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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,

A handwritten signature in blue ink, appearing to be 'M. Buonaguro'.

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.

***Response:***

| <b>Revenue by Location @ 2009 Rates</b> |                   |                  |                   |
|---|-------------------|------------------|-------------------|
| <b>Class</b>                            | <b>Newmarket</b>  | <b>Tay</b>       | <b>Total</b>      |
|   | <b>\$</b>         | <b>\$</b>        | <b>\$</b>         |
| <b>Residential</b>                      | 7,417,837         | 997,335          | 8,415,172         |
| <b>GS&lt;50</b>                         | 2,248,980         | 124,724          | 2,373,704         |
| <b>USL</b>                              | 17,676            | 7,357            | 25,033            |
| <b>GS&gt;50</b>                         | 3,655,570         | 75,361           | 3,730,931         |
| <b>Street Lights</b>                    | 282,712           | 10,003           | 292,715           |
| <b>Sentinel</b>                         |                   |                  |                   |
| <b>Lights</b>                           | 13,853            | 185              | 14,038            |
| <b>Total</b>                            | <b>13,636,628</b> | <b>1,214,965</b> | <b>14,851,593</b> |

**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.

***Response to VECC IR 2 a) –e)***

***On the top of page three the statement should read “has not further adjusted the load forecast for the expected future achievement of CDM results”. The Applicant regrets any confusion this has caused.***

- 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.

**Response:**

| <b>2010 CDM Programs</b>            | <b>Participation Started</b> |
|-------------------------------------|------------------------------|
| Peaksaver                           | 2006                         |
| Refrigerator Round-Up               | 2006                         |
| Power Savings Blitz                 | 2007                         |
| Electric Retrofit Incentive Program | 2007                         |

- 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.

**Response:**

***Please see the response to the preamble for this question.***

- c) Please fully document the basis for the CDM adjustments include in the response to part (b).

**Response:**

***Please see the response to the preamble for this question.***

- 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?

**Response:**

***Please see the response to the preamble for this question.***

- 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.

**Response:**

***Please see the response to the preamble for this question.***

### **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:**

**Response**

***This comment is base 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 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 IR No.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  |
|------------------------------------|-------------------|-------------------|-----------------|-----------------|-----------------------|--|--|
| <i>Newmarket Service Territory</i> |                   |                   |                 |                 |                       |  |  |
| <u>Date</u>                        | <u>Actual HDD</u> | <u>Actual CDD</u> | <u>Norm HDD</u> | <u>Norm CDD</u> | <u>Actual WSL kWh</u> | <u>VECC weather normal adj requested in 3(d) iv.</u> | <u>VECC requested weather normal kWh (E + F)</u> |
| 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  |
|------------------------------|-------------------|-------------------|-----------------|-----------------|-----------------------|--|--|
| <i>Tay Service Territory</i> |                   |                   |                 |                 |                       |  |  |
| <u>Date</u>                  | <u>Actual HDD</u> | <u>Actual CDD</u> | <u>Norm HDD</u> | <u>Norm CDD</u> | <u>Actual WSL kWh</u> | <u>VECC weather normal adj requested in 3(d) iv.</u> | <u>VECC requested weather normal kWh (E + F)</u> |
| 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  |
|--------------|-------------------|-------------------|-----------------|-----------------|-----------------------|--|--|
| <i>NTPDL</i> |                   |                   |                 |                 |                       |  |  |
| <u>Date</u>  | <u>Actual HDD</u> | <u>Actual CDD</u> | <u>Norm HDD</u> | <u>Norm CDD</u> | <u>Actual WSL kWh</u> | <u>VECC weather normal adj requested in 3(d) iv.</u> | <u>VECC requested weather normal kWh (E + F)</u> |
| 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         |
| <b>Total</b> | <b>3,836</b> | <b>198</b> | <b>3,693</b> | <b>380</b> | <b>681,018,592</b> | <b>17,956,617</b> | <b>698,975,209</b> |

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 the 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)**

|              | <i>(kWh)</i>      |
|--------------|-------------------|
| <b>2005</b>  | <b>59,201,841</b> |
| <b>2006</b>  | <b>55,894,669</b> |
| <b>2007</b>  | <b>50,701,943</b> |
| <b>2008</b>  | <b>49,026,279</b> |
| <b>2009</b>  | <b>19,726,402</b> |
| <b>2010F</b> | <b>5,904,710</b>  |

- 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 IR No.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 forecasts done independently of each other?

**Response**

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

- k) Please provide the 2009 year end customer/connection count for each class and the current customer/connection count as of September 30, 2010.

**Response**

***Please see the response to Energy Probe IR No. 22 a)***

**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.

**Response:**

**Confirmed.**

b) Based on 2009 actual sales, what portion of each customer's kWh are supplied through the RPP?

**Response:**

**The portion of actual RPP kWhs sold in 1999 was 49.08%.**

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

**Response:**

**The Applicant used the estimate of the RPP commodity price of \$0.06215/kWh, from the Board RPP Report of October 15, 2009 in the Cost of Service Application. At July 31, 2010, the actual energy cost is \$65.21/mWh.**

**The following chart shows the requested data.**

|                                       | Retail kWh         | Loss Factor | Wholesale kWh      | RPP % July 2010 | RPP kWh            | Non-Rpp kWh        |
|---------------------------------------|--------------------|-------------|--------------------|-----------------|--------------------|--------------------|
| Residential                           | 274,854,374        | 1.0356      | 284,632,524        | 86.71%          | 246,815,350        | 37,817,174         |
| GS<50                                 | 95,754,008         | 1.0356      | 99,160,529         | 81.63%          | 80,947,756         | 18,212,772         |
| USL                                   | 391,118            | 1.0356      | 405,032            | 100.00%         | 405,032            | 0                  |
| GS>50                                 | 313,112,560        | 1.0356      | 324,251,774        | 6.82%           | 22,127,372         | 302,124,402        |
| Street Lights                         | 5,355,339          | 1.0356      | 5,545,859          | 0.00%           | 0                  | 5,545,859          |
| Sentinel Lights                       | 306,233            | 1.0356      | 317,127            | 100.00%         | 317,127            | 0                  |
| <b>Total</b>                          | <b>689,773,632</b> |             | <b>714,312,845</b> | <b>49.08%</b>   | <b>350,612,638</b> | <b>363,700,207</b> |
| <b>Suggested Wholesale Price</b>      |                    | <b>\$</b>   |                    |                 | 0.0607             | 0.0592             |
| <b>Suggested Wholesale Cost</b>       |                    | <b>\$</b>   |                    |                 | <b>21,289,199</b>  | <b>21,512,867</b>  |
| <b>Total Wholesale Suggested Cost</b> |                    | <b>\$</b>   |                    |                 |                    | <b>42,802,067</b>  |



- 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).

**Response:**

*The Rate Change factor was based on the percentage increase of 2010 over 2008. 2008 was used because it was the last year where there was no change in the rates during the year. The kWh factor was the change between 2008 actual and 2010 projected kWh. The Applicant applied this factor to the 2008 Transmission charge amount to estimate the 2010 Transmission amount. Wholesale kW was not available at the time. The Applicant has since projected this value using a kW factor and applying 2010 rates. This detail is shown in response to VECC IR No. 14.*

**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?

**Response:**

*The four customers are included in the historical data.*

- 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.

**Response:**

*Once the annual kWh are removed for these customers the average annual weather normal kWh/Customer are as follows:*

| <u>Year</u> | <u>Avg kWh</u> |
|-------------|----------------|
| 2006        | 820,156        |
| 2007        | 821,275        |
| 2008        | 819,601        |
| 2009        | 766,933        |
| 2010        | 780,829        |

**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.

**Response:**

***The Specific Service Charges (“SSC”) referred to in the Application are Arrears Certificates, Statement of Account and Duplicate Invoices.***

***There are several impacts that will affect the future requests for these services, the most significant being cost. The Newmarket rates are currently based on 1998 RUD methodology and when the proposed harmonized SSC’s are implemented the charges will rise from \$8.50 to \$15.00 for Arrears Certificates and Statement of Account; and from \$3.25 to \$15.00 for Duplicate Invoices.***

***The Applicant is projecting that the demand for these services will decline by approximately 25% with the increased charges reducing the revenue from this source. Also statement of Account and Duplicate invoices are expected to be available on line in 2011.***

- b) Also, how long have the statements involved with each of these three charges been available on-line?

**Response:**

***Duplicate statements and Statements of account are not presently available on line. The applicant hopes to implement this service in 2011.***

- c) With respect to page 5, under what circumstances would Newmarket-Tay seek a credit agency report?

**Response:**

***In accordance with the Applicant’s Conditions of Service, it would seek a credit agency report if requested to do so by the residential consumer.***

**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?

**Response:**

***The Applicant is assuming the number of connections equals the number of fixtures.***

- 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.

**Response:**

***The result is equivalent. The methodology used to arrive at the result is different as explained in Exhibit 7/Tab 1/Schedule 1. Please see the model referenced in the response to SEC IR No. 26a)***

#### **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.

**Response:**

***The correct values are those shown in Exhibit 3/Tab 1/Schedule 2, Attachment 1 – i.e. 8,574 and 414 respectively.***

- 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.

**Response:**

The values on sheet I7.2 were determined by multiplying the number of meters shown on I7.1 by 12. However, one formula was missed for the GS<50 Class. This was for the meters with no demand (i.e. 1,752 meter x 12 = 21,024).

With this change made in the model along with the changes in the number of lights in Question 8 a) the Revenue to Expense ratios are as follows:

| Revenue to Expense %     |              |              |
|--------------------------|--------------|--------------|
| CLASS                    | With Changes | As Submitted |
| Residential              | 90.68%       | 90.43%       |
| GS <50                   | 90.49%       | 91.27%       |
| GS>50-Regular            | 143.41%      | 143.22%      |
| Street Light             | 110.95%      | 113.49%      |
| Sentinel                 | 89.60%       | 99.38%       |
| Unmetered Scattered Load | 89.89%       | 89.79%       |

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.

**Response:**

The Demand Data shown on I8 was developed by adding the 2007 data together for the two locations and the reducing the GS>50 Class by the demand data for the lost customers.

**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.

**Response:**

The Distribution Revenue values on this chart are determined by applying the proposed 2010 rates to 2010 forecast statistical data. The following schedule provides the calculations by class:

| Class | 2010 Statistical Data | Proposed Rate | Revenue |
|-------|-----------------------|---------------|---------|
|-------|-----------------------|---------------|---------|

|                        | kWh                | kW        | Avg Cust/Con | Fixed  | Variable | Fixed \$         | Variable \$      | Total (to CA Model) |
|------------------------|--------------------|-----------|--------------|--------|----------|------------------|------------------|---------------------|
| <b>Residential</b>     | 274,854,374        |           | 29,370       | 17.00  | 0.0143   | 5,991,480        | 3,935,186        | 9,926,666           |
| <b>GS&lt;50</b>        | 95,754,008         |           | 2,901        | 33.00  | 0.0172   | 1,148,796        | 1,643,223        | 2,792,019           |
| <b>USL</b>             | 391,118            |           | 125          | 12.00  | 0.0293   | 18,000           | 11,445           | 29,445              |
| <b>GS&gt;50</b>        | 313,112,560        | 788,495   | 401          | 150.00 | 5.1840   | 721,800          | 4,087,527        | 4,809,327           |
| <b>GS&gt;50 T/A</b>    |                    | (601,285) |              |        | 0.7000   | 0                | (420,900)        | (420,900)           |
| <b>Street Lights</b>   | 5,355,339          | 14,582    | 8,574        | 2.00   | 7.5452   | 205,776          | 110,024          | 315,800             |
| <b>Sentinel Lights</b> | 306,233            | 850       | 407          | 2.00   | 7.9298   | 9,768            | 6,740            | 16,508              |
| <b>Total</b>           | <b>689,773,632</b> |           |              |        |          | <b>8,095,620</b> | <b>9,373,245</b> | <b>17,468,865</b>   |

*The following schedule provides the detailed calculations of applying current rates to 2010 forecast statistical data. It also shows the calculation of the current weighted average rates for the Applicant:*

**Service Territory: Newmarket**

|                        | 2010 Statistical Data |           |              | 2009 Approved Rates |          | Revenue          |                  |                   |
|------------------------|-----------------------|-----------|--------------|---------------------|----------|------------------|------------------|-------------------|
|                        | kWh                   | kW        | Avg Cust/Con | Fixed               | Variable | Fixed            | Variable         | Total             |
| <b>Residential</b>     | 242,673,431           |           | 25,530       | 13.44               | 0.0136   | 4,117,478        | 3,300,359        | 7,417,837         |
| <b>GS&lt;50</b>        | 90,591,182            |           | 2,676        | 25.18               | 0.0159   | 808,580          | 1,440,400        | 2,248,980         |
| <b>USL</b>             | 211,968               |           | 75           | 16.39               | 0.0138   | 14,751           | 2,925            | 17,676            |
| <b>GS&gt;50</b>        | 307,538,497           | 774,860   | 385          | 157.04              | 4.3209   | 725,525          | 3,348,093        | 4,073,617         |
| <b>GS&gt;50 T/A</b>    |                       | (597,211) |              |                     | 0.7000   |                  | (418,048)        | (418,048)         |
| <b>Street Lights</b>   | 4,917,148             | 13,360    | 7,862        | 1.76                | 8.7325   | 166,045          | 116,666          | 282,712           |
| <b>Sentinel Lights</b> | 297,183               | 826       | 393          | 1.76                | 6.7192   | 8,300            | 5,550            | 13,850            |
| <b>Total</b>           | <b>646,229,409</b>    |           |              |                     |          | <b>5,840,680</b> | <b>7,795,945</b> | <b>13,636,625</b> |

**Service Territory: Tay**

|                        | 2010 Statistical Data |         |              | 2009 Approved Rates |          | Revenue        |                |                  |
|------------------------|-----------------------|---------|--------------|---------------------|----------|----------------|----------------|------------------|
|                        | kWh                   | kW      | Avg Cust/Con | Fixed               | Variable | Fixed          | Variable       | Total            |
| <b>Residential</b>     | 32,180,943            |         | 3,840        | 14.59               | 0.0101   | 672,307        | 325,028        | 997,335          |
| <b>GS&lt;50</b>        | 5,162,826             |         | 225          | 14.72               | 0.0165   | 39,744         | 84,980         | 124,724          |
| <b>USL</b>             | 179,150               |         | 50           | 7.35                | 0.0165   | 4,410          | 2,947          | 7,357            |
| <b>GS&gt;50</b>        | 5,574,063             | 13,635  | 16           | 208.34              | 2.7726   | 40,001         | 37,804         | 77,806           |
| <b>GS&gt;50 T/A</b>    |                       | (4,074) |              |                     | 0.6000   |                | (2,445)        | (2,445)          |
| <b>Street Lights</b>   | 438,191               | 1,222   | 712          | 0.69                | 3.3617   | 5,895          | 4,108          | 10,003           |
| <b>Sentinel Lights</b> | 9,050                 | 24      | 14           | 0.72                | 2.7786   | 118            | 67             | 185              |
| <b>Total</b>           | <b>43,544,223</b>     |         |              |                     |          | <b>762,476</b> | <b>452,489</b> | <b>1,214,965</b> |

**Service Territory: Newmarket Tay**

|                        | 2010 Statistical Data |           |              | 2009 Approved Rates |          | Revenue          |                  |                   |
|------------------------|-----------------------|-----------|--------------|---------------------|----------|------------------|------------------|-------------------|
|                        | kWh                   | kW        | Avg Cust/Con | Fixed               | Variable | Fixed            | Variable         | Total             |
| <b>Residential</b>     | 274,854,374           |           | 29,370       | 13.59               | 0.0132   | 4,789,786        | 3,625,386        | 8,415,172         |
| <b>GS&lt;50</b>        | 95,754,008            |           | 2,901        | 24.37               | 0.0159   | 848,324          | 1,525,380        | 2,373,704         |
| <b>USL</b>             | 391,118               |           | 125          | 12.77               | 0.0150   | 19,161           | 5,872            | 25,033            |
| <b>GS&gt;50</b>        | 313,112,560           | 788,495   | 401          | 159.09              | 4.2941   | 765,526          | 3,385,897        | 4,151,423         |
| <b>GS&gt;50 T/A</b>    |                       | (601,285) |              |                     | 0.6993   |                  | (420,492)        | (420,492)         |
| <b>Street Lights</b>   | 5,355,339             | 14,582    | 8,574        | 1.67                | 8.2824   | 171,941          | 120,774          | 292,715           |
| <b>Sentinel Lights</b> | 306,233               | 850       | 407          | 1.72                | 6.6079   | 8,418            | 5,617            | 14,035            |
| <b>Total</b>           | <b>689,773,632</b>    |           |              |                     |          | <b>6,603,156</b> | <b>8,248,434</b> | <b>14,851,590</b> |

### **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.

**Response:**

***The Applicant confirms that the number of Street Light connections is the only change.***

### **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.

**Response:**

***The Applicant confirms that Smart Meter and LV Adders are not included.***

- 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.

