

Board Staff Interrogatories

2012 IRM3 Electricity Distribution Rates Canadian Niagara Power Inc. – Port Colborne (CNPI – PC) EB-2011-0157

2012 Shared Tax Savings Workform

1. Ref: A portion of Sheet “3. Re-Based Bill Det & Rates” of the workform is reproduced below.

Last COS Re-based Year was in 2009										
Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C	Rate ReBal Base Service Charge D	Rate ReBal Base Distribution Volumetric Rate kWh E	Rate ReBal Base Distribution Volumetric Rate kW F	
RES	Residential	Customer	kWh	8,144	64,972,406		15.46	0.0219		
GSLT50	General Service Less Than 50 kW	Customer	kWh	933	25,831,151		30.69	0.0144		
GSGT50	General Service 50 to 4,999 kW	Customer	kW	81	99,392,250	377,959	554.24			2.7531
USL	Unmetered Scattered Load	Customer	kWh	19	581,173		51.29	0.0261		
Sen	Sentinel Lighting	Connection	kW	37	12,725	38	4.27			6.9764
SL	Street Lighting	Connection	kW	1,988	1,792,552	5,433	3.05			8.7123

- a) Board staff is unable to confirm the ‘Rate ReBal Base Service Charge’ for the General Service Less Than 50 kW, General Service 50 to 4,999 kW and Unmetered Scatter Load customer rate classes with CNPI – PC’s 2011 tariff of rates and charges. If the reported amounts were input in error, Board staff will make the necessary correction to the workform.
- b) Board staff is also unable to confirm the ‘Rate ReBal Base Distribution Volumetric Rate’ for the General Service 50 to 4,999 kW, Sentinel Lighting and Street Lighting customer rate classes with CNPI – PC’s 2011 tariff of rates and charges. If the reported amounts were input in error, Board staff will make the necessary correction to the workform.

2. Ref: Sheet “5. Z-Factor Tax Change” of the workform is reproduced below.

Summary - Sharing of Tax Change Forecast Amounts		
For the 2009 year, enter any Tax Credits from the Cost of Service Tax Calculation (Positive #)	\$	-
1. Tax Related Amounts Forecast from Capital Tax Rate Changes	2009	2012
Taxable Capital	\$ 13,198,714	\$ 13,198,714
Deduction from taxable capital up to \$15,000,000	\$ 671,693	\$ 671,693
Net Taxable Capital	\$ 12,527,021	\$ 12,527,021
Rate	0.225%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	<u>\$ 28,186</u>	<u>\$ -</u>
2. Tax Related Amounts Forecast from Income Tax Rate Changes	2009	2012
Regulatory Taxable Income	\$ 495,148	\$ 495,148
Corporate Tax Rate	33.00%	26.25%
Tax Impact	\$ 163,399	\$ 129,976
Grossed-up Tax Amount	<u>\$ 243,879</u>	<u>\$ 176,239</u>
Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ 28,186	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 243,879	\$ 176,239
Total Tax Related Amounts	<u>\$ 272,065</u>	<u>\$ 176,239</u>
Incremental Tax Savings		-\$ 95,826
Sharing of Tax Savings (50%)		-\$ 47,913

Board staff is unable to reconcile the amounts entered into the taxable capital, regulatory taxable income, and grossed-up tax amounts with CNPI - PC's 2009 Revenue Requirement Workform. Please provide evidence supporting these amounts. If the reported amounts were input in error, Board staff will make the necessary corrections.

