



***PUBLIC INTEREST ADVOCACY CENTRE***  
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October 8, 2010

**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)**

Please find enclosed the interrogatories of VECC in the above noted proceeding.

Yours truly,

Michael Buonaguro  
Counsel for VECC  
Encl.

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

**NEWMARKET TAY POWER (Newmarket/Tay)**

**2010 RATE APPLICATION (EB-2009-0269)**

**VECC INTERROGATORIES – ROUND #1**

**LOAD FORECASTING**

**QUESTION #1**

**Reference:** Exhibit 3/Tab 1/Schedule 1, page 1

- a) Please provide a schedule that breaks down the 2010 Test Year Revenue by Customer Class (at 2009 rates) as between the Newmarket and Tay service areas.

**QUESTION #2**

**Reference:** Exhibit 3/Tab 1/Schedule 2, pages 3 and 4

**Preamble:** The Application states that the load forecast prepared by Elenchus was further adjusted for the expected future achievement of CDM results in either of its service areas.

- a) Please provide a listing of the CDM programs administered by the OPA for 2010 and, in each case, indicate whether or not Newmarket/Tay is participating in the program and when the participation started.
- b) Please provide a schedule that sets out by customer class, the load forecast as prepared by Elenchus; the proposed CDM adjustment and the resulting load forecast proposed for the test year.
- c) Please fully document the basis for the CDM adjustments include in the response to part (b).
- d) Since the load forecast model developed by Elenchus uses actual data up to December 2009, how did Newmarket-Tay account for the CDM trends that will be captured by Elenchus' model when determining the CDM adjustment for 2010?
- e) On page 4, the Application states that Newmarket-Tay has adopted the load forecast produced by the econometric model prepared by Elenchus. This appears to contradict the statements made on page 3 (lines3-5). Please reconcile.

### **QUESTION #3**

**Reference:** Exhibit 3/Tab 1/Schedule 2, Attachment 1

- a) At the top of page 3, the Report states that “NTPDL also requires that separate accounting for the Newmarket service territory of NTPDL be available”. Please explain why.
- b) With respect to page 3, what is the difference between customers who “cease operations” versus customers that “have closed completely”?
- c) With respect to page 9, please explain how the “Weather Normal” values in Table 5 were determined.
- d) Please provide a schedule that for 2009 sets out
  - i) The weather normal wholesale purchases as calculated by Elenchus for each of the Newmarket and Tay service areas
  - ii) The actual wholesale purchases for each of the two service areas
  - iii) The actual HDD and CDD values for the year for each service area
  - iv) A weather normal adjustment for each service area based the equation coefficients from Table 1 and the difference between the actual HDD/CDD values and those used to define “weather normal” (per Table 3)
  - v) The weather adjusted actual use calculated as (ii) + (iv)
- e) With respect to page 11 (Table 5), please explain how the weather normal values for each customer class were determined. If the actual customer shares were applied to the weather normal total purchases, please confirm that this assumes all customer classes are equally weather sensitive and explain why this is a reasonable assumption.
- f) With respect to pages 10-12, do the GS>50 kWh shown in Table 6 include or exclude the 4 large customers that were excluded from the regression analysis.
- g) Please provide a schedule that sets out the total annual actual sales to these four customers for the period 2005 – 2009 and the forecast value assumed for 2010.
- h) With respect to pages 12-13, please explain more fully how the forecast 2010 “average annual customer connections” for each customer class was determined.
- i) With respect to Street Lights, please confirm whether the average number of connections (8574) forecast for 2010 is based on the number of fixtures? If not, please indicate the number of Street Light fixtures in 2009 and forecast for 2010.

- j) Is there any link between the forecast kWh for 2010 by customer class and the forecast number of customers/connections by class or are the two forecasts done independently of each other?
- k) Please provide the 2009 year end customer/connection count for each class and the current customer/connection count as of September 30, 2010.

#### **QUESTION #4**

**Reference:** Exhibit 3/Tab 1/Schedule 3

- a) Please confirm that the values shown in the Table on page 1 are in dollars.
- b) Based on 2009 actual sales, what portion of each customer's kWh are supplied through the RPP?
- c) Please provide a table that for 2010 sets out:
- RPP sales by class for 2010 (using the forecast 2010 sales and the percentages from part (b))
  - The total retail sales that are RPP vs. non-RPP
  - The commodity cost of power where i) the RPP price is applied to RPP sales and ii) the HOEP plus the forecast Global Adjustment is applied to non-RPP sales
- d) Please provide the basis for the rate change factor and the kWh change factor used in the derivation of the 2010 Transmission Network and Connection costs (per page 4).

