

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 Newmarket-Tay Power Distribution Ltd. for an Order or Orders approving or fixing just and reasonable rates and other charges for the distribution of electricity within its Newmarket Service Area, as of the date of the Ontario Energy Board's rate order.

**INTERROGATORIES
OF THE
SCHOOL ENERGY COALITION**

1. [Ref: 1.1.13] With respect to each of the seven dormant subsidiaries, please advise:

- a. The original business purpose of the company;

Response:

These companies were incorporated in 2000 under the one time opportunity in the Electricity Act. The intention was to have these companies available for future use should the need arise. They are all currently dormant.

- b. Whether the company has any existing assets or liabilities relating to the distribution business;

Response:

There are no assets relating to the distribution business.

- c. Whether the company has any existing contractual relationships relating to the distribution business;

Response:

There are no existing contractual obligations relating to the distribution business.

- d. Whether the company has any tax loss or other tax account carry-forwards and, if so, the circumstances in which those tax accounts originally arose.

Response:

The Holding Company has incurred non-distribution expenses with respect to the amalgamation with Tay Hydro. These expenses will give rise to tax losses carried forward.

2. [Ref: 1.1.14] Please provide further details on the Administrative Structure Review, including who is carrying it out, when it started and is expected to be completed, its scope, and its current status.

Response:

The applicant has engaged BDO to review existing job duties, responsibilities, and workload for all non union employees. The process started in the summer of 2008 and is expected to be completed early in 2009.

3. [Ref: 1.2] Please provide a summary of why, in the Applicant's view, rate base has grown by only 12.8% in the last nine years, while customer numbers and load have grown by more than 20% each.

Response:

The most significant reason for this is that assets contributed to the company up until December 31, 1999 were included in the rate base. Since that time, rate base assets are included net of contributions. The applicant averages approximately \$1,800,000 of contributions annually.

4. [Ref: 1.2] Please confirm that the Applicant proposes to forego any deficiency in 2008 relating to the period between May 1, 2008 and the date of the Board's order in this application. Please advise how the Applicant proposes to deal with any sufficiency during that same period, should the Board's decision result in a sufficiency for 2008.

Response:

The Applicant confirms that it foregoes any deficiency related to the timing of implementation of this application.

5. [Ref: 1.3.2 and 5.1.1] Please provide a copy of any accounting orders authorizing the inclusion of the OEB, OMERS, and Mearie amounts in Account 1508.

Response:

The Applicant is following the Accounting Procedures Handbook for this account. In the 1508 account description, it states: "Where OEB (OMERS) cost assessments were incorporated in the distribution rates, the distributor shall cease recordings in this account after April 30, 2006, or the day prior to the date when new rates were otherwise implemented, except for carrying charges. The Board will determine the timing and manner of disposition of the balance in this account." The handbook also states "When amounts in this account are approved for recovery the offsetting entry shall be recorded in the account directed by the Board." The Applicant is now seeking approval for recovery for these costs.

6. [Ref: 2.1] Please provide any studies or analyses in the possession of the Applicant on the working capital requirements of the distribution business.

Response:

The Applicant is not in possession of any studies or analyses on the working capital requirements of the distribution business.

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7. [Ref: 2.1.2] Please provide a chart setting out, for each year from 1999 to 2008, the actual net fixed assets after depreciation for each of the fixed asset categories listed in 2.1.3. Please provide any studies, memoranda, correspondence, or other documents in the Applicant's possession relating to the capital investment plan for that period, and in particular any documents that deal in whole or in part with constraints on capital investment.

