March 21, 2011

BY EMAIL & COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2010-0138
Niagara Peninsula Energy Inc. – 2011 Cost of Service Application
Energy Probe – Technical Conference Questions

Pursuant to in Procedural Order No. 2, issued March 9, 2010, please find attached the Technical Conference Questions of Energy Probe Research Foundation (Energy Probe) in the EB-2010-0138 proceeding.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

Original signed by

David S. MacIntosh
Case Manager

cc: Brian Wilkie, Niagara Peninsula Energy (By email)
Suzanne Wilson, Niagara Peninsula Energy (By email)
Randy Aiken, Aiken & Associates (By email)
Intervenors of Record (By email)

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EB-2010-0138

Ontario Energy Board

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Niagara Peninsula Energy Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2011.

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION (“ENERGY PROBE”)

March 21, 2011

NIAGARA PENINSULA ENERGY INC.
2011 RATES REBASING CASE
EB-2010-0138

ENERGY PROBE RESEARCH FOUNDATION
TECHNICAL CONFERENCE QUESTIONS

Question #1

Ref: Energy Probe Interrogatory #4

Please explain what is meant by "lot rebates" that total $245,344 as shown in the response to part (a) of the response.

Question #2

Ref: Energy Probe Interrogatory #7 & #8

Please explain why January 2010 and January 2011 additions are included in the calculation of the NBV at the end of 2009 and 2010, respectively.

Question #3

Ref: Energy Probe Interrogatory #8 & #6 & Exhibit 2, Table 2-13

a) **Please reconcile the additions to computer software shown in the response to the two interrogatories ($278,954 in the response to #6, and $201,616 in the response to #8).**

b) **Please reconcile the NBV at the end of 2010 of $44,810 shown in the response to Energy Probe #6a, with the figure of $224,045 shown in the response to Energy Probe #8.**

c) **Please explain why the figure of $156,613 shown for January 2011 is included in the NBV at the end of 2011.**

d) **Is the $156,613 shown or January, 2011 part of the $182,870 shown as capital additions in 2011 in Table 2-13 of Exhibit 2? If not, please explain why not.**

e) **Please show the calculation of the depreciation expense associated with computer software in 2011 assuming that the NBV at the end of 2010 is amortized over 4 years and the additions in 2011 are depreciated over five years, with the half year applicable in 2011.**

Question #4

Ref: Energy Probe Interrogatory #10

The response indicates that the average capital contributions over the 2006 through 2010 period is more than $1.4 million per year. The 2011 forecast is for only $850,000. Please explain what is driving this significant drop.

Question #5

Ref: Energy Probe Interrogatory #15

Please calculate the impact on distribution revenues in 2011 at 2010 rates for each rate class based on the updated customer/connection forecast shown in Table 3.14, the updated weather normalized billed energy forecast (Table 3.20) and the updated kW forecast (Table 3.23).

Question #6

Ref: Energy Probe Interrogatory #18

a) **Please confirm that the inflation rate for 2010 was 1.3% based on the 2010 IRM price escalator, rather than the 2.3% stated in part (c) of the response.**

b) **Please confirm that the inflation rate for 2011 has been determined to be 1.3% as published by the OEB on March 2, 2011.**

Question #7

Ref: Energy Probe Interrogatory #22 & Exhibit 4, Table 4-26

a) **Please confirm that that NPEI is earning a return of 11.86% only on the allocated expenses ($260,000) and not on the $517,645 in costs directly allocated to the affiliate.**

b) **What is the NBV of the assets associated with the $18,122 in depreciation expense noted in the response?**

c) **Is this depreciation expense being recovered from the affiliate? If so, is it part of the profit margin of $35,000? If not, please explain how it is being recovered from the affiliate.**

d) **Has the allocation of the portion of the assets that are attracting the depreciation expense noted above been removed from rate base in the calculation of the revenue requirement? If not, does this mean that ratepayers are paying a cost of capital on assets used to provide services to the affiliate?**

e) **Please show where in Table 4-26 the depreciation expense of $18,122 has been removed from the total depreciation expense of $7,143,688.**

Question #8

Ref: Energy Probe Interrogatory #25 & #6a & Exhibit 4, Table 4-25

The response to Energy Probe #25 shows a disposal for meters of $958,531. This figure is different from that in the original evidence at Table 4-25 which is also reflected in the response to Energy Probe #6a. Please explain.

Question #9

Ref: Exhibit 4, Tables 4-21 through 4-26

Please explain what the adjustments column shown in the referenced tables is related to and explain how the figures have been calculated.

Question #10

Ref: Energy Probe Interrogatory #26d

a) **Please explain why the 2010 apprentices hired in August of 2010 have wages eligible for the ATTC and federal tax credits only for the September through December, 2011 period.**

b) **Why has NPEI assumed that positions hired prior to March 26, 2009 are eligible for the ATTC for only 3 years and not the extended period of 4 years?**

c) **What is meant by "NPEI start date"? Is this the date that the apprentice was hired?**

Question #11

Ref: All Interrogatories

a) **Please provide an updated Revenue Requirement Work Form that reflects all the changes that NPEI has accepted through the interrogatory process or other changes now proposed by NPEI. Please also reflect the updated cost of capital parameters released by the Board on March 3, 2011 in the revenue requirement work form.**

b) **Please provide a companion schedule that shows for each of the changes accepted by NPEI the determination/calculation of the change in the revenue requirement.**