#### **QUESTION #5**

**Reference:** Exhibit 3/Tab 2/Schedule 3

- a) With respect to page 10, do the averages shown here include or exclude the four large customers that were excluded from the regression analysis?
- b) If it includes these four customers. please provide a chart that sets out the average use for GS>50 class for the period 2006-2010, excluding these four customers.

#### **QUESTION #6**

**Reference:** Exhibit 3/Tab 3/Schedule 3

- a) On page 3 (last paragraph), the Applicant explained that it discounted by 25% the quantities for certain categories of Specific Service Charges. Part of the rationale is that “residential customers are currently paying less than half the proposed amounts”. Please explain this point more fully.
- b) Also, how long have the statements involved with each of these three charges been available on-line?
- c) With respect to page 5, under what circumstances would Newmarket-Tay seek a credit agency report?

## COST ALLOCATION

### QUESTION #7

**Reference:** Exhibit 7/Tab 1/Schedule 1, page 2  
Board Report RP-2005-0317 Cost Allocation Review

**Preamble:** The Application states that the 2006 CAR-IF methodology assumes that each street light connection point is the equivalent of a single residential customer.

- a) On pages 67-68 of the Board’s Cost Allocation Review Report, provision is made for distributors to assume there a number of street lighting fixtures per connection. When Newmarket-Tay uses the term “connection” in reference to Street Lights is it assuming the number of connections equals the number of fixtures? If not, what is the adjustment factor?
- b) Is Newmarket Tay’s 25% cost factor equivalent to assuming there are four fixtures per connection? Please fully explain the basis for the response.

### QUESTION #8

**Reference:** Exhibit 7/Tab 1/Schedule 2

- a) With respect to page 4, please explain why the number of connections reported in CA Run #4 (w/o SL adjustment) - Sheet I6 for Street Lights (8252) and Sentinel Lights (80) differ from those set out in Exhibit 3/Tab 1/Schedule 2, Attachment 1, page 13.
- b) With respect to page 5 and Sheet I7.2, please explain how the units applicable to meter reads were established for each class. In the case of Residential the number of meter read units is roughly 12 x the number of meters (per Sheet I7.1). However, in the case of GS<50 the units of meter reading are only 4.6x the number of meters.

- c) With respect to page 5, please confirm that the demand data from the 2007 filing was “scaled” to match the changes in kWh by class between the 2007 CA filing and 2010.

### **QUESTION #9**

**Reference:** Exhibit 7/Tab 2/Schedule 1

- a) Please provide a schedule that sets out the calculation of the Distribution Revenue by Customer Class as shown on page 1. If it is based on revenues at current (2009) rates, please set out the derivation of revenues at current rates by class as used in the calculation.

### **QUESTION #10**

**Reference:** Exhibit 7/Tab 2/Schedule 3  
Exhibit 7/Tab 3/Schedule 1

- a) Please confirm that the only difference between Run #4 and Run #5 was that for Run #5 the number of Street Light Connections in Sheet I6 was reduced by a factor of four (i.e., from 8252 to 2058). If this is not the case, please indicate precisely what other changes were made.

## **RATE DESIGN**

### **QUESTION #11**

**Reference:** Exhibit 8/Tab 3/Schedule 2

- a) Please confirm that the rates used determine revenues at currently approved rates:
- Exclude the smart meter rate adder
  - Exclude LV rate adders

If this is not the case, please re-do the Tables with these adjustments.

- b) The discussion regarding the NTD Distribution Revenue at Weighted Average Rates (page 2) suggests that the following table would be based on the weighted average (2009) rates calculated for each class. However, the table is the same as that set out on page 1. Please re-do, using the weighted average fixed and variable rates for each class.

## **QUESTION #12**

**Reference:** Exhibit 8/Tab 4/Schedule 1

- a) Please show the resulting fixed and variable rates by class assuming the shortfall was made up by increasing both the fixed and variable charges by the same percentage while maintaining the same percentage of total distribution revenue by rate class.
- b) Please re-do the part (a) results for Residential and Street Lights, assuming \$28,500 in revenue requirement responsibility is shifted from Street Lights to Residential.