**Response:**

**The Applicant did not copy the entire chart on to the Application. The table is presented in response to VECC IR No. 9.**

**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.

**Response:**

2010 Rates With Shortfall Split Between Fixed and Variable

| Class           | Fixed  | Variable | Revenue %      |
|-----------------|--------|----------|----------------|
| Residential     | 15.51  | 0.0162   | 56.66%         |
| GS<50           | 29.71  | 0.0184   | 15.98%         |
| USL             | 14.08  | 0.0213   | 0.17%          |
| GS>50           | 219.84 | 4.7572   | 25.12%         |
| GS>50 T/A       |        | 0.7000   |                |
| Street Lights   | 1.89   | 10.2471  | 1.97%          |
| Sentinel Lights | 1.95   | 8.2240   | 0.09%          |
|                 |        |          | <u>100.00%</u> |

- 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.

**Response**

2010 Rates With Shortfall Split Between Fixed and Variable

With transfer of \$28,500 from Street Lights to Residential

| Class | Fixed | Variable | Revenue % |
|-------|-------|----------|-----------|
|-------|-------|----------|-----------|

|                 |        |        |         |
|-----------------|--------|--------|---------|
| Residential     | 15.46  | 0.0162 | 56.82%  |
| GS<50           | 29.71  | 0.0184 | 15.98%  |
| USL             | 14.08  | 0.0213 | 0.17%   |
| GS>50           | 219.84 | 4.7572 | 25.12%  |
| GS>50 T/A       |        | 0.7000 |         |
| Street Lights   | 1.74   | 9.3989 | 1.81%   |
| Sentinel Lights | 1.95   | 8.2240 | 0.09%   |
|                 |        |        | 100.00% |

### **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?

**Response:**

*Upon review of the data relating to the Transformer Credit, the Applicant found an inconsistency between Exhibit 7 Cost Allocation and Exhibit 8 Rate Design. The statement in Exhibit 8 regarding the calculated rate should have read \$0.77/kW, not \$0.67/kW. The chart in Exhibit 7 Tab 5 Schedule 1 shows the detailed calculation of the \$0.77/kW rate. Using the \$0.70/kW rate, the foregone revenue in the Transformer Allowance credit would be \$42,497.*

- b) Where in the design of the proposed rates is this foregone revenue accounted for?

**Response:**

*The foregone revenue for this difference is accounted for in the GS>50 Variable Rate.*

### **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.

**Response:**



**Transmission Network Charges**

|   | <b>Annual<br/>kW<br/>(Actual)</b> | <b>2010 Rate</b> | <b>2009<br/>Annual \$<br/>@ 2010<br/>Rate</b> |
|---|-----------------------------------|------------------|---|
| 2009 kW Newmarket                               | 1,163,314                         | 2.97             | 3,455,041                                     |
| 2009 kW Tay                                     | 89,116                            | 2.65             | 236,157                                       |
| <b>Total Transmission Network at 2010 Rates</b> | <b>1,252,430</b>                  |                  | <b>3,691,199</b>                              |

**The Applicant has recalculated the 2010 Transmission Network Charges using the above approach: The results are in the following chart:**

**Transmission Network Charges**

|   | <b>2010 kW<br/>(est)</b> | <b>2010 Rate</b> | <b>2010<br/>Annual \$<br/>@ 2010<br/>Rate</b> |
|---|--------------------------|------------------|---|
| 2010 kW Newmarket                               | 1,143,881                | 2.97             | 3,397,326                                     |
| 2010 kW Tay                                     | 93,216                   | 2.65             | 247,022                                       |
| <b>Total Transmission Network at 2010 Rates</b> | <b>1,237,097</b>         |                  | <b>3,644,349</b>                              |

- 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.

**Response:**

**Transmission Connection Charges**

|  | <b>Annual<br/>kW<br/>(Actual)</b> | <b>2010 Rate</b> | <b>2009<br/>Annual \$<br/>@ 2010<br/>Rate</b> |
|--|-----------------------------------|------------------|---|
| 2009 kW Newmarket                                  | 1,182,044                         | 2.44             | 2,884,186                                     |
| 2009 kW Tay  | 94,080                            | 2.14             | 201,331                                       |
| <b>Total Transmission Connection at 2010 Rates</b> |                                   |                  | <b>3,085,518</b>                              |

**The Applicant has recalculated the 2010 Transmission Connection Charges using the above approach: The results are in the following chart:**

**Transmission Connection Charges**

|                   | <b>2010 kW<br/>(est)</b> | <b>2010 Rate</b> | <b>2010<br/>Annual \$<br/>@ 2010<br/>Rate</b> |
|-------------------|--------------------------|------------------|---|
| 2010 kW Newmarket | 1,162,298                | 2.44             | 2,836,007                                     |

|  |                  |             |                  |
|--|------------------|-------------|------------------|
| <b>2010 kW Tay</b>                                 | <b>42,429</b>    | <b>2.14</b> | <b>90,799</b>    |
| <b>Total Transmission Connection at 2010 Rates</b> | <b>1,204,727</b> |             | <b>2,926,806</b> |

**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.

**Response:**

**2009 LV Quantities at 2010 Rates**

|               | <b>kW Rate</b> | <b>kW</b>    | <b>kW \$</b>     | <b>LV Metering \$</b> | <b>Total\$</b>   |
|---------------|----------------|--------------|------------------|-----------------------|------------------|
| Jan           | 0.442          | 9374         | 4143.308         | 1392.54               | 5535.848         |
| Feb           | 0.442          | 8465         | 3741.53          | 1392.54               | 5134.07          |
| Mar           | 0.442          | 7556         | 3339.752         | 1392.54               | 4732.292         |
| Apr           | 0.442          | 6397         | 2827.474         | 1392.54               | 4220.014         |
| May           | 0.442          | 6543         | 2892.006         | 1392.54               | 4284.546         |
| Jun           | 0.442          | 6782         | 2997.644         | 1392.54               | 4390.184         |
| Jul           | 0.442          | 7043         | 3113.006         | 1392.54               | 4505.546         |
| Aug           | 0.442          | 8040         | 3553.68          | 1392.54               | 4946.22          |
| Sep           | 0.442          | 6214         | 2746.588         | 1392.54               | 4139.128         |
| Oct           | 0.442          | 7350         | 3248.7           | 1392.54               | 4641.24          |
| Nov           | 0.442          | 8123         | 3590.366         | 1392.54               | 4982.906         |
| Dec           | 0.442          | 9944         | 4395.248         | 1392.54               | 5787.788         |
| <b>Totals</b> |                | <b>91831</b> | <b>40589.302</b> | <b>16710.48</b>       | <b>57299.782</b> |

**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.

**Response**

***In 2009, the Applicant had 842 customers whose average monthly consumption was less than 250 kWh per month in the Newmarket service area.***

- 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?

**Response:**

***The volume of electricity consumed by a residential customer is a function of personal lifestyle, the physical aspects of their domicile (i.e. luxury home, town house, duplex, etc.), its age of construction and the nature of the heating system (i.e. gas vs. electric) to name some of the factors. Customers are able to meet their electric consumption needs by virtue of connection to the Applicant's distribution system; connections that must be equally provided and maintained for all. The Applicant's preference is to have one fixed charge for each service class (residential, GS<50, GS>50) that captures as much of the connection costs as possible to minimize subsidy within the class.***

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 |
|---|-------------------|------------------------------|---|----------------|---------------------------------|--|----------------|
| <b>2006</b>                                   |                   |                              |   |                |                                 |  |                |
| <b>Residential</b>                            |                   |                              |   |                |                                 |  |                |
| <b>EKC Spring</b>                             | E Star CFI 15w    | <b>8,742</b>                 | 104                                     | 10%            | <b>912,624</b>                  | n/a  | n/a            |
|   | PTs               | <b>216</b>                   | 216                                     | 10%            | <b>23,026</b>                   | n/a  | n/a            |
| <b>EKC Fall</b>                               | E Star CFI 15w    | <b>12,961</b>                | 104                                     | 10%            | <b>1,353,152</b>                | n/a  | n/a            |
|   | PTs               | <b>206</b>                   | 216                                     | 10%            | <b>107,370</b>                  | n/a  | n/a            |
| <b>EKC Fall</b>                               | SLED Xmas ights   | <b>3120</b>                  | <b>31</b>                               | 5%             | <b>95,933</b>                   | 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     | <b>15,662</b>                | 43                                      | 30%            | <b>673,459</b>                  | 43   | 30%            |
|   | E Star CFL 20w+   | <b>2,550</b>                 | 62                                      | 22%            | <b>158,330</b>                  | 43   | 30%            |
|   | Porch light CFL   | <b>3296</b>                  | 43                                      | 24%            | <b>141,718</b>                  | 43   | 24%            |
| <b>Cool Savings</b>                           | PTs               | <b>310</b>                   | 55                                      | 54%            | <b>16,918</b>                   | 55   | 64%            |
| <b>OTHER</b>                                  | e.g.CFLs          |                              |   |                |                                 |  |                |
| <b>Social Housing</b>                         |                   |                              |   |                |                                 |  |                |
|   | 7/9W CFL          | 0                            | 34                                      |                |                                 |  |                |
|   | 13/14W CFL        | 0                            | 50                                      |                |                                 | 43   |                |
|   | 23W CFL           | 0                            | 84                                      |                |                                 |  |                |
|   | 40W CFL           | 0                            | 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               | <b>186</b>                   | 54                                      | 54%            | <b>9,987</b>                    | 54   | 64%            |
| <b>2008 Summer Sweepstakes</b>                | E Star CFI 15w    |                              | 43                                      | 30%            |                                 | 43   | 30%            |
| <b>OTHER</b>                                  | CFLs              |                              |   |                |                                 |  |                |
| <b>TOTAL 2008 kwh</b>                         |                   |                              |   |                |                                 |  |                |
| <b>TOTAL 2006=2008 CUMULATIVE KWH SAVINGS</b> |                   |                              |   |                |                                 |  |                |
| <b>TOTAL 2006=2009 CUMULATIVE KWH SAVINGS</b> |                   |                              |   |                |                                 |  |                |

**Response:**  
*Input Assumptions and Kwh savings based on Exhibit 9 Tab 2 Schedule 2 Pages 1 – 4 as received from the OPA are:*

## OPA Conservation & Demand Management Programs Measure Results

**For:** **Newmarket - Tay Power Distribution Ltd.**

| #           | Initiative Name                        | Program Name | Program Year | Results Status | Measure Name                                | Unit Savings Assumptions                 |                                      |                             | LDC Total (# Units) |
|-------------|--|--------------|--------------|----------------|---|--|--------------------------------------|-----------------------------|---------------------|
|             |  |              |              |                |   | Summer Peak Demand Savings per Unit (kW) | Annual Energy Savings per Unit (kWh) | Effective Useful Life (EUL) |                     |
| <b>2006</b> |  |              |              |                |   |  |                                      |                             |                     |
| 1           | 2006 Every Kilowatt Counts (spring)    | Consumer     | 2006         | Final          | Energy Star® Compact Fluorescent Light Bulb | 0.00                                     | 104                                  | 4                           | 1,338,276           |
| 1           | 2006 Every Kilowatt Counts (spring)    | Consumer     | 2006         | Final          | Electric Timers                             | 0.00                                     | 183                                  | 20                          | 37,518              |
| 1           | 2006 Every Kilowatt Counts (spring)    | Consumer     | 2006         | Final          | Programmable Thermostats                    | 0.05                                     | 216                                  | 15                          | 16,320              |
| 1           | 2006 Every Kilowatt Counts (spring)    | Consumer     | 2006         | Final          | Energy Star® Ceiling Fans                   | 0.01                                     | 141                                  | 20                          | 12,415              |
| 2           | 2006 Cool Savings Rebate Program       | Consumer     | 2006         | Final          | Energy Star® Air Conditioner                | 0.36                                     | 351                                  | 14                          | 14,393              |
| 2           | 2006 Cool Savings Rebate Program       | Consumer     | 2006         | Final          | Programmable Thermostats                    | 0.16                                     | 159                                  | 18                          | 10,965              |
| 2           | 2006 Cool Savings Rebate Program       | Consumer     | 2006         | Final          | Air Conditioner Tune-Up                     | 0.04                                     | 369                                  | 8                           | 9,816               |
| 3           | 2006 Secondary Fridge Retirement Pilot | Consumer     | 2006         | Final          | Refrigerator Retirement                     | 0.27                                     | 1,200                                | 6                           | 5,018               |
| 3           | 2006 Secondary Fridge Retirement Pilot | Consumer     | 2006         | Final          | Freezer Retirement                          | 0.20                                     | 900                                  | 6                           | 217                 |
|             |  |              |              |                |   |  |                                      |                             | 8,742               |
|             |  |              |              |                |   |  |                                      |                             | 245                 |
|             |  |              |              |                |   |  |                                      |                             | 107                 |
|             |  |              |              |                |   |  |                                      |                             | 81                  |
|             |  |              |              |                |   |  |                                      |                             | 94                  |
|             |  |              |              |                |   |  |                                      |                             | 72                  |
|             |  |              |              |                |   |  |                                      |                             | 64                  |
|             |  |              |              |                |   |  |                                      |                             | 33                  |
|             |  |              |              |                |   |  |                                      |                             | 1                   |

|   |                                   |          |      |       |
|---|-----------------------------------|----------|------|-------|
| 4 | 2006 Every Kilowatt Counts (fall) | Consumer | 2006 | Final |
| 4 | 2006 Every Kilowatt Counts (fall) | Consumer | 2006 | Final |
| 4 | 2006 Every Kilowatt Counts (fall) | Consumer | 2006 | Final |
| 4 | 2006 Every Kilowatt Counts (fall) | Consumer | 2006 | Final |
| 4 | 2006 Every Kilowatt Counts (fall) | Consumer | 2006 | Final |
| 4 | 2006 Every Kilowatt Counts (fall) | Consumer | 2006 | Final |

