EB-2009-0269

IN THE MATTER of the *Ontario Energy Board Act 1998*, Schedule B to the *Energy Competition Act*, 1998, S.O. 1998, c.15;

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 service charges for the distribution of electricity.

INTERROGATORIES

FROM THE

SCHOOL ENERGY COALITION

1. Please confirm that there are 37 publicly-funded schools in the Applicant's franchise area. Please provide a table showing the number of schools in each of the GS<50 and GS>50 classes, for each of the Newmarket and Tay service areas.

    Response:
    37 publicly funded schools are confirmed.

    Schools by GS class are:

Class	*Newmarket*	*Tay*	*Total*
G1 <50	*10*	*4*	*14*
G2 >50	*19*	*4*	*23*

2. [EB-2007-0776, SEC IR#2] Please provide the Administrative Structure Review Report, either as completed by BDR or otherwise, as referred to in the interrogatory response.

    Response:
    The review is still pending. There is no report nor any results available.

3. [EB-2007-0776, SEC IR#7] Please provide any studies, memoranda, correspondence or other documents relating to the capital investment plan of the Applicant for the period 1999 through 2010, and in particular any documents that deal in whole or in part with constraints on capital investment. Please reproduce the table provided in this prior interrogatory response, but adding 2009 and 2010 columns.

    Response:

There are no studies, memoranda, correspondence or other documents relating to the capital investment plan of the Applicant for the period 1999 through 2010, and in particular any documents that deal in whole or in part with constraints on capital investment. The requested table is provided below.

Class	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Distribution -Land	820,041	44,815	44,815	46,315	46,315	1,208,723	1,458,440	2,460,709	2,512,280	3,046,448	3,070,252	3,070,252
Distribution -Land Rights	0	0	0	0	0	0	0	0	0	218,374	334,920	323,318
Mun Trans Stn<50kv	4,440,021	4,248,783	4,164,733	3,958,007	3,769,462	3,710,096	4,042,301	4,041,169	3,993,503	4,111,112	3,841,804	4,990,292
Distribution Lines o/h Poles	11,873,805	12,519,888	12,720,229	5,754,003	5,863,886	5,743,940	5,744,905	5,811,769	6,004,560	6,574,382	6,855,566	8,473,182
Distribution Lines o/h Cable				7,135,786	7,205,418	7,082,523	7,083,797	7,365,769	7,469,573	7,467,710	7,538,909	9,053,591
Distribution Lines u/g Conduit	14,026,113	14,286,439	14,467,112	3,116,777	3,334,178	3,620,252	3,893,528	3,642,120	3,670,347	3,830,713	4,379,505	4,592,537
Distribution Lines u/g Cable				11,631,580	11,983,183	11,916,284	12,309,075	12,099,565	11,664,805	11,659,295	12,362,616	13,061,500
Services	0	30,389	67,108	207,027	446,336	656,102	1,290,784	2,015,458	3,021,823	3,918,543	4,956,943	5,346,176
Distribution Transformers	5,725,764	6,134,244	5,999,928	5,964,335	6,364,719	6,442,579	7,016,059	7,118,211	7,426,708	7,819,536	8,212,331	9,043,960
Distribution Meters	2,451,610	2,651,504	2,648,501	2,638,369	2,662,380	3,370,723	3,421,376	3,547,228	3,648,541	3,810,919	3,723,186	3,505,259
Smart Meters	0	0	0	0	0	0	0	285,005	3,508,997	4,019,212	4,103,788	5,604,863
Leasehold Improvements	0	0	13,886	77,224	212,545	163,565	114,136	109,830	92,826	82,055	294,846	306,240
Office Equipment	55,119	55,490	47,280	45,899	69,849	110,798	95,369	91,512	113,444	104,824	106,553	95,928
Computer Equipment	150,567	169,712	114,971	85,020	51,156	97,860	83,866	171,666	181,324	197,901	157,589	129,386
Computer Software		272,715	22,994	34,407	106,121	132,604	302,570	465,227	458,522	300,989	164,085	311,514
Stores Whse Equipment	35,799	29,299	26,399	32,741	27,093	68,598	57,030	54,189	47,742	42,634	34,656	26,370
Rolling Stock & Equip.	474,711	452,124	307,083	245,107	602,664	1,072,073	802,487	740,222	856,779	1,299,515	1,320,231	1,119,758
Misc. Tools & Equip.		147,300	123,641	115,164	140,547	137,194	126,086	114,112	105,733	106,870	106,789	122,163
Measurement & Test Equipment		2,493	4,272	2,070	5,126	13,474	11,952	58,271	66,538	60,685	51,724	75,059
System Supervisory Equip	321,933	368,221	330,526	297,034	261,218	373,409	344,448	303,624	259,856	218,461	178,731	147,534
Sentinel Lighting Units	9,028	5,852	5,142	3,836	2,731	1,734	817	503	0	0	0	0
Contributed Capital	0	-1,659,761	-3,581,871	-4,855,955	-6,542,499	-7,524,105	-9,507,031	-10,541,601	-11,354,972	-12,300,322	-13,663,168	-15,566,348
Total Net Fixed Assets		40,384,511	39,759,509	37,526,751	36,534,746	36,612,431	38,398,426	38,691,995	43,748,928	46,589,857	48,131,857	53,832,532

