Ontario Energy Board | Commission de l'énergie de l'Ontario

BY EMAIL

May 1, 2025

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Nancy Marconi:

Re: Ontario Energy Board (OEB) Staff Submission
Canadian Niagara Power Inc. (CNPI)
Application for Licence Amendment and Accounting Order
OEB File Number: EB-2025-0081

Please find attached OEB staff's submission in the above referenced proceeding, pursuant to the Combined Notice and Procedural Order No. 1.

Yours truly,

Michael Bell
Digitally signed by Michael Bell
Date: 2025.05.01 13:30:05 -04'00'

Michael Bell
Senior Advisor, Application Policy & Conservation

Encl.

cc: All parties in EB-2025-0081

ONTARIO ENERGY BOARD

OEB Staff Submission

Canadian Niagara Power Inc.

Application for Licence Amendment and Accounting Order
EB-2025-0081

May 1, 2025

Summary

Canadian Niagara Power Inc. is a licensed electricity distributor (CNPI Distribution) serving approximately 31,000 customers in the areas of Port Colborne, Fort Erie, Gananoque and surrounding areas.[1]

On January 30, 2025, CNPI Distribution filed an application with the Ontario Energy Board (OEB) under section 74 (1) of the *Ontario Energy Board Act, 1998.*

CNPI Distribution is an affiliate of an electricity transmitter, CNPI Transmission[2] that operates a 115 kV transmission system in the Niagara Falls and Fort Erie area which normally supplies CNPI Distribution's Fort Erie service area from the IESO-controlled grid through an interconnection with the transmission system of Hydro One Networks Inc. (Hydro One) in Niagara Falls. A second interconnection with the transmission system of National Grid (formerly Niagara Mohawk Power Corporation) in Buffalo, New York (the International Power Line, or IPL) provides an alternative supply for CNPI Transmission, and its customer CNPI Distribution, for periods when the Hydro One interconnection is unavailable due to maintenance or another outage cause.

CNPI Distribution seeks an amendment to its distribution licence which would allow it to purchase power from National Grid through the New York Independent System Operator (NYISO) during periods when it is supplied by the IPL and the approval of an Accounting Order to facilitate those purchases.

Licence Amendment Request

CNPI Distribution requests the following amendment to its electricity distributor licence:

- An exemption from section 3.2 of the Retail Settlement Code (RSC), to be effective during periods when CNPI Transmission's regular connection to the IESO-controlled grid is unavailable due to outages (planned and unplanned) on the related transmission assets.
- An exemption from section 2.2.2 of the Standard Supply Service Code (SSSC), to be effective when CNPI Transmission's regular connection to the IESO-controlled grid is unavailable due to outages (planned and unplanned) on the related transmission assets.

[1] ED-2002-0575, Electricity Distributor Licence, Sch 1, pp. 7-9
[2] ET-2023-0305 and ED-2002-0572

Accounting Order Request

CNPI Distribution is requesting approval of an Accounting Order to be applied to the cost of electricity purchased from National Grid during the August 20, 2023 to October 1, 2023 period and to any future purchases from National Grid.

The Application

The IPL was originally constructed in 1916 and in 2015, the OEB approved CNPI Transmission's request to recover the cost of rebuilding the IPL, which the OEB found improved the reliability and security of supply for CNPI Transmission's customer.[3]

In its application, CNPI Distribution stated that from August 20, 2023 to October 1, 2023, it relied on the IPL to supply CNPI Distribution while CNPI Transmission conducted planned repair work. CNPI Transmission is planning to conduct additional repair work in 2025 which will also require CNPI Distribution to be supplied by National Grid through the IPL. CNPI Transmission anticipates further such circumstances may occur in the future.

In its application, CNPI Distribution requested that its electricity distributor licence be amended to include exemptions from section 3.2 of the RSC and section 2.2.2 of the SSSC. Section 3.2 of the RSC requires a distributor to adjust measured consumption at a consumer's meter for total losses, which is the difference between wholesale energy delivered to a distributor and the total energy measured at all consumers' meters connected to the distribution system.[4]

In response to an interrogatory from OEB staff, CNPI Distribution stated that the exemption to section 3.2 is required to allow CNPI Distribution to accurately calculate losses during periods in which it purchases electricity from National Grid. In its view, formula 3.2(a) of the RSC, which describes the total electricity supplied to a distributor as including the electricity "measured at all registered wholesale meters connected to a [Wholesale Market Participant Distributor]" does not allow for the inclusion of electricity purchased from an international supplier, such as National Grid. In the RSC, a "registered wholesale meter" is defined as "a meter that the IESO has registered in accordance with the Market Rules for the purpose of wholesale settlements".

