



**CANADIAN NIAGARA POWER INC.**

A **FORTIS** ONTARIO  
Company

**BY COURIER**

January 14, 2011

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., on behalf of Grimsby Power Inc., Westario Power Inc., and Algoma Power Inc. – Application for an Exemption from Mandated Time-of-Use Pricing Date  
Board File Number EB-2010-0307**

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Please find accompanying this letter, two paper copies of Canadian Niagara Power Inc.'s responses to ENWIN Utilities Ltd. interrogatories. Electronic copies of these responses have been submitted via the Board's Regulatory Electronic Submission System.

Yours truly,

Original Signed By

Douglas R. Bradbury  
Director, Regulatory Affairs

c. Andrew J. Sasso, ENWIN Utilities

Enclosures

**INTERROGATORY # 1:**

**Ref: "Comments on the proposed determinant" (p. 1, para. 2)**

- a) Please provide copies of the comments and any responses received from the Board or Board Staff.
- b) Are the assertions that were made in the comments in early July 2010 still accurate? If not, please provide updates to the comments.

**RESPONSE:**

- a) Following is a copy of the July 7, 2010 letter providing comments on the proposed determinant. No specific responses were received from the Board or Board staff apart from the Board's determinant issued on August 4, 2010.
- b) The assertions made in the comments of July 7, 2010 are still accurate.



July 7, 2010

*DELIVERED BY COURIER AND E-MAIL*

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319, 27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

**RE: DETERMINATION UNDER SECTION 1.2.1 OF THE STANDARD SUPPLY SERVICE CODE  
TO MANDATE TIME-OF-USE PRICING FOR REGULATED PRICE PLAN CUSTOMERS  
EB-2010-0218**

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The following letter provides comments on behalf of all FortisOntario utilities ("FOU") subject to the implementation of Time-of-Use Rates. Canadian Niagara Power Inc. ("CNPI"), Port Colborne ("PC"), Algoma Power Inc. ("API") and Eastern Ontario Power ("EOP") are working in conjunction with its customer information system ("CIS") partners, Grimsby Power Inc. ("GPI") and Westario Power Inc. ("WPI"), to develop a common project plan for the implementation of time-of-use ("TOU") rates. FOU is in the process of upgrading its CIS system to a new version. This CIS project is planned for commencement in October 2010, with completion by the end of February 2011.

Progression to TOU billing is dependent on the completion of this CIS upgrade. The need for the upgrade only recently became apparent and, therefore, was not reflected when the original baselines were submitted. Once the upgrade is complete, work on connection to the MDMR will begin. MDMR enrollment is planned to begin with FOU/GPI/WPI in the months of October through December 2011. The transition to TOU billing for FOU/GPI/WPI is scheduled to take place in the spring of 2012.

In addition to the noted CIS upgrade above, API is in the process of integrating with FOU as a result of its recent acquisition by FOU. Accordingly, to avoid duplication, a single step implementation has been planned, which by API will transition to the FOU CIS platform during 2011. This will be followed by the implementation noted above for the MDMR and TOU implementation. This plan has been described in API's recently submitted rate application EB-2009-0278.

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The Board's letter of June 24, 2010, Page 3, 3<sup>rd</sup> bullet references setting the mandatory TOU dates based on the LDC's baseline plan. CNPI's plan was last submitted on April 8, 2010, and unfortunately does not reflect the newly developed plan referenced above for transition to TOU billing. Furthermore, the integration for API was not contemplated in the API baseline plan. Therefore, setting the TOU mandatory date based on this baseline plan would not allow FOU to be compliant with the Board's proposal.

FOU would propose that LDC's be able to update their baseline plan before the mandatory TOU date is set by the OEB. This will allow all LDC's to explain why changes, if necessary, in their baseline plan are required.

Yours truly,

Original Signed By

Douglas R. Bradbury  
Director, Regulatory Affairs

**INTERROGATORY # 2:**

**Ref: “Upgrading the CIS to a newer version of SAP” (p. 2, para. 2)**

- a) When did the Applicants decide to adopt a newer version of SAP CIS?
- b) If the upgrade project is underway, when did it “kick-off”? If the upgrade project is not yet underway, when is it expected to “kick-off”?
- c) Was the Board made aware of the upgrade project in any of the Applicants’ recent proceedings other than EB-2010-0218 and EB-2010-0307? If so, please provide a reference for each of those proceedings in which the Board was provided notice.
- d) What would the costs be to postpone the upgrade project and set up the predecessor systems for TOU? How much of the cost of doing so would be rendered redundant after resuming and completing the upgrade project? What is that redundant cost on a per customer basis?

