



CANADIAN NIAGARA POWER INC.

A FORTIS ONTARIO
Company

October 13, 2017

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Hydro One Networks Inc. 2017 & 2018 Transmission Revenue Requirement (EB-2016-0160); 2017 Uniform Transmission Rates (EB-2017-0280)

In the matter of EB-2016-0160, the OEB provided for other Ontario transmitters to submit comments on Hydro One's draft revenue requirement/charge determinant order and the draft UTR rate order and supporting schedules (including a draft accounting order for foregone revenue). The OEB also established a specific UTR case number, EB-2017-0280, to include the OEB's decisions on the applicable approved revenue requirements and load forecasts of each transmitter in the Ontario transmission rate pool.

Canadian Niagara Power Inc. ("CNPI") submits the following comments for the OEB's consideration in approving its 2017 transmission revenue requirement and in establishing final 2017 UTRs.

2017 Transmission Revenue Requirement

In its draft UTR rate order and supporting schedules, Hydro One includes a CNPI 2017 transmission revenue requirement of \$4,457,953, with reference to the OEB's decisions in EB-2014-0204 and EB-2015-0354.

CNPI respectfully submits that its 2016 revenue requirement was approved at \$4,647,201 in the EB-2014-0204 decision, not \$4,457,953.¹ The revenue requirement included by Hydro One appears to have originated from Table 1 of the EB-2015-0354 decision. CNPI notes that this table makes certain adjustments to the previously approved 2016 revenue requirement related to disposition of deferral accounts in 2016, adjustments which are not applicable outside of the

¹ EB-2014-0204, Decision and Order dated June 25, 2015, page 2, Table 1.



2016 rate year. CNPI therefore submits that its 2017 revenue requirement should be included at the \$4,647,201 amount approved in the OEB's decision in EB-2014-0204.

Effective Date for CNPI 2017 Transmission Revenue Requirement

CNPI notes that in its decision in EB-2016-0160, the OEB ordered an effective date of January 1, 2017 for Hydro One's 2017 revenue requirement, and ordered an implementation date of October 1, 2017 for 2017 UTRs.

CNPI submits that in considering the approval of 2017 revenue requirement for all Ontario transmitters in the EB-2017-0280 proceeding, and consistent with the OEB Decision underpinning CNPI's approved revenue requirement, the effective date of CNPI's 2017 transmission revenue requirement is also January 1, 2017.²

Revised 2017 Revenue Requirement/Charge Determinants

Appendix "A" provides the 2017 revenue requirement/charge determinant information included in Hydro One's draft rate order, updated for the correction of CNPI's 2017 transmission revenue requirement. CNPI notes that this update has no impact on the 2017 UTR's proposed by Hydro One, and that the revenue allocation factors between transmitters change slightly.

CNPI acknowledges that further updates may be required in the determination of final 2017 UTRs. The information provided in Appendix "A" is simply provided to illustrate the impact of the correction to CNPI's 2017 revenue requirement, and to serve as a basis for CNPI's preliminary foregone revenue calculations as described below.

Request for Deferral Account to Record 2017 Foregone Transmission Revenue

CNPI requests that the OEB approve, as it did for Hydro One, the creation of a deferral account in the EB-2017-0280 proceeding to address the foregone revenue created by the October 1, 2017 implementation of final 2017 UTRs relative to the January 1, 2017 effective date of 2017 UTRs. CNPI submits that the methodology used by CNPI and other transmitters to calculate 2017 foregone revenue should be consistent with the methodology directed in the EB-2016-0160 decision for Hydro One: "to capture the differences between revenue earned by [the transmitter] under the interim 2017 UTR, and the revenues that would have been received under the approved final 2017 UTR."³

Based on the updated allocation factors contained in Appendix "A", and using the same foregone revenue calculation method as Hydro One, CNPI has calculated a preliminary 2017 foregone revenue of \$220,548. CNPI's foregone revenue calculation is provided as Appendix "B". CNPI acknowledges that this calculation may require updates to reflect final 2017 UTRs and allocation factors.

² CNPI notes that the effective date for its 2016 revenue requirement, the basis for its 2017 revenue requirement, was January 1, 2016 pursuant to the Decision in EB-2014-0204, as was the case for CNPI's 2015 revenue requirement.

³ EB-2016-0160 Decision and Order dated September 28, 2017, pp.114-115



A draft accounting order describing the deferral account requested above and the proposed journal entries to record 2017 foregone transmission revenue is provided as Appendix "C". CNPI proposes that the 2017 foregone revenue amount be included as part of its 2018 transmission revenue requirement in the determination of 2018 UTR's.

Sincerely,

ORIGINAL SIGNED BY GREG BEHARRIELL

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Appendix “A”

Revenue Requirement/

Charge Determinant

(Updated to Correct CNPI 2017

Transmission Revenue Requirement)

2017 UTR Calculation - Corrected CNPI Revenue Requirement

Transmitter	Revenue Requirement (\$)			
	Network	Line Connection	Transformation Connection	Total
FNEI	\$3,583,681	\$901,910	\$1,841,498	\$6,327,089
CNPI	\$2,632,188	\$662,446	\$1,352,567	\$4,647,201
H1N SSM	\$22,976,658	\$5,782,569	\$11,806,709	\$40,565,936
H1N	\$818,422,450	\$205,973,576	\$420,551,820	\$1,444,947,846
B2MLP	\$33,700,000	\$0	\$0	\$33,700,000
All Transmitters	\$881,314,977	\$213,320,501	\$435,552,594	\$1,530,188,072