In CNPI Distribution's view, for the purpose of calculating its total losses, the energy it purchases from National Grid ought to be included in the calculation of the wholesale energy supplied to it. CNPI Distribution also noted that in 2009, the OEB approved an

[3] EB-2014-0204, CNPI Transmission Revenue Requirement for 2015 and 2016, Decision and Order, May 14, 2015, Section 1.0
[4] Retail Settlement Code, p. 18

exemption from section 3.2 for Ottawa River Power Corporation (ORPC) with respect to its purchase of energy from a generation facility located in Quebec.[5]

Section 2.2.2 of the SSSC requires a distributor to obtain the electricity required to fulfill its standard supply service obligation through the IESO-administered markets, from an embedded retail generator, or from an embedded distributor's host distributor. In its application, CNPI Distribution states that during periods in which it purchases electricity from National Grid, it does so through the NYISO.

CNPI Distribution has proposed an Accounting Order in Appendix A of the application, which was refined as part of its interrogatory responses. CNPI Distribution's proposed approach is to add the cost of the power purchased supplied by the IPL into the Regulated Price Plan (RPP) settlement calculations, as well as calculating the Global Adjustment (GA) costs avoided for each kWh purchased from National Grid. CNPI Distribution proposes that GA costs avoided be recorded as a credit entry to Account 1588, to be returned to CNPI Distribution customers when the 2023 balances for Accounts 1588 and 1589 are disposed. In addition, future purchases from National Grid may be required when CNPI Transmission's regular transmission connection is unavailable due to work (planned and unplanned) on the related transmission assets.

In its application CNPI Distribution noted that, as a result of O.Reg. 429/04, Adjustments Under Section 25.33 of the Act, made under the *Electricity Act, 1998* (GA Regulation) the GA does not apply to power purchases from out of province suppliers, as is the case for the kWh purchased from National Grid (National Grid kWh).

OEB Staff Submission

In summary, OEB staff is generally supportive of the application.

OEB staff submits that CNPI Distribution's requested exemptions from section 3.2 of the RSC and section 2.2.2 of the SSSC should be approved related to the periods during which CNPI Distribution purchases electricity from National Grid to supply its Fort Erie service area customers.

OEB staff also submits that CNPI Distribution's proposed Accounting Order, as clarified through interrogatory responses, should be approved by the OEB, subject to the modifications explained in section #3 and section #4 below, as well as the clarification described in section #5 below.

[5] EB-2008-0289, Decision and Order, July 22, 2009

Licence Amendment

OEB staff supports the application for a licence amendment as requested by CNPI Distribution. In OEB staff's view, the applicant's use of CNPI Transmission's unique IPL alternative supply during times when CNPI Transmission's normal supply from the IESO-controlled grid is not available is reasonable and offers a reliability benefit to its Fort Erie service area customers. The IPL has been maintained to provide this benefit.

OEB staff submits that the OEB should approve CNPI Distribution's request for an exemption to section 3.2 of the RSC with respect to the calculation of the total electricity supplied to CNPI Distribution during periods when it purchases electricity from National Grid. OEB staff agrees with CNPI Distribution that formula 3.2(a) contained in section 3.2 of the RSC does not provide for a distributor to include electricity purchased from outside Ontario.

OEB staff submits that the OEB should approve CNPI Distribution's request for an exemption to section 2.2.2 of the SSSC with respect to periods during which CNPI Distribution purchases electricity from National Grid to supply customers in its Fort Erie service area. OEB staff agrees with CNPI Distribution that electricity obtained from National Grid does not come from any of the three sources listed in section 2.2.2 of the SSSC.

