

September 2, 2020

Ms. Christine Long
Registrar and Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

RE: 2021 Cost-of-Service Rate Application EB-2020-0040 – Incomplete Letter

Dear Ms. Long:

Niagara Peninsula Energy Inc. ("NPEI") filed its 2021 COS Rate Application with the Ontario Energy Board ("OEB") on August 18, 2020. On September 1, 2020, after a preliminary review of the application by OEB Staff, NPEI received an Incomplete Letter which identified that certain sections of the evidence supporting the application do not comply with the OEB's Filing Requirements. NPEI has reviewed the items noted in the OEB's letter and has updated its application to reflect these amendments. The missing information noted in the OEB's letter are discussed below:

Section 2.0.7 p. 5 – *"The Filing Requirements state that 'when filing Excel models, applicants should ensure that any links within these models are not broken.' Niagara Peninsula Energy uses references to other files in their excel models, which result in broken links within the model when it is refreshed. Please update the links in all excel models and refile the affected models."*

In NPEI's originally filed application, there were seven OEB Excel models in which NPEI was not able to break the reference links to other files due to the models being locked. NPEI worked with Board Staff to break the reference links in these models, and has refiled the affected models.

Section 2.4.3 p. 30 – *"The Filing Requirements state that 'the variance analysis should include an explanation of whether the change was within or outside the applicant's control.' The Filing Requirements further state the following: 'For each significant change within the applicant's control, the applicant should describe the business decision that was made to manage the cost increase/decrease and the alternatives, including associated costs, assessed by the applicant and rejected in favour of the course of action taken or proposed to be taken.' Per the Filing Requirements, please indicate whether the change referenced in the variance analysis was within or outside Niagara Peninsula Energy's control. Please also describe the business decision that was made to manage the cost increase/decrease and the alternatives considered."*

NPEI has revised section 4.3 Program Delivery Costs with Variance Analysis in its application to include the information requested above, and has refiled Exhibit 4.

Section 2.4.5 p. 37 – *“The Filing Requirements state that ‘Distributors must bring forward the balance tracked in Account 1592 - PILs and Tax Variances – CCA Changes for review and disposition in its current cost-based rate application, as well as future cost-based rate applications’. The Filing Requirements cited the OEB’s July 25, 2019 letter for the steps of recording and tracking the amounts in Account 1592 - PILs and Tax Variances – CCA Changes, in which step 1 states that “Record the impacts of CCA rule changes in Account 1592 - PILs and Tax Variances – CCA Changes for the period November 21, 2018 until the effective date of the distributor’s next cost-based rate order” and step 2 states that ‘Record the full revenue requirement impact of any changes in CCA rules that are not reflected in base rates in Account 1592 – PILs and Tax Variances – CCA Changes’. In Exhibit 9, Niagara Peninsula Energy states that it has not recorded any balances in Account 1592 related to CCA changes and explained the rationale being: 1) Niagara Peninsula Energy has no regulatory taxable income in 2018, 2019 or forecast 2020; 2) Niagara Peninsula Energy is forecasting a non-capital loss carry forward to reduce the payment in lieu of taxes amount proposed to be included in the 2021 revenue requirement. OEB staff notes that the rationale provided by Niagara Peninsula Energy does not appear to relate to the calculation of the balances that are to be recorded in Account 1592- PILs and Tax Variances – CCA Changes. Please calculate the balance in Account 1592-PILS and Tax Variances – CCA Changes, provide the supporting calculation and update the models and schedules as applicable.”*

NPEI has recalculated the balance in Account 1592 PILS and Tax Variances – CCA Changes, and has revised and refiled Exhibit 1, Exhibit 8 and Exhibit 9, as well as the applicable Excel models.

Section 2.4.6.2 p. 40-43 – *“The Filing Requirements state the applicant should include the Participation and Cost Reports and Persistence Savings Report issued by the IESO. Reports must be filed in Microsoft Excel format. Niagara Peninsula Energy has not provided the reports in Microsoft Excel format. Please provide the following reports in excel format to support the LRAMVA application:*

- *Participation & Cost Report*
- *2017 Final IESO Results Report*
- *2011-2015 Persistence Savings Report”*

NPEI has filed the live Excel versions of the reports noted above and has revised and refiled Exhibit 4.

NPEI’s originally filed application included, in Exhibit 1 and the Filing Requirements Chapter 2 Appendices, a request for the disposition of Account 1509 Impacts Arising from the COVID-19 Emergency – Sub-account Foregone Revenues from Postponing Rate Implementation. In accordance with the OEB’s accounting guidance letter issued August 6, 2020, NPEI has removed this request from its 2021 COS Rate Application and will file a stand-alone request for the disposition of this sub-account under its 2020 rate proceeding docket number (EB-2019-0054) on or before September 15, 2020.

NPEI has submitted the revised pdf files, along with the corresponding live Excel models, via the Board's Regulatory Electronic Submission System ("RESS"). In accordance with the Board's Digitization Program Announcement, issued on June 23, 2020, NPEI has not provided hard copies.

If there are any questions, please contact Suzanne Wilson at 905-353-6004 or Suzanne.Wilson@npei.ca.

Yours truly,
NIAGARA PENINSULA ENERGY INC.

A handwritten signature in cursive script, appearing to read "S. Wilson".

Suzanne Wilson, CPA, CA
Senior Vice-President, Finance