

Board Staff Interrogatories

2011 IRM3 Electricity Distribution Rates Canadian Niagara Power Inc. – Port Colborne (“CNPI – Port Colborne”) EB-2010-0069

2011 IRM Retail Transmission Service Rates (“RTSR”) Workform

- Ref: Sheet “B1.2 2009 Distributor Billing Determinants” is reproduced below.

Enter the most recently reported RRR billing determinants						
Loss Adjusted Metered kWh	Yes	Update Sheet				
Loss Adjusted Metered kW	No					
Rate Class	Vol Metric	Metered kWh A	Metered kW B	Applicable Loss Factor C	Load Factor D = A / (B * 730)	Loss Adjusted Billed kWh E = A * C
Residential	kWh	63,037,704	0	1.0382		65,445,744
General Service Less Than 50 kW	kWh	23,155,644	0	1.0382		24,040,190
General Service 50 to 4,999 kW	kW	101,400,949	358,674	1.0382	38.75%	105,274,465
Unmetered Scattered Load	kWh	780,483	0	1.0382		810,297
Sentinel Lighting	kW	11,668	38	1.0382	42.09%	12,114
Street Lighting	kW	1,824,488	4,990	1.0382	50.11%	1,894,183
Total		190,210,936	363,702			197,476,994

- Please confirm that the data entered in Column A (Metered kWh) is metered data (i.e. no loss factor applied). If a loss factor has been applied to the data in Column A, please indicate the data that should have been entered in Column A and Board staff will make the relevant corrections to the RTSR Workform.

2011 IRM3 Shared Tax Savings Workform

- Ref: Sheet “F1.1 Z-Factor Tax Changes” of the workform is reproduced below.

Summary - Sharing of Tax Change Forecast Amounts			
1. Tax Related Amounts Forecast from Capital Tax Rate Changes	2009	2010	2011
Taxable Capital	\$13,198,714	\$13,198,714	\$13,198,714
Deduction from taxable capital up to \$15,000,000	\$ 671,693	\$ 671,693	\$ 671,693
Net Taxable Capital	\$12,527,021	\$12,527,021	\$12,527,021
Rate	0.225%	0.150%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	\$ 28,186	\$ 9,318	\$ -
2. Tax Related Amounts Forecast from Income Tax Rate Changes	2009	2010	2011
Regulatory Taxable Income	\$ 495,148	\$ 495,148	\$ 495,148
Corporate Tax Rate	33.00%	31.00%	28.25%
Tax Impact	\$ 163,399	\$ 153,496	\$ 139,879
Grossed-up Tax Amount	\$ 243,879	\$ 222,458	\$ 194,954
Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ 28,186	\$ 9,318	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 243,879	\$ 222,458	\$ 194,954
Total Tax Related Amounts	\$ 272,065	\$ 231,776	\$ 194,954
Incremental Tax Savings		-\$ 40,289	-\$ 77,111
Sharing of Tax Savings (50%)		-\$ 20,144	-\$ 38,555

Board staff has been unable to verify the 2009 taxable capital and regulatory taxable income.

a) Please provide evidence supporting these amounts.

2011 IRM3 Revenue Cost Ratio Adjustment Workform

3. Ref: Sheet “C1.2 Revenue Offsets Allocation” of the workform is reproduced below.

Revenue Offsets Allocation			
The purpose of this sheet is to allocate the Revenue Offsets (miscellaneous revenue) found in the last COS to the various rate classes in proportion to the allocation from the Cost Allocation informational filing.			
Rate Class	Informational Filing	Percentage Split C = A / B	Allocated Revenue
	Revenue Offsets A		Offsets E = D * C
Residential	292,622	64.71%	198,510
General Service Less Than 50 kW	71,649	15.84%	48,605
General Service 50 to 4,999 kW	74,876	16.56%	50,795
Unmetered Scattered Load	6,350	1.40%	4,308
Sentinel Lighting	159	0.04%	108
Street Lighting	6,571	1.45%	4,458
	452,227	100.00%	306,783

a) Board staff is unable to verify the informational filing revenue offsets. Please provide supporting evidence for these inputs.

2011 IRM Deferral and Variance Account Workform

4. Ref: Sheet “B1.3 Rate Class and Billing Determinants” of the workform is reproduced below.

Rate Class and Billing Determinants						
2009 Audited RRR						
Rate Group	Rate Class	Fixed Metric	Vol Metric	Metered kWh	Metered kW	Billed kWh for Non-RPP customers
RES	Residential	Customer	kWh	64,705,236		13,928,264
GSLT50	General Service Less Than 50 kW	Customer	kWh	25,384,902		4,594,667
GSGT50	General Service 50 to 4,999 kW	Customer	kW	105,085,537	393,944	86,219,112
Sen	Sentinel Lighting	Connection	kW	12,415	38	0
SL	Street Lighting	Connection	kW	1,845,879	5,433	1,661,291
USL	Unmetered Scattered Load	Connection	kWh	780,483		

Board staff has been unable to verify whether the billing determinants entered on this sheet are correct.

