

Newmarket-Tay Power Distribution Ltd. ("Newmarket-Tay Power")
2012 IRM Rate Application
Board Staff Interrogatories

Newmarket – Tay Responses
October 5, 2012

Tax Sharing Work Form

1. Ref: A portion of Sheet 3. "Re-Based Bill Det & Rates" is reproduced below.

Last COS Re-based Year was in 2011						
Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C
RES	Residential	Customer	kWh	29,336	277,978,370	
GSLT50	General Service Less Than 50 kW	Customer	kWh	2,898	93,701,712	
GSGT50	General Service 50 to 4,999 kW	Customer	kW	402	309,550,101	770,221
USL	Unmetered Scattered Load	Customer	kWh	115	374,072	
Sen	Sentinel Lighting	Connection	kW	418	310,359	866
SL	Street Lighting	Connection	kW	8,453	5,230,133	14,578

Board staff has been unable to reconcile the amounts entered into columns "A", "B" and "C" with the Board-approved load forecast in Newmarket-Tay Power's 2010 cost of service proceeding (EB-2009-0269). Please provide evidence supporting the input amounts. If necessary, Board staff will make corrections to the model.

Response

The amounts used in the above chart were the amounts used in deriving the Distribution Revenue Requirement of \$16,203,643 as settled in 3.1 of the Settlement Agreement for EB 2009-0269. The full chart used to derive the Revenue Requirement of \$16,203,643 is reproduced below:

Applied for Rates										
	2010 Actual			Calculated Fixed Charge	Maximum Fixed Charge from Cost Allocation	Applied for Fixed Rate	Revised Fixed Revenue	Applied for Variable Rate	Revised Variable Revenue	Final Revised Class Revenue
	kWh	kW	Avg Cust/Con							
Residential	277,978,370		29,336	14.71	16.89	14.71	5,178,331	0.0143	3,970,053	9,148,384
GS<50	93,701,712		2,896	29.28	33.65	29.28	1,017,434	0.0191	1,792,663	2,810,097
USL	374,072		120	16.90	14.38	16.90	24,334	0.0194	7,269	31,602
GS>50	309,550,101	770,221	402	162.70	132.77	132.77	639,676	4.5800	3,527,622	4,167,298
Street Lights	5,230,133	14,578	8,453	3.06	9.04	3.06	310,838	15.2085	221,702	532,540
Sentinel Lights	310,359	866	418	3.12	8.89	3.12	15,671	11.9333	10,340	26,011
Total	687,144,747						7,186,283		9,529,650	16,715,933
GS>50 T/A		602,694						(0.8500)	(512,290)	(512,290)
Revenue Requirement							7,186,283		9,017,360	16,203,643

2. Ref: A portion of Sheet 5. "Z-factor Tax Changes" is reproduced below.

Summary - Sharing of Tax Change Forecast Amounts		
For the 2011 year, enter any Tax Credits from the Cost of Service Tax Calculation (Positive #)	\$	-
1. Tax Related Amounts Forecast from Capital Tax Rate Changes	2011	2012
Taxable Capital	\$ -	\$ -
Deduction from taxable capital up to \$15,000,000	\$ -	\$ -
Net Taxable Capital	\$ -	\$ -
Rate	0.000%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	\$ -	\$ -
2. Tax Related Amounts Forecast from Income Tax Rate Changes	2011	2012
Regulatory Taxable Income	\$ 2,476,791	\$ 2,476,791
Corporate Tax Rate	28.25%	24.89%
Tax Impact	\$ 699,693	\$ 616,383
Grossed-up Tax Amount	\$ 975,183	\$ 820,600
Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ -	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 975,183	\$ 820,600
Total Tax Related Amounts	\$ 975,183	\$ 820,600
Incremental Tax Savings		-\$ 154,582
Sharing of Tax Savings (50%)		-\$ 77,291

Board staff has been unable to reconcile the grossed-up tax amount with the Board-approved Revenue Requirement Work Form in Newmarket-Tay Power's 2010 cost of service proceeding.

- a) Please provide evidence supporting this amount. If necessary, Board staff will make corrections to the model.

Response

Below is attached a copy of the Taxes/ PIL's worksheet that was included in the Revenue Requirement Worksheet from the Settlement Agreement for EB 2009-0269. The PILS worksheet from EB 2009-0269 calculated the Grossed Up tax amount to be \$974,930. The 2012 IRM worksheet calculated the amount to be \$975,183 a difference of \$253.

\$974,930 should be used for the Grossed Up Tax Amount and Tax Related Amounts from Income Tax Rate Changes in the 2012 IRM model.

Taxes/PILs			
Line No.	Particulars	Application	Per Board Decision
<u>Determination of Taxable Income</u>			
1	Utility net income	\$2,530,701	\$2,395,986
2	Adjustments required to arrive at taxable utility income	\$29,914	\$80,805
3	Taxable income	<u>\$2,560,615</u>	<u>\$2,476,791</u>
<u>Calculation of Utility income Taxes</u>			
4	Income taxes	\$795,535	\$699,512
5	Capital taxes	\$39,890	\$ -
6	Total taxes	<u>\$835,425</u>	<u>\$699,512</u>
7	Gross-up of Income Taxes	<u>\$358,554</u>	<u>\$275,418</u>
8	Grossed-up Income Taxes	<u>\$1,154,089</u>	<u>\$974,930</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$1,193,979</u>	<u>\$974,930</u>
10	Other tax Credits	\$ -	\$ -
<u>Tax Rates</u>			
11	Federal tax (%)	18.00%	16.50%
12	Provincial tax (%)	13.07%	11.75%
13	Total tax rate (%)	<u>31.07%</u>	<u>28.25%</u>

RTSR Adjustment Work Form

3. Ref: A portion of Sheet 4. "RRR Data" is reproduced below.

Rate Class	Unit	Non-Loss Adjusted Metered kWh	Non-Loss Adjusted Metered kW	Applicable Loss Factor	Load Factor	Loss Adjusted Billed kWh	Billed kW
Residential	kWh	267,733,185		1.0383		277,987,366	-
General Service Less Than 50 kW	kWh	90,245,316		1.0383		93,701,712	-
General Service 50 to 4,999 kW	kW		770,221		0.00%	-	770,221
Unmetered Scattered Load	kWh	374,072				374,072	-
Sentinel Lighting	kW		866		0.00%	-	866
Street Lighting	kW		14,578		0.00%	-	14,578

- a) Board staff has been unable to reconcile the "Loss Adjusted Billed kWh" with the reported amounts in Newmarket-Tay Power's 2.1.5 RRR (as at December 31, 2010). Please provide a detailed calculation and reconcile the difference for the Residential rate class. If necessary, Board staff will make corrections to the model.

Response

An amended table below should be used in the 2012 IRM.

Rate Class	Unit	Non-Loss Adjusted Metered kWh	Non-Loss Adjusted Metered kW	Applicable Loss Factor	Load Factor	Loss Adjusted Billed kWh	Billed kW
Residential	kWh	277,987,366		1.0383		288,634,282	-
General Service Less Than 50 kW	kWh	93,701,712		1.0383		97,290,488	-
General Service 50 to 4,999 kW	kW		770,221		0.00%	-	770,221
Unmetered Scattered Load	kWh	374,072		1.0383		388,399	-
Sentinel Lighting	kW		866		0.00%	-	866
Street Lighting	kW		14,578		0.00%	-	14,578

- b) Please also provide justification as to why no loss factor has been applied to the Unmetered Scattered Load rate class. If necessary, Board staff will make corrections to the model.

Response

Please refer to the response in 3 (a).

- c) Please also confirm that the amounts entered into the columns “Non-Loss Adjusted Metered kWh” and “Non-Loss Adjusted Metered kW” have not been adjusted by Newmarket-Tay Power’s Board-approved loss factor.

Response

Please refer to the response in 3 (a).

4. Ref: A portion of Sheet 5 “UTRs and Sub-Transmission” is reproduced below.

Uniform Transmission Rates		Unit	January 1, 2010	January 1, 2011	January 1, 2012
Rate Description			Rate	Rate	Rate
Network Service Rate		kW	\$ 2.97	\$ 3.22	\$ 3.22
Line Connection Service Rate		kW	\$ 0.73	\$ 0.79	\$ 0.79
Transformation Connection Service Rate		kW	\$ 1.71	\$ 1.77	\$ 1.77
Hydro One Sub-Transmission Rates		Unit	Effective January 1, 2010	Effective January 1, 2011	Effective January 1, 2012
Rate Description			Rate	Rate	Rate
Network Service Rate		kW	\$ 2.65	\$ 2.65	\$ 2.65
Line Connection Service Rate		kW	\$ 0.64	\$ 0.64	\$ 0.64
Transformation Connection Service Rate		kW	\$ 1.50	\$ 1.50	\$ 1.50
Both Line and Transformation Connection Service Rate		kW	\$ 2.14	\$ 2.14	\$ 2.14
Hydro One Sub-Transmission Rate Rider 6A		Unit	Effective January 1, 2010	Effective January 1, 2011	Effective January 1, 2012
Rate Description			Rate	Rate	Rate
RSVA Transmission network - 4714 - which affects 1584		kW	\$ 0.0470	\$ 0.0470	\$ 0.0470
RSVA Transmission connection - 4716 - which affects 158		kW	-\$ 0.0250	-\$ 0.0250	-\$ 0.0250
RSVA LV - 4750 - which affects 1550		kW	\$ 0.0580	\$ 0.0580	\$ 0.0580
RARA 1 - 2252 - which affects 1590		kW	-\$ 0.0750	-\$ 0.0750	-\$ 0.0750
Hydro One Sub-Transmission Rate Rider 6A		kW	\$ 0.0050	\$ 0.0050	\$ 0.0050

On December 20, 2011, the Board issued its Rate Order for Hydro One Transmission (EB-2011-0268), which adjusted the uniform transmission rates (“UTRs”) effective January 1, 2012, as shown in the following table:

Uniform Transmission Rates	Jan. 1, 2012
Network Service Rate	\$3.57
Line Connection Service Rate	\$0.80
Transformation Connection Service Rate	\$1.86

Please confirm that Newmarket-Tay Power agrees that these rates should have been entered in the model. If so, Board staff will make the necessary changes to the model.

