PIAC PUBLIC INTEREST ADVOCACY CENTRE
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August 5, 2026 **VIA E-MAIL**

Ritchie Murray
Registrar (registrar@oeb.ca)
Ontario Energy Board
Toronto, ON

Dear Mr. Murray:

Re: EB-2026-0029 Canadian Niagara Power Inc. (CNPI)
2027 Cost of Service Application
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)

Please find attached the revised interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

Mark C. Garner Digitally signed by Mark C. Garner
Date: 2026.08.05 22:26:56 -04'00'

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REQUESTOR NAME	**VECC**
TO:	**Canadian Niagara Power Inc. (CNPI)**
DATE:	**August 5, 2026**
CASE NO:	**EB-2026-0029**
APPLICATION NAME	**2027 Cost of Service**

1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1

Reference: Exhibit 1, page 55

a) Please update Table 14 – Scorecard to show the 2025 results.

2.0 RATE BASE AND CAPITAL (EXHIBIT 2)

2.0-VECC -2

Reference: Exhibit 2, Page 8, Table 3 / pages 10 & 29

"*Capital additions in 2022 were $830k higher than forecast, however this was offset by unforecasted disposals of -$3.8M.*"

a) Please explain the nature of the ($387,748) disposal in 2026.

b) Please explain/describe the unforecasted disposal of $3.8 million in 2022.

2.0-VECC -3

Reference: Exhibit 2, Attachment 2-A DSP, page 86

a) Does Appendix 2-G contain actual 2025 results? If not please update the table for the actual 2025 SAIDI and SAFI results.

2.0-VECC -4

Reference: Exhibit 2, Appendix 2-AA

a) Please update Appendix 2-AA to show for the year 2026 the most current amount spend to date and the forecast amount for the remaining of 2026.

b) If the current status of 2026 capital projects is expected to impact 2027 forecast spending please provide the impact to the 2027 capital expenditures.

2.0-VECC -5

Reference: Exhibit 2, page 30

a) Please explain how the forecast for capital contributions for each year 2027 through 2031 was estimated.

b) Are all capital contributions attributed to the system access category of capital expenditures? If not please modify Appendix 2-AA to show the capital contributions by expenditure category (System Access, System Renewal etc.).

2.0-VECC -6

Reference: Exhibit 2, Attachment 2-A DSP, Attachment-/ Appendix 2-AA CNPI_2027_Chapter2_Appendices_20260519.XLSM

a) The evidence with respect to Material Projects does not seem to completely reconcile (match) the project amounts listed in Appendix 2-AA. Please explain the variances.

For example, we note that the Material Project evidence does not have titles for each project which align with Appendix 2-AA making a precise match difficult. However, for some projects in the Material Projects does not match the dollar amounts in Appendix 2-AA, including:

i. the material project describing Stevensville investments (page 274 of 1220) does not match for the years 2025 ($564) and 2026 ($901) the amounts shown at line 29 of Appendix 2-AA, which shows no spending in those years;

ii. the PC East Killaly project appears to similarly have no entries prior to 2027 in Appendix 2-AA;

iii. conversely Appendix 2-AA shows New meter amounts in 2025 and 2026 whereas the Material Project table (page 324) shows no spending in those years); and,

iv. The service meter connection gross costs shown in the Material Investments evidence (page 353) appears to be difference than the amounts shown in Appendix 2—AA.

2.0-VECC -7

Reference: Exhibit 2, Attachment 2-A DSP, Attachment-B Material Investments

a) Does CNPI anticipate applying for an ICM during the propose rate term? If so please explain which project(s) and the expected time for that application.

2.0-VECC -8

Reference: Exhibit 2, Attachment 2-A, DSP, page 353 of 1220

Preamble: The Application states:
"*This program includes all costs for the installation and replacement of CNPI plant that is driven by customer requests for new services or service upgrades, including distribution system expansions for subdivisions (and/or other customer requests*)."

a) Please provide a schedule that sets out both the actual number of new customers connected and the number of service upgrades completed for the years 2022-2025 and the forecast numbers for 2026-2031.

