



CANADIAN NIAGARA POWER INC.

A **FORTIS** ONTARIO
Company

BY COURIER

January 20, 2012

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
2012 IRM3 ELECTRICITY DISTRIBUTION RATE APPLICATION
EB-2011-0157**

Please find accompanying this letter, two paper copies of the responses from Canadian Niagara Power Inc. – Port Colborne to Board Staff interrogatories. Electronic copies of these responses have been submitted via the Board's Regulatory Electronic Submission System.

Yours truly,

Original Signed By

Douglas R. Bradbury
Director, Regulatory Affairs

Enclosures

**Canadian Niagara Power Inc.
Response to
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				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
Rate Group	Rate Class	Fixed Metric	Vol Metric						
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.

Response:

- a) 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 in CNPI - PC’s 2011 tariff of rates and charges is as follows:

Rate Class	Rate ReBal Base Service Charge
General Service Less Than 50 kW	\$30.68
General Service Greater Than 50 kW	\$554.13
Unmetered Scattered Load	\$51.28

CNPI acknowledges that Board staff will make the necessary changes to the workform.

- b)** The 'Rate ReBal Base Distribution Volumetric Rate' for the General Service 50 to 4,999 kW, Sentinel Lighting and Street Lighting customer rate classes are as follows:

Rate Class	Rate ReBal Base Distribution Volumetric Rate
General Service Greater Than 50 kW	\$2.7525 per kW
Sentinel Lighting	\$6.9750 per kW
Street Lighting	\$8.7106 per kW

CNPI acknowledges that Board staff will make the necessary changes 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)	\$ 28,186	\$ -
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	\$ 243,879	\$ 176,239
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	\$ 272,065	\$ 176,239
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.

Response:

CNPI – PC confirms that the correct amount for Regulatory Taxable Income is \$308,616. CNPI acknowledges that Board staff will make the necessary changes to the workform.

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)		1										
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.

Response:

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

Disposition of Global Adjustment Sub-Account Balance

- 4. 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?

Response:

CNPI confirms 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 for May 1, 2012 rates.

Account 1521 – Special Purpose Charge (“SPC”)

5. 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.

- 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)

- a) The invoice to CNPI – Port Colborne from the Ministry of Energy and Infrastructure for Conservation and Renewable Energy Program Costs, dated April 16, 2010 was in the amount of \$76,808. A copy of the original invoice follows.
- b) CNPI - Port Colborne began charging the SPC to its customers on May 1, 2010 and stopped charging the SPC on April 30, 2011.

- c) The table show below provides information related to the SPC at CNPI – Port Colborne.

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)
76,808	37,285		39,523		38,667	666	857	4	1,527

Carrying charges were not booked until 2011.

Minor variations from amounts forecasted in the applications are due to updated account information.

Revised Invoice
Ministry of Energy and Infrastructure
Conservation and Renewable Energy Program Costs

To: Canadian Niagara Power Inc. - Port Colborne
1130 Bertie Street, P.O. Box 1218
Fort Erie, ON L2A 5Y2
Attn: Doug Bradbury, Director, Reg. Affairs

Item Description:

Assessment for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program Costs.

Quote-part pour les coûts des programme de conservation et d'énergie renouvelable du ministère de l'Énergie et de l'Infrastructure.

Customer No./No du client 3037
Customer Site No./ N° d'emplacement du client 1060847
Invoice Date/Date de la facture April 16, 2010
Invoice No./ N° de la facture 50009-3
Due Date/ Date d'échéance July 30, 2010
Payment Amount/ Montant remis CAD \$ 76,808

Questions related to the remittance should be directed to the Non-Tax Revenue Management Branch Contact Centre at 1-877-535-0554 or Fax (416) 326-5177. Les questions concernant la remise doivent être posées à l'InfoCentre de la Direction de la gestion des revenus non fiscaux au 1 877 535-0554 ou par télécopieur au 416 326-5177.

This assessment was calculated by the Ontario Energy Board, 2300 Yonge St. 27th Floor, P.O. Box 2319, Toronto, ON M4P 1E4. Questions related to the invoice should be directed to the Market Operations Hotline 416-440-7604. La présente quote-part a été fixée par la Commission de l'énergie de l'Ontario, 2300, rue Yonge, 27^e étage, case postale 2319, Toronto (Ontario) M4P 1E4. Les questions relatives à la facture doivent être posées au service de téléassistance du service Activités du marché : 416 440-7604.

*Payments are to be made to the Minister of Finance not the Ontario Energy Board.
Les paiements doivent être faits au ministre des Finances et non à la Commission de l'énergie de l'Ontario.*

DATE RECEIVED

COST ELEMENT

COST CENTER

CAD ORDER #

APPROVAL

AP DOC #

MAY 21 2010

193333

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

6. 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?

Response

- a) CNPI confirms that it is not requesting LRAM and/or SSM recoveries.