



---

## THE BOARD OF DIRECTORS

*Chair*, GAIL REGAN

President, Cara Holdings Ltd.

*President*, PATRICIA ADAMS

MAX ALLEN

Producer, IDEAS, CBC Radio

ANDREW COYNE

National Editor, Maclean's

GLENN FOX

Professor of Economics, University of Guelph

IAN GRAY

President, St. Lawrence Starch Co

CLIFFORD ORWIN

Professor of Political Science, University of Toronto

*Secretary Treasurer*, ANNETTA TURNER

ANDREW ROMAN

Barrister & Solicitor, Miller Thomson

ANDREW STARK

Rotman School of Management, University of Toronto

GEORGE TOMKO

Resident Expert, PSI Initiative, University of Toronto

MICHAEL TREBILCOCK

Chair, Law & Economics, University of Toronto

MARGARET WENTE

Columnist, The Globe and Mail

---

October 8, 2010

BY EMAIL & COURIER

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

Dear Ms. Walli:

**Board File No. EB-2009-0269**  
**Newmarket-Tay Power – Cost of Service Application**  
**Energy Probe Interrogatories**

Pursuant to Procedural Order No. 2, issued by the Board on September 22, 2010, please find attached the interrogatories of Energy Probe Research Foundation (Energy Probe) in respect of Newmarket-Tay Power Distribution Limited in the EB-2009-0269 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: Iain Clinton, Newmarket-Tay Power Distribution Limited (By email)  
Paul Ferguson, Newmarket-Tay Power Distribution Limited (By email)  
Andrew Taylor, Energy Law (By email)  
Randy Aiken, Aiken & Associates (By email)

---

Energy Probe Research Foundation 225 BRUNSWICK AVE., TORONTO, ONTARIO M5S 2M6

Phone: (416) 964-9223 Fax: (416) 964-8239 E-mail: EnergyProbe@nextcity.com Internet: www.EnergyProbe.org

**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 Newmarket-  
Tay Power Distribution Ltd. for an Order or Orders approving  
just and reasonable rates and other charges for the distribution  
of electricity and related matters.

---

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

---

October 8, 2010

**NEWMARKET-TAY POWER DISTRIBUTION LTD.  
2010 RATES REBASING CASE  
EB-2009-0269**

**ENERGY PROBE RESEARCH FOUNDATION  
INTERROGATORIES**

**Interrogatory # 1**

**Ref: Exhibit 9, Tab 1, Schedule 2**

**The total account balances to be recovered from ratepayers are nearly \$2 million.**

**This balance relates to balances that accrued prior to the implementation of the HST on July 1, 2010. Please explain:**

- a) Whether Newmarket-Tay believes that this balance to be recovered from customers should attract the 5% GST or the 13% HST? Please explain, including any discussions with Revenue Canada.**
- b) Can Newmarket-Tay accommodate billing the rate rider portion of the bill associated with the deferral and variance account balances at the 5% GST, while the remainder of the bill attracts the 13% HST?**

**Interrogatory # 2**

**Ref: Decision and Order on Interim Rates dated July 30, 2010**

**An issue in this proceeding will be the date upon which the new rates should become effective. Given that Newmarket-Tay missed the August, 2009 deadline for filing for May 1, 2010 rates by 11 months, please explain why Newmarket-Tay believes that rates should be adjusted at any time prior to April 1, 2011.**

**Interrogatory # 3**

**Ref: Exhibit 1, Tab 1 & EB-2007-0776**

- a) Please indicate where in Exhibit 1, Tab 1 Newmarket-Tay requests an effective date for 2010 rates.**

- b) Please confirm that in EB-2007-0776, which was also filed late for 2008 rates, Newmarket requested an effective date as of the date of the OEB rate order.

**Interrogatory # 4**

**Ref: Exhibit 1, Tab 2, Schedule 3**

- a) Are any costs associated with Newmarket Hydro Holdings Inc. or Tay Hydro Holdings Inc., including their Board of Directors, included in the revenue requirement of Newmarket-Tay? If yes, please provide details and quantify.
- b) Are any costs associated with the other corporate entities in the organizational chart included in the revenue requirement of Newmarket-Tay? If yes, please provide details and quantify.