Response:

Class	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Distribution - Land	820,041	44,815	44,815	46,315	46,315	1,208,723	1,458,440	2,460,709	2,512,190	2,512,190
Distribution - Land Rights	0	0	0	0	0	0	0	0	0	386,667
Mun Trans Stn<50kv	4,440,021	4,248,783	4,164,733	3,958,007	3,769,462	3,710,096	4,042,301	4,041,169	4,007,946	4,751,789
Distribution Lines o/h Poles	11,873,805	12,519,888	12,720,229	5,754,003	5,863,886	5,743,940	5,744,905	5,811,769	6,026,807	7,255,403
Distribution Lines o/h Cable				7,135,786	7,205,418	7,082,523	7,083,797	7,365,769	7,504,674	8,958,632
Distribution Lines u/g Condu	14,026,113	14,286,439	14,467,112	3,116,777	3,334,178	3,620,252	3,893,528	3,642,120	3,703,326	3,583,180
Distribution Lines u/g Cable				11,631,580	11,983,183	11,916,284	12,309,075	12,099,565	11,834,085	12,282,181
Services	0	30,389	67,108	207,027	446,336	656,102	1,290,784	2,015,458	3,021,823	3,796,356
Distribution Transformers	5,725,764	6,134,244	5,999,928	5,964,335	6,364,719	6,442,579	7,016,059	7,118,211	7,477,771	7,797,447
Distribution Meters	2,451,610	2,651,504	2,648,501	2,638,369	2,662,380	3,370,723	3,421,376	3,547,228	3,665,538	3,765,333
Smart Meters	0	0	0	0	0	0	0	285,005	3,451,590	4,851,679
Leasehold Improvements	0	0	13,886	77,224	212,545	163,565	114,136	109,830	92,826	96,452
Office Equipment	55,119	55,490	47,280	45,899	69,849	110,798	95,369	91,512	113,444	99,643
Computer Equipment	150,567	169,712	114,971	85,020	51,156	97,860	83,866	171,666	181,324	161,515
Computer Software		272,715	22,994	34,407	106,121	132,604	302,570	465,227	458,522	338,953
Stores Whse Equipment	35,799	29,299	26,399	32,741	27,093	68,598	57,030	54,189	47,742	40,006
Rolling Stock & Equip.	474,711	452,124	307,083	245,107	602,664	1,072,073	802,487	740,222	572,077	1,115,157
Misc. Tools & Equip.		147,300	123,641	115,164	140,547	137,194	126,086	114,112	105,733	145,667
Measurement & Test Equipment		2,493	4,272	2,070	5,126	13,474	11,952	58,271	66,538	86,003
System Supervisory Equip	321,933	368,221	330,526	297,034	261,218	373,409	344,448	303,624	259,856	234,292
Sentinel Lighting Units	9,028	5,852	5,142	3,836	2,731	1,734	817	503	238	0
Contributed Capital	0	(1,659,761)	(3,581,871)	(4,855,955)	(6,542,499)	(7,524,105)	(9,507,031)	(10,541,601)	(11,354,972)	(12,881,400)
Total Net Fixed Assets	40,384,511	39,759,509	37,526,751	36,534,746	36,612,431	38,398,426	38,691,995	39,954,557	43,749,076	49,377,143

Please explain why overall rate base decreased from 1999 Board approved to 2006 actual.

Response:

Please see response to #3 above.

Please provide any studies, memoranda, correspondence, or other documents in the Applicant's possession relating to the capital investment plan for that period, and in particular any documents that deal in whole or in part with constraints on capital investment.

Response:

There are none.

8. [Ref: 2.1.5/6/7] For each project that is included in more than one fixed asset category, and/or more than one rate year (for example, "Rebuild Davis and Prospect/South Lake Regional Hospital Upgrade"), please provide an overall project cost, broken down by expense category and by year.

