IR Responses

INTERROGATORIES FOR NEWMARKET-TAY POWER

EB-2009-0269

FROM THE CONSUMERS COUNCIL OF CANADA

GENERAL

1. Newmarket-Tay (N-T) is applying for 2010 rates in the middle of the 2010 rate year. Are the forecasts all based on forecast amounts or is there some element of actual data included in the forecast? To what extent is N-T prepared to update its filing to include actual data where available?

Response

2009 data as presented is actual, and 2010 is forecasted. The Applicant through its responses to interrogatories will be presenting July 2010 data.

2. Please explain what N-T's intention is with respect to 2011 rates. Will there be another cost of service application for 2011 rates or is N-T moving in 2011 to 3rd Generation IRM? Please explain.

Response

At this time the Applicant is not expecting to file another cost of service application until 2014. The Applicant intends on participating in the IRMs for 2011, 2012 and 2013.

4. (Ex. 2/T4/S4/Leadbeater Municipal Station) The evidence indicates that the refurbishment of the Leadbeater MS was deferred to 2010 because of delays in procuring equipment. Please provide an updated status on the project.

Response

The project was in-service in September of 2010.

5. (Ex. 2/T4/S3/Customer Additions) Please provide an updated customer addition forecast for 2010.

Response

Newmarket-Tay		
Class	***Jan-Jul***	***Jan-Jul***

	31/09	31/10
Residential	390	222
GS <50	11	-17
GS>50	4	6

12. Ex. 2/T4/S5) Has N-T undertaken a forecast of capital expenditures for 2011? If so, please provide that forecast.

Response:

The Applicant is presently in the process of forecasting its 2011 capital expenditures. The 2011 forecast has not been completed at this time.

13. (Ex. 2/T5/S1) Has N-T undertaken any analysis to determine whether the methodology set out in the 2006 EDR Handbook for determining Working Capital Allowance (15% of the sum of the costs of power an controllable distribution expenses) remains appropriate for N-T. If so, please provide.

Response

The Applicant has not undertaken such analysis. The Applicant has relied on the Board's methodology for determining working capital allowance.

14. Ex. 3/T3/S2/p. 2) Please explain in detail how N-T developed its projected late payment charge forecast for 2010 of $194,504.

Response

The amount of $194,504 was derived from the 2008 actual amount earned of $181,345, with an increase for customer growth of 3.8% for 2009 and 2010 and a additional increase of approximately of 3.5 percent to accommodate the increasing arrears due to the recession.

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15. (Ex. 4/T1/S1) OM&A Trend Table - Please provide Board approved numbers where applicable.

Response

The Applicant has Board approved numbers for Newmarket operations for 2008, and Tay for 2006. These numbers have been included in the OM&A Trend Table, however the Applicant has presented the information on a consolidated basis.

17. (Ex 4/T1/S2/p. 3) Please indicate whether the new engineering position has been filled.

Response

The position was filled on October 12, 2010.

19. (Ex. 4/T1/S2/p. 23) Why did N-T engage Navigant to do the TOU study? What are the implications of the study for N-T? Why didn't N-T collaborate with other LDCs when engaging Navigant?

Response

Please see the response to Board Staff interrogatory Issue 4h), question 23 (d)

2020. Ex. 4/T1/S2/p. 25) The evidence assumes a wage increase of 3%. What is the increase embedded in any collective bargaining agreements? What has been the actual wage increase in each of the last 5 years?

Response

Increases embedded in agreements:

2010 - 2013 3% per year

Actual increases in the past five years were:

Newmarket service area:

2005 3%

2006 3%

2007 3.25%

2008 3%

2009 3%

Tay service area

2005 1.9%

2006 3.2%

2007 3.25%

2008 3%

2009 3%

21. Ex. 4/T2/S5) The evidence indicates that N-T has not included any amount for CDM as those programs are being funded by the OPA. Is the Applicant planning any changes to its filing in response to the new CDM Code recently issued by the Board. Will there be employees whose costs are included in the revenue requirement involved in the design and/or delivery of OPA-funded CDM?

Response:

The Applicant is not planning to make changes to this application due to the new CDM Code. As the four-year CDM program evolves as contemplated by the CDM Code, the Applicant may, in the future, seek to include employee and other costs associated with the design and delivery of CDM in its revenue requirement.

25. (Ex. 5/T1/S1) Did N-T's senior management seek explicit approval from its Board of Directors to ask for the OEB's new ROE? If so, please provide all materials provided to the Board of Directors in support of that approval.