## **QUESTION #13**

**Reference:** Exhibit 8/Tab 4/Schedule 2

- a) What is the foregone revenue for 2010 based on the requested \$0.70/kW transformer credit?
- b) Where in the design of the proposed rates is this foregone revenue accounted for?

## **QUESTION #14**

**Reference:** Exhibit 8/Tab 5/Schedule 1

- a) Please provide a schedule that sets out the 2009 Transmission Network billing quantities for Newmarket-Tay (both from the IESO and HON) and calculates the bill assuming these quantities are billed at the approved 2010 Transmission Network rates.
- b) Please provide a schedule that sets out the 2009 Transmission Connection billing quantities for Newmarket-Tay (both from the IESO and HON) and calculates the bill assuming these quantities are billed at the approved 2010 Connection rates.

## **QUESTION #15**

**Reference:** Exhibit 8/Tab 6/Schedule 1

- a) Please provide a schedule that sets out the 2009 LV billing quantities for Newmarket-Tay (from HON) and calculates the bill assuming these quantities are billed at HON's approved 2010 LV rates.

## **QUESTION #16**

**Reference:** Exhibit 8/Tab 9/Schedule 3  
Exhibit 8/Tab 4/Schedule 4, page 1

- a) Please provide a schedule that sets out the number of Residential customers in the Newmarket service area that (for 2009) used less than 250 kWh per month.
- b) Given the materially higher bill impacts for lower volume Residential customers, why didn't Newmarket-Tay propose a rate design for this class than involved a fixed charge of less than \$17.00 per month, particularly when the \$17.00 is virtually at the upper end of the range set by the Board's Guidelines?



**LRAM**  
**QUESTION #17**

**Reference:** Exhibit 9/Tab 2/Schedule 2, Page 1 of 4

a) Confirm/correct/complete the following details of measures, Input Assumptions and Kwh savings based on Exhibit 9 Tab 2 Schedule 2 Pages 1 – 4 in the format below for Residential Mass Market measures and Social Housing measures. Include any missing measures/programs related to CFLs, PTs and Seasonal Lights:

Program	Efficient Measure	Participants /units As filed	As Filed unit kw savings assumption kwh	Free Ridership	Net Kwh Per as Filed LRAM Claim	OPA 2007 EKC Calc or OPA Measures List kwh	Free Ridership	Adjusted Net kwh Per OPA Measures List
<b>2006</b>								
<b>Residential</b>								
<b>EKC Spring</b>	E Star CFI 15w		104	10%		n/a	n/a	n/a
	PTs		216	10%		n/a	n/a	n/a
<b>EKC Fall</b>	E Star CFI 15w		104	10%		n/a	n/a	n/a
	PTs		216	10%		n/a	n/a	n/a
<b>EKC Fall</b>	SLED Xmas ights		45	5%		n/a	n/a	n/a
<b>OTHER</b>	CFLs							
<b>TOTAL 2006 kwh</b>								
<b>2007</b>								
<b>Residential</b>								
<b>EKC 2007</b>	E Star CFL15w		43	30%		43	30%	
	E Star CFL 20w+		62	22%		43	30%	
	Porch light CFL		43	24%		43	24%	
<b>Cool Savings</b>	PTs		55	54%		55	64%	
<b>OTHER</b>	e.g.CFLs							
<b>Social Housing</b>								
	7/9W CFL		34					
	13/14W CFL		50			43		
	23W CFL		84					
	40W CFL		120					
<b>Other</b>	e.g. CFL							
<b>Total 2007 kwh</b>								
<b>2008</b>								
<b>Residential</b>								
<b>EKC 2008</b>	E Star CFI 15w		43	30%		43	30%	
<b>OPA Cool Savings Rebate</b>	PTs		54	54%		54	64%	
<b>2008 Summer Sweepstakes</b>	E Star CFI 15w		43	30%		43	30%	
<b>OTHER</b>	e.g. CFLs							
<b>TOTAL 2008 kwh</b>								
<b>TOTAL 2006=2008 CUMULATIVE KWH SAVINGS</b>								
<b>TOTAL 2006=2009 CUMULATIVE KWH SAVINGS</b>								

