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**BY E-MAIL**

June 30, 2016

Gregory Beharriell,  
Manager, Regulatory Affairs  
Canadian Niagara Power Inc.  
1130 Bertie Street  
P.O. Box 1218  
Fort Erie ON L2A 5Y2

Dear Mr. Beharriell:

**Re: Canadian Niagara Power Inc. (CNPI)  
Application for Rates  
OEB File Number EB-2016-0061**

A preliminary review of the application has identified that certain sections of the evidence supporting the application do not comply with the OEB's Filing Requirements<sup>1</sup> for cost of service applications and/or the associated spreadsheets, models and workforms. As a result, the OEB is unable to process your application at this time.

The missing information includes:

<b>Chapter 2 Filing Requirement Reference (page #)</b>	<b>Description</b>
13	Annual Report and MD&A for Fortis Ontario, CNPI's parent company is not provided.

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<sup>1</sup> Chapter 2 of the *Filing Requirements for Electricity Transmission and Distribution Applications*, dated June 28, 2012 and subsequent Board communications.

Chapter 2 Filing Requirement Reference (page #)	Description
2 and 15	Deviations from Filing Requirements are not discussed. There is also no discussion of concerns with models or changes to them.
16 and 17	Organizational Structure shown is for Fortis Ontario, not CNPI.
20	Cost of power data used in the application is October 15/15 RPP prices. The most recent prices were established on April 14, 2016. The application was filed on April 29, 2016.
24	The accounting treatment for projects with a lifecycle greater than one year is missing.
24	The evidence references cited on the checklist (E2.T2.S3/E2.T2.S4) for non-distribution activities discuss respectively, IT strategy and capital projects, not non-distribution activities.
26	Possibility of filing an ICM during the next five years is discussed, but there is no ACM in the present application. A discrete project that may require ACM/ICM treatment is cited, but no further information is provided (E2.T6.S1): "CNPI does not currently have any discrete committed capital projects within the five-year horizon that it believes would require this new policy option. However, as noted in Section 5.4.1.7(a) of CNPI's Distribution System Plan, there is a well-known proposal in Fort Erie; the Canadian Motor Speedway, which could proceed in 2017 or 2018. The amount of capital investment required by CNPI would depend on the outcome of the economic evaluation performed in accordance with the DSC. Should this or a similar proposal proceed, CNPI may choose to file a related ICM application."
33	Other revenue variance analysis is only provided for the 2017 Test year versus 2015 Actual and 2013 Board Approved.
36	For program delivery costs information is not provided for each significant change within the applicant's control, the business decision that was made to manage the cost increase/decrease and the alternatives.
37	With respect to the identification of all shared services among the affiliated entities, it is stated that CNPI is not engaged in any non-utility activities and that the application "has been prepared using accounting values attributable to the distribution division only; transmission has been appropriately excluded." There is insufficient detail in the application as to how transmission has been appropriately excluded.

Chapter 2 Filing Requirement Reference (page #)	Description
41	One page summary of depreciation policy is provided with no discussion of changes since CNPI's last cost of service application.
41 and 42	With respect to the requirement that for Depreciation, Amortization and Depletion a list should be provided detailing all asset service lives tied to USoA, differences in TUL for Kinectrics and explanation of differences outside of minimum and maximum TUL range from Kinectrics, there is no discussion of this, just a statement that the depreciation rates used are the depreciation rates that were approved within the 2013 application.
41 and 42	Appendix 2-CA to 2-CK was not filed. CNPI has been on ASPE since January 1, 2011. However, there are statements in the application that MIFRS was adopted effective January 1, 2013 and it appears that in CNPI's 2012 application, capitalization and depreciation policies were updated to mirror IFRS, but CNPI has used ASPE in preparing its application. Additional clarity is needed with respect to the applicability of ASPE-MIFRS and appendices 2-CA to 2-CK have not been completed, which are required if CNPI's capitalization and depreciation policies have been done according to MIFRS.
42	A PILs model is stated as not filed because PILs are not applicable to CNPI, though the reason for this is not stated. An income tax model is said to be provided, but this is a one-page Excel spreadsheet of tax calculations. No explanation is provided as to why this model as adequate.
42	Calculation of Tax Credits is not provided.
42	For the requirement to provide supporting schedules, calculations and explanations for other additions and deductions, only summarized calculations are provided.
42	There is no explanation of how property tax amounts are derived is provided.
45	Regarding the LRAMVA disposition of balance, no statement indicating the use of most recent input assumptions when calculating lost revenue is provided.

Chapter 2 Filing Requirement Reference (page #)	Description
60	Low Voltage Cost (historical, bridge, test), variances and explanations for substantive changes are not provided.
71	There is a requirement to identify all accounts for disposition and to identify DVAs for which disposition is not sought and the reasons why. For the various 1508 sub accounts for which disposition is not being requested, no supporting explanation is provided.
71	For Deferral and Variance Accounts and the requirement to show relevant calculations: the rationale for allocation of each account, proposed billing determinants and length of disposition period, no rationale for allocators used is provided.
73	With respect to the requirement to identify the number of Class A customers served in 2014 and on July 1, 2015 and to provide the combined peak demand factor for each period, no peak demand factor is provided for 2014.

The OEB expects that CNPI will file the above listed required information as soon as possible.

If any of the information that is identified as missing is located in sections other than those identified in the Filing Requirements, or if any of the information is not applicable in your circumstances, please provide an explanation when filing the remainder of the required information.

Please direct any questions relating to this application to Martin Davies, Project Advisor at 416-440-8107 or [martin.davies@ontarioenergyboard.ca](mailto:martin.davies@ontarioenergyboard.ca).

Yours truly,

*Original Signed By*

Kristi Sebalj  
Registrar