**Interrogatory # 5**

**Ref: Exhibit 1, Tab 4, Schedule 8**

Please update the schedule to show actual 2009 figures if any of the 2009 projection figures do not reflect actual data.

**Interrogatory # 6**

**Ref: Exhibit 2, Tab 1, Schedule 1**

- a) Is the \$2.3 million spent to the end of 2009 related to the Holland TS included in rate base at the end of 2009?
- b) Were the assets related to the \$2.3 million spent to the end of 2009 all in service before the end of 2009?

**Interrogatory # 7**

**Ref: Exhibit 2, Tab 1, Schedule 1**

With respect to the smart meters discussion on page 3 please provide the following:

- a) A breakdown of the \$1,319.722 test year revenue requirement impact of the expenditures between 2006 and April of 2009.

- b) Please confirm that none of the costs associated with smart meters up to April 2009 have been included in any revenue requirement for those years.
- c) Please confirm that none of the costs are related to capital expenditures related to smart meters that were included in rate base as a result of the EB-2007-0776 Settlement Agreement.

**Interrogatory # 8**

**Ref: Exhibit 2, Tab 1, Schedule 2**

**Please confirm that the rate base variance table includes actual data for 2009. If this cannot be confirmed, please update the table to reflect actual 2009 data.**

**Interrogatory # 9**

**Ref: Exhibit 2, Tab 2, Schedule 3**

- a) Please confirm that Newmarket-Tay does not have any Account 1985 (Sentinel Lighting Units) included in rate base for the test year.
- b) Please explain why Account 1910 (Leasehold Improvements) has an asset life of 5 years when Appendix B of the 2006 Electricity Distribution Rate Handbook indicates that leasehold improvements are to be amortized over the term of the lease.
- c) For each item included in Account 1910, please provide a table showing the amount included in rate base and the term of the lease.

**Interrogatory # 10**

**Ref: Exhibit 2, Tab 1, Schedule 1 &  
Exhibit 2, Tab 3, Schedule 1, Table 5**

- a) Please reconcile the total projected cost of the projects listed under Holland Junction TS on page 2 of Exhibit 2, Tab 1, Schedule 1 of \$3.3 million with the figures in Table 5 of Exhibit 2, Tab 3, Schedule 1.
- b) Please confirm that all of the government related projects shown in Table 5 will be completed and in service by the end of 2010.

**Interrogatory # 11**

**Ref: Exhibit 2, Tab 3, Schedule 1, Table 6 and Table 7**

- a) **Is there any impact on the contributed capital shown in Table 6 as a result of the shifted Leadbeater MS shown in Table 7? If yes, please indicate the shift between 2009 and 2010.**
- b) **Please explain the decline in contributed capital shown in Table 6 between 2009 and 2010. In particular, please explain why the amount of contributed capital is forecast to decline even through the total non-government job expenditures (even after removal of the Leadbeater MS cost in 2010) increases in 2010 relative to 2009.**

**Interrogatory # 12**

**Ref: Exhibit 2, Tab 3, Schedule 1, Attachment 1 & Exhibit 2, Tab 1, Schedule 1, page 3**

**Please explain the inclusion of the smart meter capital expenditures shown in Attachment 1 of Exhibit 2, Tab 3, Schedule 1 beginning in 2007 with the statement on page of Exhibit 2, Tab 1, Schedule 1 that between 2007 and April of 2009 all costs associated with smart meters and TOU billing were borne by the applicant.**

**Interrogatory # 13**

**Ref: Exhibit 2, Tab 4, Schedule 2**

- a) **Please explain why Newmarket-Tay requires a one year cycle for tree trimming? Is Newmarket-Tay aware of any other urban distributor that has a one year cycle for tree trimming?**
- b) **What is the total cost associated with tree trimming in the 2010 test year?**
- c) **The tree trimming is discussed in the rate base section of the evidence. Does Newmarket-Tay capitalize any or all of the tree trimming costs? Please provide details.**

#### **Interrogatory # 14**

**Ref: Exhibit 2, Tab 4, Schedule 3**

- a) Please explain the reduction in single family additions from 494 in 2009 (page 1) to 300 in 2010 (page 9) for Newmarket.
- b) Please provide the corresponding number of single family additions for each of 2006 through 2008 for Newmarket.
- c) Please provide the number of townhome additions for 2006 through 2008 that are comparable to the 150 in 2009 and the forecast of 150 in 2010 for Newmarket.
- d) Please provide the number of commercial/industrial additions for 2006 through 2008 that are comparable to the 3 shown for 2009 and the 6 forecast for 2010 for Newmarket.
- e) Please explain the increase in single family residential additions from 8 in 2009 (page 7) to 30 in 2010 (page 15) for Tay.
- f) Please provide the number of single family and commercial/industrial additions for 2006 through 2008 that are comparable to the figures provided for 2009 and 2010 for Tay.