- b) Reconcile the annual and cumulative residential and overall Totals to those in the OPA Tables and to Exhibit 9 Tab 2 Schedule 3 (Weighted average Rate Calculation)
- c) Explain why an LRAM is claimed for 2009 savings (carry-forward 2006-2008) when the 2009 Load forecast includes these savings and ratepayers are covering this loss of load in rates in 2009 and 2010
- d) Provide a Version of the Table in Exhibit 9 Tab 2 Schedule 3 that includes only savings for 2006-2008 only

### **QUESTION #18**

**References:** Exhibit 9/Tab 2/Schedule 1  
Exhibit 9/Tab 2/Schedule 4, page 2  
Exhibit 9/Tab 2/Schedule 5, page 1  
Exhibit 9/Tab 3/Schedule 5, page 2

- a) Please confirm that in accordance with the EB-2007-0776 Settlement Agreement, 2008 rates were set using actual loads and that these rates were the basis for setting 2009 rates under IRM.
- b) If part (a) is affirmed, please explain why the LRAM for 2009 includes any CDM savings other than those that would be incremental what is reflected in the actual 2008 loads?
- c) Provide a version of the LRAM Calculation exhibit that includes the savings for 2006-2008 but 2009 excludes the actual savings up to the end of 2008.
- d) Provide a Version of the Bill Impact exhibit resulting from savings as outlined in part c).
- e) Provide a version of the exhibit at Exhibit 9/Tab 3/Schedule 5, page 2 that shows CDM savings as described in part c).
- f) Please confirm that if the load forecast used to set the rates for 2006 (and by implication also 2007 and 2008) had included the anticipated CDM savings for those years, then the lower overall sales levels would have resulted in increased rates for all customer classes.

## SMART METER COST RECOVERY

### QUESTION #19

**References:** OEB Guideline G-2008-0002:

OEB Filing Requirements for Smart Meter Investment Plans, October 26, 2006

- a) Confirm that Guideline G-2008-0002 has not superseded the Filing Requirements for Smart Meter Investment Plans, October 26, 2006
- b) Confirm that paragraph 7 of the Filing Requirements specifies that
  7. Specifically, and in as much detail as possible, please provide the following information for your planned implementation of the SMIP:
    - the number of meters installed by class and by year, both in absolute terms and as a percentage of the class;
    - the capital expenditures and amortization by class and by year;
    - the operating expenses by class and by year;
    - the effect of the SMIP on the level of the allowance for PILs.
- c) Has NTP kept records by class as required and are accounts 1556 and 1555 segregated by rate class? Please elaborate.

### QUESTION #20

**Reference:** Exhibit 9/Tab 3/Schedule 2, pages 2-9

**Preamble:** This request is to provide a breakdown of Residential and Commercial meter installations in 2006, 2007, 2008, 2010 (to March 31 2010)

- a) Provide by year Support/details of the 2006-2010 (to March 31 2010) *Residential Class SM Unit costs* (procurement and installation separately).
- b) Provide by year support/details of the 2006-2010 (to March 31 2010) *Residential Class SM AMI, communications and back office costs* (procurement and installation).
- c) Provide by year support/details of the 2006-2010 (to March 31 2010) *Commercial Class SM Unit costs* (procurement and installation separately).
- d) Provide by year support/details of the 2006-2010 actual (to March 31 2010) *Commercial Class SM AMI, communications and back office costs* (procurement and installation).

- e) Provide a schedule that gives a breakdown of the 2006 – 2010 (to March 31 2010) Capital Costs between the Residential and GS<50kw classes. Reconcile to Tables in pre-filed evidence.
- f) Provide a breakdown of the O&M costs for meters installed in 2006 – 2010 (to March 31 2010) between the Residential, GS<50kw classes. Reconcile to Tables in pre-filed evidence.
- g) Were/are any SM installed in other classes? If so provide details of costs, if any, to be recovered.
- h) Provide the details of the balances and the amounts to be disposed of in Accounts 1555 and 1556 **by class**. Include the carrying cost calculation(s).