4. [EB-2007-0776, Tr.TC:8] Please provide a response to Undertaking JT.1 from the Technical Conference in the last proceeding.

   Undertaking No. JT.1: To provide an updated CCA schedule for 2008 reflecting actual capital expenditures.

   Response:

CCA
Schedule 8
31-Dec-08

Class	Opening UCC	Additions	Adjustments	Net	Proceeds	Base Amount	rate	Tax Depreciation	Ending ucc
1	31,181,837	385,231	-	385,231		31,374,453	4%	1,254,978	30,312,090
3	6,775			-		6,775	5%	339	6,436
8	2,552,132	37,399		37,399		2,570,832	20%	514,166	2,075,365
10	1,324,259	846,041		846,041		1,747,280	30%	524,184	1,646,116
17	55,339			-		55,339	8%	4,427	50,912
2	6,815,689			-		6,815,689	6%	408,941	6,406,748
13	182,139	37,456		37,456		200,867	5 yr am	38,000	181,595
47	8,614,242	6,068,742	(1,563,999)	4,504,743		10,084,614	8%	806,769	12,312,216
Total	$ 50,732,412.00	$ 7,374,869	$ (1,563,999)	$ 5,425,639	##	$ 52,855,848		3,551,805	52,991,477

5. [EB-2007-0776, Tr.TC:31-32] Please provide a detailed breakdown of the impacts of the load decrease in the GS>50 class referred to in this transcript reference, including the current status of the load decrease, the "ripple effect" then expected in cost areas, and the current impact on costs in those areas.

   Response:

   Please see the response to Energy Probe IR No. 20 (i). The load decrease still exists.

   In 2009, the Applicant experienced a revenue reduction of $380,000 as stated in Exhibit 3, Tab1, Schedule 1 page 1 of 2. In 2009 the Applicant did have a bad debt expense of $100,000 in the GA>50 class. Collection costs have remained stable.

6. [EB-2007-0776, Tr.TC:39] Please provide a response to Undertaking JT.3 from the Technical Conference in the last proceeding.

   Undertaking No. JT.3: To calculate the amount by which the unamortized cost of the fixed assets affected was too high as of the beginning of 2008; and the impact on depreciation expense of the previous under-depreciation, split up by asset account.

Response:
The Applicant cannot locate the response to this undertaking and it is not on the OEB website. It is referenced on page 18 of the EB-2007-0776 Settlement Agreement.

7. [EB-2007-0776, Tr.TC:51] Please confirm that the Applicant is continuing to follow the policy of paying additional salary in lieu of vacations for some personnel. If that is confirmed, please provide a table showing the amounts of that additional salary, by personnel category, for each of the historical, bridge and test years. Please provide any presentation, report or other document provided to the Board of Directors of the Applicant, or any Committee of the Board, with respect to this practice, and the text of any resolution or other decision of the Board of Directors or Committee approving that practice.