#### **Interrogatory # 15**

**Ref: Exhibit 2, Tab 4, Schedule 4**

- a) Please confirm that each project described will be in service by the end of the test year based on the most current information available to Newmarket-Tay.
- b) Project CP 224 indicates that one-half of the 1,000 new homes will be completed for connection by the end of 2010. Please indicate how many of the 1,000 new homes were connected at the end of 2009.

#### **Interrogatory # 16**

**Ref: Exhibit 2, Tab 4, Schedule 4, Project CP 198**

- a) Please provide a forecast of the costs by year beyond 2010 for the various phases of the project.

- b) Have there been any changes to the timing of the expenditures forecast for 2010 since the evidence was prepared? If yes, please provide details.
- c) The evidence refers to preliminary plans received in the latter part of the spring 2009. Are there any more recent plans available and if so, what is the impact based on the most recent plans available?
- d) Newmarket-Tay is seeking approval from the Board to readjust its rate base in the subsequent years as additional phases of the project and the associated distribution relocation work is scheduled and completed. Please explain why the capital module in the third generation IRM model would not be sufficient for Newmarket-Tay, assuming the capital module threshold would be triggered.
- e) If the capital adjustment module threshold was not triggered, please explain why Newmarket-Tay should be allowed to opt out of the IRM and file a full or partial rebasing application.
- f) Please provide the details associated with the statement that "this approach has been used in other jurisdictions".
- g) Please provide the relevance of the Board's approach to capital expenditures related to the provincial initiatives for renewable energy to the current project.
- h) Newmarket-Tay is proposing the Board approve the need and justification for the project in the current proceeding along with the costs expected to be incurred in the test year and a preliminary estimate of the cost of the future phases. Please provide details and costs associated with the future phases that Newmarket-Tay is asking the Board to approve.
- i) Has Phase 1 been completed? What was the forecast cost of Phase 1 included in the filing? What was the actual cost of Phase 1 if it is completed?
- j) Has Phase 2 been completed? If not when was it/will it be started? Please provide the forecasted and actual (if completed) cost associated with Phase 2. Is Phase 2 still forecast to be completed by the end of 2010? If not, what amount is expected to be completed and in service by the end of 2010?



**Interrogatory # 17**

**Ref: Exhibit 3, Tab 1, Schedule 1**

- a) **Are the figures shown for 2009 actual figures or do they include some forecast figures? If they do include some forecasts, please update the table to reflect actual 2009 figures.**
- b) **Are the 2007 through 2009 figures actual revenues or normalized actual revenues?**

**Interrogatory # 18**

**Ref: Exhibit 3, Tab 1, Schedule 2, pages 3 & 4**

**At the top of page 3 the evidence indicates that the applicant has further adjusted the load forecast for the expected future achievement of CDM results. However, at the bottom of page 4 the evidence indicates that the applicant has adopted the load forecast produced by the econometric model prepared by Elenchus. These statements appear to be contradictory. Please explain and indicate what adjustment, if any, has been made to the forecast from the econometric model prepared by Elenchus.**

**Interrogatory # 19**

**Ref: Exhibit 3, Tab 1, Schedule 2, Attachment 1**

- a) **Please update Table 4 to show the most recent available forecasts from the four banks shown.**
- b) **Please update the forecast for 2010 shown in Table 5 to reflect the change in the 2010 employment forecast as a result of the response to part (a) above.**

**Interrogatory # 20**

**Ref: Exhibit 3, Tab 1, Schedule 2, Attachment 1**

- a) **Please explain how the weather normal figures shown in Table 5 and in Appendix A have been calculated.**
- b) **Please explain why the forecast economic variables and calendar variables have been incorporated to provide weather corrected figures.**

- c) Are the weather corrected figures equivalent to weather normal figures?
- d) How are the weather normal figures provided related to the actual figures in each individual year?
- e) Does the weather normal methodology applied by Elenchus assume that all rate classes are equally sensitive to changes in both heating and cooling degree days? If not, explain why not, given the weather corrected class specific consumption methodology shown in Appendix A.
- f) Please explain why, based on the same heating and cooling degree days, the weather normal volume for Newmarket is higher than the actual in 2009, while for Tay the weather normal volume is lower than the actual.
- g) Please fill in the following table for Tay and a similar table for Newmarket based on the formula and example for 2008 provided to calculate the normalization adjustment (the formula for Newmarket would use the Newmarket equation coefficients).

