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March 22, 2011

VIA MAIL and E-MAIL

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

Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition (VECC)
Notice of Intervention: EB-2010-0138
Niagara Peninsula Energy Inc. – 2011 Electricity Distribution Rate Application

Please find enclosed the interrogatories of VECC in the above-noted proceeding.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.
cc: Niagara Peninsula Energy Inc.
Attention: Mr. Brian Wilkie

NIAGARA PENINSULA ENERGY INC. (NPEI)
2011 RATE APPLICATION (EB-2010-0138)

VECC TECHNICAL CONFERENCE QUESTIONS

QUESTION TC #1

Reference: Board Staff #6
VECC #4 & #5
Energy Probe #14
Exhibit 3, page 25

a) Many of the 2005 CDM programs implemented by Niagara Falls Hydro and Peninsula West Utilities were initiated after the start of the year. Please indicate whether the annual savings reported in the respective 2005 Annual Conservation and Demand Management Reports (and used in the analuysis) are:
   - The actual savings achieved in 2005, or
   - The annualized savings assuming the measures were in place for the entire year.

b) With respect to Energy Probe #14 and the OPA results reported in Appendix B, please indicate whether the annual savings values reported by the OPSA for the first year of a program are:
   - The actual savings achieved in the first year, or
   - The annualized savings assuming the measures were in place for the entire year.

   Note: Since the value for 2006 in the OPA Report is carried forward for 2007-2009, VECC assumes that the reported savings are "annualized" values per the second bullet and therefore overstate the actual savings for the year a program is implemented. Please comment.

c) Pleased provide the most recent report from the OPA as to the CDM savings by NPEI for the period 2006-2009.

d) With respect to OEB Staff #12 b), please re-do the analysis taking into account the responses to parts a) through c) above; the new CDM savings values per VECC #4 d) and calculating the CDM variable for each month as the sum of:

- 1/12th of the savings persisting from previous years programs, plus
- An allowance for the current year's estimated savings calculated using 1/78th of annual savings as the January value and increasing the monthly savings by 1/78th of the annual value for each month thereafter (e.g. The allowance for December will be 12/78th of the annual value.

e) Please provide a forecast for 2010 and 2011 using:

- The CDM savings for 2010 and 2011 as per the original Application (Table 3-6) and
- The CDM savings assumptions for 2010 and 2011 as set out in response to VEC #5 c)

<u>QUESTION TC #2</u>

Reference: VECC #7

a) Please update the response to VECC #7 so as to use the HDD and CDD coefficients from the regression model NPEI believes to be most appropriate for forecasting purposes.

<u>QUESTION TC #3</u>

Reference: Board Staff #17

a) Please confirm that the 2011 forecast used (Column I) is based on the actual charge determinants for the period April 2009 to March 2010. If not, what is the forecast based on?

<u>QUESTION TC #4</u>

Reference: Board Staff #19 & #20
VECC #1

a) Please explain where the Connection charges paid to Niagara West Transformer Corporation are captured in the response to Board Staff #19 a).

<u>QUESTION TC #5</u>

Reference: VECC #4 e) and #6

a) The response to VECC #6 did not address the question as posed. Please explain why a coefficient for CDM savings of close to -9 as per the original application or between -4 and -5 based on VECC #4 e) reasonable. The issue is whether the value of coefficient intuitively makes sense.

<u>QUESTION TC #6</u>

Reference: VECC #23 a)
Exhibit 4, page 23

Preamble: The pre-filed evidence states that "NPEI completed 3,875 pole inspections in 2008, 4,332 pole inspections in 2009 and an estimated 5,397 poles in 2010 and planned pole inspections of 7,591 in 2011."

The response to VECC #23 a) states that "NPEI has maintained the pole inspection cycle areas defined by the former Pen West Utilities and Niagara Falls Hydro. When combined, the cycle areas for a given year will contain a quantity of poles that may not be consistent with previous years."

a) In each year after 2008, an ever increasing number of pole inspections has been carried out. Does this indicate that in the recent past that too few inspections have been done and that NPEI is now catching up?
b) Please provide an estimate of the number of pole inspections required in 2012.
c) In what year does NPEI forecast that the number of required pole inspections will start decreasing?
d) If there exists a "steady state" in which the number of pole inspections would be constant, year after year, what would be the steady state number of pole inspections required?

QUESTION TC #7

Reference: VECC #24 a) and Appendix C

Preamble: Appendix C includes the following:

ARTICLE 40 - WAGE INCREASES AND PAY AGREEMENT

40.01 Pay will increase by 3% effective April 1, 2008 and by 3 % effective April 1, 2009 and by 3% effective April 1, 2010. Effective April 1, 2009 to March 31, 2010 a 1% increase to the Ontario CPI over that published in April 2009 (e.g. Index for March 2009) and effective April 1, 2010 to March 31, 2011 a 1% increase in the Ontario CPI over that published in April 2010 (e.g. Index for March 2010) will active the escalator clause (e.g. for each full 1% increase in the Ontario CPI beyond the activation point), wage and salary will be adjusted by 1% concurrent with this increase. This clause will terminate March 31, 2011, when the February 2011 Ontario CPI is published.

a) Please provide the provide the actual relevant Ontario CPIs for the purposes of implementing this clause with respect to activating the escalator clause for the period April 1, 2009 to March 31, 2010.
b) Was the escalator clause activated over the period April 1, 2009 to March 31, 2010? If so, please provide details including the impacts on the percentage increase and the dollar increase in wages over this period.
c) Does NPEI expect the escalator clause to be activated over the period April 1, 2010 to March 31, 2011? Please explain.
d) Please provide the most recent available Ontario CPI published.
e) Please confirm that the escalator clause is asymmetrical insofar as it does not adjust wages downwards in the event that the Ontario CPI decreases.

QUESTION TC #8

Reference: VECC #24 c)
Exhibit 4, page 74

Preamble: The pre-filed evidence states: “NPEI’s pay rates are competitive with other like-sized utilities in the Niagara Region.”

The response to this IR states “NPEI engaged a third party to prepare job evaluations and job descriptions as required due to the merger. This process resulted in pay ranges for each job. A comparison of job descriptions and pay rates was compared to other utilities in the area as part of the process."

a) When, and by whom were the job evaluations and job descriptions conducted?

b) Please provide the terms of reference as provided to the third party which undertook this work.

c) Please provide the materials provided by the third party which underpin NPEI's assertion that "NPEI's pay rates are competitive with other like-sized utilities in the Niagara Region."

d) Was this 'job description/evaluation and comparison to other like-sized utilities in the Niagara Region' project undertaken pursuant to terms in a Collective Agreement or was this work undertaken as a utility initiative?