**RESPONSE:**

- a) The Applicants decided to adopt a newer version of SAP CIS in June 2010. SAP is a core technology of CNPI and is used throughout the organization. SAP was initially implemented in 1999, with extended maintenance on the current version ending as scheduled on December 31, 2010.
- b) The upgrade is underway and the “kick-off” was in September 2010.
- c) In addition to the letter of July 7, 2010, and the documents referenced, the SAP upgrade analysis was set out CNPI’s 2008 rate application (EB-2008-0222, EB-2008-0223, EB-2008-0224) in which it stated that the SAP upgrade could possibly be carried out in 2010 or 2011.
- d) CNPI did originally consider adapting its unsupported version of SAP to implement MDM/R connectivity and TOU rates. However, utilizing the predecessor system would require a great deal of customization work, in turn resulting in significant costs. Since the older version of SAP is out of vendor support as of December 31, 2010, CNPI is required to upgrade to a newer

version. There would be significant business continuity risks associated with operating on an out-of-date version of SAP. Note that SAP is a CNPI enterprise system with functionality for other key back-office functions beyond CIS, such as financials, work order and asset management. The upgraded version of SAP contains modules that facilitate MDM/R connectivity and TOU billing. In light of the extensive customization work, and business continuity risks of operating on an unsupported out-of-date system, postponing the SAP upgrade project is not a reasonable alternative.

As CNPI has determined that it is not prudent to postpone the SAP upgrade, it has not carried out an assessment of the cost of postponing the upgrade project. Needless to say, it is reasonable to assume that costs incurred in carrying out TOU billing customization on an out-of-date SAP system would become redundant upon completion of the upgrade project.

**INTERROGATORY # 3:**

**Ref: "API is in the process of integrating to CNPI information systems" (p. 2, para. 3)**

- a) What systems (CIS and otherwise) are being replaced through the CNPI integration?
- b) When did API decide to adopt the CNPI systems?
- c) If the CNPI integration is underway, when did it "kick-off"? If the upgrade project is not yet underway, when is it expected to "kick-off"? Please provide dates for each system.
- d) To what extent is the CNPI integration schedule influenced by the mandated date for TOU? If the schedule is influenced by other factors, what are they?
- e) What would the costs be to postpone the CNPI integration and set up the predecessor API systems for TOU? How much of the cost of doing so would be rendered redundant after resuming and completing the CNPI integration? What is that redundant cost on a per customer basis?

**RESPONSE:**

- a) All enterprise systems will be replaced through the CNPI integration. Aside from the existing CIS (an HTE system), other significant replacements are in respect of systems related to financials, work order, asset management, and supporting network functions. It should be noted that API presently owns none of these systems. These are legacy systems owned by Great Lakes Power Transmission LP ("GLPT") and provided to API under a services agreement.
- b) FortisOntario acquired API in October 2009. The decision to implement the CNPI systems was part of the integration business decision. CNPI and its operating affiliates use common SAP enterprise systems, providing efficiencies and potential for sharing costs that will benefit ratepayers. The initial migration plan for API was outlined in API's 2010 distribution rate application (EB-2009-0278).

- c) The migration of API's back office (i.e., ERP) functions onto SAP is scheduled to commence in the second quarter of 2011.
  
- d) The schedule for API's migration to SAP was not influenced by the mandated TOU date of June 2011 for API, since it would have been impossible to implement an upgraded version of SAP and achieve TOU billing by that date. CNPI adopted the approach of implementing the SAP upgrade within CNPI first, then proceeding with MDM/R connectivity/TOU billing at the other Applicants concurrently with the ERP SAP implementation at API.
  
- e) As noted above, the existing CIS and other IT systems are not owned by API. The IT services being provided by GLPT will expire under the service agreement and will be replaced in order for API to function as an integrated FortisOntario business unit. Since the service agreement will be terminating, API has not assessed the costs of having these externally contracted services customized to accommodate TOU.  
  
As CNPI has determined that it is not prudent to postpone the SAP upgrade, it has not carried out an assessment of the cost of postponing the upgrade project. Needless to say, it is reasonable to assume that costs incurred in carrying out TOU billing customization on an externally provided IT system with terminating services would become redundant upon completion of the upgrade project.