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a) Please provide evidence supporting the billing determinants entered on this sheet.

5. Ref: Sheet “D1.6 Deferral Variance – Continuity Schedule Final” of the workform is reproduced below.

Deferral Variance - Continuity Schedule Final											
Account Description	Account Number	Opening Principal Amounts as of Jan-1-10 A	Adjustments - Please explain B	Principal Amounts to be disposed C = A + B	Opening Interest Amounts as of Jan-1-10 D	Interest on Board-approved 2008 amounts prior to transfer Jan-1, 2010 to Date of Transfer E	Adjustments - Please explain F	Projected Interest on Dec 31 -09 balance from Jan 1, 2010 to Dec 31, 2010 G	Projected Interest on Dec 31 -09 balance from Jan 1, 2011 to April 30, 2011 H	Interest Amounts to be disposed I = D + E + F + G + H	Total Claim J = C + I
LV Variance Account	1550	(12,448)		(12,448)	19	(109)		(90)	(36)	(216)	(12,665)
RSVA - Wholesale Market Service Charge	1580	(10,869)		(10,869)	(4,898)	5,110		(78)	(32)	102	(10,767)
RSVA - Retail Transmission Network Charge	1584	68,866		68,866	(2,972)	2,905		497	202	632	69,498
RSVA - Retail Transmission Connection Charge	1586	113,569		113,569	2,463	(1,915)		819	332	1,730	115,299
RSVA - Power (Excluding Global Adjustment)	1588	(601,280)	689,828	88,548		(14,510)		638	259	2,455	91,003
RSVA - Power (Global Adjustment Sub-account)		1,005,278	(802,058)	203,220	8,859	(5,632)		1,466	595	5,289	208,509
Recovery of Regulatory Asset Balances	1590	(51)		(51)	(3,553)	851		(8)	(8)	(2,743)	(2,794)
Residual Balance Disposition and recovery of DelVar Balances Account (2008)	1595	0		0				0	0	0	0
Total		563,064	(112,230)	450,834	15,976	(13,300)	0	3,252	1,319	7,247	458,081

Account 1584 currently has a debit balance of \$69,498, which would imply that CNPI – Port Colborne has been undercharging the retail transmission network charge. However, according to CNPI – Port Colborne’s RTSR Adjustment Workform a decrease to the retail transmission network charge has been calculated, which would imply that CNPI – Port Colborne has been overcharging customers.

a) Please explain why there appears to be a difference.

6. Ref: Rate Rider for 2011 Deferral and Variance Account Disposition.

CNPI – Port Colborne has requested disposition of its deferral and variance accounts, including account 1588 global adjustment sub-account, through a one year rate rider to all customers.

a) What progress, if any, has CNPI – Port Colborne made to its billing system to implement a separate rate rider to dispose of the global adjustment sub-account that would prospectively apply to non-RPP customers?

7. Ref: Manager’s Summary Pg. 4, Rate Rider for Deferral and Variance Account Disposition

CNPI – Port Colborne has indicated that it will submit Cost of Power and Global Adjustment true-ups to the IESO during the fourth quarter of 2010 and has entered this into Sheet “D1.6 Deferral Variance – Continuity Schedule Final” of the 2011 IRM Deferral and Variance Account Workform.

a) Has CNPI – Port Colborne submitted this true-up? If so, please confirm the amount submitted for Cost of Power and Global Adjustment to the

IESO. If not, Board staff will update the workform to remove this adjustment.

Smart Meter Rate Calculation

8. Ref: Manager's Summary Pg. 4, Smart Meter Rate Calculation

It is Board staff understanding that the revenue requirement associated with smart meters will be included in deferral account 1555 and 1556 for each of CNPI's service territories until such time that CNPI files a cost of service application. It is also Board staff understanding that the revenue generated through the smart meter funding adder for each service territory would be included as an offset to 1555. Following a prudence review, the difference between the approved revenue requirement and the revenue collected through the smart meter funding adder, for each of CNPI's service territories, would either be collected or returned to affected ratepayers.

- a) Please confirm. If this is confirmed, please explain the benefits of proposing a harmonized smart meter funding adder.
- b) If not, please provide further explanation on the proposed treatment of the smart meter related deferral accounts.