Response:

In approving the approach for the application, the Board of Directors approved the request to seek the OEB's new ROE. An excerpt from a PowerPoint presentation used for this purpose is attached. [Attachment 1]

INTERROGATORIES FOR NEWMARKET-TAY POWER

EB-2009-0269

FROM THE ONTARIO ENERGY BOARD STAFF

Issue 3 a.) Is the load forecast, including methodology and weather normalization, appropriate?

9.) Ref: Exhibit 3Tab 1 Schedule 2 Elenchus Report

Board staff is concerned about the model's design and performance as illustrated in the plots on page 6 of the Elenchus Report.

a) Please confirm that the entire residential load is considered temperature sensitive. If it is not, please explain the separation of non-weather sensitive and temperature sensitive loads.

Response
Residential load is considered temperature sensitive. However, the entire residential load is obviously not driven solely by temperature. The regression equations used to predict weather sensitive load and described on page 5 of

the Elenchus Report, contain several factors in addition to degree days, including number of peak days or number of days in the month, full-time employment, and a constant term. The total monthly load sensitivity to heating or cooling is described by the regression coefficient for heating degree days or cooling degree days. Obviously, if there is no heating or cooling, the regression equation would forecast the monthly load in the absence of any temperature effects.

b) Please confirm that the entire GS < 50 kW load is considered temperature sensitive. If it is not, please explain the separation of non-weather sensitive and temperature sensitive loads.

Response
Please see response to 9 (a).

c) Please explain the method used to separate the non-weather sensitive portion of the GS 50 – 4,999 kW class.

Response
Please see response to 9 (a).

d) The Elenchus Report states that Reiningers' volumes are less than historical and were removed for modelling purposes. Please explain whether or not any load for Reiningers was included in the 2010 volumetric forecast.

Response
Yes, as explained on page 10 of the Elenchus Report, 4 large GS>50 kW class customers' consumption was removed for the purpose of WSL analysis, but the 4 customers' consumption was added back to the class total. For the forecast, Reiningers' kWh consumption in 2010 is assumed to be identical to the 2009 actual consumption.

e) Please confirm that the weather sensitive loads for all the classes were combined as if they were one class for the purposes of modelling the weather sensitive forecast.

Response
Confirmed.

f) What percentage of Newmarket – Tay's residential and GS<50 kWh customers in the Newmarket service territory use natural gas for heating?

Response

Newmarket – Tay does not have any specific information on the number of customers that use natural gas for space heating in the Newmarket service territory.

g) What percentage of Newmarket – Tay's residential and GS<50 kWh customers in the Tay service territory use natural gas for heating?

Response
Newmarket – Tay does not have any specific information on the number of customers that use natural gas for space heating in the Tay service territory.

h) Was there any attempt to separate the natural gas heated residences and GS<50 kWh customers?

Response
No.

i) Was there any attempt to consider hours of day-time light as a determinant in the model?

Response
No.

j) Toronto has several weather stations, which station was used for degree days?

Response
Toronto Pearson International Airport is the weather station used, as indicated on page 4 of the Elenchus report.

k) Toronto's weather is largely influenced by Lake Ontario. Was a weather station closer to Newmarket modelled and rejected? If so why was it rejected?

Response
No. It is possible that Environment Canada may have a weather observation station closer to Newmarket than Toronto Pearson. However, many stations have missing data, partial observations, or limited historical data. Toronto Pearson Airport has comprehensive weather observations and is geographically close to Newmarket. Observations from Toronto Pearson also provide an appropriate indicator of temperature for all of the south-central Ontario region.

l) Tay's weather is largely influenced by Georgian Bay. Were weather stations closer to Newmarket territory and the Tay territory modelled and rejected? If so why was it rejected?

Response
Please see response to 9 (k).

m) Were heating degree days and cooling degree days based on a temperature other than 18 ^{o}C tested as a model determinant? If so, why was it rejected?

Response
No. Degree Days based on 18 ^{o}C is the definition used by Environment Canada and is also used in other jurisdictions such as the USA. Also, it is the experience of the Elenchus consultant who prepared the load forecast that alternative degree day definitions do not substantially affect results. For example, see EB-2009-0132, response to Board Staff Interrogatory 9 (c), (d), (e), December 9, 2009; and, EB-2009-0186, response to Board Staff Interrogatory 9 (f), (g), (h), January 6, 2010.

n) Was full time employment ("FTE") or the percentage change in FTE used as the determinant? Please provide a table of the input data.