    Response:
    There is no policy. Vacation is normally used unless deferred by the utility with valid reason. In this circumstance, vacation not used in a calendar year inclusive of carry-over provisions is paid out

8. [EB-2007-0776, Tr.TC:77] Please provide a comparison of the MDMR costs – actual and forecast – for each of 2009, 2010, and 2011, with the previous forecast of MDMR costs in the 2008 rate case, and provide an explanation of any variances.

    Response:
    No MDMR costs were incurred by the Applicant in 2009, nor were there any forecast in the EB-2007-0776 proceeding. The application contains a forecast $110,000 in 2010 and 2011 based on the correspondence referenced in the response to SEC IR No. 21f). As noted in the Applicant's response to Energy Probe IR No. 29d), it will now be using the smart meter deferral account for these costs.

9. [Ex. 1/1/3, p. 4] Please provide the details of the calculation of $1.4 million as the impact of the four named projects. If this is a reference to the table set out in Ex. 2/1/1, page 2, please confirm that the reference should be to total revenue requirement impact, not "cost of capital including PILs".

    Response
    The reference should be Total Revenue Requirement Impact. The majority of the impact can be attributed to the effect of actual and forecasted expenditures on smart meters/TOU billing. For more information on the smart meter impact please see Energy Probe IR # 7.

10. [Ex. 1/4/2, Attach. 1, p. 12] Please provide the agreement with the Town of Newmarket with respect to streetlighting capital and maintenance. Please reconcile the statement in the financial statement that the amounts paid are "at commercial rates" with the statement in Ex. 4/6/2 that they are at "the Applicant's full cost". Please provide all documents showing the costing of these capital and maintenance services, and the market prices forming the basis of the claim of market value.

Response:
There is no agreement for street lighting services. The Applicant has been pursuing one for over two years but there is no agreement in place at this point.

The term "at commercial rates" is a misnomer in the Application. Services are tendered at the Applicant's full costs.

11. [Ex. 1/4/2, Attach. 2, p. 11] Please provide the EB# and copy of the Board Order in the referenced 2009 deferral account application.

Response
This reference is to EB-2007-0776 Board Ordered Rates dated April 23, 2009. The order is provided in the Application Exhibit 1, Tab 1, Schedule 3, Attachment 1 (Pages 38 to 49).

12. [Ex. 1/4/5, Attach 1] Please provide all presentations, reports and other materials provided to the Board of Directors with respect to approval of the 2010 budgets for OM&A and capital, including any supporting documents. Please provide any update materials where any budgets have been changed since their first approval.

Response
OM&A budgets are normally presented with the first quarter financial statements with a capital summary. The 2010 statements used for OM&A and the capital summary are attached. No update materials have been produced.

13. [Ex. 1/4/5, Attach. 3] Please provide a table, in the form used on page 2, that shows actuals for 2009.

Response:

Newmarket-Tay Capital Expenditures

	Government Requirements	OEB Calulation 2009	2009 Actual As Filied
1	Overhead Line Additions, Rebuilds(CP122 - Holland Junction TS)	$ 1,187,951	$ 1,187,951
2	Metering (CP 276 & TP 276 - Smart Meter Deployment and Application of TOU Pricing	$ 473,285	$ 483,570
	Government Requirements Totals	$ 1,661,236	$ 1,671,521
	System Reliability		
3	Distribution Stations (CP 214 - Leadbeater MUS Refurb)		
4	Overhead Line Additions, Rebuilds(TP 007 - Line Rebuild)	$ 182,604	$ 182,604
5	Overhead Line Additions, Rebuilds (CP 230 - Rebuild Residential Overhead Pole Line	$ 65,232	$ 65,232
6	Overhead Line Additions, Rebuilds (CP 227 - Lundy's Lane Feeder Tie & Open Bus		