Response

Newmarket-Tay Power agrees with these rates.

2012 IRM Rate Generator

5. Ref: A portion of the Sentinel Lighting rate class on Sheet 6 “Current Rate_Riders” is reproduced below

Sentinel Lighting			
Rate Rider for global adj sub account disposition eff until april 30 2013 for non rpp Newmarket Cust only	\$/kWh	0.00200	April 30, 2013
Rate Rider for global adj sub account disposition eff until april 30 2013 for non rpp Tay Cust only	\$/kWh	(0.00440)	April 30, 2013
Rate Rider for Deferral/Variance Account Disposition (2010) Effective until 2013 Applicable to Newmarket Service area customers	\$/kWh	0.25500	April 30, 2013
Rate Rider for Deferral/Variance Account Disposition (2010) Effective until 2013 Applicable to Tay Service area customers	\$/kWh	(5.13070)	April 30, 2013

The purpose of this worksheet is to include all the current variable rate riders on a distributor's tariff of rates and charges. Please confirm that the unit for the “Rate Rider for Deferral/Variance Account Disposition (2010) Effective until 2013 Applicable to Newmarket Service area customers)” and “Rate Rider for Deferral/Variance Account Disposition (2010) Effective until 2013 Applicable to Tay Service area customers)” for the Sentinel Lighting rate class should be \$/kW and not \$/kWh. If necessary, Board staff will make the corrections to the model.

Response

The Sentinel Class should be in \$/KW.

6. Ref: A portion of Sheet 9 “2012 Cont. Sched. Def_Var” is reproduced below

2010														2011														Projected Interest on Dec-31-10 Balances		2.1.7 RRR	
Opening Principal Amount as of Jan-1-10	Transactions During/ Cashed During 2010 including interest and adjustments	Bank Adjustments Dispositions during 2010	Other "A" Adjustments during Q1 2010	Other "A" Adjustments during Q2 2010	Other "A" Adjustments during Q3 2010	Other "A" Adjustments during Q4 2010	Closing Principal Balance as of Dec-31-10	Opening Interest Amount as of Jan-1-11	Interest Earned Jan-1-11 to Dec-31-11	Approved Dispositions during 2011 other	Closing Interest Amount as of Dec-31-11	Principal Dispositions during 2011 including by Bank	Interest Dispositions during 2011 including by Bank	Change between Balance as of Dec-31-10 and Balance as of Dec-31-11 from Interest Earned 2011 Dispositions	Change between Balance as of Dec-31-10 and Balance as of Dec-31-11 from Interest Earned 2011 Dispositions	Projected Interest from Jan-1-11 to Dec-31-11 on 2011 Dec-31-10 Balance adjusted for dispositions during 2011	Projected Interest from Jan-1-11 to Dec-31-11 on 2011 Dec-31-10 Balance adjusted for dispositions during 2011	Total Claims	As of Dec-31-11	As of Dec-31-10	2.1.7 RRR (Principal + Interest)										
\$ 16,716	\$ 16,766	\$ 16,716				\$ 4,083	\$ 22,840	\$ -	\$ 331	\$ 154	\$ 485	\$ -	\$ 22,840	\$ 485	\$ -	\$ 485	\$ 485	\$ 158	\$ 23,000	\$ 158	\$ 158	\$ 158									
\$ 118,856	\$ 118,856	\$ 118,856				\$ 4,083	\$ 22,840	\$ -	\$ 331	\$ 154	\$ 485	\$ -	\$ 22,840	\$ 485	\$ -	\$ 485	\$ 485	\$ 158	\$ 23,000	\$ 158	\$ 158	\$ 158									
\$ 1,148	\$ 1,148	\$ 1,148				\$ 4,083	\$ 22,840	\$ -	\$ 331	\$ 154	\$ 485	\$ -	\$ 22,840	\$ 485	\$ -	\$ 485	\$ 485	\$ 158	\$ 23,000	\$ 158	\$ 158	\$ 158									
\$ 271,080	\$ 271,080	\$ 271,080				\$ 4,083	\$ 22,840	\$ -	\$ 331	\$ 154	\$ 485	\$ -	\$ 22,840	\$ 485	\$ -	\$ 485	\$ 485	\$ 158	\$ 23,000	\$ 158	\$ 158	\$ 158									
\$ 73,750	\$ 73,750	\$ 73,750				\$ 4,083	\$ 22,840	\$ -	\$ 331	\$ 154	\$ 485	\$ -	\$ 22,840	\$ 485	\$ -	\$ 485	\$ 485	\$ 158	\$ 23,000	\$ 158	\$ 158	\$ 158									
\$ 1,348,000	\$ 1,348,000	\$ 1,348,000				\$ 4,083	\$ 22,840	\$ -	\$ 331	\$ 154	\$ 485	\$ -	\$ 22,840	\$ 485	\$ -	\$ 485	\$ 485	\$ 158	\$ 23,000	\$ 158	\$ 158	\$ 158									
\$ 881,000	\$ 881,000	\$ 881,000				\$ 4,083	\$ 22,840	\$ -	\$ 331	\$ 154	\$ 485	\$ -	\$ 22,840	\$ 485	\$ -	\$ 485	\$ 485	\$ 158	\$ 23,000	\$ 158	\$ 158	\$ 158									
\$ 1,000,000	\$ 1,000,000	\$ 1,000,000				\$ 4,083	\$ 22,840	\$ -	\$ 331	\$ 154	\$ 485	\$ -	\$ 22,840	\$ 485	\$ -	\$ 485	\$ 485	\$ 158	\$ 23,000	\$ 158	\$ 158	\$ 158									
\$ -	\$ -	\$ -				\$ 4,083	\$ 22,840	\$ -	\$ 331	\$ 154	\$ 485	\$ -	\$ 22,840	\$ 485	\$ -	\$ 485	\$ 485	\$ 158	\$ 23,000	\$ 158	\$ 158	\$ 158									
\$ 1,235,640	\$ 1,235,640	\$ 1,235,640				\$ 4,083	\$ 22,840	\$ -	\$ 331	\$ 154	\$ 485	\$ -	\$ 22,840	\$ 485	\$ -	\$ 485	\$ 485	\$ 158	\$ 23,000	\$ 158	\$ 158	\$ 158									
\$ 113,260	\$ 113,260	\$ 113,260				\$ 4,083	\$ 22,840	\$ -	\$ 331	\$ 154	\$ 485	\$ -	\$ 22,840	\$ 485	\$ -	\$ 485	\$ 485	\$ 158	\$ 23,000	\$ 158	\$ 158	\$ 158									
\$ 1,348,000	\$ 1,348,000	\$ 1,348,000				\$ 4,083	\$ 22,840	\$ -	\$ 331	\$ 154	\$ 485	\$ -	\$ 22,840	\$ 485	\$ -	\$ 485	\$ 485	\$ 158	\$ 23,000	\$ 158	\$ 158	\$ 158									
\$ 158,000	\$ 158,000	\$ 158,000				\$ 4,083	\$ 22,840	\$ -	\$ 331	\$ 154	\$ 485	\$ -	\$ 22,840	\$ 485	\$ -	\$ 485	\$ 485	\$ 158	\$ 23,000	\$ 158	\$ 158	\$ 158									
\$ 125,485	\$ 125,485	\$ 125,485				\$ 4,083	\$ 22,840	\$ -	\$ 331	\$ 154	\$ 485	\$ -	\$ 22,840	\$ 485	\$ -	\$ 485	\$ 485	\$ 158	\$ 23,000	\$ 158	\$ 158	\$ 158									
\$ 1,110,155	\$ 1,110,155	\$ 1,110,155				\$ 4,083	\$ 22,840	\$ -	\$ 331	\$ 154	\$ 485	\$ -	\$ 22,840	\$ 485	\$ -	\$ 485	\$ 485	\$ 158	\$ 23,000	\$ 158	\$ 158	\$ 158									

Board staff notes that there are variances with the total claims (principal and interest) for Accounts 1550, 1580, 1588 – Power, 1588 – sub-account Global Adjustment, 1590 and 1595 with Newmarket-Tay Power's 2.1.7 RRR (as at December 31, 2010).