Response
Actual full-time employment levels for Toronto and Ontario were used. The data are provided in the table below:

Date	*Full-Time Employment Ontario ('000s)*	*Full-Time Employment Toronto ('000s)*
Jan-02	*4764.5*	
Feb-02	*4733.3*	
Mar-02	*4728.5*	
Apr-02	*4766.7*	
May-02	*4844.3*	
Jun-02	*4925.4*	
Jul-02	*5038.7*	
Aug-02	*5125*	
Sep-02	*5114.2*	
Oct-02	*5049.3*	
Nov-02	*4964.8*	
Dec-02	*4953.4*	

Date	Full-Time Employment Ontario ('000s)	Full-Time Employment Toronto ('000s)
Jan-03	4929.6	
Feb-03	4911.6	
Mar-03	4911.1	
Apr-03	4940.2	
May-03	4995.5	
Jun-03	5068.9	
Jul-03	5158.7	
Aug-03	5227	
Sep-03	5196.7	
Oct-03	5147.7	
Nov-03	5078.7	
Dec-03	5076.7	
Jan-04	5048.8	
Feb-04	5035.5	
Mar-04	5022.8	
Apr-04	5053.9	2262.1
May-04	5113.7	2278.5
Jun-04	5218.7	2316.4
Jul-04	5307.2	2336.5
Aug-04	5366.9	2360.2
Sep-04	5319.8	2331
Oct-04	5244	2291.2
Nov-04	5156.2	2256.7
Dec-04	5125.6	2235.8
Jan-05	5071.8	2216.5
Feb-05	5043.8	2198.6
Mar-05	5012.8	2201
Apr-05	5065.6	2234.8

Date	Full-Time Employment Ontario ('000s)	Full-Time Employment Toronto ('000s)
May-05	5147.2	2268
Jun-05	5264.7	2317.3
Jul-05	5369.3	2357.4
Aug-05	5443.4	2399.7
Sep-05	5425.9	2406.4
Oct-05	5370.8	2394.5
Nov-05	5287.8	2365.1
Dec-05	5267.3	2346.2
Jan-06	5219.1	2323.8
Feb-06	5181.8	2301.7
Mar-06	5153	2285.2
Apr-06	5184.7	2292.2
May-06	5290.7	2336.9
Jun-06	5401.1	2386.9
Jul-06	5511	2436.1
Aug-06	5550.7	2445.6
Sep-06	5500.2	2420.2
Oct-06	5421.1	2386.6
Nov-06	5326.2	2353.8
Dec-06	5309.4	2356.5
Jan-07	5259.7	2349.3
Feb-07	5224.7	2350.2
Mar-07	5205.9	2350.7
Apr-07	5233.8	2360.5
May-07	5315.8	2384.9
Jun-07	5426.4	2429.7
Jul-07	5548.7	2471.9
Aug-07	5615.9	2494.8

Date	Full-Time Employment Ontario ('000s)	Full-Time Employment Toronto ('000s)
Sep-07	5579	2467.3
Oct-07	5515.2	2438.4
Nov-07	5432.8	2409.2
Dec-07	5409.3	2408.7
Jan-08	5356.9	2396.8
Feb-08	5335.7	2401.2
Mar-08	5310.9	2399
Apr-08	5341.6	2418.5
May-08	5399.9	2440.1
Jun-08	5485.7	2458.2
Jul-08	5559.3	2466.5
Aug-08	5616.2	2471.5
Sep-08	5580.3	2461.1
Oct-08	5537.1	2456.7
Nov-08	5433.4	2426.8
Dec-08	5393.6	2423.1
Jan-09	5301.3	2395.7
Feb-09	5229.5	2382.9
Mar-09	5156.1	2360.9
Apr-09	5153.2	2371.6
May-09	5191.2	2375.9
Jun-09	5248.3	2375.5
Jul-09	5324.6	2391.5
Aug-09	5377.4	2408.6
Sep-09	5380.5	2419.7
Oct-09	5347	2408.6
Nov-09	5295.5	2399.9
Dec-09	5279	2413

o) Please provide a rationale for the negative intercept in the Tay model.

Response
There is no specific rationale for the negative intercept.

p) Which Theil's U factor was used, Theil's U1 or Theil's U2?

Response
The Theil's U refers to Theil's U2.

q) Please provide Newmarket – Tay's interpretation of the Theil's U factor value for each model.

Response
Theil's U can be interpreted as the ratio of the RMSE of the forecasting model to the RMSE of a naïve model which simply forecasts the next period based on the last period. The naïve model yields U = 1; U > 1 indicates a model that performs worse than the naïve model; U < 1 indicates a model that performs better than the naïve model. The closer U is to 0, the more accurate the forecasts. Results from both the Newmarket and Tay models show U is closer to 0 than to 1. This is one of several accuracy and goodness-of-fit measures considered (others being MAPE and Adjusted R-squared) that suggests we can have confidence in the accuracy of the Newmarket-Tay models.