Response:

(Holland Junction T.S.)				3,225,000
Holland Junction T.S. is to be constructed by Hydro One in 2008 as a result of recommendations from the Ontario Power Authority to relieve the overloaded Armitage T.S. and supply future load to northern York Region. Newmarket Hydro will be constructing underground and overhead facilities to accommodate four 44kv circuits that will remove approximately 70MVA of load from Armitage T.S. and allow for future load growth				
2008	1806	Distribution - Land Rights	400,000	
2008 Proposed Holland Junction T.S. has municipally imposed restrictions for the egress of circuits along roadways. Newmarket Hydro to pay to occupy land along the Hydro One tower line R.O.W. for 2 circuits.				
2008	1830	Distribution Lines o/h Poles	660,000	
Distribution Lines from Holland Junction T.S., 4 new 44kv circuits on 2 separate pole lines are to be constructed to relieve the overloaded Armitage T.S. and supply existing and future load in Newmarket.				
2008	1830	Distribution Lines o/h Poles	150,000	
Distrib. System rearrangement to facilitate new Holland Junction Supply - The 4 circuits coming from the new T.S. must be integrated into the existing 44kv system and this will require reconfiguration and some line expansion.				
2008	1835	Distribution Lines o/h Cable	1,090,000	
Distribution Lines from Holland Junction T.S., 4 new 44kv circuits on 2 separate pole lines are to be constructed to relieve the overloaded Armitage T.S. and supply existing and future load in Newmarket.				
2008	1835	Distribution Lines o/h Cable	225,000	
New T.S. feeder egress from HONI Holland Landing - underground cables required from Holland Junction T.S. load side breakers to Newmarket Hydro pole lines and egress under Miller Side road.				
2008	1845	Distribution Lines u/g Cable	400,000	
Metering for Holland Junction T.S.				
2008	1855	Distribution Meters	300,000	

Bogertown D.S.				583,000
		Mun Trans		
2008	1820	Stn<50kv	483,000	
2008	1830	Distribution Lines o/h Poles	50,000	
2008	1835	Distribution Lines o/h Cable	50,000	
Load growth in the south east portion of Newmarket requires a new 10MVA station - Bogartown M.S.				

Extension - Leslie (Mulock to Kingsdale)				105,000
2008	1830	Distribution Lines o/h Poles	50,000	
2008	1835	Distribution Lines o/h Cable	55,000	
20 Spans 13.8 kV to feed new development				

(South Lake Regional Hospital)				420,200
2006	1830	Distribution Lines o/h Poles	107,000	
2007	1830	Distribution Lines o/h Poles	47,000	
2006	1835	Distribution Lines o/h Cable	216,400	
2006	1845	Distribution Lines u/g Cable	49,800	
Rebuild Davis and Prospect/South Lake Regional Hospital Upgrade, the combined jobs facilitate the expansion of the Hospital and construction of a new Cancer Centre and new Medical Arts Building. A new overhead pedestrian walkway across Davis Drive and proposed road widening made it necessary to relocate poles and bury existing 44kv and 13.8kv lines.				

(Glenville Municipal Station Egress)				434,000
2006	1830	Distribution Lines o/h Poles	120,000	
2007	1830	Distribution Lines o/h Poles	57,600	
2006	1835	Distribution Lines o/h Cable	180,000	
2007	1835	Distribution Lines o/h Cable	76,400	
Glenville M.S. Egress - a single circuit 44kv and double circuit 13.8kv line, from the municipal station, required reconstructing as a result of grade changes and conflicts with proposed roads in a new residential subdivision.				

(New 13.8 kv line on Leslie St)				356,000
2007	1830	Distribution Lines o/h Poles	146,000	
2007	1835	Distribution Lines o/h Cable	210,000	
New line Leslie St south and north from Mulock - Load growth in the south east of Newmarket requires lines built to the new Bogarttown M.S. site and line expansion to new residential development				

(Bathurst St Reconstruction)				245,000
2007	1830	Distribution Lines o/h Poles	145,000	
2007	1835	Distribution Lines o/h Cable	100,000	
Bathurst reconstruction - south to boundary, The Region of York is widening the road to a 4 lane highway and the existing poles required relocation due to grading and new municipal infrastructure conflicts.				

(Beeman Avenue Rebuild)				229,400
2006	1845	Distribution Lines u/g Cable	19,400	
2007	1845	Distribution Lines u/g Cable	210,000	
Replace 40 year old underground primary and secondary conductors as part of the cable replacement program. Cable has deteriorated beyond repair and must be replaced.				

