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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 – Eastern Ontario Power

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 – Eastern Ontario Power (EB-2008-0222). 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 (Schedule B);

AND IN THE MATTER OF an application by Canadian
Niagara Power Inc. – Eastern Ontario Power 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. – EASTERN ONTARIO POWER
2009 RATES REBASING CASE
EB-2008-0222**

**ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES**

Interrogatory # 1

Ref: Exhibit 3, Tab 2, Schedule 1, page 6

Total distribution load is shown in the chart on this page. Demand for historical and test years is shown in KW.

- a) Please confirm that these figures are the arithmetic sum of monthly peak demand.**
- b) What were the maximum winter and summer system peak demand for the historical years in the table and what are the forecast winter and summer maximum peak demand for the test year?**

Interrogatory # 2

**Ref: Exhibit 3, Tab 2, Schedule 1, page 6
Exhibit 2, Tab 1, Schedule 1, App. A, page 1 of 7**

The chart in the second reference shows the utility's inventory of distribution substations:

- a) The “Thermal Plant” is shown as offloaded in 2007. Has it been decommissioned or will it be refurbished and placed back in service?**
- b) The “Main” station is noted as 2 transformers with a capacity of 45 MVA. Please confirm that the total is the sum of the 2 transformers. What is the normal operating capacity of the station?**
- c) Why does the “Main” station have much more transformation capacity than is needed to supply the system peak load?**

Interrogatory # 3

Ref: Exhibit 2, Tab 1, Schedule 1, App. A, page 2 of 7

- a) In the description of the distribution system on lines 1 to 8 of this schedule, the Town Loop East Side is described as being unable to carry the Town's peak load because of undersized conductor. Please provide details of the Town's peak load and the load carrying capacity of the conductor.**
- b) The description of the Town Loop West Side concludes that it is capable of carrying the Town peak load but goes on to say at line 11 that it still includes about 800 m of #2 Copper conductor. What is the significance of this statement? Is this conductor also undersized and needing replacement?**
- c) The "North" line is described as a 39 km radial 26.4 kV distribution line from the Main Substation to three embedded hydro electric generating plants. Are there any customers served from this line or is it strictly a means of getting generation into the system?**
- d) Should the generation owner pay for all or part of the proposed line upgrade if the line is used solely for incorporating generation?**
- e) What testing has the applicant conducted to determine that the #2 copper conductor on the North line is "deteriorating"? Please provide any test results, studies or analysis.**

Interrogatory # 4

Ref: Exhibit 2, Tab 1, Schedule 1, App. A, page 4 of 7

Line 5 of this schedule refers to the new Main station as having transformation equipment suitable for 27.6/16.0 kV supply. Please explain how the station can supply both the present 26.4 kV Delta system and the proposed 27.6/16 kV Wye system.

Interrogatory # 5

Ref: Exhibit 2, Tab 1, Schedule 1, App. A, page 4 of 7

Lines 13 to 16 describe the need for more 4.16 kV interties in the downtown area.

- a) What is the peak load in the downtown area served from the Gananoque and Herbert Street Stations?**
- b) How many 4.16 kV interties presently exist and what are their load transfer capacities?**
- c) How many additional interties are required to supply the full load of the Gananoque or Herbert Street substations?**

Interrogatory # 6

Ref: Exhibit 2, Tab 1, Schedule 1, App. A, page 4 of 7

Lines 18 to 20 describe the need for SCADA at the Main Substation.

- a) Does CNPI currently have any SCADA system in operation?**
- b) Does CNPI have a 24 hour control room operation?**
- c) How much does CNPI expect to spend on a SCADA system?**

Interrogatory # 7

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

This schedule describes distribution system capital projects.

- a) Page 6 of the schedule describes the Main station having one the 20 MVA transformer previously at the Thermal station. Is this transformer capable of supplying 27.6/16 kV Wye distribution?**
- b) If not, does CNPI plan to purchase a second 27.6/16 kV transformer when the distribution system is converted to that operating voltage?**
- c) If yes, how much will that transformer cost and when will it be procured?**

Interrogatory # 8

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

Page 9 of the schedule describes planned upgrades to the 4.16 kV system.

- a) What is the schedule for converting the system in the downtown area to 27.6/16 kV distribution?**
- b) Will the proposed upgrades to the 4.16 kV system be constructed to 27.6/16 kV standards in anticipation of the conversion?**
- c) Page 10 describes the purchase of distribution transformers. Will these be dual voltage transformers capable of supplying 16 kV distribution?**

Interrogatory # 9

Ref: Exhibit 4, Tab 1, Schedule 1

Page 3 of this schedule describes the IT strategy of developing in house resources to support the IT infrastructure.

- a) How many employees does CNPI currently have in its IT department?**
- b) How many employees does CNPI expect to ultimately need to support its IT activities?**
- c) What was the cost of outsourcing this function in the past?**
- d) What analysis did CNPI do to arrive at the decision to resource IT needs in house rather than contract them?**

Interrogatory # 10

Ref: Exhibit 4, Tab 1, Schedule 1

Page 3 of this schedule describes the Regulatory strategy of developing in house resources to support Regulatory functions.

- a) How many employees does CNPI currently have in its Regulatory department?**

- b) Is CNPI contemplating increasing staffing in this department? If so please provide details.**
- c) Does CNPI share regulatory staff and expenses with its other distribution companies? If so, please describe the cost sharing formula used.**

Interrogatory # 11

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

This appendix contains a copy of the Services agreement with Cornwall Electric:

- a) Article 2.01 specifies the fees for service and cost mechanism including a provision for a “reasonable rate of return” defined as the “higher of the Utility’s approved rate of return or the bank prime rate”. What was the actual rate of return paid to Cornwall electric in its fees billings to CNPI for the historical years and what is the expected rate or return for the bridge and test years?**
- b) What is the rationale for providing a profit to Cornwall Electric based on rate of return considerations?**
- c) Given that many of the utility’s customary functions appear to be carried out by Cornwall Electric, would it be more efficient to simply merge the two companies into one? Why or why not?**
- d) Article 2.02 refers to extraordinary expenses that will be reimbursed to Cornwall Electric.**
 - i) What is included in extraordinary expenses?**
 - ii) Has CNPI paid extraordinary expenses to Cornwall Electric in any of the historical or bridge years?**
 - iii) How much was paid and for what?**
 - iv) Does CNPI anticipate paying any extraordinary expenses in the test year?**
 - v) If yes, how much and for what?**

Interrogatory # 12

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.