Year Tay	Actual kWh	Normalization Adjustment kWh (1)	Normalized Actual kWh
2005	45,593,507		
2006	45,013,619		
2007	45,806,502		
2008 (2)	46,051,168	284,757	46,335,925
2009	46,323,663		

(1) (Normal heating degree days - Actual heating degree days) x 2,863.9 + (Normal cooling degree days - Actual cooling degree days) x 6,661.3

(2)  $(3,692.6 - 3,836.0) \times 2,863.9 + (380.1 - 275.7) \times 6,661.3 = -410,683 + 695,440 = 284,757$

- h) Based on the response to part (g) above, please provide a revised Table 1 showing the new weather normalized actual use per customer figures.
- i) Please provide all the calculations and assumptions used to arrive at the 307,538,497 kWh forecast for the 2010 test year in the GS > 50 kW class shown on page 16.
- j) Please provide a live Excel spreadsheet containing all the historical and forecast data used to estimate the Newmarket and Tay equations shown on page 5 and the resulting 2010 forecast shown in Table 5.
- k) How much of the decrease in the normalized kW forecast shown in Table 7 between 2010 and 2008 for the GS > 50 kW class is related to the four large customers referred to on page 10?

### Interrogatory # 21

Ref: Exhibit 3, Tab 1, Schedule 3

- a) Please provide all the information used to calculate the power purchased cost of \$44,394,543 for the 2010 test year. Please include the calculation of the kWh's used in the calculation based on the retail kWh's of 689,773,632 shown in Table 10 in Exhibit 3, Tab 1, Schedule 2, Attachment 1.
- b) Please provide a source for the price of \$62.15/MWh as of April 1, 2009.
- c) Please provide the calculation of the cost of power purchased based on the April 2009 Regulated Price Plan Report that shows an average cost for RPP consumers of \$60.72/MWh.
- d) Please provide the calculation of the cost of power purchased based on the split of RPP and non-RPP volumes for 2010 (please show how this has been estimated, if based on historical figures) and the corresponding prices from the April, 2009 Regulated Price Plan Report of \$60.72/MWh for RPP customers and \$59.15/MWh for non-RPP customers (sum of forecast wholesale electricity price of \$44.88 and Global Adjustment of \$14.26).

### Interrogatory # 22

Ref: Exhibit 3, Tab 2, Schedule 2 &  
Exhibit 2, Tab 4, Schedule 3 &  
Exhibit 3, Tab 1, Schedule 2, Attachment 1

- a) Please provide the number of residential customers for the most recent actual month in 2010 and provide the actual number of residential customers for the corresponding month in 2009.
- b) Exhibit 2, Tab 4, Schedule 3 showed the addition of 494 single family and 150 townhouse additions in 2009 in Newmarket, for a total of 644 residential additions which equals the additions shown for 2009 in Exhibit 3, Tab 2, Schedule 2. However, for 2010 the capital budget has a total of 300 single family and 150 townhouse additions, while the additions shown are 438. Please explain the difference. Please also explain the difference for Tay.
- c) Please provide the number of GS < 50 customers for the most recent actual month in 2010 and provide the actual number of residential customers for the corresponding month in 2009.

- d) What is the impact on the revenue requirement if the forecasted residential additions for 2010 was increased from 464 to 560, the historical average?
- e) Does the customer forecast include 50 additions related to the affordable rental units at Tom Taylor Place?
- f) Please provide the information from Canada Mortgage and Housing Corp. (CMHC) referred to on page 12 of Attachment 1 of Exhibit 3, Tab 1, Schedule 2. Please also provide the most recent forecast from CMHC for the region that includes Newmarket.
- g) The evidence states at page 9 that the applicant and the Town of Newmarket economic development office is not aware of any activity planned for the sites of three large-use customers. Please confirm that this is still the case.
- h) Please explain why the distribution service provided to these sites allows them to be classified as GS > 50 kW customers.
- i) What is the basis for the reduction in the number of sentinel lighting customers forecast for 2010?

