

CNPI – OEB Staff Follow-up

Ref: Response to OEB Staff Question 2

Please update the explanations in Note 5 of the GA Analysis Workform to further substantiate whether a debit or credit to account 1589 is required related to the particular adjustment. For example, when explaining the 1142 true-up, provide the detail that explains if the consumption used for settlement was understated and therefore the true-up results in a debit X to account 1589, and that the GA rate used on settlement was overstated, thereby resulting in a credit of X to account 1589. For unbilled revenue, the year-end accrual was understated and thereby result in a credit to account 1589 of X. Please follow a similar template for all other adjustments (except for the reversal of prior year principal adjustments, no further explanation is required there).

CNPI Response:

Please see updated explanations in revised CNPI GA Workform. In addition, CNPI has added additional lines to the Workform to provide greater detail of the former 1a) and 1b) adjustments.

Ref: DVA continuity Schedule, Accounts 1588 and 1589

In the updated DVA continuity schedule, the Applicant presents “Transactions during 2017” of \$798,507 and \$362,165 for accounts 1588 and 1589 respectively.

- a) Please provide a reconciliation that compares the above noted balances to what the Applicant had initially submitted in its DVA continuity schedule as “Transactions during 2017” of (\$1,467,894) and \$2,337,594 for accounts 1588 and 1589 respectively. Please itemize and explain each item in the reconciliation.
- b) In the update DVA continuity schedule, please provide a reconciliation of the variance between the December 31, 2017 closing balance and what was filed as part of the Applicant’s RRR. Please provide explanation for each reconciling item.

CNPI Response:

Reconciliation of 1588 & 1589 in DVA Continuity Schedule	
1588	
Original submission	(1,467,894)
2016 FPA true-up	206,069
2016 MicroFit + FIT true-up	(92,892)
December 2016 consumption submitted on former Form 1598 IESO FPA submission	2,308,998
Difference between December 2016 unbilled revenue accrual and billed actual	(156,061)
Difference between December 2016 IESO accrual and billed actual	286
Revised submission	798,507
1589	
Original submission	2,337,594
2016 GA true-up	(202,691.67)
December 2016 consumption submitted on former Form 1598 IESO GA submission	(2,244,466.59)
Difference between December 2016 unbilled revenue accrual and billed actual	82,428.32
December 2016 IESO GA accrual vs. IESO GA actual	389,301.04
Revised submission	362,165

a)

- b) The reconciliation of the variance between the December 31, 2017 closing balance per the DVA continuity and what was filed as part of CNPI's RRR filing would remain unchanged from the original submission. For your reference, please see the following exhibit:

Explanation of Variances Between 2.1.7 RRR Filing and DVA WorkForm
Canadian Niagara Power Inc.
EB-2018-0022
Balances as at December 31, 2017

Group 1 Accounts	Account Number	Per DVA Work Form	Per 2.1.7 Filing	Difference
LV Variance Account	1550	112,411	112,411	0
Smart Metering Entity Charge Variance	1551	(11,969)	(11,969)	(0)
RSVA - Wholesale Market Service Charge (exclude CBR below)	1580	(998,106)	(1,029,095)	(30,989) A
Variance WMS – Sub-account CBR Class A	1580	0	-	(0)
Variance WMS – Sub-account CBR Class B	1580	(30,989)	(30,989)	-
RSVA - Retail Transmission Network Charge	1584	(150,346)	(150,346)	0
RSVA - Retail Transmission Connection Charge	1586	105,443	105,443	(0)
RSVA - Power (excluding Global Adjustment)	1588	2,459,922	1,000,907	(1,459,014) B
RSVA - Global Adjustment	1589	(2,154,116)	536,852	2,690,968 C
Disposition and Recovery/Refund of Regulatory Balances (2012)	1595	-	-	-
Disposition and Recovery/Refund of Regulatory Balances (2013)	1595	(15,780)	(15,780)	-
Disposition and Recovery/Refund of Regulatory Balances (2014)	1595	-	-	-
Disposition and Recovery/Refund of Regulatory Balances (2015)	1595	(143,371)	(143,370)	0
Disposition and Recovery/Refund of Regulatory Balances (2016)	1595	87,939	87,939	(0) D
Disposition and Recovery/Refund of Regulatory Balances (2017)	1595	(103,667)	(103,667)	(0) E
Disposition and Recovery/Refund of Regulatory Balances (2018)	1595	-	-	-
	1595			-
		(842,629)	358,336	1,200,965

Notes:

A Balance in 2.1.7 filing includes CBR Class B balance which is reported separately in DVA Work Form.