2.0-VECC -9

Reference: Exhibit 2, Attachment 2-A, DSP, page 565 of 1220

Preamble: The Application states:
"*After normalizing the 2025 peak using the 10-year average, the adjusted value is 110 MW, which generally aligns with the 2025 net peak load after accounting for generation. Based on this baseline, CNPI's peak demand is projected to reach 125.2 MW by 2036, assuming an average annual load growth rate of 1.19%. This growth rate is considered realistic, as it aligns with historical demand trends and incorporates the expected impacts of known subdivision developments and other large new loads expected to be added in the near term*."

c) Please provide further details regarding the determination CNPI's peak demand forecast through to 2036 (e.g., methodology, inputs used, etc.). As part of the response please specifically identify the assumptions regarding the timing and impact of known subdivision developments and other large new loads.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0-VECC -10

Reference: Exhibit 3, page 5, Table 3-1

a) With respect to Street Lighting the Table indicates that the number of customers increases from 6,014 in 2022 to 6,257 in 2027. Please clarify whether these values represent the number of Street Lighting customers, connections or devices.

3.0-VECC -11

Reference: Exhibit 3, pages 5 and 8
Load Forecast Model, Power Purchase Model Tab
Chapter 2 Appendices, Appendix 2-R (Loss Factors)

Preamble: The Application states (page 8):
"*CNPI confirms that the monthly wholesale power purchase data reflects both locally supplied generation and purchases from the Independent Electricity System Operator (IESO) and other providers*."

a) Please confirm that the values for "Wholesale Purchases" set out in Column C of the Power Purchase Model Tab include energy from microFIT and other embedded generation sources as well as from the IESO and other providers (e.g. the National Grid in New York State, USA).

b) Please reconcile total actual annual purchases shown on page 5 (Table 3-1) with those set out in Appendix 2-R.

3.0-VECC -12

Reference: Exhibit 3, page 8

EB-2021-0011, Exhibit 3, page 16

Preamble: The Application states (8):
"*The methodology is based on historical actual power purchase data for the period from 2016 to 2025 and was used to derive a predictive regression equation. The monthly explanatory variables incorporated into the model include heating degree days, cooling degree days, number of days in the month, spring/fall and summer seasonal indicators, customer counts and manufactured goods sold in Ontario."*
and
"CNPI analyzed the average monthly year-over-year change in manufactured goods sold between 2024 and 2025, and found an average reduction in manufactured goods sold of 2% from 2024 to 2025. CNPI has assumed this trend continues due to current economic conditions and uncertainty, with manufactured goods sold reducing by a further 2% in each of 2026 and 2027."

The Application also states (page 13):
"CNPI included Manufactured Goods Sold in Ontario, Canada as an economic indicator serving as a proxy for regional industrial output. This variable captures the relationship between manufacturing activity and electricity consumption, particularly within the industrial and commercial sectors."

a) Please provide the source for the historical values used for Manufactured Goods Sold in Ontario.

b) It is noted that in its EB-2021-0011 Application CNPI tested a number of economic variables including Employment, Employment Rate, Full-Time Employment, Labour Force, Participation Rate, Part-time Employment, Population, Unemployment and Unemployment Rate. For the current Application did CNPI test the appropriateness of using any other demographic/economic variables besides Manufactured Goods Sold in Ontario for inclusion in the model?
   I. If yes, which other variables were tested and why were they not used?
   II. If not, why not and what was the basis for choosing Manufactured Goods Sold in Ontario as the variable to use?

c) Is CNPI aware of any 3rd party sources that publish forecasts for Manufactured Goods Sold in Ontario? If so what are these sources and what are their forecasts for 2026 and 2027 relative to 2025?

d) If the response to part (a) indicates that Ontario Employment and Ontario real GDP were not tested as potential explanatory variables, please provide the results (i.e., coefficients and statistics) for regression models that use either Ontario Employment or Ontario Real GDP instead. (Note: These variables are suggested on the basis that 3rd party forecasts are available).

e) Did CNPI test whether a COVID-related variable should be included in the regression model? If yes, what were the results? If not, why not?

3.0-VECC -13

Reference: **Exhibit 3, page 10**

Preamble: The Application states:
"*Employment within the service region is distributed across light manufacturing and industrial processing, border-related services, hospitality and tourism, retail trade, public services, health care, and niche manufacturing. Industrial activity is most prominent in localized areas, including metals processing, fabricated metals, food milling, machinery, and chemical-related activities, which contribute to steady daytime commercial and industrial loads*."

a) What portion of CNPI's sales to GS<50 and GS>50 customers is associated with manufacturing activities?

