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February 20, 2009

BY EMAIL & COURIER

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

EB - 2007 - 0776

OEB BOARD SECRETARY	
File No:	SubFile: 9
Panel	PV, Cynthia C.
Licensing	Lee H.
Other	LC.
00/04 TRIM	

FEB 23 2009

ONTARIO ENERGY BOARD

Dear Ms. Walli:

Board File No. EB-2007-0776

**Newmarket-Tay Power Distribution Ltd. – 2008 Rates Rebasing Application
Energy Probe Interrogatories – Supplementary**

Pursuant to the Decision and Procedural Order No. 2, issued by the Board on January 30, 2009, Energy Probe Research Foundation (Energy Probe) is enclosing two hard copies of its Supplementary Interrogatories to the Applicant. An electronic version of this communication will be forwarded in PDF format.

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 Ltd. (By email)
Randy Aiken, Aiken & Associates (By email)
Interested Parties (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 service charges for the distribution of electricity within its Newmarket Service Area, as of the date of the Ontario Energy Board's Rate Order.

**INTERROGATORIES OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

February 20, 2009

**NEWMARKET-TAY POWER DISTRIBUTION LTD.
2008 RATES REBASING CASE
EB-2007-0776**

**ENERGY PROBE RESEARCH FOUNDATION
SUPPLEMENTAL INTERROGATORIES**

Interrogatory # 45

Ref: Response to Energy Probe Interrogatory # 6

- a) Please indicate which of the 2 large vehicles was received in 2008 as indicated in the response.
- b) Was the second large vehicle received before the end of 2008?
- c) What is the actual amount of capital expenditures for 2008 in account 1930?

Interrogatory # 46

Ref: Response to Energy Probe Interrogatory # 7

- a) Please confirm that each of the vehicles listed to be replaced are fully depreciated.
- b) For each vehicle listed, please provide the actual resale value if the vehicle was replaced in 2008.
- c) How has the resale value, if any, been accounted for? Please specify the account that has been used to record this revenue in 2008.

Interrogatory # 47

Ref: Response to Energy Probe Interrogatory # 9, VECC Interrogatory # 16, Exhibit 3.1.2

- a) Please update the response to Energy Probe Interrogatory # 9 to reflect the actual December 2008 number of customers for each class shown.
- b) Are the customer counts shown in Exhibit 3.1.2 year end figures or averages for the year?

- c) Please provide the number of residential customers that was used in the cost allocation filing that resulted in the weather normalized kWh per customer of 10,158. Was this customer number a year end number or the average for 2004?
- d) Please illustrate how the 2008 residential volume of 242,306,934 kWh was calculated using the various average consumption per customer figures and the number of customers (year end or average).

Interrogatory # 48

Ref: Response to Energy Probe Interrogatory # 11 e)

The response provided does not answer the question of whether or not the OEB has reviewed and/or approved the total savings shown. Has there been a formal review by the OEB of the claimed savings? Has the Board approved the estimate of the total savings shown?

Interrogatory # 49

Ref: Response to Energy Probe Interrogatory # 12

The 2007 actual kWh figure shown in this response of 91,102,385 is 211,968 kWh less than the actual 2007 figure shown in Exhibit 3.1.2 (page 88) of 91,314,353 kWh. This difference is the level for the USL class.

- a) Please explain why the USL related volume of 211,968 kWh is subtracted in the response to Energy Probe Interrogatory # 12, when it appears to have already been removed from the 2007 data.
- b) What is the impact on revenues of an increase in the GS < 50 volumes of 211,968 kW?
- c) Please show the customer numbers or other factors used to calculate the customer growth figure of 1,496,402 kWh.

Interrogatory # 50

Ref: Response to Energy Probe Interrogatory # 13

Please explain why 2005 rates have been used to calculate the revenues. Why were 2007 rates not used?

Interrogatory # 51

Ref: Response to Energy Probe Interrogatory # 14 g)

- a) Please update the table shown in this response to reflect actual 2008 figures.**
- b) Does the interest earned (US of A account 4405) include the interest earned and the interest cost associated with balances for deferral, variance and/or regulatory asset accounts? If yes, please provide the actual 2008 figure broken down into the two components, the first being associated with the deferral/variance/regulatory asset figure and the second associated with all other sources of interest.**

Interrogatory # 52

Ref: Response to Energy Probe Interrogatory # 23

- a) Please explain why rate base should include any net assets related to account 1985 Sentinel Lighting Units when the 2007 Electricity Distribution Rate Handbook indicated that this account was a non-distribution asset.**
- b) For accounts 1840/1845/1855 please explain why the net balance forward is depreciated over 21 years while the additions appear to be depreciated over 25 years.**
- c) For account 1850 please explain why the net balance forward is depreciated over 22 years while the additions appear to be depreciated over 25 years.**
- d) Please provide any depreciation studies that have been used to justify a depreciation period of 21 years for accounts 1840/1845/1855 or 22 years for account 1850 instead of the 25 years specified in the 2006 EDR Handbook for these accounts.**
- e) Please explain the difference between the total depreciate expense shown in the response to Interrogatory # 23 of \$4,302,881 and the \$4,337,658 shown in Exhibit 2.1.7.**

Interrogatory # 53

Ref: Response to Energy Probe Interrogatory # 8

- a) Please confirm that the OM&A component of the working funds allowance for 2008 of \$5,747,977 includes \$5,483,028 for OM&A costs and \$264,949 for property and capital taxes.**
- b) Were property and capital taxes included in the controllable expenses used for calculating the allowance for working funds in the 2006 EDR model?**
- c) Please confirm that the OM&A expense of \$5,483,028 includes \$338,937 of re-allocated depreciation expense.**

Interrogatory # 54

Ref: Response to Energy Probe Interrogatory # 25

Please confirm that the Holding Company is not a regulated entity.