2012 IRM3 Rate Generator

3. Ref: A portion of Sheet “12. Calc. of Def_Var RR” of the model is reproduced below.

Please indicate the Rate Rider Recovery Period (in years)										
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Rate Class	Unit	Billed kWh	Billed kW	Accounts Allocated by kWh/kW (RPP) or Distribution Revenue	Deferral/Variance Account Rate Rider		Account 1588 Global Adjustment	Billed kWh or Estimated kW for Non-RPP	Global Adjustment Rate Rider	
Residential	\$/kWh	64,972,406	-	\$ 191,447	(\$0.00295)	\$/kWh	\$ 87,062	12,539,674	\$0.00694	\$/kWh
General Service Less Than 50 kW	\$/kWh	25,831,151	-	\$ 76,114	(\$0.00295)	\$/kWh	\$ 38,021	5,476,204	\$0.00694	\$/kWh
General Service 50 to 4,999 kW	\$/kW	99,392,250	377,959	\$ 292,868	(\$0.77487)	\$/kW	\$ 643,835	352,636	\$1.82578	\$/kW
Unmetered Scattered Load	\$/kWh	581,173	-	\$ 1,712	(\$0.00295)	\$/kWh	\$ -	-	\$0.00000	
Sentinel Lighting	\$/kW	12,725	38	\$ 37	(\$0.98672)	\$/kW	\$ -	-	\$0.00000	
Street Lighting	\$/kW	1,792,552	5,433	\$ 5,282	(\$0.97219)	\$/kW	\$ 10,927	4,770	\$2.29072	\$/kW
Standby Power – INTERIM APPROVAL	\$/kW	-	-	\$ -	\$0.00000		\$ -	-	\$0.00000	
Total		192,582,257	383,430	\$ 567,460			\$ 779,845			

- a) Please confirm that CNPI – PC is requesting a one year disposition period for its Group 1 account balances.

Disposition of Global Adjustment Sub-Account Balance

In CNPI – PC’s 2011 IRM proceeding (EB-2010-0069), CNPI – PC indicated that it was updating the customer billing architecture to accommodate the smart meter initiative and Time of Use billing. CNPI – PC also indicated its intention to be capable of implementing a separate rate rider applicable to non-RPP customers to dispose of the global adjustment sub-account balance. CNPI – PC anticipated that this upgrade would be fully implemented no later than the first quarter of 2012.

- a) Please confirm that the upgrade will be completed on time to implement a separate rate rider applicable to non-RPP customers to dispose of the global adjustment sub-account balance of \$779,845 for May 1, 2012 rates?

Account 1521 – Special Purpose Charge (“SPC”)

4. Ref: Manager’s Summary, Page 3

CNPI – PC indicated that in May 2010 it remitted \$76,808 to the Ministry of Finance with respect of its operations in Port Colborne. Over the subsequent 12 months, CNPI – PC recovered these remittances through the SPC. CNPI – PC is requesting disposition of the balance in “Sub-account 2010 SPC Assessment Variance” and associated carrying charges.

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- a) Please confirm CNPI – PC’s SPC assessment amount and provide a copy of the original SPC invoice.
- b) Please confirm the start date of when CNPI – PC began charging the SPC to its customers and the end date of when CNPI – PC stopped charging the SPC.
- c) Please complete the following table related to the SPC.

SPC Assessment (Principal balance)	Amount recovered from customers in 2010	Carrying Charges for 2010	December 31, 2010 Year End Principal Balance	December 31, 2010 Year End Carrying Charges Balance	Amount recovered from customers in 2011	Carrying Charges for 2011	Forecasted December 31, 2011 Year End Principal Balance	Forecasted April 30, 2012 Carrying Charges Balance	Total for Disposition (Principal and Interest)

Lost Revenue Adjustment Mechanism (“LRAM”) and/or Shared Savings Mechanism (“SSM”)

5. Ref: Manager’s Summary, Page 7

Section 3.4.2 of *Chapter 3 of the Filing Requirements for Transmission and Distribution Applications*, dated June 22, 2011, indicates that distributors shall file any outstanding LRAM or SSM applications funded between 2005 and 2010 as part of their 2012 cost-of-service or IRM application. If a distributor does not file for the recovery of LRAM or SSM amounts in its 2012 rate application, it will forego the opportunity to recover LRAM or SSM for this legacy period of CDM activity.

- a) Please confirm that CNPI – PC is not requesting LRAM and/or SSM recoveries, therefore, foregoing the opportunity to recover LRAM and/or SSM for this legacy period (2005 to 2010) of CDM activities?