

May 28, 2015

**VIA COURIER, EMAIL AND RESS**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Niagara Peninsula Energy Inc. 2015 Cost of Service Rate Application  
Response to the comments of Energy Probe Research Foundation  
("Energy Probe") and Board Staff  
Board File No. EB-2014-0096**

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We are counsel to the Applicant, Niagara Peninsula Energy Inc. ("**NPEI**"), in the above noted proceeding. This letter provides a brief response to the comments of Energy Probe Research Foundation ("**Energy Probe**") and Board Staff.

Attached to these submissions are revisions to Appendix A – Draft Tariff of Rates and Charges and Appendix B – Draft Accounting Orders. Appendix A is amended to include reference to the interim nature of the rates consistent with the Board Decision. Appendix B is amended per Board Staff comments. NPEI would ask the Board to approve these revised Appendices.

Energy Probe and Board Staff have made submissions that the Draft Rate Order should deviate from the Board approved Settlement Agreement in respect of the forecast used in the EDDVAR. The forecast was clearly laid out and agreed to by the Intervenor as of the Settlement Agreement and the submissions of Energy Probe and Board Staff effectively seeks a variance to the Board's prior decision. NPEI states that the request is tantamount to a review and vary motion – without meeting the requirements necessary for such a motion. The Settlement Agreement expressly states that it is to be accepted in its totality.

Further, there is no obligation at law that the same forecast be used. The convention relied upon as to the appropriate forecast in an IRM is not applicable in the context of an accepted Settlement Agreement in a cost rebasing. Had the parties wanted to use an updated forecast, such language could have and would have been incorporated into the Settlement Agreement. It was not, and there is no reason for such language to be included.

NPEI would like to clarify the record in respect of the Draft Accounting Orders and note that 2 of the accounts were included in the Proposed Settlement Agreement and the principles espoused in the preceding paragraphs is applicable in respect of these two accounts. The accounting rules changed at about the same time as the Proposed

Settlement Agreement was being finalized. As there is not intended to be a difference in the recording of the variance – just the location – NPEI is not opposed to the revised wording suggested by Board Staff in respect of the MIST Meter or the OPEBs. NPEI would note that no Intervenor opposed Board Staff comments in this regard. For the third account, the Working Capital Allowance Lead - Lag Study it resulted from the Decision and was not referenced in the Settlement Agreement. NPEI is satisfied with the language proposed by Board Staff and reflected in Appendix B.

If there are any questions, please contact the undersigned.

Yours very truly,

**AIRD & BERLIS LLP**



Scott Stoll

SAS/bm

cc: Case Manager, Christie Clark (*via email*)  
Board Counsel, Maureen Helt (*via email*)  
Intervenors (*via email*)

Attach

22862033.1

## Appendix A

### Draft Tariff of Rates and Charges

**Niagara Peninsula Energy Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Approved on an Interim Basis**  
**Effective and Implementation Date June 1, 2015**

**This schedule supersedes and replaces all previously  
approved schedules of Rates, Charges and Loss Factors**

EB-2014-0096

## RESIDENTIAL SERVICE CLASSIFICATION

This class pertains to customers residing in detached, semi-detached or duplex dwelling units, where energy is supplied single-phase, 3 wire, 60 hertz, having a nominal voltage of 120/240 volts. Large residential services will include all services from 201 amp. up to and including 400 amp., 120/240 volt, single phase, three wire. Further servicing details are available in the distributor's Conditions of Service.

## APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

## MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	18.43
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Stranded Meter Recovery Rate Rider - Effective until April 30, 2017	\$	0.93
Distribution Volumetric Rate	\$/kWh	0.0185
Low Voltage Service Rate	\$/kWh	0.0005
Rate Rider for Disposition of Deferral/Variance Account (2015) - effective until April 30, 2016	\$/kWh	(0.0005)
Rate Rider for Disposition of Global Adjustment Sub-Account (2015) - effective until April 30, 2016		
Applicable only for Non-RPP Customers	\$/kWh	0.0025
Rate Rider for Disposition of Account 1576 - effective until April 30, 2017	\$/kWh	(0.0030)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0076
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0053

## MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25



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## GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This class pertains to non-residential customers taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	37.76
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Stranded Meter Recovery Rate Rider - Effective until April 30, 2017	\$	2.73
Distribution Volumetric Rate	\$/kWh	0.0138
Low Voltage Service Rate	\$/kWh	0.0004
Rate Rider for Disposition of Deferral/Variance Account (2015) - effective until April 30, 2016	\$/kWh	(0.0010)
Rate Rider for Disposition of Global Adjustment Sub-Account (2015) - effective until April 30, 2016		
Applicable only for Non-RPP Customers	\$/kWh	0.0025
Rate Rider for Disposition of Account 1576 - effective until April 30, 2017	\$/kWh	(0.0030)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0068
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0046

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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

This classification refers to a non residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than 50 kW but less than 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	102.31
Distribution Volumetric Rate	\$/kW	3.3629
Low Voltage Service Rate	\$/kW	0.1612
Rate Rider for Disposition of Deferral/Variance Account (2015) - effective until April 30, 2016	\$/kW	(0.4781)
Rate Rider for Disposition of Global Adjustment Sub-Account (2015) - effective until April 30, 2016		
Applicable only for Non-RPP Customers	\$/kW	0.9703
Rate Rider for Disposition of Account 1576 - effective until April 30, 2017	\$/kW	(1.1427)
Retail Transmission Rate - Network Service Rate	\$/kW	2.8172
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.8413

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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## UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less whose monthly average peak demand is less than, or forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power pack, bus shelters, telephone booths, traffic lights, railway crossings etc. The customer will provide detailed manufacturer information/documentation with regard to electricity demand/consumption of the proposed unmetered load. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	19.53
Distribution Volumetric Rate	\$/kWh	0.0137
Low Voltage Service Rate	\$/kWh	0.0004
Rate Rider for Disposition of Deferral/Variance Account (2015) - effective until April 30, 2016	\$/kWh	(0.0012)
Rate Rider for Disposition of Account 1576 - effective until April 30, 2017	\$/kWh	(0.0030)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0068
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0046

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.00130
Standard Supply Service - Administrative Charge (if applicable)	\$	0.2500



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## SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	16.95
Distribution Volumetric Rate	\$/kW	21.1488
Low Voltage Service Rate	\$/kW	0.1347
Rate Rider for Disposition of Deferral/Variance Account (2015) - effective until April 30, 2016	\$/kW	2.6266
Rate Rider for Disposition of Global Adjustment Sub-Account (2015) - effective until April 30, 2016		
Applicable only for Non-RPP Customers	\$/kW	0.9444
Rate Rider for Disposition of Account 1576 - effective until April 30, 2017	\$/kW	(1.1122)
Retail Transmission Rate - Network Service Rate	\$/kW	2.0858
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.5386

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25



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## STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, controlled by photo cells. Street lighting profile is derived through the use of a "virtual streetlight meter" that uses a street light control eye, consistent with the model type and product manufacturer of devices currently in service in the Applicant's distribution area, to simulate the exact daily conditions that the typical street light is exposed to. This simulated street light load is captured using an interval metering device, and is processed as part of the distributor's daily interval meter interrogation, validation and processing procedures. Further servicing details are available in the distributor's Conditions of Service.

## APPLICATION

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## MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	1.21
Distribution Volumetric Rate	\$/kW	4.6966
Low Voltage Service Rate	\$/kW	0.1239
Rate Rider for Disposition of Deferral/Variance Account (2015) - effective until April 30, 2016	\$/kW	(0.4471)
Rate Rider for Disposition of Global Adjustment Sub-Account (2015) - effective until April 30, 2016		
Applicable only for Non-RPP Customers	\$/kW	0.8988
Rate Rider for Disposition of Account 1576 - effective until April 30, 2017	\$/kW	(1.0585)
Retail Transmission Rate - Network Service Rate	\$/kW	2.1297
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.4147

## MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

**Niagara Peninsula Energy Inc.**  
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## **MICROFIT SERVICE CLASSIFICATION**

This classification applies to an electricity generation facility contracted under the Ontario Power Authority's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

## **APPLICATION**

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## **MONTHLY RATES AND CHARGES - Delivery Component**

Service Charge	\$	5.40
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**MONTHLY RATES AND CHARGES - Regulatory Component**

MONTHLY RATES AND CHARGES - Regulatory Component

**ALLOWANCES**

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

**SPECIFIC SERVICE CHARGES****APPLICATION**

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule

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**Customer Administration**

Returned cheque (plus bank charges)	\$	20.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

**Non-Payment of Account**

Late Payment – per month	%	1.50
Late Payment – per annum	%	19.56
Collection of account charge – no disconnection	\$	30.00
Collection of account charge – no disconnection – after regular hours	\$	165.00
Disconnect/Reconnect at meter – during regular hours	\$	65.00
Disconnect/Reconnect at meter – after regular hours	\$	185.00
Disconnect/Reconnect at pole – during regular hours	\$	185.00
Disconnect/Reconnect at pole – after regular hours	\$	415.00
Install/Remove load control device – during regular hours	\$	65.00
Install/Remove load control device – after regular hours	\$	185.00
Service call – customer owned equipment	\$	30.00
Service call – after regular hours	\$	165.00
Temporary service install & remove – overhead – no transformer	\$	500.00
Temporary Service – Install & remove – underground – no transformer	\$	300.00
Temporary Service Install & Remove – Overhead – With Transformer	\$	1,000.00
Specific Charge for Access to the Power Poles - \$/pole/year	\$	22.35

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## RETAIL SERVICE CHARGES (if applicable)

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Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year	\$	no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

## LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0479
Total Loss Factor – Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0374
Total Loss Factor – Primary Metered Customer > 5,000 kW	N/A



## Appendix B

### Draft Accounting Orders

**NPEI Draft Accounting Order  
EB-2014-0096**

**OPEB Deferral Account**

NPEI shall establish the following deferral account effective January 1, 2015:

**Account 1508 Other Regulatory Assets, Subaccount –  
Other Post- Employment Benefits Deferral Account**

NPEI shall establish the Other Post-Employment Benefits (“OPEB”) Deferral Account to record the cumulative actuarial gains or losses with respect to NPEI’s post-retirement benefits in Account 1508, Other Regulatory Assets, Sub-account OPEB Deferral Account.

Upon rebasing on a MIFRS basis, effective from 2015 to the next time NPEI’s rates are rebased, the deferral account shall be adjusted as required to record changes in the cumulative actuarial gains or losses in NPEI’s post-employment benefits as supported by updated actuarial valuations prepared for NPEI.

The adjustments that will be recorded in this account shall be supported by actuarial valuations when disposition of the deferral account is sought by NPEI.

No carrying charges shall be recorded in this account.

**Sample Journal Entry**

The following is an example of the journal entry that will be made by NPEI.

As per the OEB approved settlement proposal, for NPEI’s OPEB actuarial gain of \$1,570,621 as of January 1, 2015, NPEI shall record the unrecognized actuarial gain relating to Other Post-Employment Benefits upon transition to IFRS as follows:

	\$	
	<u>Dr.</u>	<u>Cr.</u>
OPEB liability (balance sheet)	1,570,621	
:		
Account 1508 - Subaccount OPEB Deferral Account		1,570,621

**NPEI Draft Accounting Order  
EB-2014-0096**

**MIST Meters Variance Account**

NPEI shall establish the following deferral and variance accounts effective January 1, 2015:

**Account 1557 – MIST Meters Deferral and Variance Account**

As per the OEB's Accounting Procedures Handbook – Guidance document issued in March 2015, this account shall track incremental capital and OM&A costs. NPEI shall open a sub-account to record incremental OM&A costs and carrying charges.

The MIST Meters Variance Account - Sub-account OM&A shall be used to record the variance in costs above or below \$43,760 which is the amount included in the 2015 Test Year meter reading expense, relating to the implementation of MIST meters between 2015 and 2019, that may be incurred as a result of the amendment to section 5.1.3 of the Distribution System Code.

Disposition of the account is proposed to occur in NPEI's next cost of service rate application and will be subject to the Board's prudence review.

NPEI shall record carrying charges on the balances in the Capital and OM&A Sub-accounts using the interest rates set by the Board from time to time pursuant to the Board's interest rate policy.

**Sample Journal Entry**

The following is an example of the journal entry that will be made by NPEI.

The example assumes that incremental MIST meter reading costs are higher than the amount included in the 2015 Test Year by \$50,000. This amount is assumed for illustration purposes only.

	\$	
	Dr.	Cr.
Account 1557 Subaccount MIST Meters Variance Account OM&A Account	50,000	
Accounts Payable		50,000

**NPEI Draft Accounting Order  
EB-2014-0096**

**Working Capital Allowance Lead-lag Study**

NPEI shall establish the following deferral account effective May 14, 2015:

**Account 1508 Other Regulatory Assets, Subaccount Working  
Capital Allowance Lead-lag Study Deferral Account**

NPEI shall establish a deferral account to record all incremental costs, both internal and external, associated with conducting a lead/lag study.

NPEI shall record carrying charges on the balances in the sub-account using the interest rates set by the OEB from time to time pursuant to the OEB's interest rate policy.

**Sample Journal Entry**

The following are examples of the journal entries that will be made by NPEI. The amounts assumed in the examples are for illustration purposes only.

To record incremental external costs relating to the lead/lag study.

	\$	
	<u>Dr.</u>	<u>Cr.</u>
1508 – Sub-account Working Capital Allowance Lead-lag Study Deferral Account	30,000	
2205 - Accounts Payable		30,000

To record incremental internal costs relating to the lead/lag study.

	\$	
	<u>Dr.</u>	<u>Cr.</u>
1508 - Sub-account Working Capital Allowance Lead-lag Study Deferral Account	15,000	
1005 – Cash		10,000
2292 – Payroll Deductions/Expenses Payable		5,000