Interrogatory # 55

Ref: Response to Energy Probe Interrogatory # 29

The applicant indicates that the total project costs associated with the 2008 rates rebasing application to be \$60,000. The applicant also indicated that it budgeted \$25,000 in 2008 for this process.

Given that the base rates established for 2008 will be used to set rates for 2009, 2010 and 2011 under the IRM mechanism, does Newmarket – Tay believe that the cost of \$60,000 should be amortized over four years (i.e. \$15,000 per year)? If not, please explain why not.

Interrogatory # 56

Ref: Response to Energy Probe Interrogatory # 30

Newmarket – Tay forecast an increase in property tax of 11.6% in 2008 as compared to the 2007 level.

- a) Please explain what the drivers are in this increase of more than \$12,000.**
- b) Please provide the actual 2008 property taxes.**

Interrogatory # 57

Ref: Response to Energy Probe Interrogatory # 31 c)

- a) Please explain where the \$3,701,699 figure comes from since it is different than the \$3,720,133 figure shown in the calculation of the CCA for 2008 at page 124 of the evidence.**
- b) Please explain how the figure of \$72,910 was calculated.**
- c) Please review the following calculation and provide any feedback as to why the calculation is not a correct response to Interrogatory #31 c):**

UCC at start of year	5,693,312
Net cost of additions	7,143,625
Adjustment for additions	<u>(3,571,813)</u>
Base amount for CCA	9,265,124
CCA for the year (8%)	741,210
CCA claimed	<u>655,727</u>
Difference	85,483

Interrogatory # 58

Ref: Response to Energy Probe Interrogatory # 33 d

- a) Please confirm that if the software expenditures had been put in CCA Class 12 for 2006, 2007 and 2008, the CCA claim for 2008 would be \$142,740. If this cannot be confirmed, please provide the calculations that result in a different 2008 CCA claim under the assumption that these additions were put into Class 12 in each of 2006, 2007 and 2008.**

- b) Please provide a listing of the software capital expenditures for each of 2007 and 2008 and into the components and show for each item whether it is considered systems software or applications software. Please indicate how each component meets the definition of “systems software”.**
- c) Please confirm that system software acquired after March 22, 2004 and before March 19, 2007 should be recorded in Class 45, with a CCA rate of 45%.**
- d) Please confirm that system software acquired after March 18, 2007 should be recorded in Class 50, with a CCA rate of 55%.**

Interrogatory # 59

Ref: Response to Energy Probe Interrogatory # 34

Revenue Canada defines data network infrastructure equipment to be recorded in CCA Class 46 as equipment that supports advanced telecommunication applications including assets such as switches, multiplexers, routers, hubs, modems and domain name servers that are used to control, transfer, modulate and direct data. Similarly, assets to be recorded in CCA Classes 45 and 50 are defined as general purpose computer equipment and systems software that is not used principally as electronic process control, communication control, or monitor equipment, and the systems software related to such equipment, and data handling equipment that is not ancillary to general purpose computer equipment.

- a) Please provide a listing of the computer equipment capital expenditures for each of 2006, 2007 and 2008 into the components and show for each item whether it is considered network infrastructure equipment or general purpose computer equipment based on the definitions provided above.**
- b) Please confirm that general purpose computer equipment acquired after March 22, 2004 and before March 19, 2007 should be recorded in Class 45, with a CCA rate of 45%.**
- c) Please confirm that general purpose computer equipment acquired after March 18, 2007 should be recorded in Class 50, with a CCA rate of 55%.**

Interrogatory # 60

Ref: Response to Energy Probe Interrogatory # 36

- a) The original application proposed to settle the outstanding account balances as of April 30, 2008. Given that rates are not likely to be implemented until May 1, 2009 at the earliest, does Newmarket – Tay now propose to settle the projected outstanding balances as of April 30, 2009? If not, why not?
- b) Please provide the actual balances as of April 30, 2008 if they are different from that shown in Exhibit 5.
- c) Please calculate the DA rate that would be required over the period May 1, 2009 through April 30, 2012 (i.e. a three year IRM plan term), taking into account the actual April 30, 2008 balance, and the recovery from the rider currently in place that is described as collecting at an accelerated pace.

Interrogatory # 61

Ref: Response to Energy Probe Interrogatory # 37

Is Newmarket – Tay aware of any 2008 rate rebasing Decisions where the Board approved a short term debt component of 1.3% as opposed to 4.0% of rate base? If yes, please provide a copy of the relevant Decision(s).

Interrogatory # 62

Ref: Response to Energy Probe Interrogatory # 40

Under the Specific Service Charges there are no charges shown for access to power poles or pole rentals. Please confirm that Newmarket – Tay does not receive any revenue associated with pole rentals.

Interrogatory # 63

Ref: Response to Energy Probe Interrogatory # 44

The Ontario Energy Board's Decision and Order on Cost Awards in the EB-2007-0063 Smart Meters proceeding, issued December 13, 2007, ordered Newmarket Hydro Limited to immediately pay Energy Probe \$227.65, and ordered Tay Hydro Electric Distribution Co. Inc. to immediately pay Energy Probe \$22.99.

Please provide the dates that these payments were issued and the dates that they were deposited by Energy Probe.