(Customer Additions - All Classes)				2,926,797
2006	1845	Distribution Lines u/g Cable	650,000	
2006	1860	Distribution Meters	316,800	
2006	1855	Services	824,912	
2006	1850	Distribution Transformers	544,318	
2006	1995	Contributed Capital	(1,536,492)	
Total				
2006	541 Customers		799,538	
2007	1845	Distribution Lines u/g Cable	450,000	
2007	1860	Distribution Meters	389,000	
2007	1855	Services	985,000	
2007	1850	Distribution Transformers	730,800	
2007	1995	Contributed Capital	(1,354,200)	
Total				
2007	470		1,200,600	
2008	1845	Distribution Lines u/g Cable	952,000	
2008	1860	Distribution Meters	100,000	
2008	1860	Smart Meters	125,000	
2008	1855	Services	500,000	
2008	1850	Distribution Transformers	778,900	
2008	1995	Contributed Capital	(1,529,242)	
Total				
2008	536 Customers		926,658	
Subdivision Development				

9. [Ref: 2.2.2] Please provide a copy of the Applicant's actual capitalization policy, showing any formulae, rules, and/or procedures utilized to determine capitalized amounts.

Response:

In practice, the applicant follows Generally Accepted Accounting Principals when determining asset capitalization. The applicant's policy is to capitalize all assets or equipment, with a unit acquisition cost of \$500 or greater and a useful life of greater than one year. Acquisition value includes the cost of the assets or equipment and any associated costs incurred to make the equipment usable for the purpose for which it was intended, including labour, materials and installation costs. Labour costs and material costs are assigned based upon direct labour activity and a per dollar amount of burden is attached based upon a direct labour hour incurred. Burden is allocated by direct labour and is based on benefits and payroll taxes incurred for any non union employee which perform capital work. For unionized staff, burden includes benefits and payroll taxes, holiday time (including statutory), sick time, training time, stores labour costs, operational vehicle maintenance and fuel costs.

10. [Ref: 2.3] Please provide a more detailed breakdown of working capital allowance for each year. The preamble refers to individual accounts, but 2.3.1 shows only a single line item.

Response:

Operating Expenses

	US of A	2006	2007	2008 Test
Cost of Power				
Power Purchased	4705	40,080,226	40,677,129	41,582,574
Charges - WMS	4708	3,542,199	3,509,348	3,587,463
One Time		32,335	85,093	86,987
Charges - NW	4714	4,074,071	3,976,249	4,064,758
Charges - CN	4716	3,348,913	3,354,803	3,429,478
Total COP		51,077,744	51,602,622	52,751,261
OM&A				
Substn Operation	5016	27,189	39,118	37,325
O/H Line Operation-Labour	5020	271,678	76,655	255,522
O/H Line Op'n-Supplies & Exp	5025	1,599	2,319	15,000
O/H Dist Transformer Operation	5035	10,407	12,167	22,250
U/G Line Op'n-Labour	5040	245,578	234,898	202,300
U/G Line Op'n-Supplies & Exp	5045	11,138	18,516	18,000
U/G Dist Transformer Operation	5055	64,809	49,377	58,650
Dist Meters-Reverification	5065	126,658	156,875	135,675
Customer Premises	5070	75,072	99,424	88,630
Engineering & Ops Training	5080	16,799	18,703	5,000
O/H Lines Op-Rentals Paid	5095	10,513	10,542	20,000
Substation Maintenance	5114	14,674	42,853	84,980
O/H Line Mtce-Poles	5120	176,614	213,597	203,862
Operation & Maintenance		1,580,192	1,652,925	1,712,749
Bill & Collect - Supervision	5305	100,505	106,041	91,746
Reading-Labour, Vehicles & Exp	5310	(273)	(510)	1,000
Reading-Contract Services	5310	138,945	150,586	247,000
Billing-Labour & Expenses	5315	400,052	415,658	583,536
Collecting-Lab, Vehicles \$ Exp	5320	434,531	494,983	534,515
Collecting-Cash Over & Short	5325	335	426	1,000
Billing-Bad Debts	5335	37,705	40,382	0
Interest Expense on Customer Deposits	6035	93,121	114,164	100,000
Billing & Collecting		1,204,921	1,321,729	1,558,797
Community Relations-Xmas Lts	5410	93,811	61,739	60,000
Energy Conservation	5415	160,595		0
Sales Exp-Advertising	5515	6,493	9,968	7,000
Community Relations & Advertising		260,900	71,707	67,000
Director's Lab & Expense	5605	137,105	109,467	110,667
Administration Labour & Exp	5610	616,514	461,908	384,579
Office Labour & Expenses	5615	222,710	217,263	256,299
Insurance-Admin Bldgs	5635	77,479	69,282	116,800
Admin-Fees(Audit, MEA, etc)	5655	185,377	265,647	270,500
Telephone SC/LD/Eq Rent	5620	174,729	197,388	231,715
Employee Pensions & Benefits	5645			360,000
Admin Bldg-Rental	5670	180,000	270,000	270,000
Admin Bldg-Lab & Vehicle	5675	117,362	125,737	143,924
Administration Labour & Exp		1,711,275	1,716,692	2,144,482
Total OM&A		4,757,288	4,763,053	5,483,028
Property & Capital Tax				
Property & Cap Tax		239,020	257,506	264,949
Total for Working Funds Allowance Calc		56,074,052	56,623,181	58,499,238
Working Funds Allowance	15%	8,411,108	8,493,477	8,774,886