Issue 3 b.) Are the forecasts of factors (e.g. number of customers, economic activity) appropriate?

10.) Ref: Exhibit 3 Tab 1 Schedule 2 Elenchus Report

a) Please provide a detailed description of the development of the customer connections forecast by class.

Response
The customer connection forecast for Newmarket and Tay operating areas was based on the anticipated number of service connection requests known to the LDC in the first quarter of 2010. This was validated with information from CMHC on the outlook and historical performance in the residential housing market (for Newmarket operating area only) and by recent historical growth

(for Tay). In addition to internal LDC data on developments and service connections, the following CMHC data sources were used:

- ***a. Housing Now – Greater Toronto Area – date Released January 2009 & January 2010***
  - ***i. Table 2.1: Starts by Submarket and by Dwelling Type, January to December***
  - ***ii. Table 3.1: Completions by Submarket and by Dwelling Type, January to December***
  - iii. ***Table 4: Absorbed Single-Detached Units by Price Range by Submarket.***

b) Please state the sources of any data that was relied upon to develop the forecast.

Response
Please see a) above

Issue 4 a. Are the costs, services, and arrangements under the ongoing arrangement with the Applicant's affiliates, including all related parties, appropriate?

13.) Ref: Exhibit 1 Tab 2 Schedule 3

Newmarket – Tay is related to a number of affiliates, as indicated on the organization chart in Exhibit 1 Tab 2 Schedule 3.

a) Please name and describe these affiliates.

Response:

The affiliates and their nature are:

1443393 Ontario Ltd. – Dormant company

1443394 Ontario Ltd. – Dormant company

1443396 Ontario Ltd. – Dormant company

1443397 Ontario Ltd. – Dormant company

1443398 Ontario Ltd. – Dormant company

1402318 Ontario Ltd. – Dormant company

Unipower Holdings Inc. – Dormant company

b) Please describe the nature of any business that transacts between

Newmarket – Tay and the affiliates. This would include general administration, such as but not limited to, financial services, human resources services and management consulting.

Response:

No business is transacted between the Applicant and the affiliates.

c) Please provide the service agreements between Newmarket – Tay and the affiliates.

Response:

There are none.

d) Please state the costs for providing these services and the amounts collected.

Response:

None. Please see (b) above.

e) Please state the basis for establishing the costs in d).

Response:

Not applicable. Please see (b) above

Issue 4 h.) Are the overall levels of OM&A budgets appropriate?

23.) Ref: Exhibit 4 Tab 1 Schedule 2 Pages 22 – 24

d) Please provide all regulatory authorizations or directions for undertaking the Navigant Study titled: The Effects of Time-of-Use Rates on Residential Electricity Consumption.

Response:

The Applicant has no regulatory authorizations or directions for undertaking the study. The Applicant's Newmarket and Tay service areas were priority installation areas for the Government's Smart Meter initiative and the Applicant had migrated all of its residential consumers to time-of-use (TOU) pricing by the end of 2009. The study was undertaken at the Applicant's sole initiative for two reasons:

1. ***Load Forecasting - to determine if TOU pricing results in an overall conservation effect resulting in decreased consumption.***

2. ***To help both the Applicant and broader industry stakeholders better understand the consumption behaviour and educational needs of consumers under the present TOU pricing regime in Ontario.***

Prior to completing the study, the Applicant solicited input from staff at the Ministry of Energy and Infrastructure, the Board and the Independent Electricity System Operator. When completed, the results were shared with these stakeholders as well as the office of Ontario's Environmental Commissioner and interested LDCs.

The Applicant has classed the cost of the study as a regulatory expense as it was needed for load forecasting.

The Applicant notes that the study provided valuable information that will assist in TOU education efforts going forward thereby empowering its customers to gain maximum benefit from this pricing structure and assist the industry in general as TOU pricing is introduced on a much broader scale. In this context, it could have been classed as a Smart Meter education expense.

Issue 9 a.) Is the proposal for the amounts, disposition, and continuance appropriate?