Accounting Order

OEB staff submits that CNPI Distribution's proposed Accounting Order related to periods during which CNPI Distribution purchases electricity from National Grid should be approved[6] with the proposed modifications and requirements set out below:

1. Although the reliability benefits of the use of the IPL only accrue to customers in CNPI Distribution's Fort Erie service area, OEB staff agrees with CNPI Distribution's proposal that any GA costs avoided (as well as other RSVA accounts savings) from the use of the IPL should flow through to all of CNPI Distribution's customers.
2. OEB staff agrees with CNPI Distribution that the Accounting Order related to periods during which CNPI Distribution purchases electricity from National Grid should be effective July 1, 2023.
3. The following modification related to the electricity purchased from National Grid is required: Electricity is only expected to be purchased from National Grid on an ad-hoc basis, as opposed to on an on-going basis, however, it is not an one-time

[6] As updated in interrogatory responses.

event, as such, any GA savings impacts should be recorded in both Accounts 1588 and 1589 (in accordance with the OEB's Accounting Guidance) rather than be recorded in Account 1588 only, as proposed by CNPI Distribution.

4. The following modification related to electricity purchased from National Grid is required: RPP sales volumes related to electricity purchased from National Grid should not be included in its IESO CT 142 settlement calculations with the IESO.
5. Clarification and confirmation of the RPP settlement process and associated journal entries with respect to electricity purchased from National Grid is required.

OEB staff discusses each of these in turn. The following table summarizes key differences between CNPI Distribution's proposal versus OEB staff's submission, with details provided in the sections below.

**Table 1 – Summary:
CNPI Distribution's Proposal versus OEB Staff's Submission**

<table>
<tr><th></th><th>CNPI Distribution's Proposal</th><th>OEB Staff's Submission</th></tr>
<tr><td>IESO CT 142</td><td>Include all kWh</td><td>Exclude kWh relating to National Grid purchases</td></tr>
<tr><td>IESO CT 148</td><td colspan="2">Exclude kWh relating to National Grid purchases</td></tr>
<tr><td>Account 1588</td><td>Record all GA costs avoided</td><td rowspan="2">Record all GA costs avoided as a split between Accounts 1588 and 1589 using the same percentages of RPP and non-RPP used to separate IESO CT 148</td></tr>
<tr><td>Account 1589</td><td>Record nil GA costs avoided</td></tr>
</table>

1. **Although the reliability benefits of the use of the IPL only accrue to customers in CNPI Distribution's Fort Erie service area, OEB staff agrees with CNPI Distribution's proposal that any GA costs avoided (as well as other RSVA accounts savings) from the use of the IPL should flow through to all of CNPI Distribution's customers.**

   In its pre-filed evidence, CNPI Distribution suggested that there were GA costs avoided as well as other RSVA accounts savings (i.e., transmission, wholesale market service, and other charges on CNPI Distribution's IESO invoice), by using the National Grid kWh.

In its response to interrogatories, CNPI Distribution confirmed that it would be technically possible to credit GA costs avoided (as well as any other savings) only to its Fort Erie customers.[7] However, CNPI Distribution stated that consistent with the rate harmonization in place across all service areas, it recommended applying consistent rates across all service areas. CNPI Distribution noted that this approach would be consistent with the current approach taken on other pass-through charges.[8] CNPI Distribution also stated that there would be secondary benefits from maintaining rate harmonization among the service territories.[9]

OEB staff agrees with CNPI Distribution that it should continue to apply consistent rates across all service areas, given a similar approach has been used for other-pass through costs, the above-noted "secondary benefits", and CNPI Distribution's confirmation that its Fort Erie customers represent the majority of its total customers (approximately 58%).[10]

2. **OEB staff agrees with CNPI Distribution that the Accounting Order related to periods during which CNPI Distribution purchases electricity from National Grid should be effective July 1, 2023.**

In its pre-filed evidence, CNPI Distribution did not state the effective date of its Accounting Order.

In its response to interrogatories, CNPI Distribution confirmed that it was requesting an effective date for its Accounting Order of July 1, 2023 because :[11]

- This date aligns with the effective date of the amendment to O.Reg. 429/04
- The power purchased from National Grid took place from August 20, 2023 to October 1, 2023
- Its 2023 Accounts 1588 and 1589 balances have not yet been disposed,

[7] Response Staff Question-4, April 16, 2025
[8] CNPI Distribution offered an example related to transmission rates (which are harmonized across the service territories even though some service areas attract HONI sub-transmission costs, while others attract UTRs). Similarly, some parts of the service territory attract low voltage rates, while others do not.
[9] CNPI Distribution stated that secondary benefits include the simplicity of administration, rate implementation cost savings, and avoided record-keeping complexity.
[10] Response Staff Question-4, April 16, 2025
[11] Response Staff Question-3, April 16, 2025

either on an interim or final basis

OEB staff submits that it does not take issue with the July 1, 2023 effective date of CNPI Distribution's Accounting Order.