11. [Ref: 3.1.2] Please provide the Applicant's backup documentation and calculations for the 2006-2008 throughput, customer counts, and average consumption, by class, including all studies, memoranda, and other written material relating to the 2008 forecasts.

Response:

Documentation relating to the statistical data relied upon for calculation is included in the charts and text of the submission. The forecasts were developed using historical trends, known subdivision developments, industrial trends, weather normalization etc. As additional support, the following provides a brief description of the development of these statistics:

Residential – This was developed using the Cost Allocation weather normalized kWh/customer less a minor decrease due to CDM and multiplied by the forecast # of customers. The weather normalized value was substantiated by comparing it to historical averages. The # of customers was based on known developments currently underway and expected in the service area. Forecasts are proving to be accurate for 2008.

GS < 50 – Weather Normalization was reviewed as a starting point for this class, but was rejected because the value was significantly different from historicals. KWh/customer in this class has been impacted by shifts between classes and the size of new customers being added. It was decided to use 2007 actual kWh/customer less a minor adjustment for CDM as a starting point. The number of customers was based on historical trends. This projection is overstated by the # of kWh in the USL Class (211,968 kWh & \$3,600) due to an error in the formula. We will correct this with the final version. This forecast is proving to be too high. Actual values are considerably lower than forecast and is likely due to weather and economic conditions.

USL – This is based on historical values for these accounts. The applicant currently has 75 customers that fit this class and does not hook up new unmetered load.

GS > 50 – Again the weather normalized value did not fit this class as a starting point. The applicant used 2007 actual values and adjusted for CDM and economic conditions. The applicant saw a small downturn in the automotive sector during 2007 and forecast this to continue into 2008. This forecast is proving accurate; however, the applicant recently heard that the largest customer in the > 50 class will be closing its doors in mid 2009. The impact of this will be significant, not only due to the loss of about \$200,000/annum of distribution revenue from this customer, but also the impact of 500 +/- employees being laid off; most of whom live in the applicant's service territory.

Street Lights – Based on the # of lights in 2007 times the growth factor in the Residential Class.

Sentinel Lights – Based on historical values since the applicant does not hook up unmetered lights at this time.

12. [Ref: 3.2] Please reconcile the figure of 9,964 kWh per residential customer with the figure of 9,862 kWh per customer in 3.1.2.