3.0-VECC -14

Reference: **Exhibit 3, page 19**

Preamble: The Application states:

"*CNPI's weather sensitivity methodology has changed since its last Load Forecast. To estimate weather sensitivity per class, CNPI utilized the weather sensitivity factors from a neighboring utility, Welland Hydro*."

a) Please describe how Welland Hydro derived its weather sensitivity factors for each rate class.

b) Please explain why CNPI considered it appropriate to use Welland Hydro's weather sensitivity factors as opposed to deriving its own. As part of the explanation please outline any analysis undertaken by CNPI to determine the comparability of the types of customers included in its GS classes versus the types of customers included in Welland Hydro's GS classes.

3.0-VECC -15

Reference: **Exhibit 3, page 22**
Exhibit 7, page 9
Exhibit 8, pages 13-14

Preamble: The Application states (page 22):

"*Standby kWs were forecasted based on the average historical average level of standby kW billings up to 2024, with the annual forecasted standby billings at 78,288 standby kW*."

a) Please provide the annual historical standby kW billing quantities for the years 2016 to 2024 and indicate which year's values were used to determine the average value of 78,288 kW.

b) Are the historical standby kW billing quantities for 2025 available? If so, what were they and why were they not used?

c) Please confirm that, for 2027, CNPI is not proposing to change the basis for determining the Standby billing quantities.

3.0-VECC -16

Reference: **Exhibit 3, page 5 (Table 3-1)**
Load Forecast Model, Load Forecast Summary Tab and Rate Class Load Model Tab
Exhibit 8, Load Profile Model, Adjusted Load Profiles Tab

a) Do the historical (i.e. 2024 and earlier) GS>50 kW values set out in Table 3-1, the Load Forecast Summary Tab, the Rate Class Load Model Tab and in the Adjusted Load Profiles Tab of the Load Profile Model include or exclude the billing kW for Standby?

3.0-VECC -17

Reference: **Exhibit 3, pages 24-25**

Preamble: The Application states:

"*The effects of persisting energy savings resulting from the IESO and CNPI's historical conservation efforts are embedded in its load forecast through the actual impacts of these programs on historical power purchases.*

CNPI is not aware of any specific CDM programs in its territory that are expected to have material energy savings for CNPI's customers. As a result, no further CDM-related adjustments to CNPI's 2027 Test Year load forecast are required."

a) Please confirm that the historical purchased power values used by CNPI to determine its regression model included the impacts of new CDM programs that were implemented in each of the years 2016-2025.
   i. If not confirmed please explain why.
   ii. If confirmed, does this not mean that the forecast implicitly assumed the continued introduction of similar new CDM programs in 2026 and 2027?

4.0 OM&A (EXHIBIT 4)

4.0 -VECC -18

Reference: **Exhibit 1, page 78 / Exhibit 4, Section 4.6, page 75**

"*In addition to collaboration with affiliates, CNPI also actively participates in industry groups, such as the Electricity Distributor Association (EDA) and Utility Standards Forum (USF*)."

a) Please provide the annual dues for the EDA for each year 2022 to 2027 (forecast).

4.0 -VECC -19

Reference: **Exhibit 4, page 22 /section 4.7 page 81**

"*CNPI notes the 2026 Bridge Year forecast was set at $210k, however based on OEB updates (including the Q3 2025 invoice and the approved OEB budget) CNPI expects 2025 and 2026 costs to be higher than initially forecast, in the range of $220k to $245k*."

a) Please provide the amount of the most recent quarterly OEB cost assessment invoice.

b) Does the 2022 – 2026 OM&A reported in Appendices 2-JA and 2-JC include the amortization of the one-time application costs of the prior cost of service application? If so please identify the amount of those costs included in each historical year.

4.0 -VECC -20

Reference: Appendix 2-M /section 4.7 page 81

Table 4 - 18: One-Time Application Costs

Category	Cost
Legal Costs	$100,000
Consultant Costs	$230,000
Intervenor & OEB Costs	$120,000
Other and Miscellaneous Costs	$50,000
Total	**$500,000**

	Regulatory Costs (One-Time)	**2026 Bridge Year**	**2027 Test Year**
		(D)	(E)
1	Expert Witness costs		
2	Legal costs	98,650	0
3	Consultants' costs	144,607	0
4	Intervenor costs	100,000	0
5	OEB Section 30 Costs (application-related)	20,000	0
6	incremental operating expenses for application		0
7	contingency for added intervenors/procedure	50,000	0
	Sub-total - One-time Costs	$ 413,257	$ -

a) Please clarify the difference between the $144,607 in One-time regulatory consultant costs shown in Appendix 2-M with the $230k shown in Table 4-18.

b) Please explain what is anticipated by the additional 20k in OEB section 30 costs and the 50k in additional intervenor/procedure costs.

