

OEB STAFF INTERROGATORIES

CANADIAN NIAGARA POWER INC.

APPLICATION FOR APPROVAL TO ESTABLISH A DEFERRAL ACCOUNT

BOARD FILE NUMBER: EB-2010-0159

1.0 Preamble

Based on the prefiled evidence, CNP made a substantial investment in preliminary work (the "Preliminary Costs") associated with the leave to construct application (EB-2009-0283). Below is a summary of the Preliminary Costs that are proposed to be included in the proposed deferral account.

System Impact Studies:	\$250,000
Engineering, Environmental and Financial Studies:	\$665,000
Accumulated interest during work in progress:	\$209,000
Representation costs and internal costs related to the impact studies and the Application:	\$376,000
Total	\$1,500,000

2.0 Questions

- 2.1** When were the Preliminary Costs, for which CNPI is requesting approval to establish a deferral account, incurred?
- 2.2** Did CNPI consider requesting a deferral account to record its Preliminary Costs prior to its decision to proceed with the leave to construct application (EB-2009-0283)? If not, why not?
- 2.3** What is CNPI's rationale for requesting a deferral account in 2010 for expenses that were incurred in previous years? Would a decision that allows recovery of such costs not constitute retroactive ratemaking?
- 2.4** Has CNPI considered recording the Preliminary Costs in one of the deferral accounts included in the Uniform System of Accounts? If it has, which account? If not, why not?

Information on the Uniform System of Accounts can be found on the Board's website using the following link:

<http://www.oeb.gov.on.ca/OEB/Industry/Rules+and+Requirements/Rules+Code+s+Guidelines+and+Forms#electricity> under "Accounting Procedures Handbook and Uniform System of Accounts"