|   |   |      |       |    |
|---|---|------|-------|----|
| 1 | Energy Star® Compact Fluorescent Light Bulb | 0.00 | 104   | 4  |
| 2 | Seasonal Light Emitting Diode Light String  | 0.00 | 31    | 30 |
| 3 | Programmable Thermostats                    | 0.12 | 522   | 18 |
| 4 | Dimmers                                     | 0.00 | 139   | 10 |
| 5 | Indoor Motion Sensors                       | 0.00 | 209   | 20 |
| 6 | Programmable Baseboard Thermostats          | 0.00 | 1,466 | 18 |

|           |        |
|-----------|--------|
| 1,984,267 | 12,961 |
| 477,612   | 3,120  |
| 31,484    | 206    |
| 0         | 163    |
| 0         | 58     |
| 1,875     | 12     |

|             |                                 |          |      |       |
|-------------|---------------------------------|----------|------|-------|
| <b>2007</b> |                                 |          |      |       |
| 7           | 2007 Great Refrigerator Roundup | Consumer | 2007 | Final |
| 7           | 2007 Great Refrigerator Roundup | Consumer | 2007 | Final |
| 7           | 2007 Great Refrigerator Roundup | Consumer | 2007 | Final |
| 7           | 2007 Great Refrigerator Roundup | Consumer | 2007 | Final |
| 7           | 2007 Great Refrigerator Roundup | Consumer | 2007 | Final |
| 8           | 2007 Cool Savings Rebate        | Consumer | 2007 | Final |
| 8           | 2007 Cool Savings Rebate        | Consumer | 2007 | Final |
| 8           | 2007 Cool Savings Rebate        | Consumer | 2007 | Final |
| 8           | 2007 Cool Savings Rebate        | Consumer | 2007 | Final |
| 9           | 2007 Aboriginal – Pilot         | Consumer | 2007 | Final |

|   |  |      |     |    |
|---|--|------|-----|----|
| 1 | Refrigerator                                 | 0.07 | 745 | 9  |
| 2 | Freezer                                      | 0.07 | 515 | 8  |
| 3 | Small Refrigerator                           | 0.05 | 490 | 9  |
| 4 | Small Freezer                                | 0.04 | 339 | 8  |
| 5 | Window Air Conditioner                       | 0.56 | 240 | 5  |
| 1 | ENERGY STAR® Central Air Conditioner         | 0.17 | 152 | 18 |
| 2 | Programmable Thermostat                      | 0.03 | 55  | 15 |
| 3 | Furnace with Electronically Commutated Motor | 0.49 | 832 | 15 |
| 4 | Central Air Conditioning Tune Up             | 0.26 | 235 | 5  |
| 1 | Consumer Retrofit Kit                        | 0.04 | 900 | 4  |

|        |     |
|--------|-----|
| 37,123 | 342 |
| 10,652 | 117 |
| 581    | 5   |
| 325    | 4   |
| 758    | 4   |
| 33,178 | 219 |
| 46,989 | 310 |
| 51,990 | 343 |
| 28,048 | 185 |
| 21,997 | 0   |









|    |  |                    |      |       |
|----|--|--------------------|------|-------|
| 25 | 2008 Every Kilowatt Counts Power Savings Event | Consumer           | 2008 | Final |
| 25 | 2008 Every Kilowatt Counts Power Savings Event | Consumer           | 2008 | Final |
| 25 | 2008 Every Kilowatt Counts Power Savings Event | Consumer           | 2008 | Final |
| 25 | 2008 Every Kilowatt Counts Power Savings Event | Consumer           | 2008 | Final |
| 25 | 2008 Every Kilowatt Counts Power Savings Event | Consumer           | 2008 | Final |
| 26 | 2008 peaksaver®                                | Consumer, Business | 2008 | Final |
| 26 | 2008 peaksaver®                                | Consumer, Business | 2008 | Final |
| 26 | 2008 peaksaver®                                | Consumer, Business | 2008 | Final |
| 26 | 2008 peaksaver®                                | Consumer, Business | 2008 | Final |
| 30 | 2008 Power Savings Blitz                       | Business           | 2008 | Final |
| 30 | 2008 Power Savings Blitz                       | Business           | 2008 | Final |
| 30 | 2008 Power Savings Blitz                       | Business           | 2008 | Final |
| 30 | 2008 Power Savings Blitz                       | Business           | 2008 | Final |
| 30 | 2008 Power Savings Blitz                       | Business           | 2008 | Final |
| 30 | 2008 Power Savings Blitz                       | Business           | 2008 | Final |

|     |  |      |     |    |
|-----|--|------|-----|----|
| 18  | Keep Cool – Dehumidifier                     | 0.29 | 500 | 12 |
| 19  | Keep Cool – Room Air Conditioner             | 0.14 | 141 | 9  |
| 20  | Rewards for Recycling – Dehumidifier         | 0.29 | 500 | 12 |
| 21  | Rewards for Recycling – Room Air Conditioner | 0.14 | 141 | 9  |
| 22  | Rewards for Recycling – Halogen Lamp         | 0.01 | 275 | 16 |
| 1   | Residential Programmable Thermostat          | 0.87 | 17  | 13 |
| 2   | Residential Air Conditioner Switch           | 0.87 | 17  | 13 |
| 3   | Residential Water Heater Switch              | 0.30 | 6   | 13 |
| 4   | Commercial Programmable Thermostat           | 3.70 | 74  | 13 |
| 1   | T8 Fixture With Electronic Ballast           | 0.02 | 151 | 15 |
| 2   | Energy Star® rated LED Exit Sign             | 0.03 | 237 | 16 |
| 3   | Energy Star® rated CLF                       | 0.03 | 191 | 2  |
| 4   | Electric Water Heater Tank Wrap              | 0.05 | 436 | 7  |
| 5   | Electric Water Heater Pipe Insulation        | 0.03 | 277 | 15 |
| ### | Other  | 0.00 | 0   | 0  |

|        |       |
|--------|-------|
| 263    | 2     |
| 295    | 2     |
| 7,897  | 52    |
| 8,535  | 56    |
| 6,808  | 45    |
| 28,831 | 652   |
| 14,152 | 0     |
| 318    | 0     |
| 104    | 2     |
| 18,026 | 1,310 |
| 287    | 8     |
| 3,256  | 73    |
| 53     | 15    |
| 35     | 7     |
| 1,775  | 179   |

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)

**Response:**

**The following was taken directly from the OPA Tables and summarized by Class and by Savings:**

| #                    | Initiative Name                                      | Rate<br>Class | Net                             |             |             |             | Net                         |              |              |              |
|----------------------|--|---------------|---------------------------------|-------------|-------------|-------------|-----------------------------|--------------|--------------|--------------|
|                      |  |               | Summer Peak Demand Savings (MW) |             |             |             | Annual Energy Savings (MWh) |              |              |              |
|                      |  |               | 2006                            | 2007        | 2008        | 2009        | 2006                        | 2007         | 2008         | 2009         |
| 1                    | 2006 Every Kilowatt Counts (spring)                  | Res           | 0.01                            | 0.01        | 0.01        | 0.01        | 893                         | 893          | 893          | 893          |
| 2                    | 2006 Cool Savings Rebate Program                     | Res           | 0.07                            | 0.07        | 0.07        | 0.07        | 68                          | 68           | 68           | 68           |
| 3                    | 2006 Secondary Fridge Retirement Pilot               | Res           | 0.01                            | 0.01        | 0.01        | 0.01        | 37                          | 37           | 37           | 37           |
| 4                    | 2006 Every Kilowatt Counts (fall)                    | Res           | 0.02                            | 0.02        | 0.02        | 0.02        | 1,448                       | 1,448        | 1,448        | 1,448        |
| 6                    | 2006 Demand Response 1                               | > 50          | 0.32                            | 0.32        | 0.32        | 0.00        | 0                           | 0            | 0            | 0            |
| <b>2006 Subtotal</b> |  |               | <b>0.42</b>                     | <b>0.42</b> | <b>0.42</b> | <b>0.11</b> | <b>2,446</b>                | <b>2,446</b> | <b>2,446</b> | <b>2,446</b> |
| 7                    | 2007 Great Refrigerator Roundup                      | Res           | 0.00                            | 0.01        | 0.01        | 0.01        | 0                           | 129          | 129          | 129          |
| 8                    | 2007 Cool Savings Rebate                             | Res           | 0.00                            | 0.13        | 0.13        | 0.13        | 0                           | 199          | 199          | 199          |
| 9                    | 2007 Aboriginal – Pilot                              | Res           | 0.00                            | 0.00        | 0.00        | 0.00        | 0                           | 0            | 0            | 0            |
| 10                   | 2007 Every Kilowatt Counts                           | Res           | 0.00                            | 0.03        | 0.03        | 0.03        | 0                           | 870          | 860          | 860          |
| 11                   | 2007 peaksaver®                                      | Res           | 0.00                            | 0.00        | 0.00        | 0.00        | 0                           | 0            | 0            | 0            |
| 12                   | 2007 Summer Savings                                  | Res           | 0.00                            | 0.30        | 0.30        | 0.00        | 0                           | 536          | 536          | 0            |
| 13                   | 2007 Affordable Housing – Pilot                      | Res           | 0.00                            | 0.00        | 0.00        | 0.00        | 0                           | 0            | 0            | 0            |
| 14                   | 2007 Social Housing – Pilot                          | Res           | 0.00                            | 0.01        | 0.01        | 0.01        | 0                           | 78           | 78           | 78           |
| 15                   | 2007 Energy Efficiency Assistance for Houses – Pilot | Res           | 0.00                            | 0.01        | 0.01        | 0.01        | 0                           | 21           | 21           | 21           |
| 16                   | 2007 Toronto Comprehensive                           |               | 0.00                            | 0.00        | 0.00        | 0.00        | 0                           | 0            | 0            | 0            |
| 17                   | 2007 Electricity Retrofit Incentive Program          | > 50          | 0.00                            | 0.01        | 0.01        | 0.01        | 0                           | 16           | 16           | 16           |
| 18                   | 2007 Demand Response 1                               | > 50          | 0.00                            | 0.06        | 0.06        | 0.00        | 0                           | 0            | 0            | 0            |
| 19                   | 2007 Other Demand Response                           | > 50          | 0.00                            | 0.03        | 0.03        | 0.00        | 0                           | 0            | 0            | 0            |
| 20                   | 2007 Renewable Energy Standard Offer                 |               | 0.00                            | 0.00        | 0.00        | 0.00        | 0                           | 0            | 0            | 0            |
| <b>2007 Subtotal</b> |  |               | <b>0.00</b>                     | <b>0.59</b> | <b>0.59</b> | <b>0.20</b> | <b>0</b>                    | <b>1,849</b> | <b>1,839</b> | <b>1,303</b> |
| 21                   | 2008 Great Refrigerator Roundup                      | Res           | 0.00                            | 0.00        | 0.04        | 0.04        | 0                           | 0            | 327          | 327          |
| 22                   | 2008 Cool Savings Rebate                             | Res           | 0.00                            | 0.00        | 0.10        | 0.10        | 0                           | 0            | 153          | 153          |
| 23                   | 2008 Aboriginal                                      | Res           | 0.00                            | 0.00        | 0.00        | 0.00        | 0                           | 0            | 0            | 0            |
| 24                   | 2008 Summer Sweepstakes                              | Res           | 0.00                            | 0.00        | 0.13        | 0.08        | 0                           | 0            | 517          | 187          |
| 25                   | 2008 Every Kilowatt Counts Power Savings Event       | Res           | 0.00                            | 0.00        | 0.04        | 0.04        | 0                           | 0            | 784          | 780          |
| 26                   | 2008 peaksaver®                                      | Res           | 0.00                            | 0.00        | 0.51        | 0.51        | 0                           | 0            | 10           | 10           |
| 27                   | 2008 Electricity Retrofit Incentive                  | > 50          | 0.00                            | 0.00        | 0.11        | 0.11        | 0                           | 0            | 569          | 569          |
| 28                   | 2008 Toronto Comprehensive                           |               | 0.00                            | 0.00        | 0.00        | 0.00        | 0                           | 0            | 0            | 0            |
| 29                   | 2008 High Performance New Construction               |               | 0.00                            | 0.00        | 0.00        | 0.00        | 0                           | 0            | 0            | 0            |
| 30                   | 2008 Power Savings Blitz                             | <50           | 0.00                            | 0.00        | 0.03        | 0.03        | 0                           | 0            | 207          | 207          |

|                      |                                      |      |                   |              |              |              |                    |                  |                  |                  |
|----------------------|--------------------------------------|------|-------------------|--------------|--------------|--------------|--------------------|------------------|------------------|------------------|
| 31                   | 2008 Chiller Plant Re-Commissioning  |      | 0.00              | 0.00         | 0.00         | 0.00         | 0                  | 0                | 0                | 0                |
| 32                   | 2008 Demand Response 1               | > 50 | 0.00              | 0.00         | 0.68         | 0.00         | 0                  | 0                | 0                | 0                |
| 33                   | 2008 Demand Response 3               | > 50 | 0.00              | 0.00         | 0.48         | 0.48         | 0                  | 0                | 0                | 0                |
| 34                   | 2008 Other Demand Response           | > 50 | 0.00              | 0.00         | 0.02         | 0.00         | 0                  | 0                | 0                | 0                |
| 35                   | 2008 LDC Custom                      |      | 0.00              | 0.00         | 0.00         | 0.00         | 0                  | 0                | 0                | 0                |
| 36                   | 2008 Renewable Energy Standard Offer |      | 0.00              | 0.00         | 0.00         | 0.00         | 0                  | 0                | 0                | 0                |
| 37                   | 2008 Other Customer Based Generation |      | 0.00              | 0.00         | 0.00         | 0.00         | 0                  | 0                | 0                | 0                |
| <b>2008 Subtotal</b> |                                      |      | <b>0.00</b>       | <b>0.00</b>  | <b>2.14</b>  | <b>1.38</b>  | <b>0</b>           | <b>0</b>         | <b>2,567</b>     | <b>2,234</b>     |
|                      |                                      |      | <b>mW Summary</b> |              |              |              | <b>mWh Summary</b> |                  |                  |                  |
|                      |                                      |      | <b>0.42</b>       | <b>1.01</b>  | <b>3.15</b>  | <b>1.68</b>  | <b>2,446</b>       | <b>4,295</b>     | <b>6,852</b>     | <b>5,982</b>     |
|                      |                                      |      | <b>kW Summary</b> |              |              |              | <b>kWh Summary</b> |                  |                  |                  |
| <b>Res</b>           |                                      |      | <b>106</b>        | <b>599</b>   | <b>1,416</b> | <b>1,060</b> | <b>2,445,624</b>   | <b>4,278,716</b> | <b>6,059,130</b> | <b>5,189,469</b> |
| <b>&lt;50</b>        |                                      |      | <b>0</b>          | <b>0</b>     | <b>28</b>    | <b>28</b>    | <b>0</b>           | <b>0</b>         | <b>206,714</b>   | <b>206,714</b>   |
| <b>&gt; 50</b>       |                                      |      | <b>317</b>        | <b>414</b>   | <b>1,701</b> | <b>594</b>   | <b>0</b>           | <b>16,120</b>    | <b>585,853</b>   | <b>585,849</b>   |
| <b>Total</b>         |                                      |      | <b>422</b>        | <b>1,013</b> | <b>3,146</b> | <b>1,683</b> | <b>2,445,624</b>   | <b>4,294,836</b> | <b>6,851,697</b> | <b>5,982,032</b> |