7	*Overhead Line Additions, Rebuilds (CP228 - Gorham Street - Replace Pole Line*		
8	*Blankets and Other Replacements*		*$ 360,262*
9	*Overhead Line Additions, Rebuilds (TP 013 - Replace Pole Line - 4th Avenue to Alberta, Port McNicol*		
10	*Underground Line Additions, Rebuilds (CP 199 & CP 231 - Eagle Hills - Replace Underground System*	*$ 903,047*	*$ 903,047*
11	*Blanket Jobs (CP 218 & TP 218 - Replace End of Life Transformers*	*$ 137,794*	*$ 137,794*
12	*Blanket Jobs (CP 220 & TP 220 - Pole Replacement Program*	*$ 67,955*	*$ 67,955*
13	*System Reliability Totals*	*$ 1,356,632*	*$ 1,716,894*
	Growth in Demand		
14	*Distribution Stations (CP 224 - Bogartown Station)*		
15	*Customer Additions (CP 216,217, TP 216,217 - Addition of Res, Com, and Indus Customers*	*$ 1,297,893*	*$ 1,297,893*
16	*Overhead Line Additions, Rebuilds (CP 226 - Leslie Street Line Addition*		
17	*Growth in Demand Totals*	*$ 1,297,893*	*$ 1,297,893*
	Third Party Driven		
18	*Overhead Line Additions, Rebuilds (CP 193 - Bayview Pole Line Rebuild)*	*$ 467,186*	*$ 467,186*
19	*Overhead Line Additions, Rebuilds (CP 287 - Younge St. Pole Line Rebuild)*		
20	*Overhead Line Additions, Rebuilds (CP 287 - Doug Duncan Drive, Pole Line Rebuild)*		
21	*Overhead Line Additions, Rebuilds (TP 016 - Line Addition/Rebuild - Triple Bay Road Hwy 12)*		
22	*Overhead Line Additions, Rebuilds (CP 198 - Infrastructure Project - Davis Drive and Yonge Street)*	*$ 936,968*	*$ 11,765*
23	*Third Party Driven Totals*	*$ 1,404,154*	*$ 478,951*
	Internally Driven		
24	*Fleet (Single Bucket and Dump Truck Replacement)*	*$ 346,763*	*$ 346,763*
25	*Leasehold and Building Improvements*		*$ 273,027*
26	*Misc Tools and Equipment*		*$ 97,413*
27	*Computer Software*		*$ 38,316*
28	*Internally Driven Totals*	*$ 346,763*	*$ 755,519*
29	*ALL CAPITAL EXPENDITURES TOTAL*	*$ 6,066,678*	*$ 5,920,778*

14. [Ex. 1/4/8] Please recalculate this table removing all impacts, including PILs impacts, of the $1.972,083 of regulatory asset recoveries in 2009. Please confirm that the resulting ROE for 2009 was approximately 9%, i.e. in excess of the Board-approved return included in rates for 2009. Please provide a similar table for 2007 and 2008. For each of 2007 through 2009, please provide a detailed calculation of the provision for PILs used.

Response

The Applicant has presented 2008 and 2009 in the chart below. To provide 2007 will take substantial effort due to the combination of two different LDC's mid year and also the need to make a number of assumptions. The Applicant respectfully declines to do so given the substantial effort that would be required and the highly questionable probative value of the result.

		2009		2008
Utility Income				
Revenues		***17,710,646***		***16,106,125***
OM&A Expenses		***6,545,318***		***6,028,262***
Interest-Long Term Debt: Actual		***1,567,359***		***1,503,931***
Deemed Interest Adjustment		***588,801***		***331,842***
Amortization		***4,270,472***		***4,082,048***
Taxes other than PILS		***246,309***		***260,277***
Total Costs		***13,218,259***		***12,206,360***
Utility Income Before PILS		***4,492,387***		***3,899,765***
less Deferral Recovery		***1,972,083***		***0***
Utility Income Before PILS		***2,520,304***		***3,899,765***
PILS on Income See below		***907,743***		***1,424,938***
Net Income		***1,612,561***		***2,474,827***
Regulatory income on Rate Base $59,979,973	***$***	***2,056,113***		
Regulatory income on Rate Base $57,618,188			***$***	***2,305,989***
Shortfall/Excess of Regulatory Earnings	***$***	***(443,552)***	***$***	***168,838***

Income for taxes	***2,520,304***	***3,899,765***
CCA uplift	***189,376***	***353,780***
Taxable Income	***2,709,680***	***4,253,545***
Tax Rate	***33.5***	***33.5***
PILS	***907,743***	***1,424,938***

The Applicant cannot confirm that it earned more than its allowed rate of return for 2009 as indicated by the shortfall of $443,552 in net income against a regulatory proxy income of 2,056,113. In 2008 the Applicant posted a surplus of $168,838 against a proxy income of $2,305,989.