- Please provide reasons for the variance for each of the above mentioned accounts.
- Please also provide reconciliations of the above mentioned accounts with Newmarket-Tay Power's 2.1.7 RRR (as at December 31, 2010). If necessary, Board staff will make the corrections to the model.

Response

LV charge

The 2012 IRM amount was \$23,334 and the RRR 2.1.7 was \$62,217 a difference of \$38,883. The difference was due to an internal reallocation after the RRR was filed.

The correct amount to use in the 2012 IRM is \$23,334.

RSVA - Wholesale Market Service Charge

The 2012 IRM recorded amount was \$647,396 and the RRR amount was \$649,889 a difference of \$2,493. The difference was due to an internal reallocation after the RRR was filed. The correct balance is \$647,396.00

RSVA - Retail Transmission Network Charge

IRM amount is \$615,463 and the RRR amount was \$615,462 a difference of \$1. This difference is due to rounding. The correct amount to use in the 2012 IRM is \$615,462.

RSVA - Power (excluding Global Adjustment) and RSVA - Power - Sub-Account - Global Adjustment (which were separated for disclosure on the 2012 IRM)

The 2012 IRM combined amount is \$234,592. The RRR amount was combined and presented as 233,747 a difference of \$845. The difference was due to an internal reallocation after the RRR was filed. The correct amount to use is \$234,592.00

Recovery of Regulatory Asset Balances

Newmarket Tay Power as part of the settlement agreement of EB 2009-0269; section 9.1 was to recover \$1,913,004 in Regulatory Assets starting in January 2011.

Newmarket Tay Power was to recover amounts for the group one sub accounts as listed in the 2012 IRM. These accounts are - 1550, 1580, 1584, 1586, 1588, 1590, and 1595. These dispositions/recoveries were recorded in the 2012 IRM in the Board approved Disposition during 2010 column.

The transactions listed in the 2012 IRM under the 2010 accounts of 1590 and 1595 are recoveries of prior years regulatory assets. Account 1590 which has a balance of \$220,092 plus carry charges of \$3,680 for a 2010 total of \$223,773, are recoveries of the regulatory assets of the predecessor company Tay Hydro. Account 1595 which has a balance of \$481,189 less carry charges of \$4,650 for a total of \$476,539 are recoveries from the predecessor company Newmarket Hydro (arising from it's 2008 Cost of Service application.)

No other adjustments were made to the IRM balances.

The RRR balance consists of the following:

EB 2009-0268 Recovery of Regulatory Assets	\$1,913,004.00
Recovery of Regulatory Assets Tay 2006	\$ (223,773.00)
Recovery of Regulatory Assets Newmarket 2008	\$ (476,539.00)
Tay Smart Meter Recovery	\$ (201,003.00)
Total	\$1,011,689.00

The correct balance for Recovery of Regulatory Balances is \$1,011,689 as at the end of December 31, 2010.

7. Ref: A portion of Sheet 10 "Billing Det. For Def_Var" is reproduced below.

Rate Class	Unit	Metered kWh	Metered kW	Billed kWh for Non-RPP Customers	Estimated kW for Non-RPP Customers	Distribution Revenue ¹	1590 Recovery Share	1595 Recovery Share Proportion (2008) ²	1595 Recovery Share Proportion (2009) ²
Residential	\$/kWh	277,978,370		36,943,326	-	9,148,384			56%
General Service Less Than 50 kW	\$/kWh	93,701,712		17,213,005	-	2,810,097			17%
General Service 50 to 4,999 kW	\$/kW		770,221	288,438,784	-	4,167,298			23%
General Service 50 to 4,999 kW – Interval Metered	\$/kW				-				
Unmetered Scattered Load	\$/kWh	374,072			-	31,602			0%
Sentinel Lighting	\$/kW		866		-	26,011			0%
Street Lighting	\$/kW		14,578		-	532,540			3%
Total		372,054,154	785,665	342,595,115	-	16,715,932	0%	0%	100%

- a) Please provide the evidence supporting the amounts entered in the "Metered kWh" and "Metered kW" columns.

Response

Please see Newmarket Tay Powers' response to question 1

- b) Please also provide the "Metered kWh" evidence for the General Service 50 to 4,999 kW, General Service 50 to 4,999 kW – Interval Metered, Sentinel Lighting and Street Lighting rate classes, if applicable.

Response

Please see Newmarket Tay Powers' response to question 1

- c) Please provide evidence supporting the amounts input into the "Distribution Revenue" column for each rate class.

Response

Please see Newmarket Tay Powers' response to question 1

8. Ref: A portion of Sheet 14 “Proposed Rate_Riders” is reproduced below.

Appendix, sec.3. Please ensure that the word "Rider" or "Adder" is included in the description (as applicable)

Rate Description	Unit	Amount	Effective Unit Date	Proposed Amount	Effective Unit Date
Residential					
Rate Rider for global adj. sub account disposition eff until April 30 2013 for non top Newmarket Cust only	\$/Wh	0.00000	April 30, 2013		
Rate Rider for global adj. sub account disposition eff until April 30 2013 for non top Tay Cust only	\$/Wh	-0.00460	April 30, 2013		
Rate Rider for Deferral/Variance Account Disposition (2010) Effective until 2013 Applicable to Newmarket Service area customers	\$/Wh	0.00130	April 30, 2013		
Rate Rider for Deferral/Variance Account Disposition (2010) Effective until 2013 Applicable to Tay Service area customers	\$/Wh	-0.00480	April 30, 2013		
General Service Less Than 50 kW					
Rate Rider for global adj. sub account disposition eff until April 30 2013 for non top Newmarket Cust only	\$/Wh	0.00000	April 30, 2013		
Rate Rider for global adj. sub account disposition eff until April 30 2013 for non top Tay Cust only	\$/Wh	-0.00460	April 30, 2013		
Rate Rider for Deferral/Variance Account Disposition (2010) Effective until 2013 Applicable to Newmarket Service area customers	\$/Wh	0.00070	April 30, 2013		
Rate Rider for Deferral/Variance Account Disposition (2010) Effective until 2013 Applicable to Tay Service area customers	\$/Wh	-0.00230	April 30, 2013		
General Service 50 to 4,999 kW					
Rate Rider for global adj. sub account disposition eff until April 30 2013 for non top Newmarket Cust only	\$/Wh	0.00000	April 30, 2013		
Rate Rider for global adj. sub account disposition eff until April 30 2013 for non top Tay Cust only	\$/Wh	-0.00460	April 30, 2013		
Rate Rider for Deferral/Variance Account Disposition (2010) Effective until 2013 Applicable to Newmarket Service area customers	\$/Wh	-1.1880	April 30, 2013		
Rate Rider for Deferral/Variance Account Disposition (2010) Effective until 2013 Applicable to Tay Service area customers	\$/Wh	-3.12750	April 30, 2013		
General Service 50 to 4,999 kW – Interval Metered					
Rate Rider for global adj. sub account disposition eff until April 30 2013 for non top Newmarket Cust only	\$/Wh	0.00000	April 30, 2013		
Rate Rider for global adj. sub account disposition eff until April 30 2013 for non top Tay Cust only	\$/Wh	-0.00460	April 30, 2013		
Rate Rider for Deferral/Variance Account Disposition (2010) Effective until 2013 Applicable to Newmarket Service area customers	\$/Wh	0.1880	April 30, 2013		
Rate Rider for Deferral/Variance Account Disposition (2010) Effective until 2013 Applicable to Tay Service area customers	\$/Wh	-3.12750	April 30, 2013		
Unmetered Scattered Load					
Rate Rider for global adj. sub account disposition eff until April 30 2013 for non top Newmarket Cust only	\$/Wh	0.00000	April 30, 2013		
Rate Rider for global adj. sub account disposition eff until April 30 2013 for non top Tay Cust only	\$/Wh	-0.00460	April 30, 2013		
Rate Rider for Deferral/Variance Account Disposition (2010) Effective until 2013 Applicable to Newmarket Service area customers	\$/Wh	0.00000	April 30, 2013		
Rate Rider for Deferral/Variance Account Disposition (2010) Effective until 2013 Applicable to Tay Service area customers	\$/Wh	-0.00000	April 30, 2013		
Sentinel Lighting					
Rate Rider for global adj. sub account disposition eff until April 30 2013 for non top Newmarket Cust only	\$/Wh	0.00000	April 30, 2013		
Rate Rider for global adj. sub account disposition eff until April 30 2013 for non top Tay Cust only	\$/Wh	-0.00460	April 30, 2013		
Rate Rider for Deferral/Variance Account Disposition (2010) Effective until 2013 Applicable to Newmarket Service area customers	\$/Wh	0.00000	April 30, 2013		
Rate Rider for Deferral/Variance Account Disposition (2010) Effective until 2013 Applicable to Tay Service area customers	\$/Wh	-1.13070	April 30, 2013		
Street Lighting					
Rate Rider for global adj. sub account disposition eff until April 30 2013 for non top Newmarket Cust only	\$/Wh	0.00000	April 30, 2013		
Rate Rider for global adj. sub account disposition eff until April 30 2013 for non top Tay Cust only	\$/Wh	-0.00460	April 30, 2013		
Rate Rider for Deferral/Variance Account Disposition (2010) Effective until 2013 Applicable to Newmarket Service area customers	\$/Wh	-1.19480	April 30, 2013		
Rate Rider for Deferral/Variance Account Disposition (2010) Effective until 2013 Applicable to Tay Service area customers	\$/Wh	-1.82680	April 30, 2013		

Please confirm that the rate riders from the Tax Sharing Work Form should be input into this worksheet of the 2012 IRM Rate Generator model. If necessary, Board staff will make the corrections to the model.

