



**CANADIAN NIAGARA POWER INC.**

A **FORTIS** ONTARIO  
*Company*

**BY COURIER**

February 28, 2011

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
Suite 2700  
P.O. Box 2319  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**RE: CANADIAN NIAGARA POWER INC., PORT COLBORNE;  
2011 IRM3 ELECTRICITY DISTRIBUTION RATE APPLICATION, EB-2010-0069  
& LATE PAYMENT PENALTY RECOVERY, EB-2010-0295**

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Please find accompanying this letter, two paper copies of Canadian Niagara Power Inc. – Port Colborne’s Submission in the above captioned matter. Electronic copies of this submission have been filed via the Board’s Regulatory Electronic Submission System.

Yours truly,

Original Signed by

Douglas R. Bradbury  
Director, Regulatory Affairs

Enclosures

**Canadian Niagara Power Inc.  
Port Colborne  
Submission  
In The Matter Of  
Board Decision and Order  
EB-2010-0295**

**2011 IRM3  
Electricity Distribution Rate Application  
EB-2010-0069**

**February 28, 2011**

## **Introduction**

Canadian Niagara Power Inc. (“CNPI”) is a licensed electricity distributor providing service to consumers in Port Colborne. CNPI filed an application with the Ontario Energy Board (the “Board”) on November 8, 2010, under section 78 of the Ontario Energy Board Act, 1998, seeking approval for changes to the distribution rates that CNPI charges for electricity distribution in the Port Colborne service territory, to be effective May 1, 2011. The Application was based on the 2011 3<sup>rd</sup> Generation Incentive Regulation Mechanism.

CNPI filed its Reply Submission in this matter on February 18, 2011.

Pursuant to the Board’s Decision and Order in the matter of EB-2010-0295, CNPI is filing a request for approval of a rate rider to recover, through a fixed customer charge, the amount of \$28,872.42. This amount has been assigned to Port Colborne Hydro Inc. as its share of the Late Payment Penalty (“LPP”) class action costs that are approved for recovery and is specified in Appendix A of the Board’s Decision and Order, EB-2010-0295.

## **Discussion**

The Board’s Decision and Order in the matter of RP-2001-0041 and dated April 12, 2002, granted leave to allow CNPI to lease the assets of Port Colborne Hydro Inc. In that Decision and Order, the Board ordered that CNPI shall charge rates in the service area within the municipal boundaries of the City of Port Colborne. Pursuant to RP-2001-0041, CNPI will, effective upon leave of the Board, implement a LPP rate rider in the service area within the municipal boundaries of the City of Port Colborne. The revenue recovered by CNPI through the implementation of the LPP rate rider in the service area within the municipal boundaries of the City of Port Colborne will be paid by CNPI to Port Colborne Hydro Inc. for final distribution by Port Colborne Hydro Inc. to the approved local charity pursuant to the Court-appointed administrator’s direction.

## **The Late Payment Penalty Rate Rider**

In its Decision and Order EB-2010-0295, the Board directed that the LPP Rate Rider be determined as:

- the specified recovery amount detailed in Appendix A of the Decision and Order;
- the specified recovery amount reduced by any insurance proceeds or other funds related to the late payment penalty litigation;
- a fixed monthly charge effective May 1, 2011 and for a twelve month period;
- the recovery amount allocated on the basis of 2009 distribution revenues used in the Regulatory Reporting and Record Keeping (“RRR”) process; and,
- the year-end actual customer and connection counts reported as part of the RRR process.

The table shown below details the calculation of the fixed charge LPP rate rider.