4.0 -VECC -21

Reference: Exhibit 4, page 83

"*A requirement for LDCs to provide LEAP funding such that no eligible applicant will be denied funding. Following the implementation of this requirement, CNPI has provided a significantly higher amount of funding for LEAP grants in each year*."

a) Has CNPI informed its LEAP partners (Port Cares and Volunteer Centre of St. Lawrence-Rideau) of the additional funding available should it be required? Please explain what steps the Utility takes to ensure LEAP funding is available to its partners.

4.0 -VECC -22

Reference: Exhibit 4, Section 4.2.2.1, page 17

a) Please explain how the forecast for bad debt was estimated for 2027.

b) In 2025 CNPI experienced a large increase in bad debt expense ($394,948). Please explain why this way and if 2025 was used as part of the estimate of the 2027 bad debt expense forecast.

4.0 -VECC -23

Reference: Exhibit 4, section 4.2.2.4 & 4.3.2.8 / Appendix 2-JC

a) Meter Maintenance is increasing from $818k in 2026 to $921k in 2027. Please explain this increasing cost trend in light of CNPI's capital plan to replace 1st generation smart meters over the DSP period. Specifically provide the forecast for repair/resealing for each year 2026 through 2031.

b) What was the period over which the 1st generation smart meters was implemented in CNPI? Specifically, please provide the number of smart meters installed in each year of the initial smart meter program.

4.0 -VECC -24

Reference: Exhibit 4, section 4.4.2/ Appendix 2-K

a) Please provide a list of the incremental (new) positions in 2026 as compared to 2025.

b) Please provide a list of the current number of vacant positions and explain the current recruitment stage (e.g. job description/classification, posting, candidate selection, etc.) for each currently unfilled position. For each position please also provide the expected recruitment (start) date.

c) In each year 2022 through 2026 how many positions on average in each year remained vacant (e.g. two six month vacancies equaling 1 FTE in a given year).

d) Please provide a modification of Appendix 2-K to show:

   i. Separately Non-management union and non-union;

   ii. Corporate or affiliate FTEs separate from both directly CNPI employed Management, Union and Non-Union (i.e. as a separate category).

5.0 COST OF CAPITAL (EXHIBIT 5)

5.0-VECC-25

Reference: Exhibit 5, pages 7-

"*CNPI also anticipates adding affiliated debt in order to support its capital program spending requirements until the balance is sufficient to replace it with the issuance of additional third-party long-term debt. CNPI anticipates that this affiliated debt would be in the form of a promissory note to its parent company, FortisOntario, in the amount $50 million for the 2027 Test Year. This debt will have a variable rate that matches the Board's deemed long-term debt rate as amended from time to time.*"

a) For the purpose of rate setting CNPI is required to utilize the OEB's generic capital structure of 56% long-term debt of $95,213,107 (Appendix 2-OA). For the purpose of calculating the cost of this long-term debt CNPI used an actual (projected for 2027) long-term debt amount of $125 million (Appendix 2-OB). Please recalculate the weighted cost of long-term debt using only the portion of 2027 forecast debt which is the difference between the current $75 million embedded debt and the regulatory long-term debt (i.e. 95,213,107 – 75,000,000 = $20,213,107).

b) Please provide the revenue requirement adjustment that would result from using the weighted cost of debt calculated in a) and assuming the current Board default long-term rate of 4.73%.

5.0-VECC-26

Reference: Exhibit 5, pages 7-

a) Please provide the amount and rate of the most recent Fortis Inc. Canadian debt private placement (offering). If a prospectus is available for that issuance please provide that as well.

6.0 REVENUE REQUIREMENT (EXHIBIT 6)

6.0-VECC-27

Reference: Exhibit 6, page 22

a) Please provide the basis for the 2026 and 2027 forecasts for the each of the USOAs in Table 6-16.

b) In the case of USOA #4210 please provide a schedule that sets out the number of poles and applicable rates used to determine the revenues for 2024 through 2027.

c) In the case of USOA #4082 and #4084, do the forecast revenues for 2027 reflect the proposed 2027 Retail Service Charges as set out in Exhibit 8, page 19, Table 8-15?