3. **The following modification related to the electricity purchased from National Grid is required: Electricity is only expected to be purchased from National Grid on an ad-hoc basis, as opposed to on an on-going basis, however, it is not an one-time event, as such, any GA savings impacts should be recorded in both Accounts 1588 and 1589 (in accordance with the OEB's Accounting Guidance), rather than be recorded in Account 1588 only, as proposed by CNPI Distribution.**

In its pre-filed evidence, CNPI Distribution proposed to re-class GA costs avoided with kWhs purchased from National Grid to Account 1588 from Account 1589. CNPI Distribution stated that this would allow for the sharing of GA costs avoided by all CNPI Distribution customers (i.e. both RPP and non-RPP customers).

In its response to interrogatories, CNPI Distribution stated that it would be open to adopting a similar approach to that of ORPC. This approach would require an additional set of accounting journal entries to be recorded to move any GA savings to a new account, specifically Account 1508, Other Regulatory Assets, Sub-account Power Purchased True-Up, as well as a separate rate rider.[12]

OEB staff submits that since electricity is only expected to be purchased from National Grid on an ad-hoc basis, as opposed to on an on-going basis, such GA impacts should be recorded in Accounts 1588 and 1589, rather than a new sub-account of Account 1508, in order to mitigate regulatory burden. That said, OEB staff submits that these amounts should be recorded in both Accounts 1588 and 1589, and not solely be recorded in Account 1588, as requested by CNPI Distribution. These amounts should be split using the same percentages of RPP and non-RPP used to separate IESO CT 148.

OEB staff's proposed modification is reasonable because this approach is in accordance with the approach used in the OEB's Accounting Guidance.[13] OEB staff notes that there are cross-subsidy issues related to these GA impacts, given that the non-RPP portion of the GA costs should be recorded in Account 1589

[12] Response Staff Question-6, April 16, 2025
[13] Accounting Procedures Handbook Update, Accounting Guidance Update – Commodity Pass-Through Accounts, Re-Issued: May 23, 2023, Effective: May 1, 2023, p. 29.

and the RPP portion of the GA costs should be recorded in Account 1588.[14] Furthermore, OEB staff notes that recording 100% of the avoided GA costs in Account 1588 may significantly reduce the share of the GA savings to CNPI Distribution's non-RPP customers because Account 1588 is combined with the other Group 1 accounts to generate a general DVA rate rider to all customers.

4. **The following modification related to electricity purchased from National Grid is required: RPP sales volumes related to electricity purchased from National Grid should not be included in its IESO CT 142 settlement calculations with the IESO.**

In its pre-filed evidence, CNPI Distribution stated that it proposes to add the cost of the electricity purchased from National Grid into its RPP settlement calculations.

In its response to interrogatories, CNPI Distribution stated it is proposing to include all RPP sales volumes in its CT 142 settlements calculations because:[15]

- This represents the total load sold to RPP customers
- This is reflective of CNPI Distribution's interpretation of the OEB issued guidance around the settlement process
- Based on CNPI Distribution's overall system design combined with the intermittent nature of electricity being purchased from National Grid, there would not be a direct method that could be reasonably or efficiently taken to segregate electricity sold to customers that were supplied by National Grid versus other sources
- An attempt to segregate both customer load and then also IESO billing information at this level of granularity would require a high degree of estimation and assumptions, as well as additional administrative burden.[16]
- It had previously achieved harmonization of its rates across its three service areas (i.e., Fort Erie, Port Colborne, and Gananoque).