Response:

9,964 is the total kWh / Customer Count at the end of the year.
9,862 is the total kWh / average of 2007 and 2008 Customer Counts.
9,862 should have been used throughout the Submission for kWh/Res Cust/Yr.

13. [Ref: 3.2] Please advise how many schools Newmarket has in each of the GS<50 and GS>50 classes.

Response:

	York Region Board	Separate Board	Total
GS <50	6	1	7
GS >50	17	8	25
Total	23	9	32

14. [Ref: 3.3] Please provide the Applicant's "Interest Earned" actuals for each of 2002 through 2005.

Response:

Actual Interest Earned	
2002	219,486
2003	396,304
2004	234,887
2005	304,596

15. [Ref: 4.2.2] Please provide details on the “annual meter information service contract”.

Response:

The applicant has a contract for the storing, testing, measurement, completeness, verification, and compilation of smart meter data. The applicant is allowed to incur these costs under Ontario Regulation # 233/08 as needed to assist in the production of Time of Use bills for its customers.

16. [Ref:4.2.2] Please provide details of the \$90,000 increase in building rental, including owner of building and relationship to Applicant, copy of appraisal, copy of lease amendment, and any internal documents supporting or analyzing the increase.

Response:

The applicant had a 5 year rental agreement with its shareholder, the Corporation of Town of Newmarket that ended in 2006. A new 5 year agreement was made in 2007. Both of these agreements were executed at fair value as identified through an independent appraisal of market rent.

Please see the applicant’s response to Energy Probe IR 20.

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17. [Ref: 4.2.2] Please provide a detailed list of all costs associated with the Tay merger that show as OM&A or capital expenditures in the Historical, Bridge, or Test Year numbers in the Application.

Response:

The applicant had not recorded any OMA or capital costs outside of its own staff labour costs in the application.

18. [Ref: 4.2.7] Please provide a detailed explanation of the 9.5% increase in base compensation per employee from 2006 to 2007.

Response:

The absolute increase in total compensation from 2006 to 2007 was \$208,000 or about a 7 percent increase. The increase in per employee average compensation was due to the following:

- a) Loss of 2 FTEs in early 2006. Early in 2006 the unionized category lost two FTE’s which was reflected in a lower average FTE compensation level for the year. Adjusting for the two lost employees, the average becomes approximately \$68,200. Then the increase becomes approximately 2.5 percent**
- b) In the supervisor category a new position was added to deal with smart meters and operational issues. In addition to this, three supervisors moved up their pay level, adding an additional \$9,500 in salary costs.**

19. [Ref: 4.3] Please explain why 2006 and 2007 use accounting income and 2008 uses regulatory income. Please quantify the impact of that difference on the calculations, and present the calculations consistently for all three years.

Response:

Since the applicant was delayed in filing this Cost of Service application; the applicant chose to provide actual results for 2006 and 2007 which included the recovery of deferral accounts previously written off (all previously written off deferral balances had been brought back into taxable income by the end of 2007). The applicant has chosen to identify this income as accounting income. For 2008, the applicant followed the “EB-2006-0170 Filing Requirements for Transmission and Distribution Rates”. The applicant calculated Regulatory Net Income in accordance with these policies contained therein and within the Rate Handbook. The 2008 accounting income is disclosed in the pro-forma Profit and Loss Section 1.3.1.1 of the application for comparison purposes.

20. [Ref: 4.3] Please provide a copy of the Applicant’s latest federal and provincial tax returns.

Response:

These will be submitted; please see OEB staff IR’s

21. [Ref: 4.3 and 6.1.2 and 6.2] Please provide a copy of all current long term debt instruments. Please advise which debt is with non-arms length parties. Please provide all amending documents relating to non-arms length debt since 2002. Please provide all reports or other documentation relating to any changes in interest rate since the debt was created.