7.0 COST ALLOCATION (EXHIBIT 7)

7.0-VECC-28

Reference: Exhibit 7, page 5

Preamble: The Application states:
"*Rate base amounts associated with poles, overhead conductors and devices, and underground conductors and devices, were broken out into primary and secondary costs only, consistent with CNPI's 2022 cost allocation study*."

a) What are the values used in CNPI's 2022 cost allocation study still considered to be appropriate?

7.0-VECC-29

Reference: Exhibit 7, page 5

Preamble: The Application states:
"*For the Standby rate, as further detailed in Exhibit 8, CNPI proposes to adjust its Standby rate per kilowatt of reserved capacity to match the volumetric rate for the General Service Greater than 50kW ("GS>50") class. For this reason, CNPI has not entered the existing standby rate into the Cost Allocation Model but rather increased the kW for the GS>50 to also include the forecasted Standby kW from exhibit 3, as well as entering a "blended rate" for GS>50 and Standby that recovers the correct total revenue at existing rates from both sub-classes*."

a) Please provide the derivation of the "blended rate" used for the GS>50 class.

7.0-VECC-30

Reference: **Exhibit 7, page 6**
Load Profile Model, Adjusted Load Profiles Tab
Cost Allocation Model, I8 Demand Data Tab

a) Please confirm that the CP and NCP values used in Tab I8 of the Cos Allocation Model were derived using the actual CP and NCP values derived for 2022-2024 (per Adjusted Load Profiles Tab, Cells Q78->AK92).

b) Please confirm that the adjustment factors used for each class are based on the ratio of: i) the average annual kWh use over the years 2021-2024 (except for GS>50 where annual kW values for 2021-2024 were used).

c) Please explain why the adjustment factors were not based on the average historical value for 2022-2024 consistent with the years used to derive the average historical values for CP and NCP.

d) Please recalculate the 2027 CP and NCP values using adjustment factors base on 2022-2024 usage.

7.0-VECC-31

Reference: **Exhibit 7, pages 7-8**

Cost Allocation Model, Tabs I6.2, I7.1 and I7.2

Preamble: The Application states:

"*Billing Labour is allocated based on estimated time spent by billing staff on smart meter vs. interval metered billing, then allocated based on the number of smart and interval metered customers per class*."

and

"*Billing Postage and Print is allocated based on the relative number of paper-billed (i.e.: customers who have not selected e-billing) customers per class*."

a) Please confirm that each customer in the Residential, GS<50, GS>50 and Embedded Distributor classes only has one meter that is owned by CNPI and, in each case, only one meter that is read by CNPI

b) If not confirmed, please indicate, for each class, how many additional meters are owned by CNPI and how many additional meters are read by CNPI.

c) Please confirm that there are no non-labour costs associated with e-billing customers.

d) Please provide the calculations supporting the derivation of the values in Table 7-4.

7.0-VECC-32

Reference: Exhibit 7, pages 11-12

a) What is the impact on the Residential class's 2027 proposed monthly service charge of increasing the class's Revenue to Cost Ratio so as to reduce the Street Lighting class's bill impact to 10%?

8.0 RATE DESIGN (EXHIBIT 8)

8.0-VECC-33

Reference: Exhibit 8, page 8, Table 8-7

a) Please explain why the Minimum System with PLCC value for Sentinel is negative.

8.0-VECC-34

Reference: Exhibit 8, page 13

Preamble: The Application states:
"*CNPI currently only applies its Standby charge to one single customer via two connections (two accounts). For both connections, there is associated behind the meter generation at the facility, however CNPI's distribution connection primarily acts as a backup supply point, and the customer is primarily supplied via a direct connection to the transmission system*."

a) For each of these two accounts please describe more fully the circumstances under which standby (backup) power is required from CNPI (e.g., Is it anytime the account behind the meter generation that is not operating, anytime service is not available via its transmission system connection, anytime both of these circumstances occur, or under some other set of events).

b) Does either of these two accounts receive supply from CNPI through connections to its distribution system at times other than when standby (backup) power is required? If yes, please explain.

c) For period 2022-2025 how many months did each of the two accounts actually require standby supply from CNPI?

d) Has the standby load supplied to either account ever exceeded the level of reserve capacity?

   i. If yes, how many times (i.e., months) has this occurred over the 2022-2025 period

   ii. If such an event has occurred (or were to occur), did (would) CNPI adjust the amount of reserve capacity used for (future) billing purposes to match this higher amount?

e) Are these two (standby) supply points included in customer count for the GS>50 class?

f) Are the two (standby) connection points each subject to the GS>50 monthly service charge?