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

**Response:**

*The Applicant reviewed other LDC Applications and found that 2009 was awarded in the Approval. Until that time, the calculation was based on the period to 2008.*

d) Provide a Version of the Table in Exhibit 9 Tab 2 Schedule 3 that includes only savings for 2006-2008 only

**Response:**

*The Applicant is not clear on this request, but assumes that this request relates to Schedule 4 and the presents the revised schedule below :*

| Initiative Name                        | Bill Class  | Net                             |      |      | Net                         |      |      |
|--|-------------|---------------------------------|------|------|-----------------------------|------|------|
|  |             | Summer Peak Demand Savings (MW) |      |      | Annual Energy Savings (MWh) |      |      |
|  |             | 2006                            | 2007 | 2008 | 2006                        | 2007 | 2008 |
| <b>2006</b>                            |             |                                 |      |      |                             |      |      |
| 2006 Every Kilowatt Counts (spring)    | Residential | 0.01                            | 0.01 | 0.01 | 893                         | 893  | 893  |
| 2006 Cool Savings Rebate Program       | Residential | 0.07                            | 0.07 | 0.07 | 68                          | 68   | 68   |
| 2006 Secondary Fridge Retirement Pilot | Residential | 0.01                            | 0.01 | 0.01 | 37                          | 37   | 37   |

|  |             |             |             |             |              |              |              |
|--|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| 2006 Every Kilowatt Counts (fall)                    | Residential | 0.02        | 0.02        | 0.02        | 1,448        | 1,448        | 1,448        |
| 2006 Demand Response 1                               | GS >50 kW   | 0.32        | 0.32        | 0.32        | 0            | 0            | 0            |
|  |             | <b>0.42</b> | <b>0.42</b> | <b>0.42</b> | <b>2,446</b> | <b>2,446</b> | <b>2,446</b> |
| <b>2007</b>  |             |             |             |             |              |              |              |
| 2007 Great Refrigerator Roundup                      | Residential | 0.00        | 0.01        | 0.01        | 0            | 129          | 129          |
| 2007 Cool Savings Rebate                             | Residential | 0.00        | 0.13        | 0.13        | 0            | 199          | 199          |
| 2007 Every Kilowatt Counts                           | Residential | 0.00        | 0.03        | 0.03        | 0            | 870          | 860          |
| 2007 Summer Savings                                  | Residential | 0.00        | 0.30        | 0.30        | 0            | 536          | 536          |
| 2007 Social Housing – Pilot                          | Residential | 0.00        | 0.01        | 0.01        | 0            | 78           | 78           |
| 2007 Energy Efficiency Assistance for Houses – Pilot | Residential | 0.00        | 0.01        | 0.01        | 0            | 21           | 21           |
| 2007 Electricity Retrofit Incentive Program          | GS >50 kW   | 0.00        | 0.01        | 0.01        | 0            | 16           | 16           |
| 2007 Demand Response 1                               | GS >50 kW   | 0.00        | 0.06        | 0.06        | 0            | 0            | 0            |
| 2007 Other Demand Response                           | GS >50 kW   | 0.00        | 0.03        | 0.03        | 0            | 0            | 0            |
|  |             | <b>0.00</b> | <b>0.59</b> | <b>0.59</b> | <b>0</b>     | <b>1,849</b> | <b>1,839</b> |
| <b>2008</b>  |             |             |             |             |              |              |              |
| 2008 Great Refrigerator Roundup                      | Residential | 0.00        | 0.00        | 0.04        | 0            | 0            | 327          |
| 2008 Cool Savings Rebate                             | Residential | 0.00        | 0.00        | 0.10        | 0            | 0            | 153          |
| 2008 Summer Sweepstakes                              | Residential | 0.00        | 0.00        | 0.13        | 0            | 0            | 517          |
| 2008 Every Kilowatt Counts Power Savings Event       | Residential | 0.00        | 0.00        | 0.04        | 0            | 0            | 784          |
| 2008 peaksaver®                                      | Residential | 0.00        | 0.00        | 0.51        | 0            | 0            | 10           |
| 2008 Electricity Retrofit Incentive                  | GS >50 kW   | 0.00        | 0.00        | 0.11        | 0            | 0            | 569          |
| 2008 Power Savings Blitz                             | GS <50 kW   | 0.00        | 0.00        | 0.03        | 0            | 0            | 207          |
| 2008 Demand Response 1                               | GS >50 kW   | 0.00        | 0.00        | 0.68        | 0            | 0            | 0            |
| 2008 Demand Response 3                               | GS >50 kW   | 0.00        | 0.00        | 0.48        | 0            | 0            | 0            |
| 2008 Other Demand Response                           | GS >50 kW   | 0.00        | 0.00        | 0.02        | 0            | 0            | 0            |
|  |             | <b>0.00</b> | <b>0.00</b> | <b>2.14</b> | <b>0</b>     | <b>0</b>     | <b>2,567</b> |
|  |             |             |             |             |              |              |              |
| <b>Total mW / mWh per OPA Report</b>                 |             | <b>0.42</b> | <b>1.01</b> | <b>3.15</b> | <b>2,446</b> | <b>4,295</b> | <b>6,851</b> |
|  |             | <b>kW</b>   | <b>kW</b>   | <b>kW</b>   | <b>kWh</b>   | <b>kWh</b>   | <b>kWh</b>   |
| <b>Residential</b>                                   |             | 106         | 599         | 1,416       | 2,445,62     | 4,278,71     | 6,059,130    |

|                                 |       |       |       |       |           |           |                |
|---------------------------------|-------|-------|-------|-------|-----------|-----------|----------------|
|                                 |       | 0.000 | 0.000 | 0.000 | 4         | 6         |                |
| Weighted Average Rate           |       | 0     | 0     | 0     | 0.0131    | 0.0131    | 0.0131         |
| LRAM Calculation                |       | 0     | 0     | 0     | 32,009    | 56,011    | 79,284         |
| <b>Total LRAM for the Class</b> |       |       |       |       |           |           |                |
| <b>GS &lt;50 kW</b>             |       | 0     | 0     | 28    | 0         | 0         | 206,714        |
| Weighted Average Rate           |       | 0.000 | 0.000 | 0.000 | 0.0171    | 0.0171    | 0.0171         |
| LRAM Calculation                |       | 0     | 0     | 0     | 0         | 0         | 3,528          |
| <b>Total LRAM for the Class</b> |       |       |       |       |           |           |                |
| <b>GS &gt;50 kW</b>             |       | 317   | 414   | 1,701 | 0         | 16,120    | 585,516        |
| Weighted Average Rate           |       | 3.201 | 3.201 | 3.200 | 0.0000    | 0.0000    | 0.0000         |
| LRAM Calculation                |       | 0     | 4     | 4     | 0         | 0         | 0              |
| <b>Total LRAM for the Class</b> |       |       |       |       |           |           |                |
| Total LRAM kW/kWh               | Total | 422   | 1,013 | 3,145 | 2,445,624 | 4,294,836 | 6851360.49     |
| Total LRAM \$                   |       | 1,014 | 1,324 | 5,443 | 32,009    | 56,011    | 82812.35       |
| Grand Total LRAM kWh \$         |       |       |       |       |           |           | 6,740,460      |
| Grand Total LRAM kW \$          |       |       |       |       |           |           | 4,580          |
| Grand Total LRAM \$             |       |       |       |       |           |           | <b>178,614</b> |

### **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.

***Response:***

***The Applicant confirms that the above statement is correct for the Newmarket service area.***

- 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?

**Response:**

***In regard to the Newmarket service area, the Applicant does not believe that as part of the settlement in EB-2007-0776 it agreed to forego any past CDM savings. In regard to Tay service area, the settlement in EB-2007-0776 is not applicable.***

- 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.

**Response:**

***The Applicant did not request the savings for the 2009 programs; just the savings for the 2006 to 2008 programs that affect 2009. Therefore, the answer to this question would be the same as 17 d) above. If the savings for 2006 to 2008 are prorated to May 1, 2009 for Newmarket and Tay's savings are included for the entire year, the overall savings mentioned in 17d) would increase from \$178,614 by \$22,474 to \$201,088.***

- d) Provide a Version of the Bill Impact exhibit resulting from savings as outlined in part c).

**Response**

***The overall revenue change relating to this request is \$74,294. If the 2009 component is prorated the impact would be \$51,820. The Applicant has chosen to provide a revised "Summary of Impacts" as provided in Exhibit 8 Tab 9 Schedule 3 Attachment 1. The following chart assumes the \$74,294 change and also provides a comparison with the chart submitted:***

| Summary of Bill Impacts Based on Total Bill Before Tax |        |       |             |             |          | As        |
|--|--------|-------|-------------|-------------|----------|-----------|
| Class/Location   | kWh/Mn | kW/Mn | Old Bill \$ | New Bill \$ | % Change | Submitted |
| Residential - Newmarket                                | 100    |       | 24.25       | 27.41       | 13.04%   | 13.09%    |
|  | 250    |       | 39.17       | 42.65       | 8.88%    | 8.96%     |
|  | 500    |       | 64.05       | 68.05       | 6.26%    | 6.35%     |
|  | 800    |       | 95.95       | 100.59      | 4.83%    | 4.93%     |
|  | 1,000  |       | 117.72      | 122.77      | 4.29%    | 4.40%     |
| Residential - Tay                                      | 100    |       | 27.80       | 27.41       | -1.39%   | -1.35%    |
|  | 250    |       | 43.35       | 42.65       | -1.61%   | -1.54%    |
|  | 500    |       | 69.27       | 68.05       | -1.76%   | -1.67%    |
|  | 800    |       | 102.80      | 100.59      | -2.15%   | -2.05%    |
|  | 1,000  |       | 125.49      | 122.77      | -2.16%   | -2.06%    |
| GS Less than 50 kW - Newmarket                         | 1,000  |       | 128.07      | 138.63      | 8.25%    | 8.26%     |
|  | 2,000  |       | 236.85      | 250.77      | 5.87%    | 5.89%     |
|  | 5,000  |       | 563.20      | 587.16      | 4.25%    | 4.27%     |
|  | 10,000 |       | 1,107.11    | 1,147.83    | 3.68%    | 3.69%     |

|   |                           |         |           |           |           |         |        |
|---|---------------------------|---------|-----------|-----------|-----------|---------|--------|
| <i>GS Less than 50 kW - Tay</i>             | 1,000                     |         | 127.64    | 138.63    | 8.61%     | 8.62%   |        |
|   | 2,000                     |         | 244.47    | 250.77    | 2.57%     | 2.59%   |        |
|   | 5,000                     |         | 594.97    | 587.16    | -1.31%    | -1.30%  |        |
|   | 10,000                    |         | 1,179.13  | 1,147.83  | -2.65%    | -2.64%  |        |
| <i>Unmetered Scattered Load - Newmarket</i> | 200                       |         | 36.53     | 32.58     | -10.81%   | -10.81% |        |
|   | 500                       |         | 66.37     | 63.08     | -4.96%    | -4.96%  |        |
| <i>Unmetered Scattered Load - Tay</i>       | 200                       |         | 29.81     | 32.58     | 9.30%     | 9.30%   |        |
|   | 500                       |         | 63.12     | 63.08     | -0.07%    | -0.07%  |        |
| <i>GS Greater Than 50 kW - Newmarket</i>    | 25,000                    | 60      | 2,694.23  | 2,777.92  | 3.11%     | 3.11%   |        |
|   | <i>Analog/Smart Meter</i> | 40,000  | 100       | 4,182.71  | 4,327.39  | 3.46%   | 3.46%  |
|   | <i>Analog/Smart Meter</i> | 200,000 | 500       | 20,308.95 | 21,062.97 | 3.71%   | 3.72%  |
|   | <i>Analog/Smart Meter</i> | 400,000 | 1,000     | 40,466.75 | 41,982.43 | 3.75%   | 3.75%  |
| <i>GS Greater Than 50 kW - Tay</i>          | 25,000                    | 60      | 2,814.40  | 2,777.92  | -1.30%    | -1.29%  |        |
|   | <i>Analog/Smart Meter</i> | 40,000  | 100       | 4,351.93  | 4,327.39  | -0.56%  | -0.56% |
|   | <i>Analog/Smart Meter</i> | 200,000 | 500       | 20,941.77 | 21,062.97 | 0.58%   | 0.58%  |
| <i>Street Lights -Newmarket</i>             | 402,353                   | 1,092   | 61,424.84 | 62,462.41 | 1.69%     | 1.69%   |        |
| <i>Street Lights -Tay</i>                   | 37,201                    | 104     | 4,593.79  | 5,799.69  | 26.25%    | 26.25%  |        |
| <i>Sentinel Lts - Newmarket</i>             | 60                        | 0.18    | 8.46      | 8.69      | 2.72%     | 2.72%   |        |
| <i>Sentinel Lts - Tay</i>                   | 60                        | 0.18    | 7.87      | 8.66      | 10.04%    | 10.04%  |        |

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).

**Response:**

**Alternative 1 (Preferred - LRAM recovered over 2 years with Deferral balances)**

**Annual Recovery of Deferral Accounts at 2010 Activity**

| Class                                       | kWh         | kW      | Rate    | Recovery         |
|---|-------------|---------|---------|------------------|
| Residential                                 | 274,854,374 |         | 0.00224 | 617,014          |
| GS<50                                       | 95,754,008  |         | 0.00180 | 172,047          |
| USL   | 391,118     |         | 0.00074 | 288              |
| GS>50                                       |             | 788,495 | 0.21019 | 165,737          |
| Street Lights                               |             | 14,582  | 0.16828 | 2,454            |
| Sentinel Lights                             |             | 850     | 0.18218 | 155              |
| <b>Annual</b>                               |             |         |         | <b>957,694</b>   |
| <b>Recovery May 1, 2010 to Apr 30, 2013</b> |             |         |         | <b>1,915,388</b> |



**Alternative 2 (LRAM recovered over 1 year, Deferral balances over 2 years)**

**@ Proposed Rates with 2010 Statistics**

**Deferral Accounts**

| <b>Class</b>                                | <b>kWh</b>  | <b>kW</b> | <b>DA Rate</b>   | <b>Recovery</b>  |
|---|-------------|-----------|------------------|------------------|
| Residential                                 | 274,854,374 |           | 0.00194          | 533,362          |
| GS<50                                       | 95,754,008  |           | 0.00178          | 170,282          |
| USL   | 391,118     |           | 0.00074          | 288              |
| GS>50                                       |             | 788,495   | 0.20526          | 161,847          |
| Street Lights                               |             | 14,582    | 0.16828          | 2,454            |
| Sentinel Lights                             |             | 850       | 0.18218          | 155              |
| <b>Annual</b>                               |             |           |                  | <b>868,387</b>   |
| <b>Recovery May 1, 2009 to Apr 30, 2011</b> |             |           |                  | <b>1,736,774</b> |
| <b>LRAM</b>                                 |             |           |                  |                  |
| <b>Class</b>                                | <b>kWh</b>  | <b>kW</b> | <b>LRAM Rate</b> | <b>Recovery</b>  |
| Residential                                 | 274,854,374 |           | 0.00061          | 167,305          |
| GS<50                                       | 95,754,008  |           | 0.00004          | 3,528            |
| GS>50                                       |             | 788,495   | 0.00987          | 7,781            |
| <b>Recovery May 1, 2010 to Apr 30, 2011</b> |             |           |                  | <b>178,614</b>   |
| <b>Total Recovery During Rate Period</b>    |             |           |                  | <b>1,915,388</b> |

- 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.