34 h) Ref: Exhibit 9 Tab 1 Schedule 2Ref: Exhibit 9 Tab 1 Schedule 2 Regulatory Assets Continuity Schedule

In addition the Board's Guidelines require the following information to be

disclosed:

> vi justification for any smart meter or AMI costs incurred to support functionality that exceeds the minimum functionality adopted in O Reg. 425/06, and

Response:

The Smart Meter and AMI system deployed by the Applicant was procured through a RFP that was directly linked to the Request for Pre-Qualification for Advanced Metering Infrastructure Procurement and Installation issued by Enersource Corporation as referenced in Ontario Regulation 427 subsection 1 paragraph 3. As such, the Applicant did not request any functionality that exceeded the minimum. Although the AMI infrastructure procured does have functionality beyond that required in O.Reg. 425/06, the Applicant prudently accepted a competitive bid in conformance with government regulation for its acquisition. Vendors bidding on the RFP did not identify any additional cost for this added functionality. Rather, it was simply included in its commercially available product.

34 i) Provide the basis on which recovery of those costs is allowed under applicable law for any costs incurred that are associated with functions for which the Smart Meter Entity has the exclusive authority to carry out pursuant to O. Reg. 393/07.

Response:

The Applicant's Newmarket and Tay service areas are explicitly identified in O.Reg. 428/06 as priority installations.

O.Reg. 393/07, Section 6 states that:

> ***"In order to enable the transition to the Smart Metering Entity performing the functions described in section 5 of this regulation, each distributor identified in Ontario Regulation 428/06 (Priority Installations) made under the Act is permitted to carry out the functions set out in section 5 of this regulation for its service area until it is receiving billing quantity data produced by the Smart Metering Entity for all of its customers with a smart meter."***

The Applicant was the first LDC to integrate its Smart Meter data and billing systems with the SME and was engaged with the IESO in testing business processes as well as systems integration, including retrieving billing quantity data and testing of VEE services. The attached letter from the IESO attests to the Applicant's assistance in this process. [Attachment 2]

It is the Applicant's understanding that, by virtue of the fact that Section 6 of O.Reg. 393/07 allows it to perform the functions of the Smart Metering Entity and in doing so, it has meaningfully contributed to the enablement of the transition of the Smart Metering Entity to fulfill its mandate, it is permitted to seek recovery of these costs.

Issue 9 c.) Is the proposed recovery of the Global Adjustment (subaccount of 1588) from RPP and non-RPP customers appropriate?

36.) Ref: Exhibit 9 Tab 1 Schedule 2 Pages 6 & 7

Many recent Board Decisions (e.g. EB-2009-0132, EB-2009-0186, and EB-2009-0405) order the Account 1588 Global Adjustment sub-account be disposed as a separate rate rider to non-RPP customers, excluding the MUSH sector.

a) If the Board were to order Newmarket Tay to provide such a rate rider, would Newmarket – Tay's billing system be capable of billing non-RPP the separate rate rider?

Response:

Yes.

b) Would Newmarket – Tay have any objections to such a rate rider, and if so, what would they be?

Response:

The Applicant has no objections.

c) Would Newmarket – Tay's billing system be able to exclude the MUSH sector from this rate rider?

Response:

Yes.

d) If Newmarket – Tay were unable to bill in this fashion what would it consider proposing as an alternative?

Response:

The Applicant has no helpful response.

INTERROGATORIES OF

ENERGY PROBE RESEARCH FOUNDATION

("ENERGY PROBE")

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.**

Response

The applicant will consider the issue once the Ontario Energy Board has approved the deferral balances. If the intervener or the OEB has any information or direction as to which rate is applicable; including any discussions with Revenue Canada, it would be helpful if they would forward the information to the Applicant.

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?

Response

Yes.

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.

Response
The application made no specific reference to an effective date. All analysis and data contained in the application is based on an effective date of April 1, 2010.

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.

Response

EB-2007-0776 concluded in a settlement conference. In the resulting Settlement Agreement, the parties to it agreed that new distribution rates would be implemented on May 1, 2009 using the Board's IRM model.

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.

Response
There are none.

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.**

Response
There are none.

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.

Response

The schedule shows actual 2009 data. The heading should read "2009 actual".

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?**

Response
The completed phases and associated costs of 2.4 million dollars have been energized by year-end 2009 The Applicant is currently finishing the final phase as mandated by the Ontario Energy Board. The final phase will be complete by year end 2010

b) **Were the assets related to the $2.3 million spent to the end of 2009 all in service before the end of 2009?**

Response

Please see response to a) above

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.**

Response:

The figures in the Schedule are 2009 normalized actual.

b) Are the 2007 through 2009 figures actual revenues or normalized actual revenues?

Response:

The figures are normalized actual revenues calculated by multiplying the approved rate by the actual statistical data.

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.

Response

a) Updated forecasts as of October 12, 2010 are provided in the table below.