Response:

The debt referred to in Exhibit 6.2 is in the form of a long-term unsecured Promissory Note in the amount of \$22,000,000 with the Town of Newmarket – a related party. This note was initially issued on November 1, 2001. The interest rate on the debt when issued was 7.25% and the current rate is now 6.1%. This rate reflects the OEB’s deemed long-term debt rate for related parties. Please see response to OEB IR 10 a) for a copy of the Note documentation.

22. [Ref: 5.1.1] Please explain why transmission network and connection costs have historically been less than revenues from customers. Please provide backup documentation supporting the differences between the rate decreases from the IESO and the proposed rate decreases to customers.

Response

The Applicant chose to use the default retail rates as established early in deregulation for these charges and therefore cannot adequately explain why they were not sufficient. The chart included in Exhibit 9.1.1 provides backup supporting the calculations. The approach was to recalculate 3 years of actual history at the new wholesale rates and then compare the costs to what was actually billed to the customers. The proposed rates are based on the 3 year average potential rate impact. The following chart shows the calculation of the “Potential Rate Impact” percentages which were then applied to the current rates:

	2004			2005		
	Est IESO Bill @ New Rates	Actual Revenues and Charges (Rev @ Default Rates)	Potential Rate Impact	Est IESO Bill @ New Rates	Actual Revenues and Charges (Rev @ Default Rates)	Potential Rate Impact
RSVA-Trans Network Revenue from Customers	(3,583,776)	(3,583,776)		(3,806,378)	(3,806,378)	
RSVA-Trans Network Charges - IESO	3,107,345	3,806,834		3,322,808	4,070,799	
Transmission Network Decrease	(476,431)	248,835	-13.29%	(483,570)	264,422	-12.70%
RSVA-Trans Connection Revenue from Customers	(3,108,046)	(3,108,046)		(3,299,112)	(3,299,112)	
RSVA-Trans Connection Charges - IESO	2,999,042	3,162,626		3,180,705	3,354,198	
Transmission Connection Decrease	(109,004)	325,242	-3.51%	(118,407)	319,508	-3.59%
Total	(585,435)		-8.75%	(601,977)		-8.47%

	2006			3 Year Total		
	Est IESO Bill @ New Rates	Actual Revenues and Charges (Rev @ Default Rates)	Potential Rate Impact	Est IESO Bill @ New Rates (2004-2006)	Actual Revenues and Charges (2004-2006)	Potential Rate Impact
RSVA-Trans Network Revenue from Customers	(3,736,773)	(3,736,773)		(11,126,927)	(11,126,927)	
RSVA-Trans Network Charges - IESO	3,325,478	4,074,071		9,755,631	11,951,704	
Transmission Network Decrease	(411,295)	337,298	-11.01%	(1,371,296)		-12.32%
RSVA-Trans Connection Revenue from Customers	(3,248,834)	(3,248,834)		(9,655,992)	(9,655,992)	
RSVA-Trans Connection Charges - IESO	3,175,693	3,348,913		9,355,441	9,865,737	
Transmission Connection Decrease	(73,140)	100,079	-2.25%	(300,551)	100,079	-3.11%
Total	(484,435)	437,377	-6.93%	(1,671,847)	437,377	-8.04%

The following table shows how the “Potential Rate Impact %” was applied to the existing rates charged to Customers to arrive at the Requested Rate.

Transmission Rate Summary

Class	Type	Current Rate	Reduction	Requested Rate	Decrease
Residential	N/W	0.0057	-12.32%	0.0050	-0.0007
	Conn	0.0050	-3.11%	0.0048	-0.0002
GS<50	N/W	0.0052	-12.32%	0.0046	-0.0006
	Conn	0.0045	-3.11%	0.0044	-0.0001
USL	N/W	0.0052	-12.32%	0.0046	-0.0006
	Conn	0.0045	-3.11%	0.0044	-0.0001
GS>50	N/W	2.1218	-12.32%	1.8603	-0.2615
	Conn	1.7882	-3.11%	1.7325	-0.0557
Street Lights	N/W	1.6002	-12.32%	1.4030	-0.1972
	Conn	1.3824	-3.11%	1.3394	-0.0430
Sentinel Lights	N/W	1.6083	-12.32%	1.4101	-0.1982
	Conn	1.4113	-3.11%	1.3674	-0.0439

23. [Ref: 8.1] Please advise the Applicant’s plan to achieve a revenue to cost ratio for GS>50 class of 1.0, including the length of time to get to that result.