Transmitter	Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	187.120	213.460	76.190	
CNPI	522.894	549.258	549.258	
H1N SSM	3,498.236	2,734.624	635.252	
H1N	244,865.656	236,890.824	202,461.050	
B2MLP	0.000	0.000	0.000	
All Transmitters	249,073.906	240,388.166	203,721.750	

Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
UTR (\$/kW-Month)	\$3.54	\$0.89	\$2.14	
FNEI	0.00407	0.00423	0.00423	
CNPI	0.00299	0.00311	0.00311	
H1N SSM	0.02607	0.02711	0.02711	
H1N	0.92864	0.96556	0.96556	
B2MLP	0.03824	0.00000	0.00000	
All Transmitters	1.00000	1.00000	1.00000	

Appendix “B”

Calculation of CNPI 2017 Foregone Transmission Revenue

2017 UTR Charge Determinant - All Transmitters (MW)

Charge Determinant	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Total
Network	21,444	20,912	20,617	18,384	19,717	22,355	23,226	22,306	20,544	18,548	19,871	21,152	249,076
Line Connection	20,436	20,020	19,592	17,637	19,283	21,242	22,488	21,452	19,937	18,295	19,157	20,850	240,389
Transformation Connection	17,372	17,079	16,749	14,880	16,405	18,122	19,222	18,208	17,248	14,921	15,961	17,555	203,722

2016 Approved UTRs

	\$/kw-month	CNPI Allocator
Network	3.66	0.00281
Line Connection	0.87	0.00291
Transformation Connection	2.02	0.00291

1. 2017 Revenue at 2016 Approved Rates and 2017 Load Forecast

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Total
Network	\$220,543	\$215,072	\$212,038	\$189,072	\$202,781	\$229,912	\$238,870	\$229,408	\$211,287	\$190,759	\$204,365	\$217,540	\$2,561,647
Line Connection	\$51,738	\$50,685	\$49,601	\$44,652	\$48,819	\$53,778	\$56,933	\$54,310	\$50,475	\$46,317	\$48,500	\$52,786	\$608,593
Transformation Connection	\$102,116	\$100,394	\$98,454	\$87,468	\$96,432	\$106,525	\$112,991	\$107,030	\$101,387	\$87,709	\$93,822	\$103,192	\$1,197,519
Total	\$374,397	\$366,150	\$360,093	\$321,191	\$348,032	\$390,215	\$408,794	\$390,749	\$363,149	\$324,785	\$346,687	\$373,518	\$4,367,759

Total to end of September = \$3,322,769

2017 Proposed UTR

	\$/kw-month	CNPI Allocator
Network	3.54	0.00299
Line Connection	0.89	0.00311
Transformation Connection	2.14	0.00311

2. 2017 Revenue at Proposed UTR Rates and 2017 Load Forecast

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Total
Network	\$226,976	\$221,345	\$218,223	\$194,587	\$208,697	\$236,619	\$245,838	\$236,100	\$217,450	\$196,323	\$210,327	\$223,885	\$2,636,370
Line Connection	\$56,565	\$55,413	\$54,229	\$48,817	\$53,373	\$58,796	\$62,245	\$59,377	\$55,184	\$50,639	\$53,025	\$57,711	\$665,373
Transformation Connection	\$115,618	\$113,668	\$111,471	\$99,032	\$109,182	\$120,609	\$127,930	\$121,182	\$114,792	\$99,305	\$106,227	\$116,836	\$1,355,851
Total	\$399,159	\$390,426	\$383,923	\$342,437	\$371,252	\$416,024	\$436,013	\$416,659	\$387,426	\$346,267	\$369,578	\$398,432	\$4,657,594

2017 Foregone Revenue (2 - 1)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Total
Network	\$6,433	\$6,274	\$6,185	\$5,515	\$5,915	\$6,706	\$6,968	\$6,692	\$6,163	\$5,564	\$5,961	\$6,346	\$74,723
Line Connection	\$4,827	\$4,729	\$4,628	\$4,166	\$4,555	\$5,017	\$5,312	\$5,067	\$4,709	\$4,321	\$4,525	\$4,925	\$56,780
Transformation Connection	\$13,502	\$13,274	\$13,017	\$11,565	\$12,750	\$14,084	\$14,939	\$14,151	\$13,405	\$11,597	\$12,405	\$13,644	\$158,333
Total	\$24,762	\$24,276	\$23,830	\$21,246	\$23,220	\$25,808	\$27,219	\$25,910	\$24,277	\$21,482	\$22,891	\$24,914	\$289,835

Total to end of September = \$220,548

Appendix “C”

Draft Accounting Order CNPI 2017 Foregone Transmission Revenue Deferral Account

Proposed Accounting Entries
CNPI 2017 Foregone Transmission Revenue Deferral Account

This account records the differences between revenue earned by Canadian Niagara Power Inc. under the interim 2017 rates set at the 2016 Uniform Transmission Rates (UTR) level, and the revenues that would have been received under the approved 2017 UTR based on the Board approved 2017 load forecast ("Foregone Revenue"). The account will capture the Foregone Revenue from January 1, 2017 to the date when the approved 2017 UTR are reflected in the revenue earned by Canadian Niagara Power Inc. The accounting entries to be recorded are as follows:

USofA #	Account Description
Dr: 1508	Other Regulatory Assets – Sub account "2017 Foregone Transmission Revenue Deferral Account"
Cr: 4110	Transmission Services Revenue

To record the Foregone Revenue.

USofA #	Account Description
Dr: 1508	Other Regulatory Assets – Sub account "2017 Foregone Transmission Revenue Deferral Account"
Cr: 6035	Other Interest Expense

To record interest improvement on the principal balance of the "Foregone Transmission Revenue Deferral Account".