Employment Forecast – Ontario

(figures in annual percentage change)

	BMO	RBC	Scotia	TD	Avg
	(Oct 8, 2010)	(Sept 2010)	(Jun 16, 2010)	(Sept ,2010)	
2010	1.7	1.9	1.2	1.9	1.7

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.

Response:

An updated Table 5 based on employment forecasts as of October 12, 2010 is provided below.

Updated Table 5 - Weather Corrected Wholesale kWh, NTPDL

			10-yr (1999-2008)	
Year	*Actual WSL kWh*	*%chg*	*Weather Normal*	*%chg*
2005	*710,325,427*		*690,344,726*	
2006	*691,832,918*	*-2.6%*	*696,897,633*	*0.9%*
2007	*707,210,539*	*2.2%*	*704,028,335*	*1.0%*
2008	*699,380,696*	*-1.1%*	*706,824,549*	*0.4%*
2009	*681,018,592*	*-2.6%*	*700,500,002*	*-0.9%*
2010F			*705,675,209*	*0.7%*

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.

Response

Weather normal figures shown in Table 5 are the sum of the weather normal figures for each relevant year shown in the first two tables in Appendix A (weather normal kWh for Newmarket and Tay, respectively). Weather normal figures for the first two tables in Appendix A are calculated by applying the weather normal heating and cooling degree days along with the actual and forecast employment and peak days or month days to the respective regression equations shown in Table 1.

b) Please explain why the forecast economic variables and calendar variables have been incorporated to provide weather corrected figures.

Response

As explained in the Introduction to the Load Forecast report on page 2, variation in electricity consumption is influenced by three main factors – weather (heating and cooling), economic, and timing. In order to separate these factors, forecast economic and calendar variables need to be incorporated.

c) Are the weather corrected figures equivalent to weather normal figures?

Response

The terms 'weather corrected' and 'weather normal' are used interchangeably in the Report.

d) How are the weather normal figures provided related to the actual figures in each individual year?

Response

Weather normal figures represent the consumption that would have been seen if the observed weather had been "normal" as defined by the weather normal definition adopted

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.

Response

The methodology used in the Load Forecast Report treats all weather sensitive load (WSL) in Newmarket and all weather sensitive load (WSL) in Tay as equally sensitive to heating and cooling. However, the weather sensitivity of Newmarket's WSL and Tay's WSL is different. As well, the non-weather sensitive classes do not vary with degree days. A portion of the GS>50 kW class in Newmarket (as described on page 3 of the Report) has also been removed from WSL

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.

Response

The weather sensitivity of load in Newmarket differs from that in Tay, as described in the response to part (e) and as can be seen from examining the regression equations in Table 1 of the Load Forecast Report. Specifically, the relative importance of cooling versus heating would play a role in this.

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		

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

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

Response

Tay	*Actual kWh*	*EP Normalization Adjustment kWh*	*EP Normalized Actual kWh*
Year			
2005	*46,593,507*	*-1,338,302*	*45,255,205*
2006	*45,013,619*	*883,522*	*45,897,141*
2007	*45,806,502*	*-449,175*	*45,357,327*
2008	*46,051,168*	*284,687*	*46,335,855*
2009	*46,323,663*	*803,506*	*47,127,169*

Newmarket Year	*Actual kWh*	*EP Normalization Adjustment kWh*	*EP Normalized Actual kWh*
2005	*663,731,920*	*-18,142,758*	*645,589,161*
2006	*646,819,299*	*4,516,056*	*651,335,354*
2007	*661,404,037*	*-6,337,479*	*655,066,558*
2008	*653,329,528*	*8,896,730*	*662,226,258*
2009	*634,694,929*	*17,153,111*	*651,848,040*

NTPDL	*Actual kWh*	*EP Normalization Adjustment kWh*	*EP Normalized Actual kWh*	*Normalized kWh per Report*	*var EP vs Report*
Year					
2005	*710,325,427*	*-19,481,060*	*690,844,367*	*690,344,726*	*0.07%*
2006	*691,832,918*	*5,399,577*	*697,232,495*	*696,897,633*	*0.05%*
2007	*707,210,539*	*-6,786,654*	*700,423,886*	*704,028,335*	*-0.51%*
2008	*699,380,696*	*9,181,418*	*708,562,114*	*706,824,549*	*0.25%*
2009	*681,018,592*	*17,956,617*	*698,975,209*	*700,500,002*	*-0.22%*

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.
Response

Updated Table 11 Weather Normal Use Per Customer - NTPDL			
Year	*Residential*	*GS<50*	*GS>50*
2005	*10,055*	*36,184*	*997,514*
2006	*9,773*	*33,892*	*959,876*

2007	*9,694*	*34,655*	*937,847*
2008	*9,637*	*34,295*	*934,039*
2009	*9,481*	*33,012*	*815,890*

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.

