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October 31, 2008

BY EMAIL & BY COURIER

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

Dear Ms. Walli:

CNPI Eastern Ontario Power – EB-2008-0222
CNPI Fort Erie – EB-2008-0223
CNPI Port Colborne – EB-2008-0224
2009 Rates Rebasing Applications

Energy Probe Interrogatories to CNPI – Fort Erie

Pursuant to Procedural Order No. 1, issued by the Board on October 10, 2008, Energy Probe Research Foundation (Energy Probe) is hereby filing two hard copies of its Interrogatories directed to CNPI – Fort Erie (EB-2008-0223). For clarity, Energy Probe will file interrogatories separately for each of CNPI's utilities in this proceeding. An electronic version of this communication will be forwarded in PDF format.

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

Yours truly,

David S. MacIntosh
Case Manager

cc: Douglas Bradbury, Canadian Niagara Power Inc. (By email)
R. Scott Hawkes, Canadian Niagara Power Inc. (By email)
Charles Keizer, Ogilvy Renault LLP (By email)
Peter T. Faye, Counsel to Energy Probe (By email)

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Ontario Energy Board

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

AND IN THE MATTER OF an application by Canadian
Niagara Power Inc. – Fort Erie for an order approving just
and reasonable rates and other charges for electricity
distribution to be effective May 1, 2009.

**INTERROGATORIES OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

October 31, 2008

**CANADIAN NIAGARA POWER INC. – FORT ERIE
2009 RATES REBASING CASE
EB-2008-0223**

**ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES**

Interrogatory # 1

Ref: Exhibit 1, Tab 2, Schedule 1, page 14

Lines 14-23 describe the Applicant's proposal to harmonize rates between the Fort Erie utility and the Gananoque utility.

- a) What is the rationale for rate harmonization if the two utilities are operated as separate entities and are geographically remote from each other?**
- b) Does CNPI have any plans to merge its distribution utilities into one distribution company?**

Interrogatory # 2

**Ref: Exhibit 2, Tab 1, Schedule 1, App. A
Exhibit 2, Tab 3, Schedule 1, App. A**

Page 2 of the first reference and pages 5-7 of the second reference describe ongoing work to convert existing 4.8 kV delta distribution to 8.3/4.8 kV Wye distribution. Does the utility have an overall plan which is guiding the conversion program? If yes, please provide details including expected time to complete and estimated cost to complete.

Interrogatory # 3

Ref: Exhibit 2, Tab 1, Schedule 1, App. A

Page 4-5 of the first reference describes CNPI's use of ratio banks.

- a) Does CNPI have a policy of limiting the use of these installations given their disadvantages?**
- b) Does CNPI have a plan to replace "rabbits" by building substations to provide the 8.3/4.8 kV distribution voltage? Please provide details.**

Interrogatory # 4

Ref: Exhibit 2, Tab 1, Schedule 1, App. C

Page 6 describes CNPI's IT strategy of using in house staff for IT support functions. At line 4 the statement is made that "*CNPI will continue to utilize lower cost in-house SAP trained IT staff in conjunction with external backup from SAP consultants as required*". Has CNP conducted any studies or analyses to confirm that in house IT staff are lower cost overall to contracting the support service out? If yes, please provide details of the analysis. If no, what is the basis for concluding that external contract resources are more expensive than in house resources?

Interrogatory # 5

Ref: Exhibit 2, Tab 3, Schedule 1, App. A

Page 9 of the appendix describes station 12 feeder rebuilds.

- a) How old are the existing poles, hardware and aerial cable?**
- b) How will the rebuilt lines differ from the existing?**
- c) If egress is available at 4 points from the station, should we conclude that the 12 circuits are carried on 4 multi circuit pole lines?**
- d) If the answer to c) above is Yes, why is a three circuit pole line a problem requiring aerial cable?**

Interrogatory # 6

Ref: Exhibit 2, Tab 3, Schedule 1, App. A

Page 10 of the appendix describes the proposed relocation of the 18L10 feeder from right of way to road allowance. Reference is made to reliability and access problems.

- a) If vegetation is growing into the conductors, why has the utility not just removed it?**
- b) How many interruptions in the historical years and bridge year to date have occurred on this line section?**
- c) Why is an abandoned railway line a difficult area to access for maintenance and repairs?**

Interrogatory # 7

Ref: Exhibit 2, Tab 3, Schedule 1, App. A

Pages 12-13 of the appendix describes the utility's proposals to replace transportation and work equipment.

- a) What criteria does the utility use to replace equipment? Please provide details of the evaluation criteria.**
- b) What is the utility's policy for disposing of aging equipment?**
- c) How are the proceeds of disposition accounted for?**

Interrogatory # 8

Ref: Exhibit 2, Tab 3, Schedule 1, App. A

Pages 15-16 of the appendix describe plans to upgrade and extend SCADA coverage on the distribution system. Does the utility have an overall plan for extending SCADA coverage? If yes, what is the schedule for completion and the estimated costs to complete the SCADA system? If no, how does the utility decide what investments to make in its SCADA on a year by year basis?

Interrogatory # 9

Ref: Exhibit 2, Tab 3, Schedule 1, App. A

Page 17 describes the utility's plans to underground plant in the Town of Fort Erie. Mention is made of a capital contribution from the Town for \$700,000 to support the project. What is the total capital cost of undergrounding the system? What is the schedule for completion? How was the capital contribution amount arrived at?

Interrogatory # 10

Ref: Exhibit 4, Tab 2, Schedule 3, App. A

Page 1 of this appendix provides analysis of increased costs in the control room function at the utility. Increased costs over the 2006 Board approved costs for this function are attributed to transfer of some functions previously performed by line staff to control room staff.

- a) Please provide details of what these transferred functions consisted of.**
- b) Is CNPI's practice of staffing its control room on 15 hour x 5 day basis typical for a utility of its customer size? Please provide any analysis or studies that the utility has conducted to compare to other similar utilities.**
- c) Does the utility run an evening line crew shift or are trouble calls handled by on call staff?**
- d) If the utility does not run an evening line crew shift, what work does the control room operator have during the evening shift?**

Interrogatory # 11

Ref: Exhibit 4, Tab 2, Schedule 3, App. A

Page 2 of this appendix provides explanation for increased costs Distribution Station Equipment labour. Mention is made of redeploying electricians from the Rankine Generating station to distribution functions when the generating station was laid up.

- a) How many staff were transferred from the Generating station to distribution work?**
- b) Would the utility have hired additional electricians to work on its substations had the generating station continued in service?**
- c) Are there plans to restart the generating station and transfer electrical staff from distribution work back to generating station maintenance?**

Interrogatory # 12

Ref: Exhibit 4, Tab 2, Schedule 3, App. C

Page 3 of the appendix describes increased costs in Employee Pensions and Benefits. Mention is made of an increase in Post Retirement Benefit costs of \$196,913.

- a) Why have benefit costs increased so much?**
- b) What post retirement benefits does the utility provide retirees?**
- c) Are post retirement benefits fully funded by the utility or do retiring employees make a contribution?**
- d) Are post retirement benefits time limited or otherwise capped?**

Interrogatory # 13

Ref: Exhibit 4, Tab 2, Schedule 5, App. A

This appendix contains details of compensation forming part of the revenue requirement of the utility. Executive compensation and benefits costs have been omitted. Please supply the missing information or provide the reason for omitting it.