OEB staff submits that contrary to CNPI Distribution's Accounting Order, RPP sales volumes related to electricity purchased from National Grid should not be reflected in its IESO CT 142 settlement calculations with the IESO. OEB staff

[14] *Ibid*
[15] Response Staff Question-5, April 16, 2025
[16] CNPI Distribution stated that the IESO issues one monthly invoice for all power purchased from the grid within its Niagara region as a whole, which includes both Fort Erie and Port Colborne regions.

notes that the impact is likely material, given CNPI Distribution's materiality threshold of approximately $0.10 million.[17] CNPI Distribution provided an example for the month of August 2023, in its response to interrogatories:[18]

- When using several high-level assumptions to exclude the load related to National Grid for purposes of RPP settlements,[19] CNPI Distribution "roughly" estimated that this would result in a $0.16 million credit in Account 1588 and a $0.08 million debit in Account 1589. OEB staff notes that this results in a net credit of $0.08 million, summing Accounts 1588 and 1589.
- However, CNPI Distribution noted that the use of its Accounting Order proposal would result in "roughly" a $0.56 million credit in Account 1588 and a $0.21 million debit in Account 1589. OEB staff notes that this results in a net credit of $0.35 million, summing Accounts 1588 and 1589.

OEB staff also observes as per the Excel Attachments A and B that the kWh used in the initial RPP settlement and subsequent true-ups are based on including the National Grid kWh. However, CNPI Distribution is not reporting its National Grid kWh to the IESO for the purposes of the GA and subsequently is not invoiced by the IESO for certain charges including the GA charge. This inconsistency is described further in section #5 below.

OEB staff further notes that there are cross-subsidization issues related to these GA impacts, given that based on the OEB's Accounting Guidance, the non-RPP portion of the GA costs should be recorded in Account 1589 and the RPP portion of the GA costs should be recorded in Account 1588. The pro-ration of the GA costs into RPP and non-RPP portions aligns with the OEB's Accounting Guidance[20] and it can be achieved by using the percentages of RPP and non-RPP sales volumes in CNPI Distribution's service area. OEB staff does not view this exercise as a significant exercise, given that there is a need for CNPI Distribution to pro-rate the GA costs by the IESO into RPP and non-RPP portions and reflect them in Accounts 1588 and 1589 on a monthly basis.

OEB staff submits that given the material nature of the impact of this issue,

[17] EB-2021-0011, Exhibit 1, p. 41, June 30, 2021, CNPI Distribution's materiality threshold is approximately $100k.
[18] Response Staff Question-5, April 16, 2025
[19] The assumptions include a pro-rata approach to all of the consumption based inputs into the calculation including Class A.
[20] Accounting Procedures Handbook Update, Accounting Guidance Update – Commodity Pass-Through Accounts, Re-Issued: May 23, 2023, Effective: May 1, 2023, p. 29.

making some assumptions to help better derive the impact of the data is better than no assumptions. It is important to exclude the load supplied by purchases from National Grid for purposes of RPP settlements, given that CNPI Distribution does not pay any GA on this load (as noted in its pre-filed evidence's reference to O.Reg. 429/04). OEB staff also notes that CNPI Distribution has used the month of August 2023 as an example, when the IPL was used to supply the Fort Erie service area for only 11 days (i.e., August 20 to August 31) and the impacts may be understated when compared to the month of September 2023, when the IPL was used to supply Fort Erie for all 30 days.

OEB staff recommends that the OEB should direct CNPI Distribution to disclose to the OEB in its annual IRM rate applications (or any cost-based rate application) whenever it purchases electricity from National Grid, as well as the costs and implications.

5. **Clarification and confirmation of the RPP settlement process and associated journal entries with respect to electricity purchased from National Grid is required.**

In its pre-filed evidence, CNPI Distribution provided journal entries in its Accounting Order and an abbreviated version of the OEB's Excel Illustrative Commodity Model related to Accounts 1588 and 1589.

In its response to interrogatories, CNPI Distribution provided updated Excel Illustrative Commodity Models related to Accounts 1588 and 1589 (i.e., Attachments A and B).[21] CNPI Distribution suggested that it had made some assumptions in its modeling, such as keeping certain inputs constant through the RPP true-up process, so as to minimize the number of moving parts.[22]

OEB staff requests further clarification from CNPI Distribution regarding its RPP settlement process and associated journal entries. OEB staff asks CNPI Distribution to confirm whether it agrees with OEB staff's characterization of the RPP settlement process and associated journal entries below and in Schedule 1 of this submission, as well as whether they should be inserted into the Accounting Order. If CNPI Distribution does not agree, CNPI Distribution is asked to elaborate in its reply submission.

[21] Response Staff Question-5, April 16, 2025
[22] For example, CNPI Distribution kept the AQEW, National Grid, Embedded Generation, Class A, RPP and non-RPP retail kWh quantities and $ amounts constant throughout the true-up example presented along with the average utility cost of power for RPP and non-RPP.

