



PUBLIC INTEREST ADVOCACY CENTRE
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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: Newmarket-Tay Power Distribution Ltd. – 2010 Electricity Distribution Rate Application (EB-2009-0269)
VECC's Comments re: Draft Issues List**

As Counsel to the Vulnerable Energy Consumers Coalition (VECC), I am writing per the Board's Procedural Order of September 8th to provide VECC's comments on the Draft Issues List for the above proceeding.

1. Administration

The proposed Issues List includes three items that deal with the adequacy of the filing and the treatment of confidential information. VECC has no objection to these items being included on the Issues List but notes that i) matters related to the adequacy of the information provided can be viewed as being subsumed in the each of the issues subsequently identified and ii) the treatment of confidential information is a "procedural matter" that is typically resolved by the Board during the course of the proceeding.

VECC would suggest the addition of one issue:

- Has Newmarket-Tay responded appropriately to all relevant Board directions from previous proceedings?

2. Rate Base

VECC assumes the wording of Issue 2 a) includes both i) the adequacy of the asset condition assessment provided as well as ii) whether it supports the proposed capital (and OM&A) spending.

VECC notes that transition from GST/PST to HST impacts not only OM&A (per proposed Issue # 4 d)) but also Capital Spending. In VECC's view, the treatment of HST can be assumed to be covered under Issue # 2 b). However, if the Board wishes to explicitly note this issue it could worded as follows:

- Is the Applicant's proposed treatment of HST related to capital spending appropriate?

3. Load, Customers – Throughput Revenue

In VECC's view Issue 3 e) is not required here and is addressed under Issues 6 a) and b).

4. Operating Costs

VECC has no comments on this part of the proposed Issues List.

5. Cost of Capital

Issue 5 c) should be re-worded more generally as follows:

- Is the proposed Rate of Return on Equity appropriate?

6. Calculation of Revenue Deficiency or Surplus

VECC has no comments on this part of the proposed Issues List.

7. Cost Allocation

VECC has no comments on this part of the proposed Issues List.

8. Rate Design

VECC notes that there is no reference to Newmarket-Tay's proposed loss factors and would suggest the following wording:

- Are the proposed distribution loss factors appropriate?

VECC also notes that Newmarket-Tay pays LV charges to Hydro One Networks. The appropriateness of the Applicant's treatment of LV costs (i.e., record in a deferral/variance account for future recovery) can either be assumed to be addressed under Issue 9 a) or explicitly captured as follows:

- Is the proposed treatment of LV costs appropriate?

Finally VECC notes that Newmarket-Tay is proposing to harmonize the rates for the two service areas (Newmarket and Tay). Again, this issue can be assumed to be addressed as part of Issues 8 d) and e) or specifically noted as follows:

- Is the Applicant's proposed rate harmonization appropriate?

9. Deferral and Variance Accounts

Newmarket-Tay is proposing to discontinue the use of deferral/variance accounts for smart meters and include all the related costs in the proposed revenue requirement. The appropriateness of this change can be assumed to be covered off by Issues 2 b) and 4 g) or addressed specifically as follows:

- Is the Applicant's proposed treatment of 2010 smart meter costs appropriate?

Newmarket-Tay does not appear to be requesting any new deferral/variance accounts. If this is the case, then the wording of Issue 9 a) is adequate.

10. LRAM/SSM

In VECC's view Issue #10 a) should be expanded to include the appropriateness of the proposed LRAM recovery amount and not just the kW/kWh used in the calculation.

If there are any questions regarding the preceding comments please contact either Bill Harper (348-0193) or myself (767-1666).

Yours truly,

Michael Buonaguro
Counsel for VECC

cc: Newmarket-Tay Power Distribution Ltd.
Attention: Mr. Paul Ferguson