**Response:**

*The Applicant's predecessor company, Newmarket Hydro Ltd did not participate in the 2006 – 2008 EDR process. As such, the Applicant cannot confirm this.*

**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

**Response:**

*The Applicant cannot confirm this one way or the other.*

*Chapter 3 of the Filing Requirements for Transmission and Distribution Applications issued July 9, 2010 at page 14 indicates:*

**“2.3 Smart Meter Funding Adder**

*The Smart Meter Funding adder currently applied to all metered customers in accordance with the Board’s Decision RP-2005-0020/EB-2005-0529 and as subsequently revised in Board decisions and rate Orders for each distributor.*

*This funding adder is not subject to the price cap adjustment.*

*Requests for changes to smart meter funding adders should comply with the latest version of the Board Guideline G-2008-0002 Smart Meter Funding and Cost Recovery. The Rate Generator Model will also include a schedule for a distributor to include the rate adder on the proposed Tariff of Rates and Charges.”*

*Therefore, it is the Applicant’s understanding that the Filing Requirements for Smart Meter Investment Plans, October 26, 2006 have been superseded by Guideline G-2008-0002.*

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 effect of the SMIP on the level of the allowance for PILs.

the number of meters installed by class and by year, both in absolute terms and as a percentage of the class;

**Response:**

|                                       | 2006   |       | 2007   |       | 2008   |       | 2009   |       | Projected 2010 |       |
|---------------------------------------|--------|-------|--------|-------|--------|-------|--------|-------|----------------|-------|
|                                       | Res    | GS<50 | Res    | GS<50 | Res    | GS<50 | Res    | GS<50 | Res            | GS<50 |
| <b>Smart Meters Installed in Year</b> | 250    | -     | 27,612 | -     | 622    | 300   | 654    | -     | 464            | -     |
| <b>Total Smart Meter Customers</b>    | 250    | -     | 27,862 | -     | 28,484 | 300   | 29,138 | 300   | 29,602         | 300   |
| <b>Total Customers</b>                | 27,862 | 2,769 | 27,862 | 2,815 | 28,484 | 2,870 | 29,138 | 2,880 | 29,602         | 2,909 |
| <b>% Installed</b>                    | 0.9%   | 0.0%  | 100.0% | 0.0%  | 100.0% | 10.5% | 100.0% | 10.4% | 100.0%         | 10.3% |

- the capital expenditures and amortization by class and by year;

**Response**

| 2006 |       | 2007 |       | 2008 |       | 2009 |       | Projected 2010 |       |
|------|-------|------|-------|------|-------|------|-------|----------------|-------|
| Exp  | Deprn | Exp  | Deprn | Exp  | Deprn | Exp  | Deprn | Exp            | Deprn |

|                     |         |       |           |        |         |         |         |         |  |  |
|---------------------|---------|-------|-----------|--------|---------|---------|---------|---------|--|--|
| <i>Residential</i>  | 294,833 | 9,828 | 3,676,850 | 71,840 | 686,566 | 334,925 | 473,285 | 324,925 |  |  |
| <i>Less than 50</i> |         |       | 50,220    | 279    | 162,550 | 14,185  |         | 14,185  |  |  |

- the operating expenses by class and by year;

**Response**

| O&M                | 2009           | 2010<br>Projection |
|--------------------|----------------|--------------------|
| <i>Residential</i> | 209,292        | 369,270            |
| <i>GS&lt;50</i>    | 2,137          | 3,730              |
| <b>Total</b>       | <b>211,429</b> | <b>373,000</b>     |

- the effect of the SMIP on the level of the allowance for PILs.

**Response**

**Please see Energy Probe IR 7.**

- c) Has NTP kept records by class as required and are accounts 1556 and 1555 segregated by rate class? Please elaborate.

**Response:**

**As of September 2010, the majority of Smart Meters that have been installed are all single phase units, with a few of these are installed in GS<50 locations as shown in the Cost Allocation Model (Residential – 29,370 and GS<50 – 300). Costs in these accounts would be split in this ratio.**

## **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).

### **Response**

**Smart Meter Unit Costs - Residential**

|                                    | <b>2006</b> | <b>2007</b> | <b>2008</b> | <b>2009</b> | <b>2010</b> |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Total Units Installed              | 250         | 27,862      | 28,484      | 29,138      | 29,602      |
| Procurement (Meter) Costs          | 20,012      | 2,475,955   | 2,716,333   | 2,792,656   | 2,792,656   |
| Per Unit Meter Costs               | 80.05       | 88.86       | 95.36       | 95.84       | 94.34       |
| Installation Costs                 | 3,532       | 308,109     | 315,620     | 321,804     | 323,289     |
| Per Unit Installation Costs        | 14.13       | 11.06       | 11.08       | 11.04       | 10.92       |
| Communications & Back Office Costs | 271,289     | 1,178,353   | 1,609,040   | 1,995,034   | 2,001,393   |
| Per Unit Com and Back Office Costs | 1,085.16    | 42.29       | 56.49       | 68.47       | 67.61       |
| Total Residential Costs            | 294,833     | 3,962,417   | 4,640,994   | 5,109,493   | 5,117,338   |
| Total Residential Per Unit Costs   | 1,179.33    | 142.22      | 162.93      | 175.35      | 172.87      |

- 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).

### **Response**

**See a) above**

- c) Provide by year support/details of the 2006-2010 (to March 31 2010) Commercial Class SM Unit costs (procurement and installation separately).

### **Response**

**Smart Meter Unit Costs - GS < 50 kW**

|                                    | <b>2006</b> | <b>2007</b> | <b>2008</b> | <b>2009</b> | <b>2010</b> |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Total Units Installed              | 0           | 0           | 300         | 300         | 300         |
| Procurement (Meter) Costs          | 0           | 50,220      | 212,740     | 213,520     | 213,520     |
| Per Unit Meter Costs               | 0.00        | 0.00        | 709.13      | 711.73      | 711.73      |
| Installation Costs                 | 0           | 0           | 3,622       | 3,685       | 3,700       |
| Per Unit Installation Costs        | 0.00        | 0.00        | 12.07       | 12.28       | 12.33       |
| Communications & Back Office Costs | 0           | 9,265       | 13,664      | 17,607      | 17,672      |
| Per Unit Com and Back Office Costs | 0.00        | 0.00        | 45.55       | 58.69       | 58.91       |
| Total GS < 50 Costs                | 0           | 59,486      | 230,026     | 234,812     | 234,892     |

|                              |      |      |        |        |        |
|------------------------------|------|------|--------|--------|--------|
| Total GS < 50 Per Unit Costs | 0.00 | 0.00 | 766.75 | 782.71 | 782.97 |
|------------------------------|------|------|--------|--------|--------|

- 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).

**Response**  
**Please see c) above.**

- 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.

**Response**

**Smart Meter Unit Costs - Total NT Power**

|                                    | 2006     | 2007      | 2008      | 2009      | 2010      |
|------------------------------------|----------|-----------|-----------|-----------|-----------|
| Total Units Installed              | 250      | 27862     | 28784     | 29438     | 29902     |
| Procurement (Meter) Costs          | 20,012   | 2,526,176 | 2,929,073 | 3,006,175 | 3,006,175 |
| Per Unit Meter Costs               | 80.05    | 90.67     | 101.76    | 102.12    | 100.53    |
| Installation Costs                 | 3,532    | 308,109   | 319,241   | 325,489   | 326,989   |
| Per Unit Installation Costs        | 14.13    | 11.06     | 11.09     | 11.06     | 10.94     |
| Communications & Back Office Costs | 271,289  | 1,187,618 | 1,622,705 | 2,012,641 | 2,019,065 |
| Per Unit Com and Back Office Costs | 1,085.16 | 42.63     | 56.38     | 68.37     | 67.52     |
| Total Costs                        | 294,833  | 4,021,903 | 4,871,020 | 5,344,305 | 5,352,229 |
| Total Per Unit Costs               | 1,179.33 | 144.35    | 169.23    | 181.54    | 178.99    |

- 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.

**Response**

|                    | 2009           | Mar 2010      |
|--------------------|----------------|---------------|
| <i>Residential</i> | <b>209,292</b> | <b>53,934</b> |
| <i>GS&lt;50</i>    | <b>2,137</b>   | <b>550</b>    |
| <b>Total</b>       | <b>211,430</b> | <b>54,485</b> |

- g) Were/are any SM installed in other classes? If so provide details of costs, if any, to be recovered.

**Response:**

**None have been installed in other classes.**

- 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).

**Response**

**1555**

**Smart Meter costs included in the model shown in Exhibit 9, Tab 3, Schedule 2 include only the costs for “Residential” type Smart Meters. At March 2010, there were 29,200 of these installed in the Residential class and 300 installed in the GS<50 Class. The GS<50 Class meters are factored into that class by actual price while all other capital costs are apportioned by number of installs:**

| <b>Smart Meter Capital Allocation<br/>to March 31, 2010</b> |                        |               |
|---|------------------------|---------------|
| <b>Class</b>  | <b>Smart Meters \$</b> | <b>%</b>      |
| <b>Residential</b>  | <b>5,117,338</b>       | <b>95.6%</b>  |
| <b>GS&lt;50</b>   | <b>234,892</b>         | <b>4.4%</b>   |
| <b>Total Installs</b>                                       | <b>5,352,229</b>       | <b>100.0%</b> |
| <hr/>   |                        |               |
| <b>1555 Smart Meter Capital</b>                             | <b>\$</b>              |               |
| <b>Residential</b>  | <b>225,534</b>         |               |
| <b>GS&lt;50</b>   | <b>10,352</b>          |               |
| <b>1555 Total</b>   | <b>235,886</b>         |               |

**Response**

**1556**

**O&M Costs are allocated to the classes by number of installs:**

| <b>Smart Meter O&amp;M Allocation<br/>to March 31, 2010</b> |                       |               |
|---|-----------------------|---------------|
| <b>Class</b>  | <b>SM's Installed</b> | <b>%</b>      |
| <b>Residential</b>  | <b>29,200</b>         | <b>99.0%</b>  |
| <b>GS&lt;50</b>   | <b>300</b>            | <b>1.0%</b>   |
| <b>Total Installs</b>                                       | <b>29,500</b>         | <b>100.0%</b> |

|                                 |                |
|---------------------------------|----------------|
| <i>1556 Smart Meter O&amp;M</i> | <i>\$</i>      |
| <i>Residential</i>              | <i>873,880</i> |
| <i>GS&lt;50</i>                 | <i>8,926</i>   |
| <i>1556 Total</i>               | <i>882,806</i> |

**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 Actual (to March 31 2010)

**Response:**

**Response:**

*The following charts highlight the SM cash flow as requested.*

*The first chart shows the inflows of cash related to SM's from Rate Adders.*

**Cash from Rate Adder:**

| <i>Month</i>  | <i>Total Cash Inflow</i> |                 |                 |                    |                     |
|---------------|--------------------------|-----------------|-----------------|--------------------|---------------------|
|               | <i>Residential</i>       | <i>GS&lt;50</i> | <i>GS&gt;50</i> | <i>Month Total</i> | <i>Life to Date</i> |
| <i>May-06</i> | <i>(31.62)</i>           | <i>(1.53)</i>   | <i>(0.23)</i>   | <i>(33.39)</i>     | <i>(33.39)</i>      |
| <i>Jun-06</i> | <i>(596.69)</i>          | <i>(35.13)</i>  | <i>(1.82)</i>   | <i>(633.64)</i>    | <i>(667.03)</i>     |
| <i>Jul-06</i> | <i>(1,019.71)</i>        | <i>(58.62)</i>  | <i>(0.84)</i>   | <i>(1,079.17)</i>  | <i>(1,746.20)</i>   |
| <i>Aug-06</i> | <i>(1,009.11)</i>        | <i>(60.05)</i>  | <i>(2.80)</i>   | <i>(1,071.96)</i>  | <i>(2,818.16)</i>   |
| <i>Sep-06</i> | <i>(998.80)</i>          | <i>(61.16)</i>  | <i>(3.36)</i>   | <i>(1,063.32)</i>  | <i>(3,881.48)</i>   |
| <i>Oct-06</i> | <i>(1,101.52)</i>        | <i>(61.05)</i>  | <i>(2.80)</i>   | <i>(1,165.37)</i>  | <i>(5,046.85)</i>   |
| <i>Nov-06</i> | <i>(1,043.56)</i>        | <i>(58.82)</i>  | <i>(2.80)</i>   | <i>(1,105.18)</i>  | <i>(6,152.03)</i>   |
| <i>Dec-06</i> | <i>(1,045.77)</i>        | <i>(66.51)</i>  | <i>(2.52)</i>   | <i>(1,114.80)</i>  | <i>(7,266.83)</i>   |
| <i>Jan-07</i> | <i>(1,047.51)</i>        | <i>(66.91)</i>  | <i>(3.36)</i>   | <i>(1,117.78)</i>  | <i>(8,384.61)</i>   |
| <i>Feb-07</i> | <i>(1,052.21)</i>        | <i>(68.03)</i>  | <i>(3.36)</i>   | <i>(1,123.60)</i>  | <i>(9,508.21)</i>   |
| <i>Mar-07</i> | <i>(1,047.76)</i>        | <i>(67.55)</i>  | <i>(5.60)</i>   | <i>(1,120.91)</i>  | <i>(10,629.12)</i>  |
| <i>Apr-07</i> | <i>(342.63)</i>          | <i>(18.81)</i>  | <i>(1.18)</i>   | <i>(362.61)</i>    | <i>(10,991.73)</i>  |
| <i>May-07</i> | <i>(1,057.91)</i>        | <i>(60.53)</i>  | <i>(3.09)</i>   | <i>(1,121.53)</i>  | <i>(12,113.26)</i>  |
| <i>Jun-07</i> | <i>(9,648.96)</i>        | <i>(552.04)</i> | <i>(28.19)</i>  | <i>(10,229.19)</i> | <i>(22,342.45)</i>  |
| <i>Jul-07</i> | <i>(8,265.42)</i>        | <i>(472.88)</i> | <i>(24.15)</i>  | <i>(8,762.45)</i>  | <i>(31,104.90)</i>  |
| <i>Aug-07</i> | <i>(8,102.86)</i>        | <i>(463.58)</i> | <i>(23.68)</i>  | <i>(8,590.11)</i>  | <i>(39,695.01)</i>  |
| <i>Sep-07</i> | <i>(8,111.33)</i>        | <i>(464.07)</i> | <i>(23.70)</i>  | <i>(8,599.09)</i>  | <i>(48,294.10)</i>  |

|        |             |            |          |             |              |
|--------|-------------|------------|----------|-------------|--------------|
| Oct-07 | (8,195.47)  | (468.88)   | (23.95)  | (8,688.29)  | (56,982.40)  |
| Nov-07 | (8,127.57)  | (465.00)   | (23.75)  | (8,616.32)  | (65,598.72)  |
| Dec-07 | (8,190.96)  | (468.62)   | (23.93)  | (8,683.52)  | (74,282.24)  |
| Jan-08 | (9,793.15)  | (545.86)   | (29.75)  | (10,368.77) | (84,651.00)  |
| Feb-08 | (9,793.15)  | (545.86)   | (29.75)  | (10,368.77) | (95,019.77)  |
| Mar-08 | (9,793.15)  | (545.86)   | (29.75)  | (10,368.77) | (105,388.54) |
| Apr-08 | (9,874.00)  | (569.03)   | (29.91)  | (10,472.94) | (115,861.48) |
| May-08 | (9,874.00)  | (569.03)   | (29.91)  | (10,472.94) | (126,334.42) |
| Jun-08 | (9,875.00)  | (569.03)   | (29.91)  | (10,473.94) | (136,808.36) |
| Jul-08 | (9,845.15)  | (565.10)   | (29.80)  | (10,440.05) | (147,248.41) |
| Aug-08 | (9,845.15)  | (565.10)   | (29.80)  | (10,440.05) | (157,688.45) |
| Sep-08 | (9,845.15)  | (565.10)   | (29.80)  | (10,440.05) | (168,128.50) |
| Oct-08 | (9,859.98)  | (565.15)   | (29.82)  | (10,454.96) | (178,583.45) |
| Nov-08 | (9,859.98)  | (565.15)   | (29.82)  | (10,454.96) | (189,038.41) |
| Dec-08 | (9,859.98)  | (565.15)   | (29.82)  | (10,454.96) | (199,493.37) |
| Jan-09 | (9,891.09)  | (563.65)   | (29.76)  | (10,484.50) | (209,977.86) |
| Feb-09 | (9,891.09)  | (563.65)   | (29.76)  | (10,484.50) | (220,462.36) |
| Mar-09 | (9,891.09)  | (563.65)   | (29.76)  | (10,484.50) | (230,946.86) |
| Apr-09 | (9,861.51)  | (565.24)   | (29.82)  | (10,456.58) | (241,403.43) |
| May-09 | (9,861.51)  | (565.24)   | (29.82)  | (10,456.58) | (251,860.01) |
| Jun-09 | (18,326.73) | (1,489.80) | (158.76) | (19,975.30) | (271,835.31) |
| Jul-09 | (24,582.18) | (2,164.92) | (253.90) | (27,001.01) | (298,836.31) |
| Aug-09 | (24,590.98) | (2,165.80) | (254.19) | (27,010.97) | (325,847.29) |
| Sep-09 | (24,626.16) | (2,166.10) | (254.48) | (27,046.74) | (352,894.03) |
| Oct-09 | (24,660.38) | (2,170.26) | (253.95) | (27,084.59) | (379,978.61) |
| Nov-09 | (24,689.99) | (2,172.90) | (253.95) | (27,116.83) | (407,095.45) |
| Dec-09 | (24,713.73) | (2,174.95) | (253.95) | (27,142.63) | (434,238.08) |
| Jan-10 | (24,766.66) | (2,182.27) | (251.44) | (27,200.37) | (461,438.44) |
| Feb-10 | (24,686.10) | (2,172.65) | (250.10) | (27,108.85) | (488,547.29) |
| Mar-10 | (24,872.24) | (2,191.04) | (253.25) | (27,316.53) | (515,863.82) |

The following chart shows the outflow of cash for the SM Program on a monthly basis. It includes outlays for all capitalized costs and Operation and Maintenance costs from September 2009 to March 2010.

#### Total Cash Outflows

| Month  | Total Cash Outflow |       |       |             |              |
|--------|--------------------|-------|-------|-------------|--------------|
|        | Residential        | GS<50 | GS>50 | Month Total | Life to Date |
| May-06 | 0.00               | 0.00  | 0.00  | 0.00        | 0.00         |
| Jun-06 | 0.00               | 0.00  | 0.00  | 0.00        | 0.00         |
| Jul-06 | 0.00               | 0.00  | 0.00  | 0.00        | 0.00         |
| Aug-06 | 51,052.24          | 0.00  | 0.00  | 51,052.24   | 51,052.24    |
| Sep-06 | 19,691.18          | 0.00  | 0.00  | 19,691.18   | 70,743.41    |
| Oct-06 | 50,073.26          | 0.00  | 0.00  | 50,073.26   | 120,816.67   |
| Nov-06 | 48,689.09          | 0.00  | 0.00  | 48,689.09   | 169,505.76   |



|        |              |            |      |              |              |
|--------|--------------|------------|------|--------------|--------------|
| Dec-06 | 125,327.24   | 0.00       | 0.00 | 125,327.24   | 294,833.00   |
| Jan-07 | 0.00         | 0.00       | 0.00 | 0.00         | 294,833.00   |
| Feb-07 | 0.00         | 0.00       | 0.00 | 0.00         | 294,833.00   |
| Mar-07 | 0.00         | 0.00       | 0.00 | 0.00         | 294,833.00   |
| Apr-07 | 1,242,488.28 | 12,691.40  | 0.00 | 1,255,179.68 | 1,550,012.68 |
| May-07 | 93,095.88    | 950.93     | 0.00 | 94,046.81    | 1,644,059.49 |
| Jun-07 | 289,460.65   | 2,956.70   | 0.00 | 292,417.35   | 1,936,476.84 |
| Jul-07 | 484,759.81   | 4,951.58   | 0.00 | 489,711.39   | 2,426,188.23 |
| Aug-07 | 338,463.88   | 3,457.24   | 0.00 | 341,921.12   | 2,768,109.35 |
| Sep-07 | 478,523.70   | 4,887.88   | 0.00 | 483,411.58   | 3,251,520.93 |
| Oct-07 | 70,538.93    | 720.52     | 0.00 | 71,259.45    | 3,322,780.38 |
| Nov-07 | 152,376.77   | 1,556.45   | 0.00 | 153,933.22   | 3,476,713.60 |
| Dec-07 | 489,456.48   | 55,732.53  | 0.00 | 545,189.01   | 4,021,902.61 |
| Jan-08 | 10,055.79    | 102.71     | 0.00 | 10,158.50    | 4,032,061.11 |
| Feb-08 | 40,519.19    | 413.88     | 0.00 | 40,933.07    | 4,072,994.18 |
| Mar-08 | 29,553.95    | 164,481.94 | 0.00 | 194,035.89   | 4,267,030.07 |
| Apr-08 | 39,758.01    | 406.11     | 0.00 | 40,164.12    | 4,307,194.19 |
| May-08 | 47,345.80    | 483.61     | 0.00 | 47,829.41    | 4,355,023.60 |
| Jun-08 | 29,805.97    | 304.45     | 0.00 | 30,110.42    | 4,385,134.02 |
| Jul-08 | 40,948.14    | 418.27     | 0.00 | 41,366.41    | 4,426,500.43 |
| Aug-08 | 57,884.97    | 591.27     | 0.00 | 58,476.24    | 4,484,976.67 |
| Sep-08 | 232,172.49   | 2,371.53   | 0.00 | 234,544.02   | 4,719,520.69 |
| Oct-08 | 74,137.64    | 757.28     | 0.00 | 74,894.92    | 4,794,415.61 |
| Nov-08 | 41,841.22    | 427.39     | 0.00 | 42,268.61    | 4,836,684.22 |
| Dec-08 | 33,987.70    | 347.17     | 0.00 | 34,334.87    | 4,871,019.09 |
| Jan-09 | 23,788.42    | 242.99     | 0.00 | 24,031.41    | 4,895,050.50 |
| Feb-09 | 47,360.06    | 483.76     | 0.00 | 47,843.82    | 4,942,894.32 |
| Mar-09 | 23,539.66    | 240.45     | 0.00 | 23,780.11    | 4,966,674.43 |
| Apr-09 | 46,902.65    | 479.09     | 0.00 | 47,381.74    | 5,014,056.17 |
| May-09 | 69,855.98    | 713.54     | 0.00 | 70,569.52    | 5,084,625.69 |
| Jun-09 | 48,186.89    | 492.21     | 0.00 | 48,679.10    | 5,133,304.79 |
| Jul-09 | 34,570.27    | 353.12     | 0.00 | 34,923.39    | 5,168,228.18 |
| Aug-09 | 116,980.60   | 1,194.90   | 0.00 | 118,175.50   | 5,286,403.68 |
| Sep-09 | 33,810.52    | 345.36     | 0.00 | 34,155.88    | 5,320,559.56 |
| Oct-09 | 45,641.88    | 466.21     | 0.00 | 46,108.09    | 5,366,667.65 |
| Nov-09 | 61,527.88    | 628.48     | 0.00 | 62,156.36    | 5,428,824.01 |
| Dec-09 | 125,627.76   | 1,283.23   | 0.00 | 126,910.99   | 5,555,735.00 |
| Jan-10 | 23,779.36    | 242.89     | 0.00 | 24,022.25    | 5,579,757.25 |
| Feb-10 | 14,147.27    | 144.51     | 0.00 | 14,291.78    | 5,594,049.03 |
| Mar-10 | 23,851.43    | 243.63     | 0.00 | 24,095.06    | 5,618,144.09 |

b) Compare the forecast surplus/deficit for each class to the proposed aggregate (residential and GS<50 kw) rate adder per customer per month

**Response:**

### Net Cash Flow (Inflow less Outflow)

| Month  | Net Cash Flow |            |          |              |              |
|--------|---------------|------------|----------|--------------|--------------|
|        | Residential   | GS<50      | GS>50    | Month Total  | Life to Date |
| May-06 | (31.62)       | (1.53)     | (0.23)   | (33.39)      | (33.39)      |
| Jun-06 | (596.69)      | (35.13)    | (1.82)   | (633.64)     | (667.03)     |
| Jul-06 | (1,019.71)    | (58.62)    | (0.84)   | (1,079.17)   | (1,746.20)   |
| Aug-06 | 50,043.13     | (60.05)    | (2.80)   | 49,980.27    | 48,234.07    |
| Sep-06 | 18,692.38     | (61.16)    | (3.36)   | 18,627.86    | 66,861.93    |
| Oct-06 | 48,971.74     | (61.05)    | (2.80)   | 48,907.89    | 115,769.82   |
| Nov-06 | 47,645.53     | (58.82)    | (2.80)   | 47,583.91    | 163,353.73   |
| Dec-06 | 124,281.47    | (66.51)    | (2.52)   | 124,212.44   | 287,566.17   |
| Jan-07 | (1,047.51)    | (66.91)    | (3.36)   | (1,117.78)   | 286,448.39   |
| Feb-07 | (1,052.21)    | (68.03)    | (3.36)   | (1,123.60)   | 285,324.79   |
| Mar-07 | (1,047.76)    | (67.55)    | (5.60)   | (1,120.91)   | 284,203.88   |
| Apr-07 | 1,242,145.65  | 12,672.60  | (1.18)   | 1,254,817.07 | 1,539,020.95 |
| May-07 | 92,037.97     | 890.40     | (3.09)   | 92,925.28    | 1,631,946.23 |
| Jun-07 | 279,811.70    | 2,404.66   | (28.19)  | 282,188.16   | 1,914,134.39 |
| Jul-07 | 476,494.39    | 4,478.70   | (24.15)  | 480,948.94   | 2,395,083.33 |
| Aug-07 | 330,361.02    | 2,993.66   | (23.68)  | 333,331.01   | 2,728,414.34 |
| Sep-07 | 470,412.37    | 4,423.82   | (23.70)  | 474,812.49   | 3,203,226.83 |
| Oct-07 | 62,343.46     | 251.64     | (23.95)  | 62,571.16    | 3,265,797.98 |
| Nov-07 | 144,249.19    | 1,091.46   | (23.75)  | 145,316.90   | 3,411,114.88 |
| Dec-07 | 481,265.52    | 55,263.91  | (23.93)  | 536,505.49   | 3,947,620.37 |
| Jan-08 | 262.63        | (443.14)   | (29.75)  | (210.27)     | 3,947,410.11 |
| Feb-08 | 30,726.03     | (131.97)   | (29.75)  | 30,564.30    | 3,977,974.41 |
| Mar-08 | 19,760.79     | 163,936.08 | (29.75)  | 183,667.12   | 4,161,641.53 |
| Apr-08 | 29,884.02     | (162.92)   | (29.91)  | 29,691.18    | 4,191,332.71 |
| May-08 | 37,471.80     | (85.42)    | (29.91)  | 37,356.47    | 4,228,689.18 |
| Jun-08 | 19,930.97     | (264.58)   | (29.91)  | 19,636.48    | 4,248,325.66 |
| Jul-08 | 31,102.99     | (146.83)   | (29.80)  | 30,926.36    | 4,279,252.02 |
| Aug-08 | 48,039.82     | 26.17      | (29.80)  | 48,036.19    | 4,327,288.22 |
| Sep-08 | 222,327.34    | 1,806.43   | (29.80)  | 224,103.97   | 4,551,392.19 |
| Oct-08 | 64,277.66     | 192.13     | (29.82)  | 64,439.96    | 4,615,832.16 |
| Nov-08 | 31,981.24     | (137.77)   | (29.82)  | 31,813.65    | 4,647,645.81 |
| Dec-08 | 24,127.72     | (217.99)   | (29.82)  | 23,879.91    | 4,671,525.72 |
| Jan-09 | 13,897.34     | (320.66)   | (29.76)  | 13,546.91    | 4,685,072.64 |
| Feb-09 | 37,468.97     | (79.89)    | (29.76)  | 37,359.32    | 4,722,431.96 |
| Mar-09 | 13,648.58     | (323.20)   | (29.76)  | 13,295.61    | 4,735,727.57 |
| Apr-09 | 37,041.14     | (86.15)    | (29.82)  | 36,925.16    | 4,772,652.74 |
| May-09 | 59,994.47     | 148.30     | (29.82)  | 60,112.94    | 4,832,765.68 |
| Jun-09 | 29,860.16     | (997.60)   | (158.76) | 28,703.80    | 4,861,469.48 |
| Jul-09 | 9,988.09      | (1,811.81) | (253.90) | 7,922.38     | 4,869,391.87 |
| Aug-09 | 92,389.62     | (970.90)   | (254.19) | 91,164.53    | 4,960,556.39 |
| Sep-09 | 9,184.37      | (1,820.74) | (254.48) | 7,109.14     | 4,967,665.53 |
| Oct-09 | 20,981.50     | (1,704.05) | (253.95) | 19,023.50    | 4,986,689.04 |
| Nov-09 | 36,837.90     | (1,544.42) | (253.95) | 35,039.53    | 5,021,728.56 |
| Dec-09 | 100,914.03    | (891.73)   | (253.95) | 99,768.36    | 5,121,496.92 |

|              |                     |                   |                   |                     |              |
|--------------|---------------------|-------------------|-------------------|---------------------|--------------|
| Jan-10       | (987.30)            | (1,939.38)        | (251.44)          | (3,178.12)          | 5,118,318.81 |
| Feb-10       | (10,538.83)         | (2,028.14)        | (250.10)          | (12,817.07)         | 5,105,501.74 |
| Mar-10       | (1,020.81)          | (1,947.41)        | (253.25)          | (3,221.47)          | 5,102,280.27 |
| <b>Total</b> | <b>4,873,512.25</b> | <b>231,917.88</b> | <b>(3,149.86)</b> | <b>5,102,280.27</b> |              |