8.0-VECC-35

Reference: **Exhibit 8, page 16**

Preamble: The Application states:
"*CNPI has certain customers with usage levels approaching the maximum limit of 4,999 kW. CNPI proposes to re-name its industrial class to General Service Greater than or Equal to 50 kW in order to correctly capture all industrial customers, in case existing customers increase their monthly demand beyond 4,999 kW, or if new customers are added with demand greater than 4,999 kW*"

a) Does CNPI currently have any requests for service for load in excess of 4,999 kW from either existing or potential new customers?

b) Should any of the existing or new customers' load exceed 4,999 kW will CNPI consider introducing a Large Use class?

8.0-VECC-36

Reference: **Exhibit 8, pages 22-23**
RTSR Workform, Tab 9 (LV Rates)

Preamble: The Application states:
"*This forecast was developed using 2025 and 2026 actual monthly volumes billed to arrive at a total expected 2027 volume of 111,651 kW for both 2026 Bridge. The same volume was forecasted for 2027 Test.*
The forecasted rates for 2027 were developed having reviewed the approved 2026 rates, and removing any applicable rate riders which expire at the end of 2026.
CNPI forecasted the monthly low voltage billings on this basis (2027 forecasted kW x 2027 forecasted rates), to arrive at the forecasted low voltage billings for 2027 of $230,935."

a) Please provide a schedule setting out the 2025 and 2026 actual monthly volumes and the resulting derivation of the 111,651 kW forecast for 2027.

b) Please provide as schedule setting out the 2026 rates used and the subsequent calculation of the forecast costs for 2027 of $230,395.

8.0-VECC-37

Reference: Exhibit 8, page 24
Chapter 2 Appendices, Appendix 2-R

a) Please explain why the Supply Facilities Loss Factor (Appendix 2-R, Row K) is calculated as Row A/Row B when the instructions in Appendix 2-R state: "Actual Supply Facility Loss Factor as calculated by dividing (A + C + D) by (B + C + D)"

8.0–VECC -38

Reference: Exhibit 8, page 28

Preamble: The Application states:
"*A mitigation plan is not proposed for Standby Service, as the updated proposed rate reflects cost causality, and because CNPI the standby rate bill impact alone, without consideration of the standby customers' costs for their alternative supply sources, overstates the percentage increase in overall electricity costs. That is to say, for an apples-to-apples comparison with the other classes, the distribution rate change should be considered in the context of other electricity generation and/or supply costs to the Standby customer, and the percentage increase would be lower. CNPI has also notified affected customers in advance of the proposed change*."

a) For each of the two accounts currently using Standby Service, please calculate the 2026-2027 total bill impacts (i.e. overall cost impact including both Standby and GS>50 charges) based on their actual 2025 billing determinants.

8.0–VECC -39

Reference: Exhibit 8, Attachment 8-E, page 5 (page 104 of 123)

Preamble: The Report states:
"*Many distributors employ some form of contract demand to establish standby billing determinants, and in some cases, this contract demand is set equal to the nameplate capacity (the theoretical maximum amount of electricity, in kW or MW, that a generator is designed to produce) of the standby customer's generation facility*."

a) Aside from setting the contract demand equal to the nameplate capacity of the standby customer's generation facility, what other approaches are currently used by Ontario electricity distributors to determine the contract demand for standby service?

b) For each of the approaches used to setting contract demand, please explain how these distributors determine the monthly standby billing determinants based on the contract demand, particularly when the customer still requires service from the distributor even when standby service is not required.

