

**Board Staff Interrogatories
Niagara Power Inc.
Application for Leave to Acquire 50% Share in Niagara West
Transformation Corporation from Peninsula West Power Inc.
EB-2012-0355
Dated October 25, 2012**

Board Staff questions

Preamble

On August 24, 2012 Niagara Power Inc. ("NPI") applied to the Board for leave to purchase a 50% share of Niagara West Transformation Corporation ("NWTC") from Peninsula West Power Inc. ("PWPI") under section 86(2)(a) of the *Ontario Energy Board Act, 1998*. NWTC is a licensed electricity transmitter (ET-2010-0294) that owns and operates a transformer station that serves two licensed electricity distributors: Grimsby Power Inc., and Niagara Peninsula Energy Inc. NPI and PWPI are currently each 50% owners of NWTC.

Questions

- 1) In the application evidence NPI states that the price being paid for the 50% share of NWTC is \$1 million, which is \$150,000 above book value. Please provide details on:
 - i) Why this price will not have an adverse effect on the economic viability of NWTC or Grimsby Power;
 - ii) The impact the proposed transaction will have on any future NWTC or Grimsby Power rate applications with the Board, and;
 - iii) How the premium of \$150,000 will be treated for regulatory purposes.
- 2) Page 199 of the application includes the minutes of a special meeting of the shareholders of NPI held in the Grimsby Power Boardroom on January 26, 2012. The minutes outline a presentation given by Joe Panetta that describe the benefits of placing NWTC's transformer asset "inside of Grimsby Power" as well as outlining the reasons why NPI should purchase the asset and in turn place it into Grimsby Power. Please provide further details on any plans to place NWTC's transmission assets within Grimsby Power and the future rate implications on NWTC, Grimsby Power and its ratepayers.
- 3) The pro-forma balance sheet provided as attachment 1.8.5 is titled "Proforma Balance Sheet On the amalgamation of NWTC and NPI". Please clarify the record that the applicant is applying for a leave to acquire shares of NWTC and will not amalgamate NWTC with NPI. If NPI intends to

amalgamate with NWTC please provide details and timelines for an application for leave to amalgamate with the Board.