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Please Reply to the TORONTO OFFICE

BY EMAIL

April 17, 2009

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attn: Ms. Kirstin Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2008-0222/3/4 (Canadian Niagara Power 2009 Rates Proceeding)
and re: EB-2009-0107 (Motion for Review from Decision of the Board in EB-2008-0222/3/4)

In EB-2009-0107, which was a motion for review of the Board's decision with reasons dated March 23, 2009 in Canadian Niagara Power's 2009 rate proceeding (EB-2008-0222/3/4), the Board found that the recoverability of certain lease payments, which are included in Canadian Niagara Power's proposed 2009 revenue requirement, is a relevant issue in the rates proceeding. Subsequent to that decision the parties agreed on which interrogatories should be answered. At the conclusion of the hearing, the Board Chairman, Mr. Kaiser, asked that we file, for the benefit of the hearing panel, a list of interrogatories that the parties have agreed will be answered.

They are as follows:

Item

SEC Supplementary INTERROGATORY # 12

(Original reference: SEC #24, Attach A) With respect to the Master Implementation Agreement:

- a. p. 2 Please provide copies of the Ancillary Agreements. Please identify which costs associated with performance under those agreements are included in the costs of CNPI, how much those costs are, and where they are reflected in the Application.
- b. p. 3 Please provide copies of the appraisal reports referred to.
- c. p. 12 Please provide a copy of the Advance Tax Ruling, including the letter requesting that ruling,

and any additional facts provided to the tax department in the course of obtaining the ruling.

d. p. 13 Please provide a copy of the notification to the Minister of Finance.

g. Exh. 1 Please provide a copy of the RFP referred to in the Confidentiality Agreement, and all proposals made by the Applicant or its affiliates in response to the RFP.

h. Exh. 3 Please provide all documents in the possession of the Applicant setting out the calculation of the proposed rent amounts, including any net present value, cash on cash, equivalent purchase price, and similar calculations. In particular, and without limiting the generality of the foregoing,

i. please provide details of the basis of the 6.99% discount rate referred to on page 3 of the Lease, and advise where and how that discount rate, or any similar rate, was used in the calculation of the appropriate rental amount; and

ii. please provide details of any calculation that identified the relationship between the amount of the lease payments and the amount of the Option Price.

SEC INTERROGATORY # 25

Ref: (1/1/1A)

Please provide the following financial information with respect to Port Colborne Hydro Inc. for the Historical Years 2004 through 2007, the Bridge Year 2008 and the Test Year 2009:

(a) Audited (or unaudited, if the statements were not audited) financial statements for historical years;

(b) Budget and/or forecast income statements and year-end balance sheet for the Bridge Year and the Test Year.

(c) Rate Base continuity chart (in the form set out in Exhibit 2, Tab 2, Schedule 1, page 1-4, but commencing with 2008 and continuing until 2009).

(d) Calculation of cost of capital (in the form set out in Exhibit 7, Tab 1, Schedule 1, page 2).

(e) Calculation of deficiency or sufficiency (in the form set out in Exhibit 7, Tab 1, Schedule 1, page 2).

SEC Interrogatory #26:

Questions with Respect to Port Colborne

Ref: (1/1/1A)

Please confirm that the attached document entitled "Financial Report, City of Port

Colborne" is the most recent audited financial statements of the City of Port Colborne, and that the City of Port Colborne is the sole owner of Port Colborne Hydro Inc.

SEC INTERROGATORY # 27

Questions with Respect to Port Colborne

(1/1/1/A) Please provide any valuation reports or other documents setting out the value (at any time from 2001 to date) of all or any of the assets of Port Col borne Hydro Inc. currently being used directly or indirectly in the distribution of electricity in Port Colborne.

INTERROGATORY # 34

Questions with Respect to Port Colborne

(2/1/1/page 1 and 7/1/1/ page 2) Please recalculate rate base on the assumption that the assets leased from Port Colborne Hydro Inc. and used in the distribution business are included in rate base. Please recalculate the efficiency/ sufficiency with that new rate base, adjusting the, depreciation, cost of capital and PILs accordingly, and removing from operating expenses the lease payments to Port Colborne Hydro Inc.

In addition to the above list, it was agreed that one further item would be left to be decided in the context of the hearing. It is as follows:

SEC Supplementary IR #12(e): with respect to p. 22 of the Master Implementation Agreement, please a copy of the Closing Agenda for the transaction.

We have reviewed the above list with the Applicant's counsel, Mr. Taylor, and he has agreed that it accurately represents the list of interrogatories agreed to be answered.

Yours very truly,

SHIBLEY RIGHTON LLP

Original signed

John De Vellis

c.c. (email only): Mr. Andrew Taylor, Counsel to Canadian Niagara Power Inc.
Intervenors of record