Response

Confirmed.

9. Ref: A portion of Sheet 17 “GDP-IPI – X” is reproduced below.

Price Escalator	1.30%	Productivity Factor	0.72%	Price Cap Index	0.18%					
Choose Stretch Factor Group	II		Associated Stretch Factor Value	0.4%						
Rate Description	Unit	Current MFC	MFC Adjustment from R/C Model	Current Volumetric Charge	Unit	DVR Adjustment from R/C Model	Price Cap Index	Proposed MFC	Proposed Volumetric Charge	
Residential	\$	14.71		0.01430	\$/kWh	(0.00020)	0.180%	14.74	0.01413	
General Service Less Than 50 kW	\$	29.28		0.01910	\$/kWh	(0.00010)	0.180%	29.33	0.01903	
General Service 50 to 4,999 kW	\$	132.77		4.58000	\$/kW	(0.02500)	0.180%	133.01	4.56320	
General Service 50 to 4,999 kW – Interval Metered	\$	132.77		4.70810	\$/kW	(0.02500)	0.180%	133.01	4.69153	
Unmetered Scattered Load	\$	16.90		0.01940	\$/kWh	(0.00040)	0.180%	16.93	0.01903	
Sentinel Lighting	\$	3.12		11.93330	\$/kW	(0.13870)	0.180%	3.13	11.81583	
Street Lighting	\$	3.06		15.20850	\$/kW	(0.16870)	0.180%	3.07	15.06687	

- a) Please confirm that pursuant to the Board's decision in its 2010 decision (EB-2009-0269 and Settlement Agreement, dated February 4, 2011), that there are no revenue-to-cost ratio adjustments to be implemented by Newmarket-Tay Power for the 2012 rate year. Once confirmed, please explain why there are amounts in the "DVR Adjustment from R/C Model" column. If necessary, Board staff will make the corrections to the model.

Response

*There are no revenue to cost adjustments to be implemented by Newmarket-Tay Power for the year 2012.
Technical difficulties with the IRM model lead Newmarket Tay to input rates into the DVR column.*

Account 1521 – Special Purpose Charge

10. Ref: Addendum to the Manager's summary dated December 14, 2011, page 5

In accordance with Section 8 of the SPC Regulation¹, distributors are required to apply no later than April 15, 2012 for an order authorizing the disposition of any residual balance in sub-account 2010 SPC Assessment Variance. The Filing Requirements also set out the Board's expectation that requests for disposition of this account balance would be heard as part of the proceedings to set rates for the 2012 year.

- a) Please confirm Newmarket Tay's SPC assessment amount and provide a copy of the original SPC invoice.

¹ Section 8 of Ontario Regulation 66/10, Assessments for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program Costs

Response

July 22/10

Revised Invoice
Ministry of Energy and Infrastructure
Conservation and Renewable Energy Program Costs

To: Newmarket-Tay Power Distribution Ltd.
590 Steven Court
Newmarket, ON L3Y 6Z2
Attn: Paul Ferguson, General Manager

152110 M097 \$280,928

Item Description:

Assessment for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program Costs.
Quote-part pour les coûts des programme de conservation et d'énergie renouvelable du ministère de l'Énergie et de l'Infrastructure.

Customer No./No du client 3771
Customer Site No./ N° d'emplacement du client 1061068
Invoice Date/Date de la facture April 16, 2010
Invoice No./N° de la facture 50048
Due Date/ Date d'échéance July 30, 2010
Payment Amount/ Montant remis CAD \$ 280,928

Questions related to the remittance should be directed to the Non-Tax Revenue Management Branch Contact Centre at 1-877-535-0554 or Fax (416) 326-5177. Les questions concernant la remise doivent être posées à l'InfoCentre de la Direction de la gestion des revenus non fiscaux au 1 877 535-0554 ou par télécopieur au 416 326-5177.

This assessment was calculated by the Ontario Energy Board, 2300 Yonge St. 27th Floor, P.O. Box 2319, Toronto, ON M4P 1E4. Questions related to the invoice should be directed to the Market Operations Hotline 416-440-7604. La présente quote-part a été fixée par la Commission de l'énergie de l'Ontario, 2300, rue Yonge, 27^e étage, case postale 2319, Toronto (Ontario) M4P 1E4. Les questions relatives à la facture doivent être posées au service de téléassistance du service Activités du marché : 416 440-7604.

Payments are to be made to the Minister of Finance not the Ontario Energy Board.
Les paiements doivent être faits au ministre des Finances et non à la Commission de l'énergie de l'Ontario.

b) Please complete the following table related to the SPC:

Response

SPC Assessment (Prin. Bal.)	Amt recovered from customers	Carrying charges 2010	Dec 31, 2010 YE Prin. Bal	Dec 31, 2010 YE carrying	Amt recovered from customers 2011	Carrying charges 2011	Dec 31, 2011 YE Prin. Bal	Dec 31, 2011 YE carrying	Forecasted Carrying Charges 2012	Total for Disposition
\$ 280,928.00	\$ (158,201.49)	\$ 1,042.10	\$ 122,726.51	\$ 1,042.10	\$ (134,626.87)	\$ 458.27	\$ (11,900.36)	\$ 1,500.37	\$ 123.60	\$ (10,276.39)

c) Please confirm the principal amounts recorded in the above table have been audited.

Response:

Confirmed

Lost Revenue Adjustment Mechanism (“LRAM”)

11. Ref: Addendum to Manager’s summary dated December 14, 2011 and Chapter 3 “Filing Requirements for Transmission and Distribution Applications”, June 22, 2011, page 21, Section 3.4.2 – Deadline for filing LRAM and SSM applications

Newmarket-Tay Power has requested to defer the collection of its estimated LRAM balance of \$45,504 until its next cost of service application.

The Board noted in the Chapter 3 Filing Requirements for 2012 IRM applications that distributors intending to file an LRAM or SSM application for CDM programs funded through distribution rates, or an LRAM application for CDM programs funded by the OPA between 2005 and 2010, shall do so as part of their 2012 rate application filings, either cost of service or IRM.

The Board further noted that if a distributor does not file for the recovery of LRAM or SSM in its 2012 rate application, it will forego the opportunity to recover LRAM or SSM for this legacy period of CDM activity.

a) Please provide the rational for not seeking to recover LRAM amounts from historic CDM programs in this application as directed by the Board in Chapter 3 Filing Requirements.

Response

Newmarket Tay Power at the time of filing noted the balance was of recovery was \$45,504. Newmarket Tay was prepared to defer recovery until its next Cost of Service Application. However Newmarket Tay Power is fully amenable to recover this amount in accordance with Chapter Three Requirements.

- b) If Newmarket-Tay Power has already engaged a third party to conduct a review of its LRAM amount, please provide this analysis.

Response

No third party has been engaged.

- c) Please discuss Newmarket-Tay Power has received the final OPA 2006-2010 evaluation results.

Response

Newmarket Tay Power received the OPA final results on November 15, 2011.

In the event that the Board does not accept Newmarket-Tay Power's request to defer disposition of its LRAM amount to its 2013 cost of service application, Board staff requests Newmarket-Tay Power to provide the following:

- d) Please provide a full LRAM request using the final OPA 2006-2010 evaluation results in accordance with the CDM Guidelines, March 28, 2008 (EB-2008-0037), Section 9.2.

Response

OPA Conservation & Demand Management Programs

Initiative Results at End-User Level

Fo Newmarket - Tay Power Distribution Ltd.