**Interrogatory # 23**

**Ref: Exhibit 3, Tab 3, Schedule 2**

- a) Please provide the most recent actual year-to-date figures for each of the categories shown in the table on page 1 and the corresponding year-to-date figures for the same period in 2009.
- b) Please explain the reduction in STR revenues (4084) forecast for 2010 relative to 2009.
- c) Please explain the reduction rental revenues (4210) forecast for 2010 relative to 2009. In particular, why has the forecast for 2010 been set to the 2008 actual level?
- d) Will Newmarket-Tay have more poles to rent in 2010 than they did in 2009? If yes, what is the percentage increase?
- e) Please explain the reduction of more than 50% in the revenue from the sale of scrap metals (4325) forecast for 2010.

- f) Has Newmarket-Tay recorded any revenues in account 4375 - Revenues from Non-Utility Operations or any costs in account 4380 - Expenses from Non-Utility Operations in 2008 or 2009 that are not CDM related? If yes, please provide the actual figures for 2008 and 2009 and the forecast for these non-CDM activities for 2010.

**Interrogatory # 24**

**Ref: Exhibit 3, Tab 3, Schedule 2 &  
Exhibit 2, Tab 4, Schedule 3**

**Newmarket-Tay has capital expenditures in 2010 related to the replacement of three vehicles.**

- a) Will these vehicles be fully depreciated when they are replaced? If not, please provide the remaining net book value when they are forecast to be replaced.
- b) How does Newmarket-Tay account for the proceeds from the disposition of these vehicles? In particular, are any losses or gains recorded in accounts 4355 or 4360?
- c) Please provide an estimate of the revenue to be received from the disposition of these vehicles.
- d) What was the revenue received for the dump truck and single bucket truck that were replaced in 2009? In what account has this revenue been recorded in 2009?
- e) The forecasted interest earned for 2010 is \$0, which implies an average cash balance for 2010 of \$0. Please provide the average cash balance for the most recent year-to-date period available for 2010.

**Interrogatory # 25**

**Ref: Exhibit 3, Tab 3, Schedule 3**

- a) What is the impact on the total forecasted specific service charges if the 25% reduction forecast for arrears certificates, statement of account and duplicate invoices for previous billing was eliminated?

- b) **What is the impact on the total forecasted specific service charges if the 5% reduction forecast for credit reference/credit check, change of occupancy - final bill, and account set up charge was eliminated?**
- c) **Please explain why there is no revenue forecast for 2010 and the proposed rate is \$0 for change of occupancy - final bill in the table on page 9. What is the proposed rate for this charge and how much would that increase the total specific service charges shown in the table on page 9?**

**Interrogatory # 26**

**Ref: Exhibit 4, Tab 1, Schedule 1**

- a) **What is the impact on the revenue requirement of a 1% change in wage rates (i.e. 2% increase instead of 3% increase)?**
- b) **What is the impact on the revenue requirement of a 1% increase in inflation rather than 2%?**
- c) **Please provide the most recent year-to-date expenses for 2010 in the same level of detail as shown in the table on page 3. Please also provide the actual year-to-date expenses for the same period in 2009.**

**Interrogatory # 27**

**Ref: Exhibit 4, Tab 1, Schedule 2**

- a) **Are any of the increases shown in 2010 over 2009 in the tables on pages 1 and 2 of a one-time nature?**
- b) **Are all of the increases shown in the table on pages 1 and 2 in 2010 over 2009 expected to continue beyond 2010? If not, please identify.**

**Interrogatory # 28**

**Ref: Exhibit 4, Tab 1, Schedule 2**

**With respect to the additional engineer at a cost of \$135,000 please provide the following.**

- a) **Is the \$135,000 the net annual increase in costs associated with the additional engineer?**

- b) Has this position been hired? If yes, when? If no, when is the addition expected?
- c) Please provide further detail on the costs and savings associated with this position such as the total wages and benefits of the new position, the expected overtime savings that will be generated. Please provide estimates based on an annual figure beginning when the new position is filled. Please also provide the figures for 2010 based on when the position was/will be filled.

