

CANADIAN NIAGARA POWER INC.

A FORTIS ONTARIO

BY COURIER

February 23, 2010

Ms. Kirsten Walli Board Secretary Ontario Energy Board 2300 Yonge Street Suite 2700 P.O. Box 2319 Toronto, ON M4P 1E4

Dear Ms. Walli:

RE: CANADIAN NIAGARA POWER INC., PORT COLBORNE SUBMISSION TO THE BOARD 2010 ELECTRICITY DISTRIBUTION RATE APPLICATION PORT COLBORNE, 2010 IRM3, EB-2009-0215

Please see attached Canadian Niagara Power Inc.'s submission in the above referenced matter.

Yours truly,

Original Signed by,

Douglas R. Bradbury Director, Regulatory Affairs

Enclosures

Canadian Niagara Power Inc. Port Colborne Submission 2010 IRM3 Application EB-2009-0215 February 23, 2010 Page 1 of 2

1	ONTARIO ENERGY BOARD
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3	In the matter of the Ontario Energy Board Act, 1998;
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5	And in the matter of an application by Canadian Niagara Power Inc.,
6	for an Order or Orders approving electricity distribution rates for its Port
7	Colborne service territory to be implemented on May 1, 2010.
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10	INTRODUCTION
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12	Canadian Niagara Power Inc. ("CNPI") is a licensed electricity distributor providing
13	service to consumers in Port Colborne. CNPI filed an application with the Ontario
14	Energy Board (the "Board"), on November 10, 2009, seeking approval for changes
15	to the distribution rates that CNPI charges for electricity distribution, to be effective
16	May 1, 2010. This application was based on the 2010 3 rd Generation Incentive
17	Regulation Mechanism.
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19	CNPI provided complete responses to Board staff interrogatories on January 21,
20	2010.
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23	DISCUSSION
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25	The price cap adjustment that has been determined in the 2010 IRM3 Application
26	uses the Board's default metrics for the Price Escalator (GDP-IPI), the Productivity
27	Factor and the Stretch Factor. CNPI acknowledges that the Board will use the GDP-
28	IPI as published by Statistics Canada in the first quarter of 2010. The Board has

used a proxy stretch factor of 0.4% and intends to adjust the stretch factor when
data becomes available.

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4 During the review of CNPI's 2009 EDR Applications (EB-2008-0222, EB-2008-0223) and EB-2008-0224) there were interrogatories and discussions regarding the 5 6 appropriateness of the PEG Benchmarking ranking of CNPI's individual service 7 territories. In the particular, the School Energy Coalition in its Interrogatory No. 4, 8 asked; Please calculate the combined PEG Benchmarking ranking of Canadian 9 Niagara Power including all three franchise areas, first on the basis of the OM&A 10 treatment used by the Applicant, and then on the basis that the lease payments to Port Colborne are not included in OM&A. 11

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This was recognition that CNPI, due to its arrangement of a single utility with multiple service territories managed through a system of shared services and assets, required a more comprehensive understanding. The response, provided in Exhibit 6 of this Application, to the interrogatory placed CNPI in the middle cohort.

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Later in the review of its applications, CNPI provided Supplementary Evidence which was examined by Board Staff and intervenors. This evidence, marked Exhibit K.5 in that proceeding and included in this Application in Exhibit 6, provides further evidence that the Operations, Maintenance and Administration costs for CNPI's service territories is not indicative of CNPI's ranking with respect to its cohorts.

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25 Otherwise, CNPI has no issue with the Board staff submission in this matter.

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ALL OF WHICH IS RESPECTFULLY SUBMITTED