



EB-2009-0269

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 approving just and reasonable rates and other charges for electricity distribution.

PROCEDURAL ORDER No. 2

Newmarket –Tay Power Distribution Ltd. (“Newmarket –Tay” or “the Applicant”) filed an application with the Ontario Energy Board (the “Board”), received on July 22, 2010 under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the rates that Newmarket –Tay charges for electricity distribution. The Board has assigned the application File Number EB-2009-0269.

The Board issued Procedural Order #1 on September 8, 2010 approving the intervenors and ordering Board staff and intervenors wishing to comment on the Draft Issues List to file with the Board any comments no later than Tuesday September 14, 2010. The Board received comments from the Consumers Counsel of Canada (“CCC”), the School Energy Coalition (“SEC”) and the Vulnerable Energy Consumers Coalition (“VECC”). Newmarket –Tay filed a response to the submissions of SEC and VECC. The Board has reviewed all submissions and comments and approves the Issues List attached as Appendix “A” to this Procedural Order.

In addition, the Board finds it necessary to set dates for interrogatories and responses. The Board will determine how next to proceed following the filing of the interrogatory responses.

The Board considers it necessary to make provision for the following matters related to this proceeding. The Board may issue further procedural orders from time to time.

THE BOARD ORDERS THAT:

1. The Issues List in Appendix "A" will be followed for the purposes of this Application.
2. Board staff is to file its interrogatories with the Board by Friday October 1, 2010 and intervenors wishing to do so are to file with the Board and deliver to the Applicant and other intervenors interrogatories by Friday October 8, 2010.
3. Newmarket – Tay is to file with the Board and deliver to the intervenors its responses to the interrogatories by Friday October 22, 2010.

All communications shall be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

All filings to the Board must quote file number EB-2009-0269, be made through the Board's web portal at www.errr.oeb.gov.on.ca, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Please use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.oeb.gov.on.ca. If the web portal is not available you may email your document to the BoardSec@oeb.gov.on.ca. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file seven paper copies. If you have submitted through the Board's web portal an e-mail is not required.

DATED at Toronto, September 22, 2010

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix “A” to Procedural Order No. 2

September 22, 2010

Newmarket-Tay Power Distribution Ltd.

EB-2009-0269

Approved Issues List

Newmarket-Tay Power Distribution Ltd.
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Approved Issues List

1 GENERAL (Exhibit 1)

- a.) Has Newmarket-Tay responded appropriately to all relevant Board directions from previous proceedings?
- b.) Are the Applicant's overall economic and business planning assumptions for the Test Year appropriate?
- c.) Has the Applicant responded appropriately to all interrogatories and technical
- d.) What is the appropriate effective date for any new rates flowing from this Application? If that effective date is prior to the date new rates are actually implemented, what adjustments, if any, including credit or debit rate riders or other mechanisms, should be implemented to reflect the sufficiency or deficiency during the period from effective date to implementation date.
- e.) Is the Applicant's proposed rate harmonization appropriate?

2. RATE BASE (Exhibit 2)

- a.) Are the Applicant's asset planning assumptions (e.g. asset condition, economic conditions, etc.) appropriate?
- b.) Is the Applicant's capitalization and depreciation policy appropriate?
- c.) Is the level of Capital Expenditure justified and appropriate?
- d.) Are the in-service dates accurate for projects closed prior to the Test Year and are they appropriate for proposed projects?
- e.) Has the Working Capital Allowance been determined appropriately?
- f.) Is the determination and level of the proposed Rate Base appropriate?
- g.) Is service quality, based on the OEB specified performance indicators, acceptable?
- h.) Is the accounting for smart meters in rate base appropriate?

3. LOADS, CUSTOMERS - THROUGHPUT REVENUE (Exhibit 3)

- a.) Is the load forecast, including methodology and weather normalization, appropriate?
- b.) Are the forecasts of factors (e.g. number of customers, economic activity) appropriate?
- c.) Is CDM appropriately reflected in the load forecast?
- d.) Are the proposed Revenue Offsets appropriate?

4. OPERATING COSTS (Exhibit 4)

- a.) Are the costs, services, and arrangements under the ongoing arrangement with the Applicant's affiliates, including all related parties, appropriate?
- b.) Are the Test Year Human Resources and related costs (wages, salaries, benefits, incentive payments, labour, productivity, and pension costs) including employee levels, appropriate?
- c.) Has the Applicant demonstrated improvements in efficiency and value for dollar associated with its compensation costs?
- d.) Is the depreciation amount appropriate?
- e.) Is the Applicant's proposal for the transition from GST/PST to HST appropriate?
- f.) Is the Payment in Lieu of Taxes (including methodology) appropriate?
- g.) Are taxes and credits (other than PILs) appropriate?
- h.) Are the overall levels of OM&A budgets appropriate?
- i.) Is the accounting for operating and maintaining smart meters appropriate?

5. COST OF CAPITAL AND RATE OF RETURN (Exhibit 5)

- a.) Is the proposed capital structure appropriate?
- b.) Is the cost of debt appropriate?
- c.) Is the proposed return on equity appropriate?

6. CALCULATION OF REVENUE DEFICIENCY OR SURPLUS (Exhibit 6)

- a.) Is the Service Revenue Requirement appropriate?
- b.) Is the calculation of Revenue Deficiency accurate?

7. COST ALLOCATION (Exhibit 7)

- a.) Is the Applicant's cost allocation appropriate?
- b.) Are the proposed revenue-to-cost ratios appropriate?

8. RATE DESIGN (Exhibit 8)

- a.) Are the customer charges and the fixed-variable splits for each class appropriate?
- b.) Are the proposed Retail Transmission Service Rates appropriate?
- c.) Is the smart meter funding adder appropriate?
- d.) Is the proposal for no impact mitigation appropriate?
- e.) Is the Applicant's proposed Tariff of Rates and Charges appropriate?
- f.) Is the proposed treatment of LV appropriate?
- g.) Is the new 15 minute to hourly interval meter conversion rate appropriate?
- h.) Are the proposed distribution loss factors appropriate?

9. DEFERRAL AND VARIANCE ACCOUNTS (Exhibit 9)

- a.) Is the proposal for the amounts, disposition, and continuance appropriate?
- b.) Are the proposed Deferral and Variance Account rate riders appropriate?
- c.) Is the proposed recovery of the Global Adjustment (sub-account of 1588) from RPP and non-RPP customers appropriate?
- d.) Is the proposed new deferral account to record Green Energy Act costs appropriate?
- e.) Is the proposed new deferral account to record LEAP costs appropriate?
- f.) Is the proposed new deferral account to record late payment penalty class action costs appropriate?

10. LRAM/SSM (Exhibit 10)

- a.) Are the proposed amounts for LRAM/SSM based on full and accurate information, properly audited, and calculated correctly?
- b.) Should the LRAM/SSM amounts be recovered from ratepayers?
- c.) Is the proposed rate rider appropriate?