15. [Ex. 2/2/1] Please provide a copy of the Applicant's policy or policies with respect to the capitalization of overheads.

Response

The Applicant does not have a written policy with respect to the capitalization of overheads.

16. [Ex. 2/2/3] Please provide details of all changes to depreciation/amortization rates since 2001.

Response
The only change in depreciation/amortization was the correction made as part of the settlement agreement resulting from the EB-2007-0776 proceeding.

17. [Ex. 2/3/1, page 2] Please reconcile the figure of $525,413 on the table with the figure of $597,000 on line 5.

Response
The figure on line 5 should read $525,413.

18. [Ex. 2/4/1, page 1] Please provide a copy of the most recent "new growth" analysis referred to on line 12.

Response

The Applicant assumes that this question is referencing the following statement within the Application:

> ***"The Applicant has an obligation to serve new growth within the service area in a timely and cost effective way. In order to fulfill this obligation, the Applicant identifies all potential areas where new growth may occur, while recognizing that the actual timing of each possible new development is uncertain."***

This reference relates to active "Offers to Connect" within the Applicant's service area. These "Offers" are very specific in detail as to location, number of homes, loads, costs etc. The developers also provide a timing estimate for the connections. However, the actual timing often does not match the Developer's estimates. The Applicant must constantly monitor the Developer's time lines in order to set realistic budgets. There is not a specific "new growth analysis".

19. [Ex. 2/4/2, page 2] With respect to tree trimming:

    a. Please identify the regulatory accounting rule that allows tree trimming expenditures to be capitalized.

Response:
The Applicant realizes that the evidence for this activity in the application is not clearly set out and regrets the confusion it has caused. Please refer to the response to Energy Probe IR No. 13(c).

b. Please provide a table of all tree trimming costs charged to capital for each of 2004 through 2010, and a rate base continuity table showing the rate base and depreciation amounts for those costs for each year including 2010.

Response:
Please see the response to Energy Probe IR No. 13 (c).

c. Please calculate the difference in annual tree trimming costs based on a three year cycle as compared to one year, and on a six year cycle as compared to one year.

Response:
The Applicant expects there is a non-linear difference in costs for different program cycles. Doubling its existing cycle to six years would see an additional 3 years of vegetation growth which would manifest itself in the following ways:

- ***a) Decrease in reliability due to faults caused by vegetation contact***
- ***b) Increase in overtime and equipment damage costs due to (a)***
- ***c) Increase trimming time as additional vegetation would require removal***
- ***d) Increase call centre activity due to complaints; and***
- ***e) Cause ESA and O.Reg. 22/04 compliance and public/worker safety issues***

To answer this question, the Applicant would need to define a six year tree trimming program, implement it, and perform a cost/benefit analysis against the present program.

20. [Ex. 2/4/3, pp. 9-26] Please reproduce these tables showing the actual to date by project, and the revised forecast, if any, by project.

Response:
Please see the response to CCC IR No. 3.

21. [Ex. 4/1/2] With respect to the Detailed Analysis of OM&A Cost Drivers:

a. P. 4. For each of the years 2004 through 2010, please provide the actual (or, for 2010, actual plus forecast) overtime costs for the four engineering positions.

Resopnse:
As explained in Ex. 4/1/2, the needs of the Applicant's engineering function has been met by two management and two union staff. The Applicant has overtime data readily available for a five year period (i.e. – four years plus current). Data for 2004 and 2005 would involve a manual search of archived records, an effort that would involve considerable resources. Should there be unquestionable probative value in this data; the Applicant will undertake to make it available. The overtime costs associated with the Applicant's engineering function from 2006 to 2010 are:

Year	*Position*	*# of FTEs*	*O/T Costs ($s)*
2006	*Engineer*	*1*	*0*

	Engineering Manager	***1***	***0***
	Operations Technician	***2***	***35,839***
2007	***Engineer***	***1***	***0***
	Engineering Manager	***1***	***0***
	Operations Technician	***2***	***28,915***
2008	***Engineer***	***1***	***0***
	Engineering Manager	***1***	***0***
	Operations Technician	***2***	***31,240***
2009	***Engineer***	***1***	***0***
	Engineering Manager	***1***	***0***
	Operations Technician	***2***	***36,548***
2010 (End October)	***Engineer***	***1***	***0***
	Engineering Manager	***1***	***0***
	Operations Technician	***2***	***26,435***
2010 (Forecast)	***Engineer***	***1***	***0***
	Engineering Manager	***1***	***0***
	Operations Technician	***2***	***35,000***

As the Engineer and Engineering Manager are management positions, the overtime hours worked attract no cost.

b. P. 5. Please advise the amount by which the 2010 forecast has been reduced to reflect the reduction in 600 hours of overtime.