Response:

There is no specific plan documented for improving the GS>50 Customer Class revenue-to-cost ratio of 1.0. However, the current ratio improvement hinges on the outcome of the Street Lighting phase-in plan. Most, if not all of the additional revenue coming from that phase-in would be shifted to the GS>50 Class. Still, if Street Lighting moves to a 100% revenue-to-cost ratio, the GS>50 Class would only improve to 120%+/- . The balance of revenues required would still have to come from Residential and GS<50 Customer Classes through future rate applications.

24. [Ref: 8.1] Please provide the chart on page 141 using 2008 proposed data, in live Excel format.

Response:

File enclosed as Exhibit 1.

25. [Ref: 8.2 and 9.1] Please restate the proposed 2008 rates on the assumption that the GS>50 fixed charge is set at the Board's maximum of \$155.86 and the volumetric rate is adjusted accordingly.

Response:

When the fixed charge is moved to \$155.86, the volumetric charge goes to \$4.73/kW. The applicant chose to leave the fixed rate as it is in order to provide a small overall decrease to every customer in the class. The requested changes result in bills that are between 2% and 5% lower overall while the change to \$155.86 results in reductions between 0% and 8%.

26. [Ref: 9.1] Please restate the proposed 2008 rates on the assumptions that GS>50 is at a revenue to cost ratio of 120%, street lighting is at a revenue to cost ratio of 70%, and any revenue requirement differential thus created is used to adjust residential rates.

Response:

The following chart shows the results of this request:

Class	Applied for Values				
	Cost / Rev	Revenue T/A Balancing	Rates		Dist Rate Impact @ Average Cust
			Fxd	Var	
Residential	93.02%	13,319	13.34	0.0150	5.02%
GS<50	98.45%	5,131	25.00	0.0176	7.77%
USL	120.25%	(4,929)	15.80	0.0176	-16.71%
GS>50	139.44%	(119,137)	376.28	3.5703	3.47%
GS>50 IM			376.28	3.6701	3.86%
Street Lights	23.33%	101,513	0.90	5.4264	191.16%
Sentinel Lights	69.28%	4,103	1.74	7.7276	38.17%

Class	Revised per Schools Request				
	Cost / Rev	Revenue T/A Balancing	Rates		Dist Rate Impact @ Average Cust
			Fxd	Var	
Residential	95.91%	241,825	13.34	0.0159	8.19%
GS<50	98.45%	5,131	25.00	0.0176	7.77%
USL	120.25%	(4,929)	15.80	0.0176	-16.71%
GS>50	120.00%	(686,743)	376.28	2.9126	-10.54%
GS>50 IM			376.28	2.9941	-11.75%
Street Lights	70.00%	440,613	0.90	28.1330	811.77%
Sentinel Lights	69.28%	4,103	1.74	7.7276	38.17%

27. [Ref: 9.1] Please advise what percentage of the streetlighting class revenue is received from entities that are not at arms length to the Applicant.

Response:

The Town of Newmarket is the only Streetlight customer.

28. [Ref: 9.1.4] Please advise the percentage rate impact, by class, of using the 2007 loss factor instead of the five year average.

Response:

When the change is made, the overall bill impact is -0.3%. The Applicant has analyzed the historical losses and believes that an average should be used. An average would be more representative of the years in question and remove any potential one time anomalies. As a result, the applicant prefers using the 5 year average approach.

29. Please file a copy of the most recent Strategic Plan or similar document for the Applicant, and the most recent Strategic Plan or similar document for Newmarket Hydro Holdings Inc.

Response:

Not Applicable