



## THE BOARD OF DIRECTORS

*Chair*, GAIL REGAN  
President, Cara Holdings Ltd.

*President*, PATRICIA ADAMS  
MAX ALLEN

Producer, IDEAS, CBC Radio

ANDREW COYNE

National Editor, Maclean's

GLENN FOX

Professor of Economics, University of Guelph

IAN GRAY

President, St. Lawrence Starch Co

CLIFFORD ORWIN

Professor of Political Science, University of Toronto

*Secretary/Treasurer*, ANNETTA TURNER

ANDREW ROMAN

Barrister & Solicitor, Miller Thomson

ANDREW STARK

Rotman School of Management, University of Toronto

GEORGE TOMKO

Resident Expert, PSI Initiative, University of Toronto

MICHAEL TREBILCOCK

Chair, Law & Economics, University of Toronto

MARGARET WENTE

Columnist, The Globe and Mail

December 30, 2010

BY EMAIL & COURIER

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

Dear Ms. Walli:

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

Pursuant to Procedural Order No. 5, issued by the Board on December 8, 2010, please find attached the Technical Conference Questions of Energy Probe Research Foundation (Energy Probe) in respect of Newmarket-Tay Power Distribution Limited in the EB-2009-0269 proceeding.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh  
Case Manager

cc: Iain Clinton, Newmarket-Tay Power Distribution Limited (By email)  
Paul Ferguson, Newmarket-Tay Power Distribution Limited (By email)  
Andrew Taylor, Energy Law (By email)  
Randy Aiken, Aiken & Associates (By email)  
Intervenors of Record (By email)

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

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

**Ontario Energy Board**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*,  
S.O. 1998, c. 15, (Schedule B);

**AND IN THE MATTER OF** an application by Newmarket-  
Tay Power Distribution Ltd. for an Order or Orders approving  
just and reasonable rates and other charges for the distribution  
of electricity and related matters.

---

**TECHNICAL CONFERENCE QUESTIONS OF  
ENERGY PROBE RESEARCH FOUNDATION  
("ENERGY PROBE")**

---

**December 30, 2010**

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

**ENERGY PROBE RESEARCH FOUNDATION  
TECHNICAL CONFERENCE QUESTIONS**

**Question # 1**

**Ref: Energy Probe Interrogatory #3b**

**The interrogatory posed was not fully answered. Please confirm that in EB-2007-0776 Newmarket requested an effective date for 2008 rates to be the date of the Approval as shown in the following extract from Exhibit 1.1.1 in that proceeding:**

**"The Applicant applies for an Order or Orders approving the proposed distribution rates and other charges set out in this Application to be effective as of the date of the Approval. The Applicant submits that these rates and charges are just and reasonable pursuant to section 78 of the Ontario Energy Board Act, 1998 being Schedule B to the Energy Competition Act, 1998, S.O. 1998, c.15."**

**Question # 2**

**Ref: Energy Probe Interrogatory #5a &  
Exhibit 2, Tab 1, Schedule 1, page 2**

**Please explain the difference between the \$2.7 million noted in the interrogatory response to the \$2.3 million shown in the evidence as amounts spent to the end of 2009.**

**Question # 3**

**Ref: Energy Probe Interrogatory #7 &  
Exhibit 2, Tab 1, Schedule 1, page 3**

- a) The response to part (b) of the interrogatory indicates that the revenue requirement agreed to in EB-2007-0776 settlement agreement included all capitalized smart meter costs up to December 31, 2008. Please reconcile this statement with the statement in Exhibit 2, Tab 1, Schedule 1, page 3 that between 2006 and April of 2009 all of the costs associated with smart meters and TOU pricing were borne by the applicant.**

- b) With respect to part (c) of the interrogatory, please indicate whether or not any of the smart meter related capital expenditures were included in rate base as part of the EB-2007-0776 settlement agreement.**
- c) Please confirm that none of the amortization, cost of capital or PILS costs shown for the 2010 revenue requirement are associated with capital expenditures that were included in rate base in EB-2007-0776.**

**Question # 4**

**Ref: Energy Probe Interrogatory #9c &  
CCC Interrogatory #3**

**The response indicates that \$900,615 was spent on leasehold improvements at 590 Steven Court which are leased premises. The table provided shows the three components of this amount.**

- a) Were the leasehold improvements totalling \$900,615 all made in 2010? If not, please indicate what amount was made in 2009 and what amount made in 2010. Please reconcile the 2010 figure with the \$510,177 shown in CCC Interrogatory #3 for leasehold and building improvements for 2010 July 31 actual.**
- b) Please show the calculations used to determine the dollar value to be included in the 2010 rate base.**
- c) Please show the calculations used to determine the amount of depreciation/amortization included in the 2010 revenue requirement.**
- d) Please explain why Newmarket-Tay would undertake these leasehold improvements when the lease of the property expires on December 31, 2010?**
- e) Has Newmarket-Tay obtained an extension on its lease for the facilities at 590 Steven Court? If yes, please provide the details.**