Response:
As explained in Ex 4/1/2, the total overtime hours involved with the Applicant's engineering needs were approximately 1,200 hours in 2009, 600 hours of which attract costs as they are union positions. A reduction in overtime hours is expected only after the necessary systems to manage assets and ESA compliance needs are in place. No reduction in overtime costs is forecast in 2010.

c. P. 5. Please reconcile the discussion of OM&A tree trimming here with the discussion of capital tree trimming in Ex. 2/4/2, p. 2.

Response:
Please see the response to question 19.

d. P. 6. Please advise the cost reductions that were included in the budget to reflect the hiring of the apprentice.

Response:
With reference to Ex. 4/1/2, the Applicant has hired two apprentices increasing operating wages by $30,000. As stated on page 6, line staff resources were balanced through a combination of contract staff, Powerline Technician co-op students, overtime and deferred maintenance. As explained on pages 8 and 9, the Applicant's workload, further compounded by the additional maintenance of new assets related to Holland TS (see response to SEC IR No. 23), made this balancing untenable.

e. P. 10. Please provide details of the change in burden costs.

Response
The Applicant reviews its burden clearing accounts on a regular basis to ensure that the burden rate is recovering the costs incurred. In this case the Applicant had predicted and incurred increased ongoing fuel and maintenance costs, an ever increasing amount of staff time dedicated to safety and training and increased non direct chargeable time.

f. P. 18. Please file the correspondence referred to in line 14.

Response:
The correspondence was provided to the Applicant on a confidential basis and will be filed with the OEB confidentially.

g. P. 24. Please advise the total amount of 2008 EDR costs that were invoiced to the Applicant for the first time after 2009. Please advise the amounts recorded in the accounting records of the Applicant relating to the 2008 application, and for each amount advise the date it was first recorded in the Applicant's accounting records.

Response

The Applicant assumes the question to be "Please advise the total amount of 2008 EDR costs that were invoiced to the Applicant for the first time after 2009. Please advise <u>on when those</u> amounts <u>were</u> recorded in the accounting records of the Applicant relating to the 2008 application, and for each amount advise the date it was first recorded in the Applicant's accounting records."

The Applicant did not receive any invoices after fiscal 2009 that relate to the 2008 EDR.

h. P. 25. Please advise the amount of reductions to collection costs, bad debts, and customer service personnel costs in the 2010 budget resulting from the implementation of the Tay IVR system.

Response:
As explained in Ex. 4/1/2, this is not expected to reduce costs. It is an initiative to better manage customer contacts and related OEB reporting requirements.

22. [Ex. 4/2/1, p. 1] Please provide the full incentive plan documents, together with the 2010 goals and objections (other than those relating only to specific individuals).

Response:
Incentives are part of the annual performance review and tied to the mission statement and corporate objectives contained therein. The objectives are safety, system reliability, excellence in customer service, environmental stewardship and financial integrity.

23. [Ex. 4/3/1, p. 7] Please provide an explanation of the increases, from 2006 to 2010, of Tree Trimming and ROW Maintenance, U/G Line Maintenance – Cable, and Distribution Transformer Maintenance.