Service Classification	2009 RRR Data		Allocation of Distribution Revenue	Allocation of Late Payment Penalty Recovery Amount	Rate Rider for Late Payment Penalty Recovery Amount
	No. of Customers or Connections	Distribution Revenue			
Residential	8,170	2,843,518	56.87%	16,420.17	\$ 0.17
General Service Less Than 50 kW	913	642,842	12.86%	3,712.15	\$ 0.34
General Service 50 to 4,999 kW	80	1,415,139	28.30%	8,171.85	\$ 8.51
Unmetered Scattered Load	14	31,508	0.63%	181.94	\$ 1.08
Stand By Power			0.00%	-	
Sentinel Lighting	38	1,143	0.02%	6.60	\$ 0.01
Street Lighting	2,034	65,754	1.32%	379.70	\$ 0.02
microFIT Generator			0.00%	-	
	11,249	4,999,903	100.00%	28,872.42	

Port Colborne Hydro Inc. has not received any insurance proceeds or other funds related to the late payment penalty litigation and as such there is no reduction to the amount of \$28,872.42 specified in Appendix A of the Board's Decision and Order, EB-2010-0295.

In the 2009 RRR, CNPI reported the distribution revenue related to the General Service Less Than 50 kW service classification as the sum total of the General Service Less Than 50 kW service classification and the Unmetered Scattered Load service classification distribution revenues. In the above table, the distribution revenue has been segregated, the total distribution revenue remains the same as that reported by CNPI as part of the RRR process.

Likewise, in the 2009 RRR, CNPI reported the number of customers related to the General Service Less Than 50 kW service classification as the sum total of the General Service Less Than 50 kW service classification and the Unmetered Scattered Load service classification customer counts. In the above table, the number of customers has been segregated.

In the 2009 RRR process, CNPI had reported that the sum total of the General Service Less Than 50 kW service classification and the Unmetered Scattered Load service classification customer count as being 874. A review of the December 31, 2009 customer counts indicates that the correct customer count is 927 of which 913 are General Service Less Than 50 kW service classification customers and 14 are Unmetered Scattered Load service classification customers.

In its Decision and Order, EB-2010-0295, the Board wrote on page 18 that with respect to the unmetered rate classes, the rate rider shall be based on the number of connections in those rate classes. In CNPI – Port Colborne's currently approved Tariff of Rates and Charges, EB-2009-0215, the fixed monthly service charge for the Unmetered Scattered Load service classification is applied on a per customer basis. Thus CNPI has determined the LPP Rate Rider for that service classification on a per customer basis. The other unmetered service classifications; Street Lighting and Sentinel Lighting are determined on a per connection basis.

**Request**

CNPI requests that the following late payment penalty recovery rate riders be approved by the Board as part of CNPI's 2011 IRM3 Application, EB-2010-0069, effective May 1, 2011.

**RESIDENTIAL SERVICE CLASSIFICATION**

Monthly Rates and Charges – Delivery Component

Rate Rider for Late Payment Penalty Recovery – effective until April 30, 2012      \$ 0.17

**GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION**

Monthly Rates and Charges – Delivery Component

Rate Rider for Late Payment Penalty Recovery – effective until April 30, 2012      \$ 0.34

**GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION**

Monthly Rates and Charges – Delivery Component

Rate Rider for Late Payment Penalty Recovery – effective until April 30, 2012      \$ 8.51

**UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION**

Monthly Rates and Charges – Delivery Component

Rate Rider for Late Payment Penalty Recovery – effective until April 30, 2012      \$ 1.08

**SENTINEL LIGHTING SERVICE CLASSIFICATION**

Monthly Rates and Charges – Delivery Component

Rate Rider for Late Payment Penalty Recovery – effective until April 30, 2012      \$ 0.01

**STREET LIGHTING SERVICE CLASSIFICATION**

Monthly Rates and Charges – Delivery Component

Rate Rider for Late Payment Penalty Recovery – effective until April 30, 2012      \$ 0.02

CNPI confirms that revenue collected through these late payment penalty recovery rate riders is independent of the 2011 revenue requirement determined by the 2011 3<sup>rd</sup> Generation Incentive Regulation Mechanism application and the rate riders are solely a function of the Board's Decision and Order EB-2010-0215.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED**