



**Ontario Energy Board
Commission de l'énergie de l'Ontario**

DECISION AND ORDER

EB-2015-0354

CANADIAN NIAGARA POWER INC.

2016 Revenue Requirement

BEFORE: Ken Quesnelle
Presiding Member

January 14, 2016

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1 INTRODUCTION AND SUMMARY

Canadian Niagara Power Inc. (CNPI Transmission) is one of five licensed electricity transmitters in Ontario that recover their revenues through Ontario's uniform transmission rates (UTR). The Ontario Energy Board (OEB) approves the revenue requirements and charge determinants of the individual transmitters and uses them to calculate the UTR.

CNPI Transmission filed an application with the OEB on November 17, 2014 seeking approval for changes to its electricity transmission revenue requirements for 2015 and 2016 to be effective January 1, 2015. In its June 25, 2015 decision, the OEB approved 2015 and 2016 revenue requirements for CNPI Transmission of \$4,246,478 and \$4,647,201, respectively. Given that the 2015 UTRs had already been approved by the OEB on January 8, 2015, CNPI Transmission was ordered to establish a deferral account to record foregone revenue for 2015 and to inform the OEB of the forecast balance in the account as at December 31, 2015 by December 1, 2015 in order to incorporate this amount for recovery in 2016.

In its decision, the OEB also approved recovery of regulatory expenses of \$180,125 over two years. The principal amount, with no carrying charges applied, was to be recorded in the Regulatory Expense deferral account.

On November 26, 2015, CNPI notified the OEB that the projected balance of its 2015 Foregone Revenue deferral account, including carrying charges and recovery of 2015 amounts related to regulatory expenses, was a credit of \$278,846.60.

The June 25, 2015 decision also provided for the Deferral of IPL Project variance account to record any adjustments necessary to reflect a delay in the in-service date of CNPI Transmission's IPL project until 2016. By letter of January 5, 2016, CNPI Transmission informed the OEB that the IPL project was placed in service on December 31, 2015.

2 THE PROCESS

The total amount to be recovered for CNPI Transmission in 2016 is derived from the Board's EB-2014-0204 Decision. The findings in this Decision involve only the implementation of findings in that previous decision. The Board has therefore determined that no person will be adversely affected in a material way by the outcome of this proceeding. In accordance with section 21 (4) (b) of the Act, this matter has been determined without a hearing.

3 2016 REVENUE REQUIREMENT AND CHARGE DETERMINANTS

CNPI Transmission's application provided a calculation of the balance in the Foregone Revenue Deferral Account based on the differences between the revenues received on the basis of CNPI Transmission's interim revenue requirement and the OEB-approved 2015 revenue requirement. CNPI Transmission's calculations incorporated the recovery of \$90,063 as the 2015 portion of regulatory expenses approved for recovery over two years and carrying charges applied monthly to the cumulative account balance outstanding. CNPI Transmission requested disposition of a total foregone revenue credit balance of \$278,847, consisting of \$277,424 in principal and \$1,423 in carrying charges.

OEB staff noted that the Accounting Order for the Regulatory Expense deferral account approved by the OEB in EB-2014-0204 specified that carrying charges would not apply to the balance in this account. OEB staff proposed a revised calculation of 2015 foregone revenue which removed the carrying charges associated with the Regulatory Expense deferral account. Under this scenario, the principal balance remained the same as filed by CNPI Transmission; however the total credit balance for carrying charges was increased to \$1,888. This resulted in a total credit for disposition of \$279,311. CNPI Transmission agreed that this calculation was appropriate.

The resulting 2016 revenue requirement and approved charge determinants are shown in Tables 1 and 2, below:

Table 1: Revenue Requirement

Particulars	Total
EB-2014-0204 APPROVED 2016 REVENUE REQUIREMENT	\$4,647,201
2015 FOREGONE REVENUE	-\$279,311
2016 REGULATORY EXPENSES DEFERRAL ACCOUNT RECOVERY	\$90,063
TOTAL 2016 REVENUE REQUIREMENT	\$4,457,953

Table 2: Charge Determinants (MW)

	Network	Line Connection	Transformation Connection
EB-2014-0204 APPROVED 2016 CHARGE DETERMINANTS	522.894	549.258	549.258

Findings

The OEB approves CNPI Transmission's 2016 revenue requirement as revised.

4 ORDER

THE BOARD ORDERS THAT:

1. The revenue requirement for CNPUI Transmission to be included in the calculation of Uniform Transmission Rates effective January 1, 2016 is \$4,457,953.
2. The CNPI Transmission charge determinants for the calculation of the Uniform Transmission Rates for 2016 shall be those approved in EB-2014-0204 and as shown in Table 2 of this decision.

DATED at Toronto January 14, 2016

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary