

CNPI – Questions to Applicant

Question 1

Ref. DVA Continuity Schedule and GA Analysis Workform

The applicant has indicated that it has reversed the principal adjustments that it recorded as part of its 2016 DVA disposition balance within the “Transactions Debit/(Credit) during 2017” column of the DVA continuity schedule submitted as part of its current application.

- a) The “Transactions Debit/(Credit) During 2017” column of the DVA continuity schedule must represent the actual transactions recorded within the Applicant’s G/L. For transparency purposes all principal adjustments, including the Reversal of prior year principal adjustment amounts, must be recorded within the “Principal Adjustments during 2017” column of DVA schedule. Accordingly, please update the DVA continuity to reflect this.
 - b) The reversal of the prior year principal adjustments must also be itemized within the analysis performed within Note 5 of the GA Analysis Workform. Please update the GA Analysis Workform to reflect this.
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CNPI Response:

- a) Please see updated DVA continuity schedule, which reflects all principal adjustments in the column, “Principal Adjustments during 2017”.
- b) Please see updated GA Analysis Workform, which reflects new itemized prior year adjustments within Note 5, 1a, 2a and 9.

Question 2

Ref. GA Analysis Workform

With respect to the various adjustments recorded in Note 5 of the DVA continuity schedule (i.e. Adj 1 -10), the applicant provides an explanation for each of the adjustments proposed.

- a) The explanation for each adjustment does not contain enough information to substantiate the direction, i.e. a debit versus a credit and vice versa. Please update of the explanations to include the sufficient detail so support the direction of each of the adjustments proposed.
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CNPI Response:

- a) CNPI has updated the explanations to include sufficient detail to support the direction of each adjustment proposed.

Please see adjusted GA Analysis Workform.

Question 3

Ref. Adj. 2b in Note 5 of the GA Analysis Workform

The Applicant has a revenue accrual true-up for the difference between the 1st and 2nd GA rate estimates.

- a) Please confirm that there is not consumption variance that needs to be accounted for as well between the when the initial accrual that is made at the first GA rate estimate and the 2nd estimate that is used for actual billings made. If so, please quantify the quantity variance impact as well.v
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CNPI Response:

- a) CNPI can confirm that both the consumption and GA rate variances between the initial accrual and actual billings have been reflected in Adj. 2b in Note 5 of the GA Analysis Workform.

In the updated GA Analysis Workform, please see the updated description of the adjustment for 2b.

Question 4

Ref. Adj. 8 in Note 5 of the GA Analysis Workform

- a) Please explain in detail what this adjustment pertains to, and how it was calculated. Has this amount been received in full from the IESO?
 - b) Please confirm that this amount is included as part of the “Transactions Debit/(Credit During 2017” column in the DVA continuity schedule for account 1589.
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CNPI Response:

- a) CNPI received a credit adjustment of \$438,233, as calculated by the IESO, for the reimbursement of an April 2016 event where CNPI was connected to, and had previously remitted payment to, National Grid.

This reimbursement was included in the CNPI IESO invoice dated May 12, 2017.

- b) CNPI can confirm that this amount is included in the “Transactions Debit/Credit During 2017” column in the DVA continuity schedule for account 1589.

Question 5

Ref. Adj. 4 in Note 5 of the GA Analysis Workform

- a) Please provide a description as to how this initial year-end accrual was calculated and what is used to make the true-up to actual?
- b) Does this accrual relate only to the month of December?
- c) Please complete the following table to support the quantum of this adjustment (the expectation is that the overall difference should equal the amount of the adjustment, if not, please explain why).

CLASS A CUSTOMERS			
	Accrual	Actual	Difference
Revenue			0
Expense			0
Overall Diff			<u>0</u>

- d) How does the unbilled revenue component of this entry differ from the adjustment recorded in 2b of Note 5 of the GA Analysis workform?

CNPI Response:

- a) The Class A GA unbilled revenue accrual is based on the assigned peak demand factor for the current adjustment period. Whereas, the IESO GA accrual for Class A customers was calculated based on the second estimate rate. Since the unbilled accrual and IESO GA accrual were not calculated using the same method, a variance existed at year-end. The variance was reversed in the subsequent year.
- b) CNPI can confirm that this accrual variance relates only to the month of December.

CLASS A CUSTOMERS			
	Accrual	Actual	Difference
Revenue	381,797	427,036	(45,239)
Expense	539,579	427,036	112,543
Overall Diff			<u>(157,782)</u>

c)

Class A GA revenues and expenses were accrued using two different methods, resulting in the above variance.

- d) In Adjustment 2b in Note 5 of the GA Analysis Workform, the difference between the current year-end unbilled and actual revenue relates to the Class B unbilled accrual and the actual amount billed to Class B customers.

The unbilled revenue component per above is not reflected in 2b of Note 5 in the GA Analysis Workform. Since this component relates to only Class A customers, CNPI has reflected this revenue variance as a separate adjustment, adj. 4 in Note 5 of the GA Analysis Workform.

Question 6

Ref. Adj. 9 in Note 5 of the GA Analysis Workform

- a) Please confirm that this adjustment includes both the January 4th, 2018 settlement with the IESO for November 2017 consumption, and the February 4th, 2018 settlement with the IESO for December 2017 consumption.
 - b) Please also confirm that both settlements noted above were completed using actual consumption data and the actual GA rate for each of the respective months. Please also confirm that because this is the case, there is typically no subsequent true-up required to the CT 1142 that was calculated and recorded for each of these months i.e. due to 1-month time lag in settlements, it is already based on actual data, not estimates).
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CNPI Response:

- a) CNPI can confirm that adj. 9 in Note 5 of the GA Workform (1b in updated Workform) includes the February 4th, 2018 settlement with the IESO for December 2017 consumption. The January 4th, 2018 settlement with the IESO for November 2017 consumption was already reflected in the transactions column for 2017, so no additional adjustment has been made in the GA Workform Analysis.
- b) CNPI can confirm that both settlements noted above were completed using the actual consumption data and the actual GA rate for each of the respective months.

CNPI completed an annual true-up in conjunction with the preparation of the IRM proceeding. All consumption values were re-run out of the accounting system and all inputs were re-entered to ensure no typographical errors were made or to account for any changes in externally provided inputs (i.e. final Global Adjustment rate). Any differences that had arisen as a result of the true-up were typically due to billing corrections (i.e. consumption value changes) that have occurred after the original IESO settlement submissions were submitted.

Question 7

Ref. Note 5 of the GA Analysis Workform and Appendix A, Response 2f

- a) As part of this response the Applicant has quantified a true-up amount of (\$2,558,968) related to CT 1142. Please reconcile this to the true-up adjustments presented in Note 5 of the GA Analysis Workform.
- b) Please explain why the Applicant is not proposing to record adjustments 3a and 3b from Note 5 of the DVA continuity schedule as part of principal adjustments for account 1589?

CNPI Response:

- a) Reconciled GA Appendix A to GA Analysis Workform, as follows:

GA Appendix A, Response 2f		(2,558,968)
Adjustments reflected in Note 5, GA Analysis Workform		
1b	2017 GA true-up	(41,100)
9	December 2017 consumption submitted on former Form 1598 IESO GA submission <i>(included in 1b in updated Workform)</i>	(2,517,868)
Total		(2,558,968)
Difference		-

- b) Since the prior year load transfers, 3a, were not adjusted for in the CNPI's prior year IRM, CNPI did not reflect this adjustment as part of the principal adjustments for account 1589 in the DVA continuity schedule within this application.

On the basis of materiality, the current year load transfers, 3b, were not reflected as an adjustment in the DVA continuity schedule.

Question 8

Ref. DVA Continuity Schedule, Accounts 1595 (2013 and 2015)

Account	Claim Amount
1595 (2013)	(16,059)
1595 (2015)	(145,808)

- a) CNPI harmonized its rates for Fort Erie, Port Colborne and Gananoque as of January 1, 2017. Please explain why the balances are being socialized and not directed to the appropriate service territories.
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CNPI Response:

- a) In EB-2016-0061, the OEB approved harmonization of its DVA accounts including existing 1595 (2016) rate riders that were effective from January 1, 2016 to December 31, 2017. The initial approval of these rate riders occurred in EB-2015-0058 where the rate riders had been calculated based on CNPI's three separate service territories (i.e. Fort Erie, Port Colborne, and Gananoque).

Based on the above accepted approach, CNPI is seeking disposition of the residual balances relating both the 1595 (2013) and 1595 (2015) on a harmonized basis.

Question 9

Ref. Table 2, page 9 of Manager’s Summary

- a) Table 2 displays the 2019 proposed RTSRs and associated units. Please confirm that the incorrect units were entered for the GS<50, USL and Sentinel lighting classes.

CNPI Response:

- a) CNPI can confirm that the incorrect units were entered for GS<50, USL and Sentinel lighting classes. Please see below for a corrected table.

Service Classification	2018 Approved	2019 Proposed	UOM
<u>Residential</u>			
Retail Transmission Rate - Network Service Rate	0.0065	0.0069	\$/kWh
Retail Transmission Rate - Line and Connection Service Rate	0.0058	0.0067	\$/kWh
<u>GS<50</u>			
Retail Transmission Rate - Network Service Rate	0.0056	0.0059	\$/kWh
Retail Transmission Rate - Line and Connection Service Rate	0.0050	0.0058	\$/kWh
<u>GS>50</u>			
Retail Transmission Rate - Network Service Rate	2.3595	2.4914	\$/kW
Retail Transmission Rate - Line and Connection Service Rate	2.0813	2.4011	\$/kW
<u>Embedded Distributor</u>			
Retail Transmission Rate - Network Service Rate	2.3595	2.4914	\$/kW
Retail Transmission Rate - Line and Connection Service Rate	2.0813	2.4011	\$/kW
<u>Unmetered Scattered Load</u>			
Retail Transmission Rate - Network Service Rate	0.0058	0.0061	\$/kWh
Retail Transmission Rate - Line and Connection Service Rate	0.0051	0.0059	\$/kWh
<u>Sentinel Lights</u>			
Retail Transmission Rate - Network Service Rate	2.0108	2.1232	\$/kW
Retail Transmission Rate - Line and Connection Service Rate	1.6985	1.9595	\$/kW
<u>Street Lighting</u>			
Retail Transmission Rate - Network Service Rate	1.7464	1.8441	\$/kW
Retail Transmission Rate - Line and Connection Service Rate	1.5880	1.8320	\$/kW

Question 10

Ref: Tab 6.1a GA Allocation – cell D20 Total Non-RPP Class B consumption

Ref: Tab 6.2a CBR B_Allocation – cell D20 Total Class B consumption less WMP

OEB staff is unable to reconcile the data entered in cells D20 in Tab 6.1a and Tab 6.2a. Below is a table that staff prepared showing the “Validation of Data used in class B GA and CBR Allocations”. Staff notes a discrepancy for the 2017 consumption figure that is used in the “GA allocation” and “CBR B Allocation” of 2019 IRM rate model as below.

This tab allocates the GA balance to transition customers (i.e Class A customers who were former Class B customers and Class B customers who were former Class A customers) who contributed to the current GA balance. The tables below calculate specific amounts for each customer who made the change. The general GA rate rider to non-RPP customers is not to be charged to the transition customers that are allocated amounts in the table below. Consistent with prior decisions, distributors are generally expected to settle the amount through 12 equal adjustments to bills.

Year the Account 1589 GA Balance Last Disposed

Allocation of total Non-RPP Consumption (kWh) between Current Class B and Class A/B Transition Customers

		Total	2017
Total Non-RPP Class B Consumption for Years During Balance Accumulation (Non-RPP Consumption LESS WMP Consumption and Consumption for Class A customers who were Class A for partial or full year)	A	126,996,414	126,996,414
Transition Customers' Class B Consumption (i.e. full year or partial year)	B	11,797,004	11,797,004
Transition Customers' Portion of Total Consumption	C=B/A	9.29%	

This tab allocates the CBR Class B balance to transition customers (i.e Class A customers who were former Class B customers and Class B customers who were former Class A customers) who contributed to the current CBR Class B balance. The tables below calculate specific amounts for each customer who made the change. The general CBR Class B rate rider is not to be charged to the transition customers that are allocated amounts in the table below. Consistent with prior decisions, distributors are generally expected to settle the amount through 12 equal adjustments to bills.

Please enter the Year the Account 1580 CBR Class B was Last Disposed. (Note: Account 1580, Sub-account CBR Class B was established starting in 2015)

Allocation of total Consumption (kWh) between Class B and Class A/B Transition Customers

		Total	2017
Total Class B Consumption for Years During Balance Accumulation (Total Consumption LESS WMP Consumption and Consumption for Class A customers who were Class A for partial or full year)	A	126,996,414	126,996,414
Transition Customers' Class B Consumption (i.e. full year or partial year)	B	11,797,004	11,797,004
Transition Customers' Portion of Total Consumption	C=B/A	9.29%	115,199,410

Table 1:

Validation of Data used in Class B GA and CBR Allocations				
Total metered volume Excl WMP	A		452,799,209	Source I26 of tab 4. Billing Det. for Def-Var
Non-RPP excl WMP	B		197,933,414	Source C26 of tab 6.1 GA
Class A Full year	C		47,654,055	Source E26 of tab 6.1 GA
Class A Full Part year:				
While Class A	D	11,486,365		=+F-E
While Class B	E	11,797,004		Source D21 of tab 6.1a GA Allocation
	F		23,283,369	Source G26 of tab 6.1 GA
Total non-RPP excl WMP and full year volumes for class A customers who were class A for the full year, and the class A volumes who were class A part year	G= +B-C-D		138,792,994	Input in D20 of tab 6.1a GA Allocation
Total Class B Customers excl WMP and Full year volumes for customers who were class A for full year, and the class A customers who were class A part year	H=+A-C-D		393,658,789	Input in D20 of tab 6.2a CBR_B Allocation

- a) Please provide an explanation for the discrepancies found in table 1 for the 2017 consumptions.
- b) Please update the model accordingly if applicable.

CNPI Response:

- a) In regards to input D20 of tab 6.1a GA Allocation, CNPI incorrectly removed the Class B portion of consumption for Class A transition customers in 2017. Based on this, CNPI agrees with the total non-RPP consumption (excl. WMP and Class A full year/part year) calculated by OEB staff above.

In regards to input D20 of tab 6.2a CBR B Allocation, CNPI incorrectly calculated based on D20 of tab 6.1a GA Allocation, and did not factor in the RPP consumption. CNPI also incorrectly removed the Class B portion of consumption related to Class A transition customers during 2017. CNPI agrees with the total Class B customer consumption (excl. WMP and Class A full year/part year) calculated by OEB staff above.

- b) Please see the CNPI updated model reflecting the above changes.