Response:
The Applicant, together with all other LDCs serving York Region (the "York Utilities") prepared an integrated plan to reinforce the electric supply facilities in York Region in July of 2003. That study identified that a new transformer station to relieve the existing Armitage TS, which serves the Applicant would be required to be in service before the summer of 2005. It also made recommendations with respect to transmission reinforcement. The specific recommendations in this regard were:

1. ***Construct a new "Aurora TS" at the north end of the Town of Aurora, just south of the Applicant's service area; and***
2. ***Rebuild the existing 115 kV transmission line from Buttonville TS in the south to Armitage TS at 230 kV.***

The transmission reinforcement recommendations in this study met with significant public opposition. As a result, the Ontario Power Authority was ordered by the OEB to study the supply situation in northern York Region and make recommendations. The OPA study recommended:

1. ***Construct a new "Holland TS" at Miller Side Road and Dufferin Street, which is north west of the Applicant's service area ; and***
2. ***Construct a simple cycle gas fired peaking generation plant in the area of Holland TS to provide the required transmission support.***

The OPA recommendations were accepted by the OEB, and in November, 2005, the York Utilities were ordered to proceed with Holland TS (EB-2005-0315).

As Holland TS would be expected to not only meet load growth, due to the delays in implementing supply reinforcements, it would also be expected to serve excess load that was being placed on Armitage TS. Holland TS was not expected to be in-service until the spring of 2009, fully four years after in was needed. To address this, the Applicant, together with the York Utilities developed a plan whereby the Applicant would construct four new feeders from Holland TS. This plan took into consideration feeder egress from both Armitage and Holland TS's, Ministry of Environment approval conditions and overall costs and ordered by the OEB in EB-2005-0315. These four feeders enabled the Applicant to serve new load growth as well as transfer sufficient load to Holland TS from Armitage TS allowing the other York Utilities to serve load from Armitage TS. The net effect is that the Applicant is constructing supply facilities in three years that would normally be done over a seven to ten year timeframe. This not only results in a bulge in capital costs, but also a corresponding increase in OM&A costs as the new facilities and rights of way must be maintained after construction.

Ex. 4/1/2, pages 5 and 6 give details on the Applicant's tree trimming cost drivers.

With respect to U/G Line Maintenance – Cable, and Distribution Transformer Maintenance, there are two areas of infrastructure that are in need of increased maintenance:

- ***Two subdivisions that were constructed at approximately the same time as the Towercrest subdivision using the same cable type and are approaching 30 years of age; and***
- ***A large subdivision in north-central Newmarket constructed in the early 1990's that is approaching 20 years of age.***

In both cases, transformers are badly rusted and their tamper-proof quality is becoming impaired posing a public safety hazard. Oil seepage is also becoming more predominant. As well, the concrete bases for the transformers have sunk due to the predominance of clay till in Newmarket.

The cables are also suffering typical symptoms of aging, being increased faults, particularly at splice and termination points where they are joined together or to other apparatus.

The net result is increasing maintenance costs. The Applicant is preparing replacement /rehabilitation plans over the next few years for these areas, particularly the 30 year old infrastructure.

24. [Ex. 4/4/1, pp. 2-3] Please reproduce this table, adding columns for 2006 and 2007 actuals.

Response
Please see the response to VECC IR No. 28.

25. [Ex. 6/2/1, Attach 2] Please confirm that the gross additions in 2010 are forecast to be $3,830.003 (or 58.4%) more than the average of the gross additions for the four years 2006 through 2009. Please extend the table of "government" projects in Ex. 2/3/1, p. 5 back one more year to 2006, provide that table, and calculate both the four year 2006-2009 average and the excess of 2010 over that average. If that excess is less than $3,830,003, please explain the difference.

Response

Gross Capital Additions

2006 Actual		*5,009,534*
2007 Actual		*8,266,568*
2008 Actual		*7,017,535*
2009 Actual		*5,920,779*
Total		*26,214,416*
Average	*6,553,604*	
2010		

Forecast	***10,383,607***
Difference	***3,830,003***

The 58.4% is confirmed.

Table of Governement jobs back to 2006

Newmarket Tay Power Distribution Ltd.