#### **QUESTION #21**

**Reference:** Exhibit 9 Tab 3 Schedule 2

- a) Provide a rate adder cash flow projection for NTP showing SM rate adder revenue and SM expenditures by Class per Month for the 2006-2010 Actuals (to March 31 2010)
- b) Compare the forecast surplus/deficit for each class to the proposed aggregate (residential and GS<50 kw) rate adder per customer per month

#### **QUESTION # 22**

**Reference:** Exhibit 9 Tab 3 Schedule 4 Pages 1 and 3

- a) Provide a Copy of OEB Worksheets that calculate the net fixed assets, revenue requirement and rate adder revenue to generate the SM Actual cost recovery rate rider by rate class (Residential, GS<50kw) Compare with the Allocation at Exhibit 9/Tab 3/Schedule 4, page 3

## OPERATING COSTS

### **QUESTION #23**

**Reference:** Exhibit 1 Tab 1 Schedule 3 Pages 13 -14

- a) The evidence states that “The main reason for the OM&A increase in 2009 is that the Applicant reassigned its line men from capital projects back to preventive maintenance programs. “ Please provide the number of FTEs involved in this reassignment and the impact of such a transfer on utility costs and revenue requirement in 2009.
- b) Please provide the percentage increase in the utility’s insurance costs in 2010 along with the overall market increase in insurance costs in 2010.
- c) Please indicate any changes in insurance coverage in 2010 as compared to 2009.

### **QUESTION #24**

**Reference:** Exhibit 4 Tab 1 Schedule 1 Pages 1-2, Note 2 and Note 6

- a) Please provide separate OM&A Trend Tables similar to that shown on page 1, for Tay and for Newmarket.
- b) Please provide the number of FTEs in each year, 2006-2010 for Tay and for Newmarket.
- c) Please provide the details of any wage and benefit increases pursuant to a collective agreement for 2009 and 2010.
- d) Please provide a copy of any collective agreement(s) currently in effect.

### **QUESTION #25**

**Reference:** Exhibit 4 Tab 1 Schedule 1 Page 4, lines 2-3 and lines 18-19

- a) Please provide a detailed breakdown of the drivers of the 40% increase in O&M costs from 2008 to 2010.

- b) Please provide the utility's view as to why an annual increase of 5% from 2003 through 2009 is acceptable.
- c) Please provide the actual 2003 costs supporting the contention that there has been a 5% annual increase in costs since 2003.

**QUESTION #26**

**Reference:** Exhibit 4 Tab 1 Schedule 1 Page 3 Table

- a) Please augment this table to include the years 2006 and 2007.

**QUESTION #27**

**Reference:** Exhibit 4 Tab 2 Schedule 1 Page 1 Table and Page 2 Table

- a) Please augment the referenced tables to include the years 2006 and 2007.

**QUESTION #28**

**Reference:** Exhibit 4 Tab 4 Schedule 1 Pages 2-3 Table

- a) Please augment the referenced table to include the years 2006 and 2007.

**QUESTION #29**

**Reference:** General

- a) Please provide the operating budgets as approved by the Board of Directors for each year 2006-2010 inclusive.

**CORPORATE STRUCTURE**

**QUESTION #30**

**Reference:** Exhibit 1 Tab 2 Schedule 3 Attachment

- a) The attached chart shows seven numbered companies 100% owned by NHHI. Please specify the nature of these seven businesses.

## RATE BASE AND CAPITAL SPENDING

### QUESTION #31

**Reference:** Exhibit 2 Tab 3 Schedule 1

- a) Please provide the year-to-date capital spending in 2010.
- b) Please provide the amount of grants and contributions received to date in 2010.

### QUESTION #32

**Reference:** Exhibit 2 Tab 4 Schedule 3

- a) Please provide the capital budgets as approved by the Board of Directors for each year 2006-2010 inclusive.

### QUESTION #33

**Reference:** Exhibit 2 Tab 4 Schedule 6 Page 1, lines 9-11

- a) Please specify how the utility determines that “the frequency of service disruptions have reached an unacceptable or uneconomic level,” i.e., what metrics are used to determine when an asset need replacement, refurbishment, etc.?

### QUESTION #34

**Reference:** Exhibit 2 Tab 3 Schedule 1, Page 1 Table 1, and Page 4, Table 4

- a) Please reconcile the capital additions shown in Table 4 with the additions shown in Table 1 for each year.

## SQIs

### QUESTION #35

**Reference:** Exhibit 2 Tab 6 Schedule 1, Attachment containing SQI Results

- a) The SAIDI, SAIFI, and CAIDI results that were submitted in January 2009 appear to be significantly worse than those submitted in January 2008 and in 2010. Please discuss.
- b) Is it the utility's understanding that the SQI targets are to be met on a monthly basis or on an annual basis.
- c) For each month in which actual performance falls below target, please provide a brief explanation.