Response

The 2010 WSL kWh weather normal forecast for Newmarket = 657,561,285 kWh.

Based on 2009 actual consumption, the share of GS>50 consumption (excluding the 4 GS>50 customers referenced on p. 3 of the Load Forecast Report) of actual WSL kWh = (291,144,627 / 634,694,929).

Therefore, GS>50 (exclusive of 4 GS>50 customers) weather normal forecast = (291,144,627 / 634,694,929) x 657,561,285 kWh = 301,633,787 kWh.

Four GS>50 customers' forecast 2010 consumption = 5,904,710 kWh.

Newmarket 2010 GS>50 weather normal forecast = 307,538,497 kWh (301,633,787 kWh + 5,904,710 kWh).

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.

Response
Outstanding

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?

Response:

The annual billed kW for the four large customers referred to is assumed to be 74,634 kW lower in 2010 than in 2008.

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.

Response

$25,000 for consulting costs associated with creating and implementing mandatory policies with respect to the new Bill 168.

$35,000 for an administrative review of job functions, responsibilities and current performance review process.

$30,000 for a full IT ERP audit of its internal and external systems

$10,000 to ensure that the Tay service area is compliant with all current environment regulations.

Total $100,000 or 25,000 per annum

For additional information please see the Cost of Service Application Exhibit 4 Tab 2 Schedule 2

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.**

Response
The Applicant uses this space for safety training facilities, unsecure inventory, excavated material storage, and equipment storage.

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?

Response
See (a).

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?

Response
See (a).

VECC INTERROGATORIES – ROUND #1

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.

Response
This comment is based on the fact that NTPDL requested Elenchus to prepare the load forecast on a specific service territory basis since historical data is available for the two locations.

b) With respect to page 3, what is the difference between customers who "cease operations" versus customers that "have closed completely"?

Response
Customers that have "ceased operations" are still customers but are either not operating or operating at lower capacity. Customers that have "closed completely" have closed down and are no longer customers.

c) With respect to page 9, please explain how the "Weather Normal" values in Table 5 were determined.

Response

Please see response to Energy Probe #20 (a).

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)

Response

Elenchus did not calculate weather normal wholesale purchases but rather, weather normalized WSL (weather sensitive load). The table below presents actual and normalized WSL along with HDD, CDD and the requested calculations. As can be seen from the table below, VECC's proposed calculation results in weather normal WSL kWh for NTPDL that is approximately 0.22% lower than what was calculated in the Load Forecast Report.

2009

	A	*B*	*C*	*D*	*E*	*F*	*G*
Newmarket Service Territory							
						VECC weather normal adj	***VECC requested weather***
Date	***Actual HDD***	***Actual CDD***	***Norm HDD***	***Norm CDD***	***Actual WSL kWh***	***requested in 3(d) iv.***	***normal kWh (E + F)***
Jan-09	***830.2***	***0***	***700.18***	***0***	***59,681,170***	***-1,974,914***	***57,706,257***
Feb-09	***606.4***	***0***	***625.48***	***0***	***51,423,252***	***289,812***	***51,713,064***
Mar-09	***533.8***	***0***	***543.19***	***0***	***53,939,156***	***142,628***	***54,081,783***
Apr-09	***305.8***	***1.2***	***317.36***	***1.21***	***48,585,319***	***176,649***	***48,761,969***
May-09	***158.8***	***6.9***	***156.87***	***12.34***	***48,352,004***	***547,782***	***48,899,786***
Jun-09	***49.3***	***34.2***	***28.07***	***76.19***	***51,184,776***	***4,132,003***	***55,316,779***

Jul-09	*6.2*	*43.7*	*2.39*	*133.94*	*52,604,200*	*9,515,158*	*62,119,358*
Aug-09	*9.8*	*91*	*5.72*	*110.92*	*58,472,510*	*2,051,223*	*60,523,733*
Sep-09	*55.2*	*20.9*	*52.85*	*41.18*	*50,996,912*	*2,115,691*	*53,112,603*
Oct-09	*287.8*	*0*	*243.21*	*4.32*	*50,696,684*	*-219,008*	*50,477,676*
Nov-09	*361.2*	*0*	*403.26*	*0*	*50,682,435*	*638,862*	*51,321,298*
Dec-09	*631.3*	*0*	*614*	*0*	*58,076,510*	*-262,775*	*57,813,735*
Total	*3,836*	*198*	*3,693*	*380*	*634,694,929*	*17,153,111*	*651,848,040*
	A	*B*	*C*	*D*	*E*	*F*	*G*