OEB staff also requests that CNPI Distribution carefully review its Excel Attachment A and Attachment B and submit any revisions as part of its reply submission, in addition to a revised Accounting Order itself. OEB staff have requested several clarifications that it feels are necessary and helpful to clarify CNPI Distribution's application, however, OEB staff notes that it is the applicant's responsibility to ensure that its request is clear to the OEB.

At a high level, it is OEB staff's understanding that CNPI Distribution is not reporting its National Grid kWh to the IESO for the purposes of the GA and subsequently is not invoiced by the IESO for certain charges. However, the kWh used in the initial RPP settlement and subsequent true-ups are based on including the National Grid kWh. This treatment of GA is also inconsistent with CNPI Distribution's statement in the Accounting Order that "kWhs purchased from NG shall be included in the GA and Energy Volume totals similar to AQEW IESO values."

Therefore CNPI Distribution is not using a consistent basis when referencing the National Grid kWh in its RPP settlement process with the IESO. Related to the GA, OEB staff notes that CNPI Distribution has broken down its process into three separate steps in its Excel Attachments A and B. These steps are:

i. The calculation of CT 148 that was actually invoiced by the IESO
ii. The calculation of what CT 148 invoiced by the IESO would be if the National Grid kWh was reported to the IESO
iii. The calculation of CT 148 savings as the National Grid kWh was not reported to IESO.

The sum of steps #ii and #iii equals step #i. CNPI Distribution is proposing to record all of step #iii in Account 1588 such that the CT 148 savings are reimbursed to all customers (and not just non-RPP Class B customers), given that Account 1588 impacts all of CNPI Distribution's customers. However, as noted in section #3 above, a modification related to the electricity purchased from National Grid is required: Any GA savings impacts should be recorded in both Accounts 1588 and 1589, rather than recorded in Account 1588 only.

Schedule 1 to OEB Staff Submission – EB-2025-0081
RPP Settlement Process and Associated Journal Entries

OEB staff asks CNPI Distribution to clarify whether it agrees with OEB staff's characterization of the RPP settlement process and associated journal entries as follows (i.e., related to the electricity purchased from National Grid), as well as whether they should be inserted into the Accounting Order. If CNPI Distribution does not agree, CNPI Distribution is asked to elaborate in its reply submission.

i) In the tab "Data for Settlement & 1st TU" of the Excel Attachments A and B:

The National Grid volume is 7,500,000 kWh (cell C7).

The total GA volume is:

a. 25,500,000 kWh excluding the National Grid kWh (cell C11)
b. 33,000,000 kWh including the National Grid kWh (cell C10 and C14)

The actual CT 148 invoiced by the IESO is based on 25,500,000 kWh (i.e., excluding the National Grid kWh, cell C62).

However, the kWh used in the initial RPP settlement and subsequent true-ups are based on 33,000,000 kWh (i.e., including the National Grid kWh, cell C10 and C14).

ii) In the tab "JEs" of the Excel Attachments A and B:

JE#6 shows the following when recording the global adjustment on the IESO invoice, including :

Dr. Account 4705 - RPP GA Charges (CT 148) $1,809,052
Dr. Account 4707 - GA Charges - Class B non-RPP (CT 148) $702,248
    Cr. Account 4705 - Power Purchased - RPP GA Avoided $411,148
    Cr. Account 4707 - GA Charges - Class B non-RPP GA Avoided $159,602
    Cr. Account 2256 - IESO Accounts Payable $1,940,550[23]

JE#7 shows the following when recording the RPP settlement 1st true-up:

[23] Journal entry #6 shows Cr. Account 2256 - IESO Accounts Payable total of $3,374,712. The amount of $1,940,550 is a sub-set of Account 2256 - IESO Accounts Payable.

Dr. Account 2256 – IESO Accounts Payable $584,792
Cr. Account 4705 – Power Purchased $584,792

iii) In the tab "Data for Settlement & 1st TU" of the Excel Attachments A and B:

$1,809,052 + $702,248 = $2,511,300 (cell I63) A

This amount A represents the GA charged if CNPI Distribution reported the National Grid kWh to the IESO and the IESO then invoiced CNPI Distribution as part of CT 148.