**Interrogatory # 29**

**Ref: Exhibit 4, Tab 1, Schedule 2**

- a) Please provide the actual tree trimming expense for 2007, 2008, 2009 and the forecast for 2010 for each of Newmarket and Tay.
- b) At page 6 the evidence indicates that the consolidated total tree trimming expense is \$177,236. However, this amount also appears on page 5 and appears to be related only to Newmarket. Please explain.
- c) What were the costs associated with contract line men co-op students, increased overtime, etc. that will be eliminated through the addition of the apprentices noted on page 6? How has this decrease been reflected in the cost of \$30,000 shown?
- d) Please provide the quantum of costs associated with TOU pricing in 2009 that has been recorded in the deferral account. Please indicate if any of these costs were one-time in nature. Please reconcile the remaining ongoing costs recorded in 2009 with the \$373,000 shown on page 1.

**Interrogatory # 30**

**Ref: Exhibit 4, Tab 1, Schedule 2**

**Are there any administration costs or any type of costs associated with Newmarket Hydro Holdings Inc. and/or Tay Hydro Holdings Inc. included in the test year revenue requirement? If yes, please provide details on the costs included in the revenue requirement and what these costs are related to.**

**Interrogatory # 31**

**Ref: Exhibit 4, Tab 1, Schedule 2**

- a) Please provide the most recent year-to-date regulatory costs incurred in the same level of detail as shown on page 22.
- b) What is the impact on the forecast of regulatory costs that is related to the late filing by Newmarket-Tay?
- c) When did Newmarket-Tay start to prepare its application/evidence for the current proceeding?
- d) When did Newmarket-Tay retain Elenchus to assist in the preparation of the current application/evidence?
- e) When did Newmarket-Tay retain legal counsel to assist with the current proceeding?
- f) Has Newmarket-Tay sought to recover some of the costs associated with the Navigant TOU study from the other interested groups with whom the results have been shared? If not, why not?
- g) Please provide any precedent at the OEB for the recovery of the 2008 EDR regulatory costs requested by Newmarket-Tay.
- h) Please provide the actual insurance premiums paid for 2007 through 2009 and the forecast for 2010.
- i) Does Newmarket-Tay now have the actual insurance premiums payable for 2010? If no, when will the final cost for 2010 be known?
- j) Please split the \$46,000 wage increase and inflation increase for 2010 into executive, management, non-union and Union. Please also confirm that the 3% increase applies to each of these employee categories.
- k) Please explain the increase of \$71,025 in 2010 for all other charges (administration) relative to the increase of \$23,839 in 2009.



**Interrogatory # 32**

**Ref: Exhibit 4, Tab 2, Schedule 1**

- a) **What is the total cost in 2010 associated with the incentive plan that is included in the revenue requirement?**
- b) **What is the total potential cost in 2010 of the incentive plan?**
- c) **Please provide the actual incentive plan costs for each of 2007 through 2009 and indicate what percentage the actual costs comprise of the total potential cost of the incentive plan in those years was.**

**Interrogatory # 33**

**Ref: Exhibit 4, Tab 2, Schedule 2**

**Please provide a breakdown by year of the \$100,000 that Newmarket-Tay has budgeted in account 56300 throughout the rebasing period.**

**Interrogatory # 34**

**Ref: Exhibit 4, Tab 3, Schedule 1**

- a) **Regulatory expenses are forecast to increase by \$193,336 in 2010. \$150,000 of this amount has been identified as the portion related to the 2010 COS rates proceeding. Please explain the additional increase of more than \$43,000 or 33% over the 2009 level recorded.**
- b) **Do the 2009 regulatory expenses of \$132,672 include the \$108,000 in 2008 EDR related costs described in Exhibit 4, Tab 1, Schedule 2, page 24? If not, why not?**
- c) **Do the 2008 regulatory expenses of \$160,459 include only \$15,000 in 2008 EDR related costs described in Exhibit 4, tab 1, Schedule 2, page 24?**
- d) **When was the union contract settled?**
- e) **On average how many FTEE's have been vacant positions in each of 2008 and 2009?**
- f) **What assumptions has Newmarket-Tay made with respect to vacancies in 2010?**