Tay Service Territory

Date	*Actual HDD*	*Actual CDD*	*Norm HDD*	*Norm CDD*	*Actual WSL kWh*	*VECC weather normal adj requested in 3(d) iv.*	*VECC requested weather normal kWh (E + F)*
Jan-09	*830.2*	*0*	*700.18*	*0*	*5,277,351*	*-372,370*	*4,904,981*
Feb-09	*606.4*	*0*	*625.48*	*0*	*4,311,441*	*54,644*	*4,366,085*
Mar-09	*533.8*	*0*	*543.19*	*0*	*4,264,212*	*26,892*	*4,291,105*
Apr-09	*305.8*	*1.2*	*317.36*	*1.21*	*3,510,706*	*33,174*	*3,543,880*
May-09	*158.8*	*6.9*	*156.87*	*12.34*	*3,316,395*	*30,710*	*3,347,105*
Jun-09	*49.3*	*34.2*	*28.07*	*76.19*	*3,282,474*	*218,904*	*3,501,379*
Jul-09	*6.2*	*43.7*	*2.39*	*133.94*	*3,416,319*	*590,200*	*4,006,519*
Aug-09	*9.8*	*91*	*5.72*	*110.92*	*3,685,634*	*121,007*	*3,806,641*
Sep-09	*55.2*	*20.9*	*52.85*	*41.18*	*3,229,826*	*128,360*	*3,358,186*
Oct-09	*287.8*	*0*	*243.21*	*4.32*	*3,696,090*	*-98,927*	*3,597,163*
Nov-09	*361.2*	*0*	*403.26*	*0*	*3,591,541*	*120,458*	*3,711,999*
Dec-09	*631.3*	*0*	*614*	*0*	*4,741,672*	*-49,546*	*4,692,126*
Total	*3,836*	*198*	*3,693*	*380*	*46,323,663*	*803,506*	*47,127,169*
	A	*B*	*C*	*D*	*E*	*F*	*G*

NTPDL

						VECC weather normal adj	*VECC requested weather*

Date	Actual HDD	Actual CDD	Norm HDD	Norm CDD	Actual WSL kWh	requested in 3(d) iv.	normal kWh (E + F)
Jan-09	830.2	0	700.18	0	64,958,522	-2,347,284	62,611,238
Feb-09	606.4	0	625.48	0	55,734,693	344,456	56,079,149
Mar-09	533.8	0	543.19	0	58,203,368	169,520	58,372,888
Apr-09	305.8	1.2	317.36	1.21	52,096,025	209,823	52,305,848
May-09	158.8	6.9	156.87	12.34	51,668,399	578,492	52,246,891
Jun-09	49.3	34.2	28.07	76.19	54,467,251	4,350,907	58,818,158
Jul-09	6.2	43.7	2.39	133.94	56,020,519	10,105,358	66,125,877
Aug-09	9.8	91	5.72	110.92	62,158,144	2,172,230	64,330,374
Sep-09	55.2	20.9	52.85	41.18	54,226,738	2,244,051	56,470,789
Oct-09	287.8	0	243.21	4.32	54,392,774	-317,935	54,074,839
Nov-09	361.2	0	403.26	0	54,273,976	759,320	55,033,296
Dec-09	631.3	0	614	0	62,818,183	-312,321	62,505,861
Total	3,836	198	3,693	380	681,018,592	17,956,617	698,975,209
						Per Elenchus Report	700,500,002
						%Diff, VECC-Elenchus	-0.22%

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.

Response

NTPDL believes VECC is actually referring to Table 6 on page 11. Weather normal values for each customer class in each year are based on each class' actual consumption share in actual WSL. Forecast years' shares are based on 2009 class shares, as outlined on page 10 of the Report. The methodology used by Elenchus treats each class weather sensitive load as equally weather sensitive. This assumption was necessary in order to develop an econometric model of weather sensitivity, since it was not possible to develop class specific weather sensitivities.

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.

Response
Table 6 includes 4 large customers

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.

Response

Year	***Actual Sales (2010 Forecast) (kWh)***
2005	***59,201,841***
2006	***55,894,669***
2007	***50,701,943***
2008	***49,026,279***
2009	***19,726,402***
2010F	***5,904,710***

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.

Response
Please see response to Board Staff #10 (a & b).

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.

Response
The Applicant confirms that 8,547 represents the forecast average number of street light connections 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 independently of each other?

Response
The forecast of kWh and the forecast of customer connections are done independently of one another.