Government Jobs

	2006	2007	2008	2009	2010	Total
CP 212 Holland Junction TS						
Land & Land Rights			286,839	149,794		436,633
Distribution Lines			493,086	1,298,939	868,039	2,660,064
Distribution Meters			0	53,000		53,000
Total Job			779,925	1,501,733	868,039	3,149,697
CP 193 Bayview Avenue Feeders to PowerStream						
Distribution Lines				577,428		577,428
Contributed Capital				(130,078)		(130,078)
Total Job				447,350	0	447,350
CP287 Yonge St Feeders to Hydro One						
Distribution Lines					221,440	221,440
Contributed Capital					(80,000)	(80,000)
Total Job					141,440	141,440
Total Holland Junction	0	0	779,925	1,949,083	1,009,479	3,738,487
CP 276 & TP 276 Smart Meter Program						
Distribution Meters	294,833	3,727,070	849,116	473,285	1,980,681	7,324,985
Total Job	294,833	3,727,070	849,116	473,285	1,980,681	7,324,985
CP 198 VIVA Infrastructure Project						
Distribution Lines				10823	2,136,075	2,146,898
Distribution Transformers					660,229	660,229
Contributed Capital					(893,995)	(893,995)
Total Job	-	-	-	10,823	1,902,309	1,913,132
Total Government Jobs	294,833	3,727,070	1,629,041	2,433,191	4,892,468	10,922,032

2010 Government Jobs	***4,892,468***
Average Gov't jobs 2006- 2009	***2,021,034***
Excess of 2010 Government jobs over 2006 - 2009 average	***2,871,434***
2010 Capital Forecast less 2006-2009 average	***3,830,003***

Difference	958,569

The difference is due to the fact that in 2006 the Applicant had only $294,833 in capital costs concerning smart meters. The Applicant only began to incur significant capital jobs with the implementation of smart meters/TOU and the beginning of Holland TS.

26. [Ex. 7/3/1] With respect to the proposal to amend the cost allocation to the Streetlighting class:

a. P. 1. Please provide a copy of the study and the model referred to on this page.
Response
The Model is attached; which is also the Study

b. P. 1 . Please advise the total amount of costs that would be allocated to each of the classes for 2010 [Ex. 7/2/1, p. 1] using the Board-approved cost allocation rules as opposed to the alteration proposed by the Applicant.

Response
Chart 1 (as submitted expense allocation with Street Light Connections =2,058)

		1	2	3	7	8	9
		Residential	GS <50	GS>50-Regular	Street Light	Sentinel	USL
Expenses							
Distribution Costs (di)	$2,165,266	$1,313,920	$375,644	$424,037	$46,118	$2,983	$2,563
Customer Related Costs (cu)	$2,726,221	$1,976,630	$411,017	$308,395	$14,555	$384	$15,241
General and Administration (ad)	$3,048,676	$2,025,403	$500,025	$470,746	$40,128	$2,245	$10,130
Depreciation and Amortization (dep)	$4,525,690	$2,799,705	$842,867	$791,795	$81,756	$4,979	$4,588
PILs (INPUT)	$1,154,088	$690,079	$215,134	$227,164	$19,404	$1,213	$1,095
Interest	$2,164,584	$1,294,298	$403,501	$426,064	$36,393	$2,275	$2,054
Total Expenses	$15,784,526	$10,100,035	$2,748,189	$2,648,200	$238,353	$14,078	$35,670

Chart 2 (Street Light Connections = 8,252)

		1	2	3	7	8	9
		Residential	GS <50	GS>50-Regular	Street Light	Sentinel	USL
Expenses							
Distribution Costs (di)	$2,165,266	$1,229,432	$367,777	$423,771	$139,343	$2,753	$2,190
Customer Related Costs (cu)	$2,726,221	$1,955,417	$408,922	$308,106	$38,301	$326	$15,151
General and Administration (ad)	$3,048,676	$1,955,214	$493,218	$470,131	$118,235	$2,056	$9,822
Depreciation and Amortization (dep)	$4,525,690	$2,651,260	$827,660	$789,461	$248,781	$4,593	$3,935
PILs (INPUT)	$1,154,088	$655,863	$211,711	$226,760	$57,687	$1,123	$944
Interest	$2,164,584	$1,230,123	$397,081	$425,307	$108,197	$2,106	$1,771
Total Expenses	$15,784,526	$9,677,308	$2,706,369	$2,643,536	$710,544	$12,956	$33,813

27. [Ex. 9/2/1, p. 1] Please advise what steps, if any, the Applicant took to independently verify the LRAM results in the absence of a third party review.

Response:
The LRAM results were derived exclusively from OPA contracted CDM programs and verified by them.