Net Summer Peak Demand Savings (MW)

#	Initiative Name	Program Name	Program Year	Results Status	MW		CUSTOMER CLASS	KW	
					2009	2010		2009	2010
1	Secondary Refrigerator Retirement Pilot	Consumer	2006	Final	0.008	0.008			
2	Cool & Hot Savings Rebate	Consumer	2006	Final	0.084	0.084			
3	Every Kilowatt Counts	Consumer	2006	Final	0.028	0.028			
4	Demand Response 1	Business, Industrial	2006	Final	0.000	0.000			
5	Loblaw & York Region Demand Response	Business, Industrial	2006	Final	0.000	0.000			
6	Great Refrigerator Roundup	Consumer	2007	Final	0.016	0.016			
7	Cool & Hot Savings Rebate	Consumer	2007	Final	0.096	0.096			
8	Every Kilowatt Counts	Consumer	2007	Final	0.030	0.030			
9	peaksaver®	Consumer, Business	2007	Final	0.000	0.000			
10	Summer Savings	Consumer	2007	Final	0.043	0.043			
11	Aboriginal	Consumer	2007	Final	0.000	0.000			
12	Affordable Housing Pilot	Consumer Low-Income	2007	Final	0.000	0.000			
13	Social Housing Pilot	Consumer Low-Income	2007	Final	0.009	0.009			
14	Energy Efficiency Assistance for Houses Pilot	Consumer Low-Income	2007	Final	0.008	0.008			
15	Electricity Retrofit Incentive	Business	2007	Final	0.006	0.006			
16	Toronto Comprehensive	Business	2007	Final	0.000	0.000			
17	Demand Response 1	Business, Industrial	2007	Final	0.000	0.000			
18	Loblaw & York Region Demand Response	Business, Industrial	2007	Final	0.000	0.000			
19	Renewable Energy Standard Offer	Consumer, Business, Industrial	2007	Final	0.000	0.000			
20	Great Refrigerator Roundup	Consumer	2008	Final	0.035	0.035			
21	Cool Savings Rebate	Consumer	2008	Final	0.098	0.098			
22	Every Kilowatt Counts Power Savings Event	Consumer	2008	Final	0.041	0.041			
23	peaksaver®	Consumer, Business	2008	Final	0.514	0.514			
24	Summer Sweepstakes	Consumer	2008	Final	0.075	0.075			
25	Electricity Retrofit Incentive	Consumer, Business	2008	Final	0.112	0.112			
26	Toronto Comprehensive	Consumer, Consumer Low-Income	2008	Final	0.000	0.000			
27	High Performance New Construction	Business	2008	Final	0.002	0.002			
28	Power Savings Blitz	Business	2008	Final	0.028	0.027			
29	Demand Response 1	Business, Industrial	2008	Final	0.000	0.000			
30	Demand Response 3	Business, Industrial	2008	Final	0.000	0.000			
31	Loblaw & York Region Demand Response	Business, Industrial	2008	Final	0.000	0.000			
32	Renewable Energy Standard Offer	Consumer, Business	2008	Final	0.000	0.000			
33	Other Customer Based Generation	Business	2008	Final	0.000	0.000			
34	LDC Custom - Hydro One Networks Inc. - Data Centers	Business, Industrial	2008	Final	0.000	0.000			
35	Great Refrigerator Roundup	Consumer	2009	Final	0.032	0.032	Res	32.201	32.201
36	Cool Savings Rebate	Consumer	2009	Final	0.125	0.125	Res	125.312	125.312
37	Every Kilowatt Counts Power Savings Event	Consumer	2009	Final	0.034	0.033	Res	33.517	32.951
38	peaksaver®	Consumer, Business	2009	Final	0.137	0.137	Res	137.307	137.307
39	Electricity Retrofit Incentive	Consumer, Business	2009	Final	0.190	0.190	>50	190.156	190.156
40	Toronto Comprehensive	Consumer, Consumer Low-Income	2009	Final	0.000	0.000	>50	0.000	0.000
41	High Performance New Construction	Business	2009	Final	0.021	0.021	>50	20.524	20.524
42	Power Savings Blitz	Business	2009	Final	0.187	0.187	>50	187.389	187.389
43	Multi-Family Energy Efficiency Rebates	Consumer, Consumer Low-Income	2009	Final	0.000	0.000	Res	0.000	0.000
44	Demand Response 1	Business, Industrial	2009	Final	0.927	0.000	>50	926.667	0.000
45	Demand Response 2	Business, Industrial	2009	Final	0.629	0.000	>50	629.235	0.000
46	Demand Response 3	Business, Industrial	2009	Final	0.899	0.000	>50	898.907	0.000
47	Loblaw & York Region Demand Response	Business, Industrial	2009	Final	0.154	0.000	>50	154.453	0.000
48	LDC Custom - Thunder Bay Hydro - Phantom	Consumer	2009	Final	0.000	0.000	<50	0.000	0.000
49	LDC Custom - Toronto Hydro - Summer Challenge	Consumer	2009	Final	0.000	0.000	<50	0.000	0.000
50	LDC Custom - PowerStream - Data Centers	Business	2009	Final	0.000	0.000	<50	0.000	0.000
51	Toronto Comprehensive Adjustment	Consumer, Business	2008	Final	0.000	0.000		0.000	0.000
52	LDC Custom - Hydro One Networks Inc. - Data Centers	Business, Industrial	2008	Final	0.000	0.000		0.000	0.000
53	Great Refrigerator Roundup	Consumer	2010	Final	0.000	0.038	Res	0.000	38.367
54	Cool Savings Rebate	Consumer	2010	Final	0.000	0.165	Res	0.000	165.358
55	Every Kilowatt Counts Power Savings Event	Consumer	2010	Final	0.000	0.012	Res	0.000	11.585
56	peaksaver®	Consumer, Business	2010	Final	0.000	0.063	Res	0.000	62.960
57	Electricity Retrofit Incentive	Consumer, Business	2010	Final	0.000	0.086	>50	0.000	85.690
58	Toronto Comprehensive	Consumer, Consumer Low-Income	2010	Final	0.000	0.000	>50	0.000	0.000
59	High Performance New Construction	Business	2010	Final	0.000	0.067	>50	0.000	67.409
60	Power Savings Blitz	Business	2010	Final	0.000	0.218	>50	0.000	218.023
61	Multi-Family Energy Efficiency Rebates	Consumer, Consumer Low-Income	2010	Final	0.000	0.013	Res	0.000	12.998
62	Demand Response 2	Business, Industrial	2010	Final	0.000	0.621	>50	0.000	621.387
63	Demand Response 3	Business, Industrial	2010	Final	0.000	1.314	>50	0.000	1,314.312
64	Loblaw & York Region Demand Response	Business, Industrial	2010	Final	0.000	0.153	>50	0.000	152.527
65	LDC Custom - Hydro Ottawa - Small Commercial	Consumer	2010	Final	0.000	0.000	<50	0.000	0.000
2006 Subtotal					0.12	0.12			
2007 Subtotal					0.21	0.21			
2008 Subtotal					0.91	0.90			
2009 Subtotal					3.34	0.73		3,335.7	725.8
2010 Subtotal					0.00	2.75		0.0	2,750.6
Overall Total					4.57	4.71		3,335.7	3,476.5

Board Staff Interrogatories
2012 IRM Rate Application
Newmarket-Tay Power Distribution Ltd.
EB-2011-0184