## **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

### ***Response:***

***Smart Meter costs included in the model shown in Exhibit 9, Tab 3, Schedule 2 include only the costs for single phase Smart Meters. At March 2010, there were 29,200 of these installed in the Residential class and 300 installed in the GS<50 Class. These meters are identical for either class and therefore a fair allocation is to simply calculate the percentage of the total by class. The following table demonstrates this:***

| <b>Smart Meter Deployment<br/>to March 31, 2010</b> |                     |                |
|---|---------------------|----------------|
| <b>Class</b>  | <b>Smart Meters</b> | <b>%</b>       |
| Residential   | 29200               | 98.99%         |
| GS<50   | 300                 | 1.01%          |
| <b>Total Installs</b>                               | <b>29500</b>        | <b>100.00%</b> |
| <br>  |                     |                |
| <b>1555 Smart Meter Capital</b>                     |                     | <b>\$</b>      |
| Residential   |                     | 233,501        |
| GS<50   |                     | 2,385          |
| <b>1555 Total</b>                                   |                     | <b>235,886</b> |
| <br>  |                     |                |
| <b>1556 Smart Meter O&amp;M</b>                     |                     | <b>\$</b>      |
| Residential   |                     | 873,880        |
| GS<50   |                     | 8,926          |
| <b>1556 Total</b>                                   |                     | <b>882,806</b> |

**Exhibit 9, Tab 3, Schedule 4, page 3 used total meter \$ allocation from the Cost Allocation Model to distribute these costs. This method resulted in the following allocation:**

|                                 |                |
|---------------------------------|----------------|
| <b>1555 Smart Meter Capital</b> | <b>\$</b>      |
| Residential                     | 165,278        |
| GS<50                           | 53,682         |
| GS>50                           | 16,926         |
| <b>1555 Total</b>               | <b>235,886</b> |

|                                 |                |
|---------------------------------|----------------|
| <b>1556 Smart Meter O&amp;M</b> | <b>\$</b>      |
| Residential                     | 618,555        |
| GS<50                           | 200,905        |
| GS>50                           | 63,346         |
| <b>1556 Total</b>               | <b>882,806</b> |

The following Deferral Account Rates were submitted with the Application for the 3 classes:

|             | <b>Allocator</b> | <b>Rate</b> |
|-------------|------------------|-------------|
| Residential | kWh              | 0.00194     |
| GS<50       | kWh              | 0.00178     |
| GS>50       | kW               | 0.20526     |

If the actual cost approach is used, the new recovery rates are as follows:

|             | <b>Allocator</b> | <b>Rate \$</b> |
|-------------|------------------|----------------|
| Residential | kWh              | 0.0025         |
| GS<50       | kWh              | 0.0005         |
| GS>50       | kW               | 0.1544         |

## 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.

#### ***Response***

***It represents approximately 1.5 people per annum.***

*On the assumption that the intervener meant the effect on the 2010 revenue requirement, it would be approximately a maximum differential of \$175,000 to \$185,000.*

*The Applicant is currently calculating the effect of the intervener request on a proxy 2009 revenue requirement. As the intervener can appreciate this is requiring time to develop a complete a 2009 revenue requirement.*

- 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.

**Response**

*The Applicant had budgeted for a 47% increase in Insurance costs from its insurance provider. The Applicant is unaware of the overall market increase in insurance costs.*

- c) Please indicate any changes in insurance coverage in 2010 as compared to 2009.

**Response**

*There are no changes in coverage.*

**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.

**Response**

**Response**

| <i>Newmarket</i>                       | <i>2006</i>      | <i>2007</i>      | <i>2008</i>      | <i>2009</i>      | <i>2010 Test</i> |
|--|------------------|------------------|------------------|------------------|------------------|
|  | <i>Actual</i>    | <i>Actual</i>    | <i>Actual</i>    | <i>Actual</i>    |                  |
| <i>Operation &amp; Maintenance</i>     | <i>1,662,771</i> | <i>1,710,875</i> | <i>1,529,501</i> | <i>1,888,148</i> | <i>2,171,628</i> |
| <i>Billing &amp; Collecting</i>        | <i>1,290,839</i> | <i>1,353,231</i> | <i>1,403,982</i> | <i>1,551,342</i> | <i>1,930,823</i> |
| <i>Administration Labour &amp; Exp</i> | <i>1,793,853</i> | <i>1,871,067</i> | <i>2,039,638</i> | <i>2,105,775</i> | <i>2,384,322</i> |

|  |  |                   |                   |                   |                   |                   |
|--|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| <i>Community Relations &amp; Advertising</i> |  | 100,304           | 71,707            | 55,252            | 42,668            | 58,561            |
| <b>Total OMA</b>                             |  | <b>4,841,907</b>  | <b>5,006,880</b>  | <b>5,361,430</b>  | <b>5,584,933</b>  | <b>6,545,334</b>  |
| <i>Interest</i>                              |  | 1,778,564         | 1,493,713         | 1,375,000         | 1,443,780         | 2,021,920         |
| <i>Amortization</i>                          |  | 3,316,391         | 3,974,558         | 3,719,099         | 3,926,294         | 4,157,519         |
| <i>Property Tax</i>                          |  | 253,097           | 257,506           | 245,738           | 234,342           | 158,819           |
| <i>Income Taxes</i>                          |  | 2,221,551         | 1,962,288         | 1,607,996         | 1,728,792         | 1,034,788         |
| <b>Grand Total</b>                           |  | <b>12,411,510</b> | <b>12,694,945</b> | <b>12,309,262</b> | <b>12,918,141</b> | <b>13,918,380</b> |

| <i>Tay</i>                                   |  | 2006<br><i>Actual</i> | 2007<br><i>Actual</i> | 2008<br><i>Actual</i> | 2009<br><i>Actual</i> | 2010<br><i>Test</i> |
|--|--|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| <i>Operation &amp; Maintenance</i>           |  | 198,184               | 184,117               | 301,638               | 319,879               | 388,596             |
| <i>Billing &amp; Collecting</i>              |  | 216,910               | 300,286               | 346,482               | 301,344               | 400,441             |
| <i>Administration Labour &amp; Exp</i>       |  | 274,150               | 392,025               | 334,896               | 336,598               | 414,076             |
| <i>Community Relations &amp; Advertising</i> |  | 7,449                 | 7,769                 | 16,755                | 20,534                | 17,771              |
| <b>Total OMA</b>                             |  | <b>696,694</b>        | <b>884,196</b>        | <b>999,771</b>        | <b>978,355</b>        | <b>1,220,884</b>    |
| <i>Interest</i>                              |  | 169,418               | 139,911               | 128,931               | 123,579               | 142,664             |
| <i>Amortization</i>                          |  | 225,497               | 278,658               | 362,949               | 344,178               | 368,171             |
| <i>Property Tax</i>                          |  | 14,378                | 14,351                | 14,539                | 11,967                | 15,127              |
| <i>Income Taxes</i>                          |  | 225,497               | -                     | -                     | -                     | 119,300             |
| <b>Grand Total</b>                           |  | <b>1,317,116</b>      | <b>1,317,116</b>      | <b>1,506,190</b>      | <b>1,458,079</b>      | <b>1,746,846</b>    |

b) Please provide the number of FTEs in each year, 2006-2010 for Tay and for Newmarket.

**Response**

**Newmarket**

**Number of Employees (full time)**

|                      | 2006      | 2007      | 2008      | 2009      | 2010      |
|----------------------|-----------|-----------|-----------|-----------|-----------|
| <i>Management</i>    | 5         | 5         | 5         | 5         | 5         |
| <i>Supervisors</i>   | 9         | 10        | 10        | 10        | 11        |
| <i>Non unionized</i> | 11        | 11        | 11        | 11        | 11        |
| <i>Unionized</i>     | 20        | 18        | 18        | 19        | 20        |
| <b>Total</b>         | <b>45</b> | <b>44</b> | <b>44</b> | <b>45</b> | <b>47</b> |

**Tay**

**Number of Employees (full time)**

|                      | 2006 | 2007 | 2008 | 2009 | 2010 |
|----------------------|------|------|------|------|------|
| <i>Management</i>    | 2    | 2    | 2    | 2    | 2    |
| <i>Supervisors</i>   | 0    | 0    | 0    | 0    | 0    |
| <i>Non unionized</i> | 4    | 4    | 4    | 4    | 4    |
| <i>Unionized</i>     | 3    | 3    | 3    | 3    | 3    |
| <i>Total</i>         | 9    | 9    | 9    | 9    | 9    |

- c) Please provide the details of any wage and benefit increases pursuant to a collective agreement for 2009 and 2010.

**Response**

*Wage increase 2009 3%*

*Wage increase 2010 3%*

- d) Please provide a copy of any collective agreement(s) currently in effect.

**Response:**

*The agreements are attached as:*

*Attach\_1\_PWU\_Agreement*

*Attach\_2\_Office\_Association*

**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.

**Response:**

*Please see Exhibit 4, Tab 1, Schedule 2 and the response to SEC IR No. 23*

- b) Please provide the utility's view as to why an annual increase of 5% from 2003 through 2009 is acceptable.

**Response:**

*As explained in the response to VECC IR No. 25a) above, the Applicant is responding to ever increasing diligence demands respecting distribution system safety and inspections, restrictions on accessing regional road allowances, work site safety, an unprecedented increase in infrastructure in a short time because of*

*delays in approval by other authorities and aging underground plant. The Applicant properly responds to these demands, and incurs the resulting costs.*

- c) Please provide the actual 2003 costs supporting the contention that there has been a 5% annual increase in costs since 2003.

**Response**

*The amounts presented in the Application are on a consolidated basis. The Applicant's response to this question is based upon the Newmarket service area only; it does not take into account the fact that within the Tay service area there were only two linemen at non union wage rates in 2003 and the application includes three at union rates .*

*The 2003 Newmarket Hydro Audited Financial Statements Operational Line item was 1,761,433. This amount less amortization expense of \$243,278 included in operations and maintenance yields a non amortized expense of \$1,518,155. Since January 2003 to September 2010 inflation has been at 2.4% per annum. In addition to inflation the Applicant has had an annual increase in customers of 2.5% per annum with a corresponding increase in underground plant of 2.5%. Combining the annual inflation and increased plant yields an average increase to costs of potentially 5 % per annum.*

**QUESTION #26**

Reference: Exhibit 4 Tab 1 Schedule 1 Page 3 Table

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

**Response**

|  | 2006             | 2007             | Change 2006-07 |              | 2007             | 2008             | Change 2007-2008 |              |
|--|------------------|------------------|----------------|--------------|------------------|------------------|------------------|--------------|
|  | Actual           | Actual           | \$             | %            | Actual           | Test             | \$               | %            |
| <i>Operation &amp; Maintenance</i>           | 1,860,955        | 1,894,991        | 34,036         | 1.83%        | 1,894,991        | 1,831,140        | (63,851)         | 3.37%        |
| <i>Billing &amp; Collecting</i>              | 1,507,749        | 1,653,517        | 145,768        | 9.67%        | 1,653,517        | 1,750,464        | 96,946           | 5.86%        |
| <i>Administration Labour &amp; Exp</i>       | 2,068,003        | 2,263,092        | 195,089        | 9.43%        | 2,263,092        | 2,374,534        | 111,442          | 4.92%        |
| <i>Community Relations &amp; Advertising</i> | 107,754          | 79,476           | (28,278)       | 26.24%       | 79,476           | 72,007           | (7,469)          | 9.40%        |
| <b>Total OMA</b>                             | <b>5,544,461</b> | <b>5,891,076</b> | <b>346,615</b> | <b>6.25%</b> | <b>5,891,076</b> | <b>6,028,145</b> | <b>137,069</b>   | <b>2.33%</b> |



**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.

**Response:**  
**Page 1 Table**

| <b>OMA cost per customer and FTEE</b> |  |  |                     |  |                     |
|---------------------------------------|--|--|---------------------|--|---------------------|
|                                       |  |  | <b>2006</b>         |  | <b>2007</b>         |
| <b>Number of Customers</b>            |  |  | <b>30,256</b>       |  | <b>30,774</b>       |
| <b>Total OMA</b>                      |  |  | <b>\$ 5,544,461</b> |  | <b>\$ 5,891,076</b> |
| <b>OMA per Customer</b>               |  |  | <b>\$ 183</b>       |  | <b>\$ 191</b>       |
| <b>Number of FTEE'S</b>               |  |  | <b>54</b>           |  | <b>53</b>           |
| <b>FTEEs/Customer</b>                 |  |  | <b>560</b>          |  | <b>581</b>          |
| <b>OMA cost per FTEE</b>              |  |  | <b>\$ 102,675</b>   |  | <b>\$ 111,152</b>   |

**Page 2 Table**

|                      | <b>2006</b>    | <b>2006 average</b> | <b>benefits</b> | <b>2007</b>    | <b>2007 average</b> | <b>benefits</b>        |
|----------------------|----------------|---------------------|-----------------|----------------|---------------------|------------------------|
|                      | <b>(\$)</b>    | <b>per employee</b> | <b>as a %</b>   | <b>(\$)</b>    | <b>per employee</b> | <b>as a % earnings</b> |
|                      |                | <b>(\$)</b>         | <b>earnings</b> |                | <b>(\$)</b>         |                        |
| <b>Management</b>    | <b>126,093</b> | <b>18,013</b>       | <b>0.20</b>     | <b>135,933</b> | <b>19,419</b>       | <b>0.20</b>            |
| <b>Supervisors</b>   | <b>156,105</b> | <b>17,345</b>       | <b>0.24</b>     | <b>181,913</b> | <b>18,191</b>       | <b>0.22</b>            |
| <b>Non unionized</b> | <b>184,181</b> | <b>12,279</b>       | <b>0.27</b>     | <b>187,761</b> | <b>12,517</b>       | <b>0.26</b>            |
| <b>Unionized</b>     | <b>349,946</b> | <b>15,215</b>       | <b>0.26</b>     | <b>370,601</b> | <b>17,648</b>       | <b>0.26</b>            |
| <b>Total</b>         | <b>816,324</b> | <b>15,117</b>       | <b>0.24</b>     | <b>876,208</b> | <b>16,532</b>       | <b>0.24</b>            |