8.0–VECC -40

Reference: **Exhibit 8, Attachment 8-E, page 7 (page 106 of 123)**

Preamble: The Report states:

"*Under the contracted capacity approach, a specific standby capacity amount is established for each standby customer. This amount represents the level of distribution system capacity that CNPI must be prepared to supply if the customer's alternative primary supply is unavailable. Each month, standby billing determinants are calculated as the difference between the contracted capacity and the customer's actual billed demand. If the customer's actual demand in a given month equals or* <u>*exceeds*</u> *the contracted capacity, no standby charge applies and the customer pays only the regular demand charges under their existing distribution rate*." (emphasis added)

a) Given the contracted capacity is meant to represent the "level of distribution system capacity that CNPI must be prepared to supply", in Utilis' view would it be reasonable for CNPI to levy a surcharge and/or reset the amount of contracted capacity if the customer's actual demand exceeds the contracted capacity?

8.0–VECC -41

Reference: **Exhibit 8, Attachment 8-E, pages 8-9 (pages 107-108 of 123) and 1112 (pages 110-111 of 1123)**

Preamble: The Report states:

"*Under the GLB approach, a customer's billed demand is based on their total site demand rather than the amount of electricity drawn from the grid alone. This is achieved by adding the demand served by electricity generated at the customer's facility to the demand taken from the distribution system, such that billing is based on the customer's gross demand*." (page 8)

and

"*To the degree the Contracted Capacity approach is not selected, or cannot be implemented, Utilis recommends the Gross Load Billing approach as a viable second option*." (page 110)

and

"*Should CNPI ultimately proceed with a Gross Load Billing approach as opposed to a Contracted Capacity approach, Utilis similarly recommends application of $/kW distribution demand charges to the gross load billing determinants,* <u>*made up of demand drawn from the distribution system plus demand supplied by the customer's generation facilities*</u>*, subject to any appropriate loss adjustments required*." (emphasis added, page 111)

a) Please comment on: i) whether or not GLB could be applied and ii) if so, how in circumstances such currently exist for CNPI's two accounts if Standby Power is also used to replace supply from the transmission system.

8.0–VECC -42

Reference: **Exhibit 8, Attachment 8-F, pages 6-7 (pages 118-119 of 123)**

Preamble: The Report states:
"*To evaluate this potential instability, Utilis worked with CNPI to collect historical demand data for all GS>50 kW customers from 2020 to 2024. Two potential bifurcation threshold values, 500 kW and 1 MW, were tested to determine how often customers would have been reclassified between lower- and upper tier rate classes if a bifurcated structure had been in place historically*."

a) What was the basis for selecting 500 kW and 1 MW as the potential bifurcation thresholds?

b) How many customers were in the GS>50 class in each of the years 2020 - 2024?

c) Please provide a schedule that for each of the years 2020-2024 sets out: i) the number of GS>50 customers with an average annual billing demand < 500 kW, ii) the number of GS>50 customers with an average annual billing demand of 500 kW to < 1MW and iii) the number of GS>50 customers with an average annual billing demand of 1 MW to < 3 MW and iv) the number of GS>50 customers with an average annual billing demand of 3 MW or more.

8.0–VECC -43

Reference: **Exhibit 8, Attachment 8-F, page 7 (page 119 of 123)**

Preamble: The Report states:
"*Using a 500 kW threshold, 25 customers exceeded 500 kW at least once over the 2020–2024 period, representing 111 customer-years. Within this group, 10 reclassifications would have occurred, affecting 6 customers, meaning that 24% (6/24) of customers and 9% (10/111) of customer-years exhibited instability*."

a) Please clarify how the 25 customers was determined (For example - Does it represent any customer whose load exceeded 500 kW in at least one month over the 2020-2024 period? and Does it include customers whose load exceeded 500 kW for the entire 5 year period?)

b) Please explain how the number of reclassifications was determined (For example, was it based on the customer's average annual billing demand in the previous year).

c) Based on the 500 kW bifurcation threshold, please provide a schedule for each of the years 2020-2024 that sets out: i) the number of customers that would have classified in the lower tier and ii) the number of customers that would have been classified in the upper tier (based on the previous year's usage). For the years 2021-2024 please add extra columns indicating: iii) the number of customers that would have been reclassified from the lower to the upper tier in that year and iv) the number of customers that would have been reclassified from the upper to the lower tier in that year.

d) Based on the 1 MW bifurcation threshold, please provide a schedule for each of the years 2020-2024 that sets out: i) the number of customers that would have classified in the lower tier and ii) the number of customers that would have been classified in the upper tier (based on previous year's usage). For the years 2021-2024 please add extra columns indicating: iii) the number of customers that would have been reclassified from the lower to the upper tier in that year and iv) the number of customers that would have been reclassified from the upper to the lower tier in that year.