- g) Based on the most recent year-to-date information available, how many vacant FTEE's has Newmarket-Tay had in 2010?**

**Interrogatory # 35**

**Ref: Exhibit 4, Tab 6, Schedule 1 &  
Exhibit 4, Tab 1, Schedule 2, page 22**

- a) Please reconcile the \$157,000 and \$82,000 figures for consulting and costs associated with the rebasing application as described in Exhibit 4, Tab 6, Schedule 1 with the figures of \$217,000 and \$100,000 shown on page 22 of Exhibit 4, Tab 1, Schedule 2.**
- b) When were the estimates of \$157,000 and \$82,000 made?**
- c) Did Newmarket-Tay undertake a competitive bidding process for rate filing consulting and/or legal assistance? If not, why not? If yes, did Newmarket-Tay accept the lowest cost bids? If not, why not?**

**Interrogatory # 36**

**Ref: Exhibit 4, Tab 6, Schedule 2 &  
Exhibit 3, Tab 3, Schedule 2**

- a) Does Newmarket-Tay provide street lighting services to any party other than its shareholders?**
- b) Please provide the costs associated with provision of street lighting services for 2008 and 2009 and the forecast for 2010.**
- c) Are the revenues shown on page 2 of Exhibit 4, Tab 6, Schedule 2 included in the revenue offsets shown on page 1 of Exhibit 3, Tab 3, Schedule 2? If yes, please indicate where. If no, please explain why not?**
- d) In what account does Newmarket-Tay record the revenues shown in Exhibit 4, Tab 6, Schedule 2 for street lighting services? In which account are the related costs recorded?**

- e) **The evidence indicates that the maintenance services associated with the street lighting service is billed at Newmarket-Tay's full cost.**
  - i) **Has Newmarket-Tay done a fully allocated costing study to determine the full cost billed to its affiliates? If yes, please provide the costing study.**
  - ii) **Does the full cost billed for this service include a return on capital for assets used in the provision of the service such as tools, vehicles, billing systems, etc. as well as recovery of the associated depreciation expenses?**
  - iii) **Does the full cost billed for this service include an allocation of overhead costs such as executive and management time, as well as a time allocation for billing purposes?**
  - iv) **Does the full cost billed for this service include a fully allocated proportion of wages and benefits for all individuals involved in delivering, managing and billing for service?**

**Interrogatory # 37**

**Ref: Exhibit 4, Tab 6, Schedule 2**

**The Cushman & Wakefield LePage letter refers to surplus land of approximately 1.5 acres that would have a rental value of between \$30,000 and \$36,000 per annum.**

- a) **Is Newmarket-Tay using this surplus land? If yes, please explain what it is being used for.**
- b) **If the land is not being used, has Newmarket-Tay requested a change in its rental agreement with its shareholder so that no rent is payable on land that is not used? If not, why not?**
- c) **If the land is not being used, has Newmarket-Tay investigated the opportunity to rent the unused land to another party? If not, why not?**

**Interrogatory # 38**

**Ref: Exhibit 4, Tab 8, Schedule 1**

- a) **What is the total cost included in the revenue requirement for 2010 associated with meals & entertainment?**
- b) **What were the actual meals and entertainment expenses recorded in 2008 and 2009?**

- c) Please explain the doubling of the non-deductible portion of meals and entertainment expenses from \$15,000 in 2008 to \$30,000 in 2010.

**Interrogatory # 39**

**Ref: Exhibit 4, Tab 8, Schedules 1 & 3 & Exhibit 2, Tab 3, Schedule 1, Table 1**

- a) Sheet P1 in Exhibit 4, tab 8, Schedule 3 shows capital additions of \$5,901,544 in 2009 while Table 1 of Exhibit 2, Tab 3, Schedule 1 shows gross fixed capital additions for 2009 of \$5,920,779. Please reconcile and explain the difference.
- b) The 2008 CCA schedule included in the attachment to Exhibit 4, Tab 8, Schedule 1 shows the cost of additions in 2008 of \$6,483,274, while Table 1 of Exhibit 2, Tab 3, Schedules 1 shows gross fixed capital additions for 2008 of \$7,017,535. Please reconcile and explain the difference.
- c) Please provide the calculation of the taxable capital for 2010 from sheet E3 referred to on Sheet P7.

