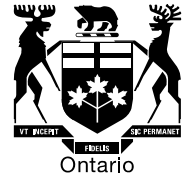


Ontario Energy Board
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416-481-1967
Télécopieur: 416-440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

January 28, 2011

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

Dear Ms. Walli:

**Re: Canadian Niagara Power Inc.
Request for Approval to Establish a Deferral Account
Board File Number: EB-2010-0250
Board Staff Interrogatories**

Attached are Board staff's interrogatories with respect to the subject proceeding, filed in accordance with Procedural Order No. 1 dated January 21, 2011. Please forward the attached to Canadian Niagara Power Inc. and its counsel.

Yours truly,

Original Signed By

Robert Caputo
Board Staff
Case Manager, EB-2010-0250

Attachment

cc: Canadian Niagara Power Inc.
Andrew Taylor, Energy Law

OEB STAFF INTERROGATORIES

CANADIAN NIAGARA POWER INC.

APPLICATION FOR APPROVAL TO ESTABLISH A DEFERRAL ACCOUNT

BOARD FILE NUMBER: EB-2010-0250

Dated: January 28, 2011

Preamble

In its July 23, 2010 letter to the Board, CNPI stated that it intends to participate in any "designation process" implemented by the Board to determine which transmitters would have the responsibility for developing enabler facilities and major network expansions.

On August 26, 2010, the Board issued a policy under EB-2010-0059 entitled "Framework for Transmission Project Development Plans" (the "Policy"). It sets out the policy with regard to transmission project development planning including cost recoverability for development work.

The following are some excerpts from the Policy:

Page 8

The Board agrees that the starting point for transmission project development planning should be an informed, effective plan from the province's transmission planner, the OPA. The Board believes that the ECT¹ fits that description and is, therefore also a valid starting point for the process.

Page 12

When the Board receives an ECT report from the OPA, it will issue a Notice of a hearing to designate development of any enabler facilities and network expansions identified in the ECT report. In the Notice, the Board will invite all licensed transmitters to submit plans in the form mandated by the filing requirements. Only the transmitter that is successful in being designated will be able recover its costs of preparing a plan.

¹ Economic Connection Test

Page 15

From the Board's perspective, the objective of the development phase is to bring a project to the point where there is sufficient information for the transmitter to submit a leave to construct application. Therefore development costs begin when a transmitter is designated and end when a leave to construct application is submitted.

The above statements indicate that the ECT is the starting point for transmission project development planning and only the transmitter that is successful in being designated will be able to recover its costs of preparing a plan.

Questions

- (1) What is CNPI's rationale for requesting a deferral account now, ahead of the Board's Notice of hearing to designate development work and ahead of the ECT report which is the starting point for of the transmission project development planning according to the Policy?
- (2) If the Board were to grant the deferral account requested, under what conditions and at what point would CNPI begin recording expenses on that account?
- (3) What is CNPI's understanding of the Policy with respect to recovery of costs associated with transmission project development work that is associated with the Board designation process?
- (4) What specific section in the Policy does CNPI rely on for justification of its request for a deferral account now?