$1,940,550 (cell I62) B

This amount B represents the GA charged if CNPI Distribution did not report the National Grid kWh to the IESO and the IESO did not invoice CNPI Distribution as part of CT 148.

$411,148 + $159,602 = $570,750 (cell I64) C = A – B

This amount C represents the GA savings if CNPI Distribution did not report the National Grid kWh to the IESO and the IESO did not invoice CNPI Distribution as part of CT 148.

iv) Accounting Order Journal Entries Revised in Interrogatory Responses in the Excel Attachments A and B:

Dr. Account 4705 - Power Purchased National Grid $350,000
Cr. Account 2205 – Accounts Payable $350,000

To record National Grid purchased power costs.

Dr. Account 4705 - RPP GA Charges (CT 148) $1,809,052
Dr. Account 4707 - GA Charges - Class B non-RPP (CT 148) $702,248
Cr. Account 4705 - Power Purchased - RPP GA Avoided $411,148
Cr. Account 4707 - GA Charges - Class B non-RPP GA Avoided $159,602
Cr. Account 2256 - IESO Accounts Payable $1,940,550

To record National Grid GA and savings. Underlying calculation does not reflect National Grid power purchased costs.
Dr. Account 2256 – IESO Accounts Payable $584,792

Cr. Account 4705 – Power Purchased $584,792

To record 1st RPP settlement true-up (assuming a calculated receivable from the IESO based on the illustrative example provided). Underlying calculation incorporates National Grid power purchased costs.

Dr. Account 4707 - Charges GA $159,602
Cr. Account 4705 - Power Purchased $159,602

To reclass GA costs avoided with kWhs purchased from National Grid to Account 4705 which, in turn, will be posted to Account 1588. This will allow for the sharing of GA costs avoided by all CNPI Distribution's customers (i.e. both RPP and non-RPP).

Dr. Account 6035 - Other Interest Expense $XX
Cr. Account 1588 - Power, Sub-Account Carrying Charges $XX

Assumes net credit balance in Account 1588 – RSVA Power. To record the carrying charges on the net monthly opening balance in Account 1588 - RSVA Power, Sub-Account Carrying Charges.

Dr. Account 1589 - Global Adjustment, Sub-Account Carrying Charges $XX
Cr. OEB 4405 - Interest and Dividend Income $XX

Assumes net debit balance in Account 1589 – RSVA Global Adjustment. To record the carrying charges on the net monthly opening balance in Account 1588 - RSVA Power, Sub-Account Carrying Charges.

CNPI Distribution suggested that it had made some assumptions in its modeling, such as keeping certain inputs constant through the RPP true-up process, so as to minimize the number of moving parts.[24] Therefore no journal entries have been populated by CNPI Distribution in its Excel Attachments A or B to record either the 2nd RPP settlement true-up or the "RPP vs non-RPP Cost of Power Journal Entry True-up of CT 148".

v) Accounting Order Journal Entries Required Modifications as per OEB Staff's Submission in the Excel Attachments A and B:

[24] For example, CNPI Distribution kept the AQEW, National Grid, Embedded Generation, Class A, RPP and non-RPP retail kWh quantities and $ amounts constant throughout the true-up example presented along with the average utility cost of power for RPP and non-RPP.

a) The following journal entry is not required given that any GA savings impacts should be recorded in both Accounts 1588 and 1589, as opposed to solely Account 1588, as per section #3 of this submission.

Dr. Account 4707 - Charges GA $159,602
Cr. Account 4705 - Power Purchased $159,602

b) The amounts in the following journal entry to record the 1st RPP settlement true-up need to be revised given that RPP sales volumes related to the supply obtained from the electricity purchased from National Grid should not be reflected in the IESO CT 142 settlement calculations with the IESO. The CT 142 settlement calculations are noted in section #4 of this submission.

Dr. Account 2256 – IESO Accounts Payable $584,792
Cr. Account 4705 – Power Purchased $584,792

c) The amounts in journal entries related to both the 2nd RPP settlement true-up or the “RPP vs non-RPP Cost of Power Journal Entry True-up of CT 148” need to reflect the fact that RPP sales volumes related to the supply obtained from the electricity purchased from National Grid should not be reflected in the IESO CT 142 settlement calculations with the IESO. The CT 142 settlement calculations are noted in section #4 of this submission.

~All of which is respectfully submitted~