Net Energy Savings (MWh)							KWh		
#	Initiative Name	Program Name	Program Year	Results Status	2009	2010	CUSTOMER CLASS	2009	2010
1	Secondary Refrigerator Retirement Pilot	Consumer	2006	Final	37	37			
2	Cool & Hot Savings Rebate	Consumer	2006	Final	90	90			
3	Every Kilowatt Counts	Consumer	2006	Final	2,338	301			
4	Demand Response 1	Business, Industrial	2006	Final	0	0			
5	Loblaw & York Region Demand Response	Business, Industrial	2006	Final	0	0			
6	Great Refrigerator Roundup	Consumer	2007	Final	130	130			
7	Cool & Hot Savings Rebate	Consumer	2007	Final	144	144			
8	Every Kilowatt Counts	Consumer	2007	Final	852	852			
9	peaksaver®	Consumer, Business	2007	Final	0	0			
10	Summer Savings	Consumer	2007	Final	34	34			
11	Aboriginal	Consumer	2007	Final	0	0			
12	Affordable Housing Pilot	Consumer Low-Income	2007	Final	0	0			
13	Social Housing Pilot	Consumer Low-Income	2007	Final	78	78			
14	Energy Efficiency Assistance for Houses Pilot	Consumer Low-Income	2007	Final	21	21			
15	Electricity Retrofit Incentive	Business	2007	Final	16	16			
16	Toronto Comprehensive	Business	2007	Final	0	0			
17	Demand Response 1	Business, Industrial	2007	Final	0	0			
18	Loblaw & York Region Demand Response	Business, Industrial	2007	Final	0	0			
19	Renewable Energy Standard Offer	Consumer, Business, Industrial	2007	Final	0	0			
20	Great Refrigerator Roundup	Consumer	2008	Final	327	327			
21	Cool Savings Rebate	Consumer	2008	Final	154	154			
22	Every Kilowatt Counts Power Savings Event	Consumer	2008	Final	780	780			
23	peaksaver®	Consumer, Business	2008	Final	10	10			
24	Summer Sweepstakes	Consumer	2008	Final	187	187			
25	Electricity Retrofit Incentive	Consumer, Business	2008	Final	569	569			
26	Toronto Comprehensive	Consumer, Consumer Low-Income	2008	Final	0	0			
27	High Performance New Construction	Business	2008	Final	2	2			
28	Power Savings Blitz	Business	2008	Final	207	194			
29	Demand Response 1	Business, Industrial	2008	Final	0	0			
30	Demand Response 3	Business, Industrial	2008	Final	0	0			
31	Loblaw & York Region Demand Response	Business, Industrial	2008	Final	0	0			
32	Renewable Energy Standard Offer	Consumer, Business	2008	Final	0	0			
33	Other Customer Based Generation	Business	2008	Final	0	0			
34	LDC Custom - Hydro One Networks Inc. - D	Business, Industrial	2008	Final	0	0			
35	Great Refrigerator Roundup	Consumer	2009	Final	226	226	Res	225,730	225,730
36	Cool Savings Rebate	Consumer	2009	Final	190	190	Res	190,266	190,266
37	Every Kilowatt Counts Power Savings Event	Consumer	2009	Final	331	317	Res	330,843	317,114
38	peaksaver®	Consumer, Business	2009	Final	0	0	Res	255	255
39	Electricity Retrofit Incentive	Consumer, Business	2009	Final	1,568	1,568	>50	1,568,146	1,568,146
40	Toronto Comprehensive	Consumer, Consumer Low-Income	2009	Final	0	0	>50	0	0
41	High Performance New Construction	Business	2009	Final	47	47	>50	46,793	46,793
42	Power Savings Blitz	Business	2009	Final	731	731	>50	731,070	731,070
43	Multi-Family Energy Efficiency Rebates	Consumer, Consumer Low-Income	2009	Final	0	0	Res	0	0
44	Demand Response 1	Business, Industrial	2009	Final	41	0	>50	40,715	0
45	Demand Response 2	Business, Industrial	2009	Final	388	0	>50	387,587	0
46	Demand Response 3	Business, Industrial	2009	Final	7	0	>50	7,403	0
47	Loblaw & York Region Demand Response	Business, Industrial	2009	Final	0	0	>50	0	0
48	LDC Custom - Thunder Bay Hydro - Phantom	Consumer	2009	Final	0	0	<50	0	0
49	LDC Custom - Toronto Hydro - Summer Cha	Consumer	2009	Final	0	0	<50	0	0
50	LDC Custom - PowerStream - Data Centers	Business	2009	Final	0	0	<50	0	0
51	Toronto Comprehensive Adjustment	Consumer, Business	2008	Final	0	0		0	0
52	LDC Custom - Hydro One Networks Inc. - D	Business, Industrial	2008	Final	0	0		0	0
53	Great Refrigerator Roundup	Consumer	2010	Final	0	265	Res	0	264,783
54	Cool Savings Rebate	Consumer	2010	Final	0	253	Res	0	253,092
55	Every Kilowatt Counts Power Savings Event	Consumer	2010	Final	0	131	Res	0	130,591
56	peaksaver®	Consumer, Business	2010	Final	0	0	Res	0	260
57	Electricity Retrofit Incentive	Consumer, Business	2010	Final	0	483	>50	0	483,413
58	Toronto Comprehensive	Consumer, Consumer Low-Income	2010	Final	0	0	>50	0	0
59	High Performance New Construction	Business	2010	Final	0	154	>50	0	153,693
60	Power Savings Blitz	Business	2010	Final	0	669	>50	0	669,050
61	Multi-Family Energy Efficiency Rebates	Consumer, Consumer Low-Income	2010	Final	0	153	Res	0	153,407
62	Demand Response 2	Business, Industrial	2010	Final	0	726	>50	0	726,344
63	Demand Response 3	Business, Industrial	2010	Final	0	26	>50	0	25,743
64	Loblaw & York Region Demand Response	Business, Industrial	2010	Final	0	0	>50	0	0
65	LDC Custom - Hydro Ottawa - Small Comme	Consumer	2010	Final	0	0	<50	0	0
2006 Subtotal					2,465	428			
2007 Subtotal					1,275	1,275			
2008 Subtotal					2,236	2,223			
2009 Subtotal					3,529	3,079		3,528,807	3,079,373
2010 Subtotal					0	2,860		0	2,860,377
Overall Total					9,504	9,866		3,528,807	5,939,751

- e) Please provide a table that shows the LRAM amounts requested in this application by the year they are associated with and the year the lost revenues took place. Please provide separate tables for each rate class. Use the table below as an example and continue for all the years LRAM is requested:

Response

Class Summary - KW								
2009 Programs			Rates			LRAM \$		Total
Class	2009	2010	Bill Unit	2009	2010	2009	2010	2009 & 2010
Residential	328.3	327.8	KWh	N/A	N/A	0.00	0.00	0.00
GS<50	0.0	0.0	KWh	N/A	N/A	0.00	0.00	0.00
GS>50	3,007.3	398.1	KW	4.2995	N/A	12,929.93	0.00	12,929.93
Total	3,335.7	725.8				12,929.93	0.00	12,929.93
2010 Programs			Rates			LRAM \$		Total
Class	2009	2010	Bill Unit	2009	2010	2009	2010	2009 & 2010
Residential	0.0	291.3	KWh	N/A	N/A	0.00	0.00	0.00
GS<50	0.0	0.0	KWh	N/A	N/A	0.00	0.00	0.00
GS>50	0.0	2,459.3	KW	N/A	4.5800	0.00	11,263.85	11,263.85
Total	0.0	2,750.6				0.00	11,263.85	11,263.85
2009 + 2010 Programs			Rates			LRAM \$		Total
Class	2009	2010	Bill Unit	2009	2010	2009	2010	2009 & 2010
Residential	328.3	619.0	KWh	N/A	N/A	0.00	0.00	0.00
GS<50	0.0	0.0	KWh	N/A	N/A	0.00	0.00	0.00
GS>50	3,007.3	2,857.4	KW	4.2995	4.5800	12,929.93	11,263.85	24,193.78
Total	3,335.7	3,476.5				12,929.93	11,263.85	24,193.78

Class Summary - KWh								
2009 Programs			Rates			LRAM \$		Total
Class	2009	2010	Bill Unit	2009	2010	2009	2010	2009 & 2010
Residential	747,093	733,365	KWh	0.0132	0.0000	9,854.08	0.00	9,854.08
GS<50	0	0	KWh	0.0159	0.0191	0.00	0.00	0.00
GS>50	2,781,714	2,346,009	KW	N/A	N/A	0.00	0.00	0.00
Total	3,528,807	3,079,373				9,854.08	0.00	9,854.08
2010 Programs			Rates			LRAM \$		Total
Class	2009	2010	Bill Unit	2009	2010	2009	2010	2009 & 2010
Residential	0	802,134	KWh	N/A	0.0143	0.00	11,455.98	11,455.98
GS<50	0	0	KWh	N/A	0.0191	0.00	0.00	0.00
GS>50	0	2,058,244	KW	N/A	N/A	0.00	0.00	0.00
Total	0	2,860,377				0.00	11,455.98	11,455.98
2009 + 2010 Programs			Rates			LRAM \$		Total
Class	2009	2010	Bill Unit	2009	2010	2009	2010	2009 & 2010
Residential	747,093	1,535,499	KWh	0.0132	0.0143	9,854.08	11,455.98	21,310.06
GS<50	0	0	KWh	0.0159	0.0191	0.00	0.00	0.00
GS>50	2,781,714	4,404,252	KW	N/A	N/A	0.00	0.00	0.00
Total	3,528,807	5,939,751				9,854.08	11,455.98	21,310.06

Total LRAM Claim			
	2009	2010	Total
Residential	9,854.08	11,455.98	21,310.06
GS<50	0.00	0.00	0.00
GS>50	12,929.93	11,263.85	24,193.78
Total	22,784.02	22,719.83	45,503.84

- f) Please discuss if Newmarket-Tay Power will be applying for recovery of any carrying charges related to its LRAM amount.

Response

Newmarket Tay Power will not be applying for recovery of carry charges. At the end of 2010, carrying charges on this amount would have not exceeded \$500.

- g) Please provide detailed rate rider calculations for each rate class for Newmarket-Tay Power's LRAM amount.

Response

Using the matrices from EB 2009-0269, Newmarket Tay proposes to calculate the rate riders by dividing the LRAM amounts generated by class into the number of fixed customers in that class and recover it over a 6 month period.

Class	Amount	Number of Customers by Class	Monthes to be recovered over	Rate per month per customer
Residential	\$ 21,310	29,336	6	\$ 0.12
GS>50	\$ 24,194	402	6	\$ 10.03

Account 1562 – Deferred PILs

Newmarket Hydro Ltd. ("Newmarket")

Tay Hydro Electric Distribution Company Inc. ("Tay")

Tay

12. Ref: Income Tax Rates

Tay has not used the minimum income tax rates consistently as shown on page 17 in the Decision in the combined proceeding². Board staff has compared the tax rates in the table below. The distributor should input the correct income tax rates into the correct cells (i.e. over-ride the formulas) in SIMPIL model sheet

² EB-2008-0381

TAXCALC in order to calculate the correct variance amounts.

