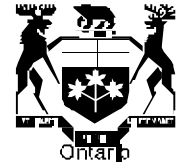


**Ontario Energy
Board**
P.O. Box 2319
2300 Yonge Street
Suite 2700
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

**Commission de l'énergie
de l'Ontario**
C.P. 2319
2300, rue Yonge
Suite 2700
Toronto ON M4P 1E4
Téléphone; 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

December 22, 2008

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms. Walli:

Re: **Newbury Power Inc**
2009 Incentive Regulation Mechanism (2009 IRM) Rate Application
Board File Number EB-2008-0196

Please find attached Board staff interrogatories in the above proceeding. Please forward the attached documents to Newbury Power Inc and all other parties in this proceeding.

Yours truly,

Original Signed By

Martin Benum
Advisor

Encl.

Question #1

Ref. D1.1 K-factor Adjustment Worksheet

The following is extracted from Newbury Power Inc.'s ("Newbury") response to Board Staff Interrogatories Question #5 for the 2008 IRM application EB-2007-0864.

Question #5

Ref.: 2008 Model, Sheet 6 (K-factor Derivation)

A review of your 2006 Board Approved EDR Model indicates that the Rate Base is "\$211,883"; however your 2008 model does not reflect this.

Answer:

The incorrect 2006EDR Final model was used to calculate the k-factor in the 2008 IRM. After receiving the final approved 2006EDR model, the rate base should be \$211,883.

An updated model was created to reflect the correct figures; the name of the file is "Newbury_APPL_2008IRMrevised_20080204.xls"

- a) Newbury acknowledged that the 2008 calculation of the k factor was incorrect. Please provide an explanation why Newbury continued to use the incorrect rate base value of \$215,209 and other related values in the 2009 k factor calculation.
- b) Please provide a corrected k factor calculation and confirm that Newbury agrees that the final k factor adjustment amount should be -0.2%.

Question #2

Ref. J2.3 LV Wheeling

Newbury is requesting that the 2008 Low Voltage rate rider with the sunset date of April 30, 2009 be continued until 2014.

In addition page 2 of Newbury's Manager Summary under the heading of "Low Voltage Rider" Newbury states:

"MPDC is currently purchasing NPI and will not be rate basing until 2014 therefore, NPI is requesting that the low voltage rider will be in effect until this time."

- a) Please provide an explanation why Newbury believes it should continue to collect the Low Voltage rate rider beyond April 30, 2009.

Question #3

Ref J1.1 Smart Meters Rate Adder
Guideline - Smart Meter Funding and Cost Recovery G-2008-0002
Newbury Manager Summary

Newbury is requesting to increase the current smart meter rate adder from \$0.25 to the implementing distributor rate of \$1.00.

Page 9 of the "Smart Meter Funding and Cost Recovery" guideline states:

An implementing distributor that applies for an "implementation" funding adder should include, as part of the application, evidence that the distributor is authorized to conduct smart meter activities in accordance with applicable law. The thirteen "named" distributors (those identified in paragraphs 3 and 5 or covered by paragraph 6 of section 1(1) of O. Reg. 427/06 and those whose service areas are identified as priority installations by O. Reg. 428/06) are not required to provide further evidence of authorization. Distributors that are authorized by virtue of paragraph 8 of section 1(1) of O. Reg. 427/06 will need to provide evidence demonstrating that their smart meters were procured pursuant to and in compliance with the August 14, 2007 Request for Proposal issued by London Hydro Inc.

Currently Newbury is not legally entitled to claim membership in the thirteen 'named' distributors. Alternatively Newbury has not filed evidence with respect to compliance with the August 14, 2007 Request for Proposal issued by London Hydro Inc. Newbury's Managers Summary states:

NPI is requesting to increase the monthly smart meter service charge for metered customers from \$ 0.25 to \$1.00 per month per meter customer; the proposal is to minimize the rate impact in 2010 after full deployment in 2009. NPI is being purchased by Middlesex Power Distribution Power ("MPDC") Merger, Amalgamation, Acquisition and Divestitures (MAAD) application EB-2008-0350 is before the Board, who is named in the regulation 427/06, and will be installing smart meter for NPI customers in 2009.

- a) How would Newbury propose the Board to proceed should the MAAD application not be complete before the Board's target decision release date of March 20, 2009, as noted in the Boards Letter of Acknowledgment, November 7th, 2008?

Question #3

Ref Rural or Remote Electricity Rate Protection ("RRRP")

By letter dated December 17, 2008, the Board informed the electricity distributors of the approval it has given to the IESO regarding the level of charge the IESO may apply to its Market Participants for the Rural or Remote Electricity Rate Protection (RRRP) program. In that letter, the Board stated: "Distributors that currently have a rate application before the Board shall file this letter as an update to their evidence along with a request that the RRRP charge in their tariff sheet be revised to 0.13 cents per kilowatt-hour effective May 1, 2009."

- a) If Newbury has not done so, please file the required addition to the evidence as outlined in the December 17th letter.