

KTC 1.1



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File No. EB-2016-0061

Exhibit No. KTC 1.1

Date: Nov. 2, 2016

October 26, 2016

BY EMAIL & BY COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2016-0061
Canadian Niagara Power Inc. --- 2017 Cost of Service
Energy Probe - Technical Conference Questions to Applicant

Pursuant the Letter from the Board dated October 25, 2016, attached please find the Technical Conference Questions of Energy Probe Research Foundation (Energy Probe) to Canadian Niagara Power in the EB-2016-0061 proceeding.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

- cc. Gregory Beharriell, Canadian Niagara Power (By email)
R. Scott Hawkes, Canadian Niagara Power (By email)
Andrew Taylor, The Energy Boutique LP (By email)
Randy Aiken, Aiken & Associates (By email)
Parties of Interest (By email)

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EB-2016-0061

Ontario Energy Board

Canadian Niagara Power Inc.

**Application for electricity distribution rates beginning
January 1, 2017**

**TECHNICAL CONFERENCE QUESTIONS OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

October 26, 2016

**CANADIAN NIAGARA POWER INC.
2017 RATES REBASING CASE
EB-2016-0061**

**ENERGY PROBE RESEARCH FOUNDATION
TECHNICAL CONFERENCE QUESTIONS**

EXHIBIT 1 – ADMINISTRATIVE DOCUMENTS

1-Energy Probe-22

Ref: 1-Staff-1 RRWF

- a) Please explain why the grossed up revenue deficiency shown on line 4 in the Tracking Form of \$2,359,629 is different than the gross revenue deficiency shown in the Revenue Deficiency/Sufficiency sheet of \$2,125,212.
- b) Where in the tracking form has the change in distribution revenue based on the new load forecast at existing rates been reflected?
- c) On the Tracking Form, please explain why for each of lines 1 through 4 that reflect the changes made as a result of the interrogatory responses, the change in the grossed up revenue deficiency is not equal to the change in the base revenue requirement and service revenue requirement.
- d) Please explain why in the Revenue Deficiency/Sufficiency sheet, some of the figures are different in the Initial Application columns from that filed in the original RRWF. For example, the original RRWF showed a gross revenue deficiency of \$2,316,325, while the updated RRWD shows a gross revenue deficiency of \$2,441,458.
- e) Please explain why distribution revenues at proposed rates are lower than distribution revenues at existing rates in the Initial Application columns in the Revenue Deficiency/Sufficiency sheet.
- f) Please confirm that the difference noted in part (e) is why the Application gross revenue deficiency figures provided in the Summary Table at the bottom of the Revenue Requirement sheet do not match.
- g) Please provide an updated RRWF that reflects any changes or corrections as a result of the above questions.

EXHIBIT 2 – RATE BASE

2-Energy Probe-23

Ref: 2-Staff-18

The response to part (b) indicates a \$30,000 difference between the current proposal (revenue offsets) and the previous approach of allocating a portion of the shared capital costs to the related companies. What accounts for this \$30,000 difference?

2-Energy Probe-24

**Ref: 2-Staff-47 &
Exhibit 4, Appendix 2-L**

Please explain the difference in the number of customers shown in the two references noted above.

2-Energy Probe-25

**Ref: 2-VECC-11 &
2-Energy Probe-5**

Please reconcile the September 30, 2016 figure for actual capital contributions shown in the VECC response of \$1,013,782 with the figure of \$229,598 shown in the January to September column in the fixed asset continuity schedule provided in the response to part (b) of the Energy Probe response.

EXHIBIT 3 – OPERATING REVENUE

3-Energy Probe-26

Ref: 3-Energy Probe-13

Based on the response, please confirm the following:

- a) The revenue shown in account 4375 is only related to the cost of capital and depreciation expense associated with the shared services provided.**
- b) The revenue and cost associated with the recovery of the OM&A costs associated with these shared services are included in other line items in the revenue offset table in 2017, in the same manner as they were in previous years.**

3-Energy Probe-27

**Ref: 3-Energy Probe-13 &
3-VECC-24**

- a) Please explain the difference in the assets included in the response to part (d) of 3-Energy Probe-13 and that shown in the response to 3-VECC-24.**
- b) Please show the derivation of the revenue in account 4375 of \$1,139,217 based on the net book value and depreciation figures shown in the response to part (d) of 3-Energy Probe-13.**

EXHIBIT 4 – OPERATING EXPENSES

4-Energy Probe-28

Ref: 4-VECC-30

Please explain the reduction in IT charges and shared equipment charges between 2016 and 2017. Do the reductions reflect decreases in net book value of the underlying shared assets?