B Difference relates to former Form 1598 IESO Fixed Priced Adjustment ("FPA") and microFit and FIT 2017 true-ups that were performed in July 2018 and recorded in the continuity schedule in the 'Other 1 Adjustments during Q4 2017' column. Also, given the 1 month IESO submission lag noted in Application narrative, an additional adjustment relating to December 2017 consumption billed in January 2018 and submitted on former Form 1598 IESO FPA in January 2018 is recorded in the continuity schedule in the 'Other 1 Adjustments during Q4 2017' column. Remaining differences relate to the difference between December 2017 unbilled revenue accrual and actual billed, and the December 2017 IESO accrual and actual billed.

	Differences Explained
2017 FPA true-up	(39,319)
2017 MicroFit + FIT true-up	71,376
December 2017 consumption submitted on former Form 1598 IESO FPA submission	(1,628,892)
Difference between December 2017 unbilled revenue accrual and billed actual	137,810
Difference between December 2017 IESO accrual and billed actual	10
	(1,459,014)
Per above	(1,459,014)
Unexplained difference	-

C Difference relates to former Form 1598 IESO Global Adjustment ("GA") true-ups for 2017 that were performed in July 2018 and recorded in the continuity schedule in 'Other 1 Adjustments during Q4 2017.' Also, given the 1 month IESO submission lag noted in Application narrative, an additional adjustment relating to December 2017 consumption billed in January 2018 and submitted on former Form 1598 IESO GA in January 2018 is recorded in the continuity schedule in the 'Other 1 Adjustments during Q4 2017' column. A 3rd difference relates to the difference between December 2017 unbilled revenue accrual and actual billed. A final adjustment has been recorded that quantifies the difference in the December 2017 IESO One invoice accrued using the 2nd GA estimate and the actual billed amount.

	Differences Explained
2017 GA true-up	41,100
December 2017 consumption submitted on former Form 1598 IESO GA submission	2,517,868
Difference between December 2017 unbilled revenue accrual and billed actual	17,000
December 2017 IESO GA Accrual vs IESO GA Actual	115,000
	2,690,968
Per above	2,690,968
Unexplained difference	-

D 1595 (2016) balance relates to Group 1 rate riders approved in 2016 IRM (EB-2015-0058) which expired December 31, 2017. Therefore, this balance will be requested for disposition in CNPI's 2020 IRM proceeding.

E 1595 (2017) balance relates to Group 1 & Group 2 rate riders approved in 2017 COS (EB-2016-0061) which will expire December 31, 2018. Therefore, this balance will be requested for disposition in CNPI's 2021 IRM proceeding.

Ref: DVA continuity Schedule, Accounts 1588

- a) As part of its principal adjustments proposed in 2017 for account 1588, the Applicant has recorded a debit of \$1,628,892 related to a true-up of consumption that was submitted as part of its December 2017 settlement true-up. Please

provide the calculation to support this true-up. Was consumption understated on for settlement purposes?

- b) Please confirm that the KWh consumption true-up used in this calculation would be the same KWh as what was used in the calculation of the CT 1142 true-up that impacted account 1589.

CNPI Response:

- a) As mentioned in CNPI's original application narrative, the IESO settlements submitted to the IESO (via Hydro One for Gananoque region) were filed with a 1 month lag. For example, the January 2018 IESO settlement submission (due by the fourth business day in February) was based on December 2017 consumption values and inputs.

The calculation to support the true-up is outlined below:

	Canadian Niagara Power- "Niagara"		Canadian Niagara Power- "Gananoque"		Total
	December 2017		December 2017		
RPP Tier 1 Price	0.0770	a	0.0770	a	
RPP Tier 2 Price	0.0900	b	0.0900	b	
TOU Off-Peak Price	0.0650	c	0.0650	c	
TOU Mid-Peak Price	0.0950	d	0.0950	d	
TOU On-Peak Price	0.1320	e	0.1320	e	
Weighted Average Energy Price	0.0210	f	0.0217	f	
RPP Tier 1 Consumption	67,736	g	18,208	g	
RPP Tier 2 Consumption	168,820	h	18,233	h	
TOU Off-Peak Consumption	15,548,149	i	2,905,702	i	
TOU Mid-Peak Consumption	3,506,508	j	676,458	j	
TOU On-Peak Consumption	3,718,242	k	719,268	k	
RPP Tier 1 Price Difference	3,794	(a-f) * g	1,006	(a-f) * g	
RPP Tier 2 Price Difference	11,650	(b-f) * h	1,245	(b-f) * h	
TOU Off-Peak Price Difference	684,290	(c-f) * i	125,738	(c-f) * i	
TOU Mid-Peak Price Difference	259,520	(d-f) * j	49,566	(d-f) * j	
TOU On-Peak Price Difference	412,766	(e-f) * k	79,316	(e-f) * k	
	1,372,020		256,872		1,628,892

- b) CNPI can confirm that the KWh consumption true-up used in this calculation would be the same KWh as what was used in the calculation of the CT 1142 true-up that impacted account 1589.