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February 2, 2009

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

**Re: Procedural Order No. 3
Canadian Niagara Power Inc.
Application for 2009 Electricity Distribution Rates
Board File No. EB-2008-0222, EB-2008-0223**

Please find enclosed VECC's supplemental interrogatories for the above two mentioned file numbers. We have already separately filed supplemental IRs for Board file EB-2008-0224.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

Canadian Niagara Power Inc. – Gananoque (CNP-EO)
2009 Electricity Rate Application
Board File No. EB-2009-0222

VECC's Interrogatories

(Round #2)

Question #25

Reference:

- i) VECC #1 b)
- ii) Ogilvy Renault Letter of January 16, 2009, page 7

- a) Please provide a summary of any corrections or revisions the Company has identified to date and update of CNP-EO's current proposed 2009 revenue requirement and revenue deficiency. Such an update would provide a useful basis for the upcoming Settlement Conference.

Question #26

Reference:

- i) VECC #2 a)
- ii) Ogilvy Renault Letter of January 16, 2009, page 7

- a) The response to VECC #2 a) indicates a significant difference between the 2004 weather normalized consumption values using CNP-EO's vs. HON's weather normalization methodologies. This difference raises questions about the accuracy of one or both of the methodologies. Please comment on why CNP-EO's weather normalization results should be considered reasonable – given the differences in the values.

Question #27

Reference:

- i) VECC #4 c) and d)

- a) CNP-EO suggests that the "proportions" have not changed significantly as between 2006 and 2009. However, for the GS<50 class the proportion of load has increased by 34% (22.3/16.6) while the GS>50 class' proportion has decreased by over 40%. Please explain why these changes are not considered to be significant.

Question #28

Reference: i) VECC #6 b)
ii) Ogilvy Renault Letter of January 16, 2009, pages 7-8

- a) Please provide the revised version of the Cost Allocation Review and Cost Allocation Revenue Distribution Tabs (from CNP-EO's Rate Design Model) that support the modified results shown in reference (ii).

Question #29

Reference: i) VECC #21 a)
ii) Ogilvy Renault Letter of January 16, 2009, page 10

- a) Please confirm that CNP-EO remits to the IESO (and/or other parties) the full \$60.30 / MWh for each (uplifted) kWh sold. The purpose of this question is to confirm that the \$60.30 / MWh is the appropriate value to use in determining CNP-EO's cash flow obligations.
- b) Please confirm whether any of CNP-EO's customers are registered market participants. If yes, what proportion of CNP-EO's overall kWh sales do they represent?

Question #30

Reference: i) OEB #29

- a) Has CNP-EO filed an updated version of its Rate Design Model as suggested in the response? If yes, please indicate where in the material filed it can be found.

Question #31

Reference: i) VECC #23 b)

- a) Please indicate what it would require for an incentive payment to an individual to be below target.
- b) Please indicate whether actual incentive payments to the President & CEO, Vice Presidents, and Other Management have ever been below target. If so, please provide details.

Question #32

Reference: i) VECC #24 a) and b)

- a) The response in part a) of this IR indicates that the allocation of FTEs to CNPI-Gananoque has been fixed since 2006; part b) of this IR indicates that the fixed percentage allocator is 8%. Please indicate how the data on CNPI FTEs in Exhibit 4/Tab 2/Schedule 5 on page 1 of Appendix B are combined with the fixed 8% allocator to provide the FTEs allocated to CNPI-Gananoque as shown in Appendix A of Exhibit 4/Tab 2/Schedule 5.

Canadian Niagara Power Inc. – Fort Erie (CNP-FE)
2009 Electricity Rate Application
Board File No. EB-2009-0223

VECC's Interrogatories

(Round #2)

Question #26

Reference:

- i) VECC #5 a)
- ii) Ogilvy Renault Letter of January 16, 2009, page 11

- a) Please provide an update (based on most current data available) as to customer additions (i.e., increase in customer count by class) and new service connections for 2008 and reconcile the two values.

Question #27

Reference:

- i) VECC #6 b)
- ii) Ogilvy Renault Letter of January 16, 2009, page 10

- c) Please confirm that CNP-FE remits to the IESO (and/or other parties) the full \$60.30 / MWh for each (uplifted) kWh sold. The purpose of this question is to confirm that the \$60.30 / MWh is the appropriate value to use in determining CNP-FE's cash flow obligations.
- d) Please confirm whether any of CNP-FE's customers are registered market participants. If yes, what proportion of CNP-FE's overall kWh sales do they represent?

Question #28

Reference:

- i) VECC #7 b)
- ii) Ogilvy Renault Letter of January 16, 2009, page 7

- b) Please provide a summary of any corrections or revisions the Company has identified to date and update of CNP-FE's current proposed 2009 revenue requirement and revenue deficiency. Such an update would provide a useful basis for the upcoming Settlement Conference.

Question #29

Reference: i) VECC #8 a)
ii) Ogilvy Renault Letter of January 16, 2009, page 7

- b) The response to VECC #8 a) indicates a significant difference between the 2004 weather normalized consumption values using CNP-FE's vs. HON's weather normalization methodologies. This difference raises questions about the accuracy of one or both of the methodologies. Please comment on why CNP-FE's weather normalization results should be considered reasonable – given the differences in the values.

Question #30

Reference: i) VECC #20 b)
ii) Ogilvy Renault Letter of January 16, 2009, pages 7-8

- b) Please provide the revised version of the Cost Allocation Review and Cost Allocation Revenue Distribution Tabs (from CNP-FE's Rate Design Model) that support the modified results shown in reference (ii).

Question #31

Reference: i) OEB #33

- b) Has CNP-FE filed an updated version of its Rate Design Model as suggested in the response? If yes, please indicate where in the material filed it can be found.

Question #32

Reference: i) OEB #2

- a) Does CNP-FE consider "Retained Earnings" to be the same as "Deficiency"?

Question #33

Reference: i) VECC #2 b)

- a) Has the capitalization of works remained fairly constant since 2006? Please provide the percentages for each year.

Question #34

Reference: i) VECC 5 a) and Exhibit 2/Tab 3/Schedule 1/Appendix A, p. 10

- a) If practicable, please provide a breakout of the costs for New Service Lines shown on page 10 of Appendix A between New Services and Upgraded Services.

Question #35

Reference: i) VECC 5 b) and Exhibit 2/Tab 3/Schedule 1/Appendix A, p. 12

- a) The response to VECC 5 b) appears to show that New Meter activity in 2008 (year-to-date) is far below comparable levels in 2006 and 2007. However, the costs associated with this activity in 2008, as shown in Appendix A, appear comparable. Please reconcile.

Question #36

Reference: i) VECC 12

- a) Please provide the 2006 Board approved allocation of FTEs to CNPI-FE, the allocation of FTEs to CNPI-FE in 2006, and the proposed allocation of FTEs to CNPI-FE for 2009.

Question #37

Reference: i) VECC 17

- a) Please identify the types of incentive payments that would be “primarily shareholder related,” in CNPI-FE’s view.