
General Service 50 to 4,999 kW	847	681,723,955	1,719,584
Sentinel Lighting	324	290,372	742
Street Lighting	11,986	7,503,949	34,900
Unmetered Scattered Load	422	2,308,796	

a) Please confirm if these values are from the NPEI 2008 RRR reported values. Otherwise, please specify the source of the data.

5. 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	63,222,794
General Service Less Than 50 kW	19,928,091
General Service 50 to 4,999 kW	607,537,298
Sentinel Lighting	20,951
Street Lighting	
Unmetered Scattered Load	1,263,613

a) Please identify if these values are estimated values or actual values and specify the applicable period.

b) If the above values are estimated please explain why NPEI is unable to determine actual values.

c) As discussed in one of the questions above Board staff have proposed a non-RPP customer rate rider for the disposition of the 1588 – Global adjustment sub-account. If accepted would NPEI support using the numbers above as the most reasonable denominator to be used for rate determination.

d) If NPEI were to establish a separate rate rider to dispose of the balance of the 1588 – Global adjustment sub-account, does NPEI believe that the rider be applied to customers in the MUSH sector? If not, would NPEI 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?

6. Ref: 2010 IRM Deferral Variance Total Claim

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

Account Description	Account Number	Total Claim I = C + D+ E + F + G + H
LV Variance Account	1550	(104,358)
RSVA - Wholesale Market Service Charge	1580	(1,653,078)
RSVA - Retail Transmission Network Charge	1584	(1,206,473)
RSVA - Retail Transmission Connection Charge	1586	(1,972,887)
RSVA - Power (Excluding Global Adjustment)	1588	(4,207,480)
RSVA - Power (Global Adjustment Sub-account)		1,388,149
Recovery of Regulatory Asset Balances	1590	(18,705)
Disposition and recovery of Regulatory Balances Account	1595	0
Total		(7,774,830)

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 these are not the final balances please provide amended workform to support final balances for disposition.

c) Please reconcile the final balance for disposition to the 2008 year end account balance reported in the RRR filing. Please identify source and reasons for any variances.

d) Please confirm that NPEI has complied with and applied correctly the Boards accounting policy and procedures for calculation of the final disposition balance. If NPEI has used other practices in the calculation please explain where in the filing and why.

e) Please confirm that NPEI has used the simple interest calculation as required by the Board using the Boards prescribed interest rates. If NPEI has used other calculations please explain where in the filing and why?

f) Please confirm that NPEI 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 NPEI has not complied with this requirement please explain why not.

7. Ref: 2010 IRM Deferral Variance Total Claim

The applied for amount for Deferral Variance disposition is reported as a credit of $7,774,830. Per sheet “F1.1 Calculation Rate Rider” NPEI opted for a one year disposition period.

a) Does NPEI have any concern with respect to the rate impact that may occur after the one year term expires?

b) Does NPEI have any concerns with respect to the cash flow implications of the one year disposition period election?

Rate Generator

8. Ontario Capital Tax (Peninsula West EB-2009-0206)

Sheet “3.1 Ontario Capital Tax Adjustment” cell E26 shows Rate Base as $23,838,929 while the 2009 IRM Model sheet “D3.1 Ontario Capital Tax Adjustment” shows Rate Base as $24,183,270.

a) Please review and advise of the correct amount.

HST Interrogatory

9. Harmonized Sales Tax

It is possible that the PST and GST may be harmonized effective July 1, 2010. Unlike the GST, the PST is included as an OM&A expense and is also included in capital expenditures. If the GST and PST are harmonized, corporations would see a reduction in OM&A expenses and capital expenditures.

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

a. Would NPEI agree to capture in a variance account the reductions in OM&A and capital expenditures?

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