**Interrogatory # 40**

**Ref: Exhibit 4, Tab 8, Schedule 3, Sheet Y1**

- a) Please confirm that the small business tax rate declined from 5.5% to 4.5% effective July 1, 2010 on the first \$500,000 of taxable income and the 4.25% surtax on taxable income over \$500,000 was eliminated, also effective July 1, 2010.
- b) Please confirm that the 2010 provincial tax savings resulting from the above change is \$18,750, the difference between the following calculations on the first \$1,500,000 of taxable income:

*	13% x \$1,500,000	= \$195,000 and
*	5% x \$500,000	= \$25,000
	13% x \$1,000,000	= \$130,000
	2.125% x \$1,000,000	= <u>\$21,250</u>
	Total	= \$176,250

If these calculations cannot be confirmed, please provide the calculations that show the reduction in the provincial income tax and provide the rationale for the rates and numbers used.

- c) Please confirm that the provincial corporate income tax rate fell from 14.0% to 12.0% effective July 1, 2010 and that the weighted average provincial tax rate for 2010 is 12.99%.
- d) Please explain how the provincial income tax rate of 12.07% for 2010 was calculated.
- e) Please confirm that the correct federal income tax rate for 2010 is 18.0%.

#### Interrogatory # 41

Ref: Exhibit 4, Tab 8, Schedules 1 & 3

- a) Has Newmarket-Tay claimed any apprenticeship training tax credits (ATTC), federal Apprenticeship Job Creation tax credits, or the Co-operative Education tax credit in 2007, 2008 or 2009? If yes, please provide the number of eligible positions and the tax credits claimed. If not, please explain why, including whether or not any positions qualified for the tax credits.
- b) For each of the three tax credits noted in (a) above, please provide the number of positions that qualify for the tax credit in 2010.
- c) Has Newmarket-Tay included any of these tax credits in the calculation of PILs for 2010? If not, please provide the following based on the response to (b) above:
  - i) Please calculate the impact on taxes and on the revenue requirement of including the Apprenticeship Training Tax Credit as calculated as a maximum of 35% of qualifying wages to a maximum of \$10,000 per position over an eligibility period of 48 months.
  - ii) Please calculate the impact on taxes and on the revenue requirement of including the federal Apprenticeship Job Creation tax credit of \$2,000 per eligible position.
  - iii) Please calculate the impact on taxes and on the revenue requirement of including the Co-operative Education Tax Credit as calculated as a maximum of 25% of qualifying wages to a maximum of \$3,000 per eligible employee.

**Interrogatory # 42**

**Ref: Exhibit 5, Tab 1, Schedule 2**

- a) **Please provide a copy of the Newmarket Hydro Holdings Inc. debt instrument.**
- b) **The actual amount of long-term debt held by Newmarket-Tay is approximately \$25.6 million whereas the deemed long-term debt is almost \$36 million. Does Newmarket-Tay expect to obtain any additional long-term debt over the remainder of 2010?**
- c) **Please confirm that Newmarket-Tay has not obtained any additional long-term debt to date in 2010. If this cannot be confirmed, please provide details of this additional debt.**

**Interrogatory # 43**

**Ref: Exhibit 7, Tab 2, Schedules 2 & 3**

- a) **At line 10 of Schedule 2, a reference is made to "the following table" that shows the revenue to cost before and after changes were made. Please indicate where in the evidence this table is found.**
- b) **Schedule 3 refers to Numbers 1 through 5 and refers to the impact comparison table (line 7 of page 1) "shown above". Please indicate where in the evidence this comparison table is found.**

**Interrogatory # 44**

**Ref: Exhibit 7, Tab 2, Schedule 1**

**What is the impact on the total expenses of \$238,794 shown for the street lighting class if the proposed change in methodology used to allocate costs for the street lighting class are not approved?**

**Interrogatory # 45**

**Ref: Exhibit 8, Tab 7, Schedule 1**

**Newmarket-Tay is proposing common loss adjustment factors for Newmarket and Tay as part of its rate harmonization proposal.**

- a) **Please comment on whether or not, in the view of Newmarket-Tay, it is necessary to have common loss factors even through the losses in Tay are significantly higher than those in Newmarket.**
- b) **Could the Board approve harmonized rates but also approve different loss factors in the two service areas?**
- c) **Would this create any billing problems for Newmarket-Tay?**