Comparison of Income Tax Rates used in True-up Calculations					
	2001	2002	2003	2004	2005
DECISION IN COMBINED PROCEEDING					
From page 17 of the Decision: Minimum tax rate to calculate the tax impact	19.12%	19.12%	18.62%	18.62%	18.62%
Tax rate to calculate the grossed-up tax amount	18.00%	18.00%	17.50%	17.50%	17.50%
Tay's SIMPIL Models Sheet TAXCALC					
Cell E122 (or 123): Calculation of true-up variance -income tax effect	34.12%	19.12%	19.12%	18.62%	18.62%
Cell E130 (or 131): Income tax rate used for gross-up (excluding surtax)	18.00%	18.00%	18.00%	17.50%	17.50%
Cell E138 (or 139): Calculation of Deferral Account Variance caused by changes in legislation – Revised corporate income tax rate	34.12%	19.12%	19.12%	18.62%	18.62%
Cell E175 (or 176): Calculation of Deferral Account Variance caused by changes in legislation – Actual income tax rate used for gross-up (excluding surtax)	18.00%	30.75%	18.00%	17.50%	17.50%

- a) Please explain how the income tax rates used in the SIMPIL models were chosen.

Response

The Simpil models for the years 2001 to 2003 and the corresponding continuity schedule have been revised to reflect the minimum tax rates from the combined decision of EB 2008-0381. The continuity schedule has been further revised to reflect the pro rated PIL's proxy of \$143,520 for the period of May 1 2002 to March 31, 2004 and removal of the 2001 Simpil variance adjustment to be consistent with Board Decisions for EB-2012-0212 and EB-2012-0248.

- b) Please input the minimum income tax rates from the table in the Decision on the Combined Proceeding found on page 17 into the 2001, 2002 and 2003 SIMPIL models and file these revised active Excel workbooks with a revised continuity schedule.

Response

Please see the response to 12 (a).

13.Ref: Continuity Schedule, Carrying Charges and Recoveries from Ratepayers, Binder 3, Tab 5.2

- a) Delayed Implementation Proxy Entitlements from October 1, 2001 to May 31, 2002

In its PILs 1562 continuity schedule, Tay recorded its entitlement to the 2001 PILs proxy starting on October 1, 2001 and the 2002 PILs proxy on January 1, 2002. However, Tay applied for unbundled rates including PILs to become effective on May 1, 2002. In its continuity schedule³ Tay has shown a small amount of recoveries in June 2002 which suggests that Tay did not start billing the new rates until sometime in June. Therefore, there is a question as to whether the Board-approved accounting guidance for distributors following the standard application timing should not apply given that Tay voluntarily requested delayed implementation. This alternative is consistent with decisions already made by the Board.⁴

Board staff suggests that the PILs proxy should be pro-rated for the period from May 1, 2002 (the effective date for 2002 rates) to March 31, 2004, or 23 months. The sum of the 2001 PILs proxy of \$29,311 and the 2002 PILs proxy of \$45,573 is \$74,884. The rates were determined based on a twelve month rate year which implies a monthly PILs proxy amount of \$6,240 (\$74,884/12) for the 23 months. Using this monthly entitlement, the total for the period shown is \$143,520 (\$6,240 x 23). Tay has used \$168,486 in the continuity schedule for the same time period.

Rate Period	PILs Proxy
2002 - billings for 8 months only	\$49,920
2003	\$74,880
2004 – Jan.1 – Mar. 31	\$18,720
Total	\$143,520

³ Tay, Binder 3, Tab 5.2

⁴ Board Decisions: Thunder Bay, EB-2012-0212; St. Thomas, EB-2012-0248.

Board staff requests that Tay file an updated PILs continuity schedule with pro-rated PILs proxy entitlements starting May 1, 2002 in active Excel format as one alternative scenario for the Board to consider. This alternative takes into account that since the PILs proxy amounts were not included in rates until May 1, 2002, Tay should not record any PILs proxy amounts or variance adjustments in the continuity schedule prior to May 1, 2002.

Response

Please see the response to 12 (a).

b) PILs Billed to Customers

Distributors in southern Ontario typically have shown a pattern where recoveries from customers exceed the PILs proxies due to growth in customer counts and load. While Tay's data demonstrate a similar pattern, the recoveries seem to be lower than one would expect in 2002 and 2004. Tay has recorded nothing as billed in May 2002 and about 1/3 of the "normal" amount for June 2002 when compared to June 2003.

Distribution rates changed on April 1, 2004. Prior to April 1, 2004 PILs were recovered using both the fixed and variable rate slivers. After this date PILs were recovered using only the variable rate. In April 2003, Tay calculated \$9,048 as the PILs recoveries. However, in April 2004 Tay calculated only \$1,376 as the PILs recoveries.

- I. Please verify the April 2004 PILs billed calculations and correct the continuity schedule as required.

Response:

Calculations have been verified. The \$1,376 in revenue relates to the March 2004 period. Revenues for April 2004 were recognized when billed in May 2004

Distribution rates changed on April 1, 2005 and PILs were again recovered using only the variable rate slivers. For the months of February, March and April 2005, Tay calculated PILs recoveries that seem lower than one might expect.

- II. Please verify the February, March and April volume data and the

calculations of PILs billed for these months. Please correct the continuity schedule as required.

Response:

Calculations have been verified.

14. Ref: 2001 to 2005 SIMPIL Models, Actual and Deemed Interest Expense for Tax Years 2001 to 2005 for True-up Calculations

Tay's maximum deemed interest was \$147,800. Interest above this amount is treated as excess interest in the SIMPIL models and the variance is included as a deduction to the benefit of ratepayers.

- a) Please provide a table for the years 2001 to 2005 that shows all of the components of Tay's interest expense and the amount associated with each type of interest.

Response

Tay Hydro - Interest Expense Breakdown

2002 Interest calculation			
Municipal P note	\$ 1,742,821.00	7.25%	\$ 126,354.52
External 3rd party interest payments			
jan 1 to May 31			\$ 36,629.90
Jun1 to Nov 30			\$ 40,372.78
Dec1- dec 31			\$ 6,728.79
Total			<u>\$ 210,086.00</u>
Financial Statements			\$ 210,086.00
Total Deemed Interest Expense Allowed			<u>\$ 147,800.00</u>
Variance			\$ 62,286.00

2003 Interest calculation			
Municipal P note	\$ 1,742,821.00	7.25%	\$ 126,354.52
External 3rd party interest payments			
Jan 1 to May 31			\$ 33,755.19
Jun1 to Nov 30			\$ 35,670.25
Dec1- dec 31			\$ 5,945.04
Total			<u>\$ 201,725.00</u>
Financial Statements			\$ 201,725.00
Total Deemed Interest Expense Allowed			<u>\$ 147,800.00</u>
Variance			\$ 53,925.00

2004 Interest calculation			
Municipal P note	\$ 1,742,821.00	7.25%	\$ 126,354.52
External 3rd party debt			
jan 1 to May 31			\$ 29,871.27
Jun1 to Nov 30			\$ 30,595.00
Dec1- dec 31			\$ 5,099.21
Total			\$ 191,920.00
Financial Statements			\$ 191,920.00
Total Deemed Interest Expense Allowed			\$ 147,800.00
Variance			\$ 44,120.00

2005 Interest calculation			
Municipal P note	\$ 1,742,821.00	7.25%	\$ 126,354.52
External 3rd party debt			
jan 1 to May 31			\$ 25,511.04
Jun1 to Nov 30			\$ 25,108.00
Dec1- dec 31			\$ 4,184.44
Total			\$ 181,158.00
Financial Statements			\$ 181,158.00
Total Deemed Interest Expense Allowed			\$ 147,800.00
Variance			\$ 33,358.00

b) Did Tay have interest expense related to other than debt that is disclosed as interest expense in its financial statements?

Response

No.

Please refer to the Chart in part A of this question.

- c) Did Tay net interest income against interest expense in deriving the amount it shows as actual interest expense in the SIMPIL models? If yes, please provide details to what the interest income relates and explain why interest income and expense should be netted to reduce the interest expense used in the true-up calculations.

Response

Tay did not net Interest income against expense.

- d) Did Tay include interest expense on customer security deposits in interest expense?

Response

No.

- e) Did Tay include interest income on customer security deposits in interest expense?

Response

No.

- f) Did Tay incur interest expense or standby fees or charges on IESO or other prudential requirements whether disclosed in OM&A or in interest? Please provide a table that lists all of the prudential costs by year for 2001-2005 with the amounts by type of charge.

Response

No

- g) Did Tay include interest carrying charges on regulatory assets or liabilities in interest expense?

Response

No.

- h) Did Tay include the amortization of debt issue costs, debt discounts or debt premiums in interest expense?

Response

Tay did not amortize debt issue cost, debt discounts or debt premiums.

- i) Did Tay deduct capitalized interest in deriving the interest expense disclosed in its financial statements?

Response

Tay did not capitalize interest.

15. Ref: 2001 to 2005 Tax Returns

Please confirm that all tax years from 2001 to 2005 are now statute-barred.

Response

Confirmed.

Newmarket

16. Ref: Continuity Schedule, Carrying Charges, and Recoveries from Ratepayers, Binder 3, Tab 5.2

- a) PILs Billed to Customers

Distributors in southern Ontario typically have shown a pattern where recoveries from customers exceed the PILs proxies due to growth in customer counts and load. While Newmarket's data demonstrate a similar pattern, the recoveries seem to be lower than one would expect in March 2002. Newmarket has only recorded \$19,271 for the month of March 2002.

Please verify the calculations, explain the anomaly and correct the continuity schedule as required.