**Question # 5**

**Ref: Energy Probe Interrogatory #6a &  
Energy Probe Interrogatory #10a**

**Please reconcile the \$2.7 million in actual costs spent to the end of 2009 related to the Holland TS noted in the response to Energy Probe Interrogatory #6a with the figures shown for 2009 in the table provided in the response to Energy Probe Interrogatory #10a.**

**Question # 6**

**Ref: Energy Probe Interrogatory #10b**

**The response indicates that projects CP276 & TP276 and CP 198 will not be completed and in service by the end of 2010. Please indicate the total capital expenditures for each of these projects included in the application and provide a breakdown of the amount that will be in service by the end of 2010 (if any) and the amount that will not be in service until 2011.**

**Question # 7**

**Ref: Energy Probe Interrogatory #17**

**The response indicates that the 2007 through 2009 are normalized actual revenues, but are calculated by multiplying the approved rates by the actual statistical data.**

- a) Please explain how using the actual statistical data results in normalized revenues.**
- b) Please explain what Newmarket-Tay means by "normalized actual" and show how it is calculated using 2009 as an example.**

**Question # 8**

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

**Please update Tables 6 through 10 to reflect actual 2010 figures.**

**Question # 9**

**Ref: Energy Probe Interrogatory #20**

- a) Please add 2010 to the calculations shown in the response to parts (g) and (h).
- b) Please provide the actual (not normalized) wholesale kWh for 2010.
- c) Please provide the forecast normal and actual heating and cooling degrees for 2010.

**Question # 10**

**Ref: Energy Probe Interrogatory #23**

Please update the table in part (a) of the response to show actual 2010 figures. If actual 2010 figures are not yet available, please update the response to reflect the most recent year-to-date figures for 2010 available, along with the corresponding figures for the same period in 2009.

**Question # 11**

**Ref: Energy Probe Interrogatory #24**

- a) What interest rate does Newmarket-Tay receive on its cash balance? How is this rate determined?
- b) Part (d) of the response indicates that the vehicles replaced in 2009 were not sold in 2009. Were these vehicles sold in 2010? If so, what were they sold for? If not, what are they being used for?

**Question # 12**

**Ref: Energy Probe Interrogatory #26c**

Please update the table to reflect the actual 2010 OM&A expenditures. If this information is not available, please update the table to reflect the most recent year-to-date information available for 2010 and the figures for the corresponding period in 2009.

**Question # 13**

**Ref: Energy Probe Interrogatory #36c & #36e**

- a) **Do the costs associated with the provision of street lighting services get included in the OM&A costs used to calculate the working capital allowance? Would the treatment of these costs for working capital allowance calculation purposes be different if the costs were recorded in account 4380? Please explain.**
- b) **What other 3rd party customers does Newmarket-Tay have for street lighting services?**

**Question # 14**

**Ref: Energy Probe Interrogatory #40**

**Has Newmarket-Tay finished reviewing the calculations in parts (b) and (d) of the response?**

**Question # 15**

**Ref: Energy Probe Interrogatory #41**

- a) **Please explain why the two apprentice hired in 2009 would not qualify for the Apprenticeship Tax Training Credit.**
- b) **Please explain how the \$10,000 tax credit results in a tax reduction of \$4,000 with a corresponding reduction in revenue requirement.**

**Question # 16**

**Ref: CCC Interrogatory #3 &  
VECC #31b**

- a) **Please update the table provided in the response to show the actual 2010 capital expenditures. If this information is not yet available, please update the 2010 July 31 Actual column to reflect the most recent information available and the 2010 Projected column to reflect the expected expenditures for 2010. Please also update the Projected I/S Date column.**

- b) Do the figures provided in the table to the CCC interrogatory include the reduction in the capital expenditures for contributions and grants of \$745,973 provided in the VECC response? If not, please add a line to show the contributions and grants.

**Question # 17**

**Ref: SEC Interrogatory #3 &  
Exhibit 2, Tab 1, Schedule 1, Attachment 1**

**Please explain the difference in net fixed assets shown in the table in the response to SEC #3 and the rate base trend table shown in Attachment 1 of Exhibit 2, Tab 1, Schedule 1. For example, the SEC response shows a total net fixed asset value of \$48,131,857 for 2009, while the corresponding figure in the rate base trend table is \$51,571,204.**