**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.

## Response

### Newmarket-Tay Power Distribution Ltd

| <i>Number of employees (FTEs including Part-Time)</i>   | <i>2006</i>      | <i>2007</i>      | <i>2008</i>      | <i>2009</i>      | <i>2010</i>      |
|---|------------------|------------------|------------------|------------------|------------------|
| <i>Executive</i>  | <i>7</i>         | <i>7</i>         | <i>7</i>         | <i>7</i>         | <i>7</i>         |
| <i>Management</i>                                       | <i>9</i>         | <i>10</i>        | <i>10</i>        | <i>10</i>        | <i>11</i>        |
| <i>Non-Union</i>  | <i>15</i>        | <i>15</i>        | <i>15</i>        | <i>15</i>        | <i>15</i>        |
| <i>Union</i>  | <i>23</i>        | <i>21</i>        | <i>21</i>        | <i>22</i>        | <i>23</i>        |
| <i>Total</i>  | <i>54</i>        | <i>53</i>        | <i>53</i>        | <i>54</i>        | <i>56</i>        |
| <b>Total Salary and Wages</b>                           |                  |                  |                  |                  |                  |
| <i>Executive</i>  | <i>639,841</i>   | <i>676,319</i>   | <i>719,496</i>   | <i>740,806</i>   | <i>762,759</i>   |
| <i>Management</i>                                       | <i>689,346</i>   | <i>854,816</i>   | <i>880,629</i>   | <i>906,134</i>   | <i>1,054,418</i> |
| <i>Non-Union</i>  | <i>670,026</i>   | <i>711,039</i>   | <i>744,618</i>   | <i>762,324</i>   | <i>786,334</i>   |
| <i>Union</i>  | <i>1,674,182</i> | <i>1,641,025</i> | <i>1,793,111</i> | <i>1,929,765</i> | <i>2,006,995</i> |
| <i>Total</i>  | <i>3,673,395</i> | <i>3,883,199</i> | <i>4,137,854</i> | <i>4,339,029</i> | <i>4,610,506</i> |
| <b>Total Benefits</b>                                   |                  |                  |                  |                  |                  |
| <i>Executive</i>  | <i>126,093</i>   | <i>135,933</i>   | <i>139,980</i>   | <i>145,140</i>   | <i>152,669</i>   |
| <i>Management</i>                                       | <i>156,105</i>   | <i>181,913</i>   | <i>189,797</i>   | <i>192,230</i>   | <i>228,272</i>   |
| <i>Non-Union</i>  | <i>184,181</i>   | <i>187,760</i>   | <i>201,136</i>   | <i>211,938</i>   | <i>220,429</i>   |
| <i>Union</i>  | <i>349,946</i>   | <i>370,601</i>   | <i>367,743</i>   | <i>399,353</i>   | <i>433,124</i>   |
| <i>Total</i>  | <i>816,325</i>   | <i>876,207</i>   | <i>898,656</i>   | <i>948,661</i>   | <i>1,034,494</i> |
| <b>Total Compensation (Salary, Wages, and Benefits)</b> |                  |                  |                  |                  |                  |
| <i>Executive</i>  | <i>765,934</i>   | <i>812,252</i>   | <i>859,476</i>   | <i>885,946</i>   | <i>915,428</i>   |
| <i>Management</i>                                       | <i>845,451</i>   | <i>1,036,729</i> | <i>1,070,426</i> | <i>1,098,364</i> | <i>1,282,690</i> |
| <i>Non-Union</i>  | <i>854,207</i>   | <i>898,799</i>   | <i>945,754</i>   | <i>974,262</i>   | <i>1,006,763</i> |
| <i>Union</i>  | <i>2,024,128</i> | <i>2,011,626</i> | <i>2,160,854</i> | <i>2,329,118</i> | <i>2,440,119</i> |
| <i>Total</i>  | <i>4,489,720</i> | <i>4,759,406</i> | <i>5,036,510</i> | <i>5,287,690</i> | <i>5,645,000</i> |
| <b>Compensation - Average Yearly Base Wages</b>         |                  |                  |                  |                  |                  |
| <i>Executive</i>  | <i>91,406</i>    | <i>95,331</i>    | <i>101,496</i>   | <i>104,544</i>   | <i>107,680</i>   |
| <i>Management</i>                                       | <i>73,705</i>    | <i>81,982</i>    | <i>84,563</i>    | <i>87,113</i>    | <i>92,220</i>    |
| <i>Non-Union</i>  | <i>44,668</i>    | <i>47,403</i>    | <i>49,641</i>    | <i>50,822</i>    | <i>52,422</i>    |
| <i>Union</i>  | <i>59,303</i>    | <i>67,269</i>    | <i>70,371</i>    | <i>71,648</i>    | <i>73,032</i>    |
| <i>Total</i>  | <i>61,800</i>    | <i>68,129</i>    | <i>71,293</i>    | <i>72,991</i>    | <i>75,612</i>    |
| <b>Compensation - Average Yearly Overtime</b>           |                  |                  |                  |                  |                  |
| <i>Executive</i>  |                  |                  |                  |                  |                  |
| <i>Management</i>                                       |                  |                  |                  |                  |                  |
| <i>Non-Union</i>  |                  |                  |                  |                  |                  |
| <i>Union</i>  | <i>13,487</i>    | <i>11,186</i>    | <i>15,015</i>    | <i>16,068</i>    | <i>14,228</i>    |
| <i>Total</i>  |                  |                  |                  |                  |                  |
| <b>Average Yearly Incentive Pay</b>                     |                  |                  |                  |                  |                  |
| <i>Executive</i>  |                  |                  |                  |                  |                  |
| <i>Management</i>                                       | <i>2,889</i>     | <i>4,400</i>     | <i>4,400</i>     | <i>4,400</i>     | <i>4,455</i>     |
| <i>Non-Union</i>  |                  |                  |                  |                  |                  |
| <i>Union</i>  |                  |                  |                  |                  |                  |
| <i>Total</i>  |                  |                  |                  |                  |                  |

| <b>Compensation - Average Yearly Benefits</b> |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>Executive</b>                              | <b>18,013</b>    | <b>19,419</b>    | <b>19,997</b>    | <b>20,734</b>    | <b>21,810</b>    |
| <b>Management</b>                             | <b>17,345</b>    | <b>18,191</b>    | <b>18,980</b>    | <b>19,223</b>    | <b>20,752</b>    |
| <b>Non-Union</b>                              | <b>12,279</b>    | <b>12,517</b>    | <b>13,409</b>    | <b>14,129</b>    | <b>14,695</b>    |
| <b>Union</b>                                  | <b>15,215</b>    | <b>17,648</b>    | <b>17,512</b>    | <b>18,152</b>    | <b>18,831</b>    |
| <b>Total</b>                                  | <b>15,117</b>    | <b>16,532</b>    | <b>16,956</b>    | <b>17,568</b>    | <b>18,473</b>    |
| <b>Total Compensation</b>                     | <b>4,489,720</b> | <b>4,759,406</b> | <b>5,036,510</b> | <b>5,287,690</b> | <b>5,645,000</b> |
| <b>Total Compensation Charged to OM&amp;A</b> | <b>3,053,010</b> | <b>3,188,802</b> | <b>3,308,987</b> | <b>3,529,170</b> | <b>3,782,150</b> |
| <b>Total Compensation Capitalized</b>         | <b>1,436,710</b> | <b>1,570,604</b> | <b>1,727,523</b> | <b>1,758,520</b> | <b>1,862,850</b> |

**QUESTION #29**

**Reference:** General

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

***Response:***

***Please refer to the response to School Energy Coalition IR No. 12 for the 2010 OM&A budget. It is taking extra time for the Applicant to gather the prior years information and will file it separately.***

**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.

***Response***

***Please see the response to Board Staff IR No. 13a).***

**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.

***Response***

***Please see Consumers Council of Canada IR 3.***

b) Please provide the amount of grants and contributions received to date in 2010.

**Response:**

**Capital Contributions to July 31 = \$745,973.**

**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.

**Response:**

| <i>USoA Account</i>                   |                     | <i>2006</i>               | <i>2007</i>               | <i>2008</i>               | <i>2009</i>               | <i>2010</i>               |
|---------------------------------------|---------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <i>Distribution - Land</i>            | <i>1805</i>         | <i>125,000</i>            | <i>125,000</i>            | <i>0</i>                  | <i>208,509</i>            | <i>0</i>                  |
| <i>Distribution - Land Rights</i>     | <i>1806</i>         | <i>0</i>                  | <i>0</i>                  | <i>400,000</i>            | <i>0</i>                  | <i>0</i>                  |
| <i>Mun Trans Stn&lt;50kv</i>          | <i>1820</i>         | <i>515,200</i>            | <i>480,200</i>            | <i>981,700</i>            | <i>858,393</i>            | <i>1,429,792</i>          |
| <i>Distribution Lines o/h Poles</i>   | <i>1830</i>         | <i>721,784</i>            | <i>735,258</i>            | <i>1,732,105</i>          | <i>1,283,559</i>          | <i>2,262,680</i>          |
| <i>Distribution Lines o/h Cable</i>   | <i>1835</i>         | <i>721,784</i>            | <i>735,258</i>            | <i>2,129,860</i>          | <i>1,326,257</i>          | <i>2,319,612</i>          |
| <i>Distribution Lines u/g Conduit</i> | <i>1840</i>         | <i>178,290</i>            | <i>178,290</i>            | <i>255,000</i>            | <i>601,791</i>            | <i>537,894</i>            |
| <i>Distribution Lines u/g Cable</i>   | <i>1845</i>         | <i>717,072</i>            | <i>715,660</i>            | <i>1,568,587</i>          | <i>1,774,972</i>          | <i>1,679,077</i>          |
| <i>Services</i>                       | <i>1855</i>         | <i>962,259</i>            | <i>954,450</i>            | <i>1,024,890</i>          | <i>846,693</i>            | <i>674,471</i>            |
| <i>Distribution Transformers</i>      | <i>1850</i>         | <i>674,850</i>            | <i>674,850</i>            | <i>983,311</i>            | <i>930,505</i>            | <i>1,489,888</i>          |
| <i>Distribution Meters</i>            | <i>1860</i>         | <i>882,000</i>            | <i>877,000</i>            | <i>401,640</i>            | <i>117,323</i>            | <i>49,364</i>             |
| <i>Smart Meters</i>                   | <i>1860</i>         | <i>0</i>                  | <i>0</i>                  | <i>1,696,019</i>          | <i>649,242</i>            | <i>2,027,551</i>          |
| <i>Leasehold Improvements</i>         | <i>1910</i>         | <i>58,000</i>             | <i>58,000</i>             | <i>58,000</i>             | <i>125,000</i>            | <i>95,000</i>             |
| <i>Office Equipment</i>               | <i>1915</i>         | <i>23,200</i>             | <i>23,200</i>             | <i>6,236</i>              | <i>8,200</i>              | <i>12,040</i>             |
| <i>Computer Equipment</i>             | <i>1920</i>         | <i>58,300</i>             | <i>65,800</i>             | <i>33,350</i>             | <i>71,800</i>             | <i>45,100</i>             |
| <i>Computer Software</i>              | <i>1925</i>         | <i>63,000</i>             | <i>64,000</i>             | <i>96,650</i>             | <i>77,500</i>             | <i>260,200</i>            |
| <i>Stores Whse Equipment</i>          | <i>1935</i>         | <i>0</i>                  | <i>0</i>                  | <i>0</i>                  | <i>0</i>                  | <i>0</i>                  |
| <i>Rolling Stock &amp; Equip.</i>     | <i>1930</i>         | <i>288,000</i>            | <i>249,000</i>            | <i>843,080</i>            | <i>385,000</i>            | <i>115,000</i>            |
| <i>Misc. Tools &amp; Equip.</i>       | <i>1940</i>         | <i>141,500</i>            | <i>141,500</i>            | <i>93,690</i>             | <i>99,770</i>             | <i>45,000</i>             |
| <i>Measurement &amp; Test Equip</i>   | <i>1945</i>         |                           |                           | <i>0</i>                  | <i>0</i>                  | <i>35,000</i>             |
| <i>System Supervisory Equip</i>       | <i>1980</i>         | <i>100,000</i>            | <i>100,000</i>            | <i>20,000</i>             | <i>0</i>                  | <i>0</i>                  |
| <i>Buildings</i>                      | <i>1908</i>         | <i>1,200</i>              |                           | <i>0</i>                  | <i>62,853</i>             | <i>0</i>                  |
| <b><i>Gross Total</i></b>             |                     | <b><i>6,231,439</i></b>   | <b><i>6,177,465</i></b>   | <b><i>12,324,117</i></b>  | <b><i>9,427,367</i></b>   | <b><i>13,077,668</i></b>  |
| <b><i>Contributed Capital</i></b>     | <b><i>1,995</i></b> | <b><i>(1,635,670)</i></b> | <b><i>(1,636,470)</i></b> | <b><i>(2,149,442)</i></b> | <b><i>(1,900,242)</i></b> | <b><i>(2,694,061)</i></b> |
| <b><i>Net Total</i></b>               |                     | <b><i>4,595,769</i></b>   | <b><i>4,540,995</i></b>   | <b><i>10,174,675</i></b>  | <b><i>7,527,125</i></b>   | <b><i>10,383,607</i></b>  |

**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.?

**RESPONSE**

*In managing service disruptions, the Applicant considers the risk associated with the failure of the major system component parts as discussed in Exhibit 2. Tab 4, Schedule 5 page 1. Irrespective of the load or economic loss risk, these are trumped by public and worker safety or environmental impairment. The Applicant also reviews its year over year SQI results to verify they are being maintained through proper system management or if a worsening or improving trend is apparent.*

*Using this system management philosophy, the Applicant then employs a number of metrics on major assets to assess their performance, serviceability and determine when replacement or refurbishment is required. The metrics, in priority order, are summarized as follows:*

- i) Potential risk to public or worker safety*
- ii) Potential for environmental impairment*
- iii) Asset category – 44 kV, substation or 13.8/8 kV*
- iv) Performance*
- v) Condition*
- vi) Type of technology, where applicable*
- vii) Location*
- viii) Age*
- ix) History*
- x) Obsolescence*

*Refurbishment/replacement decisions are based on cost, technology and obsolescence.*

**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.

**Response:**  
*This Table should have been used:*

| <i>Newmarket Tay Power Distribution Ltd.</i> |             |             |             |             |
|--|-------------|-------------|-------------|-------------|
| <i>Total Capital Expenditures</i>            |             |             |             |             |
|  | <i>2007</i> | <i>2008</i> | <i>2009</i> | <i>2010</i> |
|  |             |             |             |             |

|                           |                  |                  |                  |                   |
|---------------------------|------------------|------------------|------------------|-------------------|
| Land & Land Rights        | 51,571           | 756,243          | 149,794          | 0                 |
| Buildings                 | 2,743            | 0                | 18,892           | 0                 |
| Mun Trans Stn<50kv        | 171,053          | 412,930          | (0)              | 1,429,792         |
| Distribution Lines        | 3,662,808        | 4,111,673        | 5,398,419        | 7,473,734         |
| Distribution Transformers | 1,025,697        | 993,043          | 1,012,859        | 1,489,888         |
| Distribution Meters       | 4,119,253        | 1,299,338        | 653,147          | 2,076,914         |
| Vehicles                  | 141,250          | 725,821          | 346,763          | 115,000           |
| Other Equipment           | 136,728          | 180,654          | 70,390           | 137,140           |
| Other Fixed Assets        | 386,376          | 107,996          | 292,451          | 355,200           |
| Contributed Capital       | (1,421,423)      | (1,570,253)      | (2,021,935)      | (2,694,061)       |
| <b>Total</b>              | <b>8,276,055</b> | <b>7,017,446</b> | <b>5,920,779</b> | <b>10,383,607</b> |

## SQLs

### **QUESTION #35**

**Reference:** Exhibit 2 Tab 6 Schedule 1, Attachment containing SQL 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.

***Response:***

***The January, 2009 SAIDI, SAIFI and CAIDI submission reflect 2008 performance. As required by the Ontario Energy Board, this was the first full year the Applicant reported these statistics for the combined Newmarket and Tay service areas. The 2008 performance was negatively impacted by a substation fuse problem in Tay.***

- b) Is it the utility's understanding that the SQL targets are to be met on a monthly basis or on an annual basis.

***Response:***

***The Applicant is not aware of specific SQL targets. As explained in the response to question 35 (a), the Applicant reviews SQL performance on an annual basis to determine if there is upward or downward trending from prior years.***

- c) For each month in which actual performance falls below target, please provide a brief explanation.

***Response:***

***This question requires significant time and effort on the part of the Applicant to prepare a response. We question its probative value in this proceeding as the Applicant uses annual SQL performance as part of its system management decisions.***