

KT 1.2



PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC
ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7
Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. http://www.piac.ca

Michael Buonaguro
Counsel for VECC
(416) 767-1666

January 4, 2011

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 technical conference questions of VECC in the above noted proceeding.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

| | |
|----------------------|------------------|
| Ontario Energy Board | |
| FILE No. | EB - 2009 - 0269 |
| EXHIBIT No. | KT 1.2 |
| DATE | January 6, 2011 |
| 08/99 | |

NEWMARKET TAY POWER (Newmarket/Tay)

2010 RATE APPLICATION (EB-2009-0269)

VECC TECHNICAL CONFERENCE QUESTIONS

LOAD FORECASTING

TC QUESTION #1

Reference: VECC #3 i) and VECC #7 a)

- a) The response provided does not clarify whether the number of connections is assumed to be equivalent to the number of fixtures. Please confirm that the number of fixtures is also 8,547.

TC QUESTION #2

Reference: VECC #4 b) & c)

- a) With respect to part (b), please confirm that the 49.08% is for 2009 (not 1999). Also, please confirm that the 2009 percentages by customer class are set out in response to part c).
- b) Please clarify the meaning of the reference to July 2010 in the table in part c) of the response.

TC QUESTION #3

Reference: VECC #6 b)

- a) Please provide an update regarding the Applicant's plans to have Account and Duplicate statements on line in 2011.

TC QUESTION #4

Reference: Energy Probe #22 a) and c)

a) The response does not appear to address the questions which requested "the number of residential customers for the most recent actual month in 2010 and provide the actual number of residential customers for the corresponding month in 2009. Please provide

COST ALLOCATION

TC QUESTION #5

Reference: VECC # 8 b)

a) Please provide Cost Allocation Model Work Sheet O1 that supports the changed results set out in this response.

TC QUESTION #6

Reference: VECC #9

b) Please re-do the Newmarket-Tay Cost Allocation, with the distribution revenues by class calculated as follows:

- Using the total Net Revenues by Class at existing rates (\$14,851,590) determine the percentage increase in distribution revenues needed to achieve proposed 2010 distribution revenues of \$17,468,865). This is estimated to be 17.623%
- Estimate the required distribution revenues by class – assuming a uniform rate increase (i.e., increase the revenues at current rates for each class by the percentage calculated above)
- Use these results, by class, as the Distribution Revenue (sale) value in the Cost Allocation – Sheet O1.

c) Are the results from part (a) the same as those derived by the process outlined in Exhibit 8/Tab 4/Schedule 3, page 1, lines 1-5? If not, provide Schedule showing how the revenues by class as described here were determined and the resulting R/C ratios by class.

TC QUESTION #7

Reference: OEB Staff #27 a) & b)

a) What is the rationale for applying the same discount factor to Sentinel Lights as was applied to Street Lights?

b) Do the revised Revenue to Cost ratios presented in response to VECC #8 b) reflect the proposed connection numbers as set out in response to #27 a). If not, please provide an updated version of Work Sheet I6 and O1 consistent with these new values.

RATE DESIGN

TC QUESTION #8

Reference: VECC #12 b)

a) Please explain why, when the revenues to be recovered from Residential are increased and the same fixed-variable split is applied, the service charge for Residential declines (i.e., \$15.46 versus \$15.71 in part (a)).

TC QUESTION #9

Reference: VECC #14 a) and b)

a) How were the 2010 kW values for Network Charges and Connection charges for Newmarket and Tay determined?

TC QUESTION #10

Reference: OEB Staff #32
VECC #9
VECC #13 b)

Preamble: The OEB Staff response states that Newmarket is proposing a Transformer Ownership Credit of \$0.77/kW for 2010. However, throughout the Evidence a value of \$0.70/kW is used in determining revenues required for 2010 by class (see also 8/4/1, page 1 and 8/4/3, page 2) and the fixed/variable split (see also 8/4/4, page 2).

a) As follow-up to VECC #13 b), please provide the derivation of the proposed variable rate for GS>50 in sufficient detail to demonstrate that it recovers a TOC of \$0.77/kW.

b) Please do the re-do allocation to customers (per 8/4/3, page 2) so as to reflect the proposed \$0.77/kW TOC.

OM&A COSTS

TC QUESTION #11

Reference: OEB Staff #4 c)

- a) Please provide the impact on costs related to (i) the savings in costs by no longer allowing the former Tay president to do lineperson work and presumably lowering his compensation as a result, and (ii) the costs of hiring a third lineperson to perform the work that was formerly performed by the Tay president.
- b) Please provide the impact on costs of harmonizing the Tay lines staff at the Newmarket levels at the time of harmonization.

TC QUESTION #12

Reference: VECC #23 a)

- a) Please provide any available update to the initial response re the 2009 revenue requirement impact.

TC QUESTION #13

Reference: VECC #23 b)

- a) Re the 47% increase in costs from its Insurance Provider, did the utility solicit competitive bids for its insurance coverage? If so, please provide details. If not, why not?
- b) Please reconcile the statement in the pre-filed evidence that "Increased insurance costs relate to the 2010 industry wide increase in the actual insurance premiums" at Exhibit 1, Tab 1, Schedule 3, page 14, with the response given to the referenced IR that "The Applicant is unaware of the overall market increase in insurance costs."

TC QUESTION #14

Reference: VECC #29 a)

- a) Please provide an update to the referenced response.