Response:

Calculations have been verified. The anomaly is that there is a timing delay; March 2002 bills were generated and recorded in April of 2002. Further evidence to the timing delay is that revenues that correspond to the 2002 PILS are still being generated in April and May of 2004 after the change to the 2004 PILS calculation.

b) PILs Proxies for 2001, 2002 and 2004

Newmarket filed the signed Board decisions for its 2002 and 2004 applications. In the 2002 decision, on page 3, the Board identified the applied-for 2001 PILs proxy as \$512,987 and the 2002 PILs proxy as \$1,763,900. On page 5 of this same decision, the Board reduced the applied-for 2001 PILs proxy by \$6,456 and the 2002 PILs proxy by \$347,920 to correct for overstatements.⁵ The reduced PILs proxies are: 2001 \$506,531 and 2002 \$1,415,980.

In the 2004 application,⁶ Newmarket used \$1,763,900 as the 2002 PILs proxy rather than the reduced proxy of \$1,415,980.

- I. Please file a revised continuity schedule using the reduced PILs proxy amounts identified in the Board's 2002 decision for the period October 1, 2001 through March 31, 2005.

(To assist Newmarket, Board staff has provided the revised calculations using the reduced PILs proxies. Newmarket calculated a principal credit amount of \$115,486 and a debit interest carrying charge amount of \$102,496 which becomes a net credit amount of \$12,990. Board staff has calculated a principal credit amount of \$1,260,767, a credit carrying charge amount of \$309,489, for a total refund to customers of \$1,570,256. Please note that these amounts do not include any changes that might result from replies to other interrogatories.)

Response

Newmarket agrees with the revised calculations provided by Board staff subject to the following comments:

As set out in a letter from Newmarket's counsel dated October 5, 2012, Newmarket has requested an oral hearing to deal with this matter. It has become apparent to Newmarket that an error was made

⁵ Binder 1, Tab 1.3/ RP-2002-0080 EB-2002-0089, February 26, 2002.

⁶ Binder 1, Tab 1.2/ RP-2004-0071 EB-2004-0057, March 12, 2004.

in regard to its 2002 Decision and Order (RP-2002-0080/EB-2002-0089) (the "2002 Decision"). In the 2002 Decision, the Board decided to reduce Newmarket's PILs proxy by \$347,920, and ordered that the Board-prepared rates set out in the rate schedule attached at Appendix "A" to the 2002 Decision and Order were approved effective March 1, 2002. However, those rates erroneously did not factor in the \$347,920 reduction to the PILs proxy as decided by the Board.

This circumstance is significant because:

- i) the Board prepared the Schedule of Rates and Charges at Appendix "A" to the Decision and Order - not Newmarket; and
- ii) until receiving this interrogatory, Newmarket was unaware that the Board's 2002 Order contained this mistake.

Newmarket would like to work with the Board in resolving this unusual and somewhat complicated issue. While Newmarket does not intend to take the position that it is entitled to the erroneous principal amounts it recovered, it does believe that the circumstances warrant further consideration of what period and at what rate interest should be recorded in Account 1562. Because the issue of the appropriate quantum of interest recorded in Account 1562 will require further evidence to be placed on the record, Newmarket has requested an oral hearing. In the event that the Board denies Newmarket's request for an oral hearing, Newmarket has requested that, in light of the circumstances, it be permitted to provide further written evidence regarding the appropriate interest to be included in its Account 1562.

17. Ref: 2001 to 2005 SIMPILS Models, Actual and Deemed Interest Expense for Tax Years 2001 to 2005 for True-up Calculations

Newmarket's maximum deemed interest was \$1,778,564. Interest above this amount is treated as excess interest in the SIMPIL models and the variance is included as a deduction to the benefit of ratepayers.

- a) Please provide a table for the years 2001 to 2005 that shows all of the components of Newmarket's interest expense and the amount associated with each type of interest.

Response:

Reconciliation Of Interest Expense as Reported on the Financial Statements
Newmarket Hydro Ltd

2002 Interest calculation				
Municipal P note	\$	22,000,000	7.25%	\$ 1,595,000
Interest Paid on Deposits				\$ 49,230
Financial Statement Total				<u>\$ 1,644,230</u>
Plus Line of Credit Costs				\$ 32,500
Less Interest paid on deposits				<u>-\$ 49,230</u>
Total				\$ 1,627,500
Deemed Interest Expense				<u>\$ 1,778,564</u>
Variance				<u>-\$ 151,064</u>

2003 Interest calculation				
Municipal P note	\$	22,000,000	7.25%	\$ 1,595,000
Interest Paid on Deposits				\$ 32,178
Financial Statement Total				<u>\$ 1,627,178</u>
Plus Line of Credit Costs				\$ 32,500
Less Interest paid on deposits				<u>-\$ 32,178</u>
Total				\$ 1,627,500
Deemed Interest Expense				<u>\$ 1,778,564</u>
Variance				<u>-\$ 151,064</u>

2004 Interest calculation				
Municipal P note	\$	22,000,000	7.25%	\$ 1,595,000
Interest Paid on Deposits				\$ 29,882
Interest Paid To Holding Company.				\$ 145,000
Financial Statement Total				\$ 1,769,882
Plus Line of Credit Costs				\$ 32,500
Less Interest paid on deposits				-\$ 29,882
Total				\$ 1,772,500
Deemed Interest Expense				\$ 1,778,564
Variance				-\$ 6,064

2005 Interest calculation				
Municipal P note	\$	22,000,000	7.25%	\$ 1,595,000
Interest Paid on Deposits				\$ 47,511
Interest Paid To Holding Company.				\$ 67,000
Financial Statement Total				\$ 1,709,511
Plus Line of Credit Costs				\$ 32,500
Less Interest paid on deposits				-\$ 47,511
Total				\$ 1,694,500
Deemed Interest Expense				\$ 1,778,564
Variance				-\$ 84,064

- b) Did Newmarket have interest expense related to other than debt that is disclosed as interest expense in its financial statements?

Response

No.

Please refer to the Chart in part A of this question.

- c) Did Newmarket net interest income against interest expense in deriving the amount it shows as actual interest expense in the SIMPIL models? If

yes, please provide details to what the interest income relates and explain why interest income and expense should be netted to reduce the interest expense used in the true-up calculations.

Response

Newmarket did not net Interest income against expense.

- d) Did Newmarket include interest expense on customer security deposits in interest expense?

Response

Yes

Please refer to the Chart in part A of this question.

- e) Did Newmarket include interest income on customer security deposits in interest expense?

Response

No.

- f) Did Newmarket incur interest expense or standby fees or charges on IESO or other prudential requirements whether disclosed in OM&A or in interest? Please provide a table that lists all of the prudential costs by year for 2001-2005 with the amounts by type of charge.

Response

Yes

Please refer to the Chart in part A of this question.

- g) Did Newmarket include interest carrying charges on regulatory assets or liabilities in interest expense?

Response

No. There was not any.

- h) Did Newmarket include the amortization of debt issue costs, debt discounts or debt premiums in interest expense?

Response

Newmarket did not amortize debt issue cost, debt discounts or debt premiums.

- i) Did Newmarket deduct capitalized interest in deriving the interest expense disclosed in its financial statements? Did Newmarket add back capitalized interest to interest expense in the interest true-up calculations?

Response

Newmarket did not capitalize interest.

18. Ref: 2001 to 2005 Tax Returns

Please confirm that all tax years from 2001 to 2005 are now statute-barred.

Response

Confirmed.

Foregoing Net Increases

19. Ref: Addendum to the Manager's Summary dated December 14, 2011

Newmarket-Tay Power has calculated a net amount of revenue to be collected from customer of \$37,330. This is based upon Newmarket-Tay Power's calculation of a Price Cap Index Adjustment of \$142,592; less the shared tax savings amount of \$77,219; less the amount in Account 1562 – Deferred PILs of \$17,642.58; less the over collection of Account 1521 – Special Purpose Charge of \$10,399.99 and deferring the recovery of its LRAM claim of \$45,504 to its next cost of service application.

- a) Please recalculate Newmarket-Tay Power's net revenue with, if applicable, any updated tax sharing amount, PILs amount, and Special Purpose Charge residual amount associated with responses to Board staff interrogatories. If the net amount of revenue is larger than \$37,330, does that affect Newmarket-Tay's proposal to forgo this debit amount? What is the maximum amount that Newmarket-Tay is prepared to forgo?

Response

Please see Response to Part B of this question.

- b) In addition to part a) of this interrogatory, please re-calculate the net amount of revenues assuming that the Board approves an effective date of November 1, 2012. If the net amount is a credit to ratepayers, does Newmarket-Tay agree that the new rates and riders would be calculated using the rate generator and other supporting models? If the net amount results in a credit to ratepayers, would that change Newmarket-Tay's position with respect to the deferral of its LRAM claim?

Response

As set out in the response to 16(b), Newmarket-Tay has requested an oral hearing regarding its Account 1562 balance as it pertains to interest. Because this issue will affect Newmarket-Tay's net revenue, it would be more efficient to provide the revised net revenue information as requested by Board staff upon the resolution of the Account 1562 matter, as opposed to making the calculation multiple times.

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