8.0–VECC -44

Reference: **Exhibit 8, Attachment 8-F, pages 8-9 (pages 120-121 of 123)**
Exhibit 7, Load Profile Model

Preamble: The Report states:
"*To assess the cost allocation implications of creating a new greater than 1 MW rate class, Utilis prepared an alternative version of CNPI's 2022 Settlement Cost Allocation Model in which a new greater than 1 MW rate class was added. Customer counts, demand values, and consumption levels for the new class were populated using historical data provided by CNPI. For purposes of allocating shared system costs, the I8 Demand Data sheet was updated to assign Coincident Peak (CP) and Non-Coincident Peak (NCP) values to the greater than 1 MW rate class using a simple prorated approach based on the consumption attributed to that group*."

a) Please provide copies of: i) CNPI's 2022 Settlement Cost Allocation Model and ii) the alternative version of CNPI's 2022 Settlement Cost Allocation Model in which a new greater than 1 MW rate class was added.

b) Please provide a schedule that sets out the Revenue to Cost Ratios for: i) the GS>50 kW class per CNPI's 2022 Settlement Cost Allocation Model, ii) the GS 50kW – 1 MW class per the alternative version of CNPI's 2022 Settlement Cost Allocation Model and iii) the GS > 1 MW class per the alternative version of CNPI's 2022 Settlement Cost Allocation Model.

c) Please confirm that by using a simple prorated approach to determine the CP and NCP values for each of the two new classes, the resulting cost allocation results do not reflect any potential difference in the load profiles of the two new classes.

d) Please confirm that using a simple prorated approach to determine the CP and NCP values for each of the two new classes overlooks that fact that the sum of NCP values for the two new GS>50 sub-classes is likely to be more than the NCP values for the current GS>50 class.

e) For each of the years used in the Load Profile Model, please:
   i. Create a separate hourly profile for those customers that would be assigned to a GS>1 MW class and (by subtraction for the existing GS>50 hourly profile) create an hourly profile for those customers that would be assigned to the GS 50 kW – 1 MW class
   ii. Identify the relevant CP and NCP values for each of the two classes.

Then scale the average CP and NCP values for those years to be consistent with the 2022 usage for each of the two classes and, using these values, re-run the alternative version of CNPI's 2022 Settlement Cost Allocation Model in which a new greater than 1 MW rate class was added.

8.0–VECC -45

Reference: **Exhibit 8, Attachment 8-F, pages 9-11 (pages 121-123)**

Preamble: The Report states:

"*Under the bifurcated scenario, the newly defined GS 50–999 kW class would also remain within the 80–120% band. However, the greater than 1 MW rate class would produce an R/C Ratio of 124.86%, exceeding the OEB's upper threshold and therefore requiring a reduction in revenue to bring the class to 120%.*
In this scenario, the greater than 1 MW rate class would recover $203,700 more in revenue than its allocated costs under status quo rates. The revenue reduction required to bring the rate class to an R/C Ratio of 120% is $58,472." (page 9)

and

"*Using CNPI's 2022 Settlement Revenue Requirement, Utilis applied a materiality threshold of 0.5% of the base distribution revenue requirement, which is equal to $109,219.11 On this basis, the revenue rebalancing required under the greater than 1 MW bifurcation scenario ($58,472 of distribution revenue shifted between rate classes to bring the greater than 1 MW rate class down to an R/C ratio of 120%) falls below CNPI's materiality threshold. This indicates the financial effect of bifurcation is not material relative to CNPI's distribution revenue requirement*." (page 10)

and

"*In light of the total movement of revenues being only $58,472 in this analysis, it is anticipated that incremental costs would be added concurrent to bifurcation; reducing already immaterial rate reductions for greater than 1 MW customers, and <u>increasing costs for all other customers</u>*." (emphasis added – page 11)

a) If the concern is the fair apportionment of costs to individual customer classes why is CNPI's overall materiality threshold relevant?

b) Please confirm that reducing the Revenue to Cost ratio for the GS 1 MW and greater class for 124.86% to 120% would reduce this class's distribution revenue requirement by roughly 4%.

c) If the impact of the rate reduction for the greater than 1 MW customers is deemed to be immaterial then wouldn't the increase in costs to other customers also be immaterial?

9.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

N/A

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