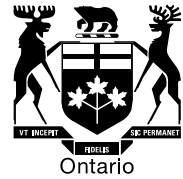


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**BY E-MAIL**

March 23, 2017

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Canadian Niagara Power Inc.  
Application for Rates  
Board File Number EB-2016-0061**

Please find attached OEB staff's submission on the draft rate order filed by Canadian Niagara Power for this application.

*Original Signed By*

Martin Davies  
Project Advisor, Rates  
Major Applications

# **2017 ELECTRICITY DISTRIBUTION RATES**

**Canadian Niagara Power Inc.**

**EB-2016-0061**

**ONTARIO ENERGY BOARD**

**STAFF SUBMISSION ON DRAFT RATE ORDER**

**March 23, 2017**

## **INTRODUCTION**

On March 16, 2017, Canadian Niagara Power Inc. (Canadian Niagara Power) filed a draft Rate Order (DRO) pursuant to the Ontario Energy Board's EB-2016-0061 Decision and Order (Decision) dated March 9, 2017.

The DRO noted that the OEB had found that the effective date of Canadian Niagara Power's rate order would be January 1, 2017 and anticipated a May 1, 2017 implementation date for the rate order given the timelines set out for comments and responses.

OEB staff's comments on the DRO follow.

### **Bill Impact Summary**

#### ***Background***

In the DRO, Canadian Niagara Power provided in Table 2<sup>1</sup> a bill impact summary that provided a comparison of the total bill arising from the Decision and Order compared to that arising from current rates for one consumption level for each of its eight customer classes.

#### ***Discussion and Submission***

OEB staff notes that Canadian Niagara Power did not provide in the DRO the same breakdowns of bill impact information as was provided in the application.

First, considerably fewer comparisons were provided for each of the service territories. In the application as filed,<sup>2</sup> Canadian Niagara Power provided 33 bill impact comparisons for each of the three service territories, while in the DRO only eight comparisons were provided for each territory. OEB staff submits that it would be helpful to the OEB if in its reply submission, Canadian Niagara Power provided bill impacts reflecting the impacts of the Decision and Order for the same 33 comparisons for each of the service territories that were provided in the application.

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<sup>1</sup> P. 8

<sup>2</sup> E1/T2/S9, pp. 2-4

Second, the comparisons provided for the Sentinel Lighting and Street Lighting classes do not appear to be comparable. The Sentinel Lighting comparison in the DRO is based on energy kWh of 1,400 and demand kW of five, while in the application, the equivalent numbers are 75 kWh and 0.25 kW. Similarly for Street Lighting, in the DRO 5,400 energy kWh and 15 demand kW are used, while in the application, these numbers are 40 kWh and 0.125 kW.

OEB staff submits that it would be useful to the OEB if Canadian Niagara Power provided comparisons for these two customer classes on the same basis as in the application, or if Canadian Niagara Power believes this is no longer the relevant comparison, to provide an explanation as to why this is the case and why the comparisons in the DRO are the appropriate ones for the OEB to consider.

Finally, OEB staff submits that it would also be useful for Canadian Niagara Power to provide similar comparisons to those required above for the rates approved in the Decision and Order versus those applied for in the original application. This would allow the OEB to determine whether or not there are any rate increases, versus what was proposed in the application, for any of the customer classes at the various consumption levels presented in the application. In the event there are any such increases it would also be helpful for Canadian Niagara Power to provide an explanation of them.

## **Appropriate Accounting for Pension and OPEB Costs**

### ***Background***

In the DRO,<sup>3</sup> Canadian Niagara Power noted that the OEB's findings with respect to accounting for pensions and Other Post-Employment Benefits (OPEBs) were consistent with Canadian Niagara Power's application and required no further adjustment.

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<sup>3</sup> P. 6

### ***Discussion and Submission***

OEB staff's expectation is that as outlined in the Decision and Order, if the outcome of the OEB's generic policy consultation to determine the appropriate method of accounting for the regulatory costs of pensions and OPEBs (EB-2015-0040) results in a new policy in this area that requires Canadian Niagara Power to change its current methodology, Canadian Niagara Power will follow any new such policy on a going-forward basis from the time of the determination of the new policy. This would include tracking the differences in a variance account for consideration in its next rebasing application if necessary. OEB staff submits that Canadian Niagara Power should confirm in its reply submission that this is what it intends to do.

### **Tariff of Rates and Charges**

#### ***Background***

Canadian Niagara Power's proposed Tariff of Rates and Charges contains a Standby Charge that is applicable to all three of its previous rate zones.

### ***Discussion and Submission***

OEB staff notes that in Canadian Niagara Power's currently approved tariff the Standby Charge is only applicable in the Port Colborne rate zone. OEB staff submits that Canadian Niagara Power should confirm in its reply submission that it now intends this rate to be applicable across all of its three former rate zones.

OEB staff also notes that the OEB today issued a Decision and Order rescinding the Ontario Electricity Support Program (OESP) charge effective May 1, 2017 (EB-2017-0135) and this charge accordingly needs to be removed from Canadian Niagara Power's tariff. OEB staff notes that although the OESP credits must also be removed from the tariff, Canadian Niagara Power must continue to apply the OESP credits as set by the OEB's December 21, 2016 Order for OESP credits (EB-2016-0376) on bills issued to eligible low-income customers until such time as that Order is superseded.

OEB staff also believes that a number of formatting changes to the proposed tariff are necessary in order for it to conform with tariffs approved for other distributors. OEB staff will discuss these changes with Canadian Niagara Power, but will not list them here. In the event, Canadian Niagara Power has any concerns with these changes, it can state such concerns in its reply submission.

- All of which is respectfully submitted-