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**BY EMAIL** 

May 06, 2014

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

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: Newmarket Tay Power Distribution Ltd. ("Newmarket Tay Power")
2014 IRM Distribution Rate Application
Board Staff Submission
Board File No. EB-2013-0153

In accordance with Procedural Order No.1, please find attached the Board staff Submission in the above proceeding. Board staff notes that submissions were to be filed on May 1, 2014. However, the Board received a late filing of interrogatory responses by Newmarket Tay on April 30, 2014. Board staff apologizes for the late filing of this submission. The applicant has been copied on this filing.

Newmarket Tay Power's reply Submission, if it intends to file one, is due one week after receipt of Board staff submission.

Yours truly,

Original Signed By

Birgit Armstrong Advisor, Applications & Regulatory Audit Encl.



# **ONTARIO ENERGY BOARD**

# **STAFF SUBMISSION**

# 2014 ELECTRICITY DISTRIBUTION RATES

Newmarket Tay Power Distribution Ltd.

EB-2013-0153

May 6, 2014

# Board Staff Submission Newmarket Tay Power Distribution Ltd. 2014 Annual IR Index Rate Application EB-2013-0153

#### Introduction

Newmarket Tay Power Distribution Ltd. ("Newmarket Tay Power") filed an application (the "Application") with the Ontario Energy Board (the "Board") on February 19, 2014, seeking approval for changes to the rates that Newmarket Tay Power charges for electricity distribution, to be effective May 1, 2014. The Application is based on the 2014 Annual Incentive Rate-setting Index ("Annual IR Index").

The purpose of this document is to provide the Board with the submissions of Board staff based on its review of the evidence submitted by Newmarket Tay Power.

In the discovery phase, Board staff identified certain discrepancies in the data filed by Newmarket Tay Power. On April 7, 2014 Newmarket Tay Power and Board staff participated in a teleconference, the outcomes of which were documented in staff's interrogatories. During the teleconference and in response to Board staff interrogatories, Newmarket Tay Power confirmed that it had input some erroneous data into the Rate Generator model and requested that Board staff make the necessary corrections.

Board staff takes no issue with the corrected data. Pursuant to the Board's Guideline G-2008-0001, Board staff notes that the Board will also update the applicable data at the time of the Board's Decision on the Application to reflect the Uniform Transmission Rates in place at that time.

#### **Deferral and Variance Accounts**

Newmarket Tay Power's total, combined Group 1 Deferral and Variance Account balances amount to a credit of \$923,403, including Global Adjustment. The balance of Account 1589 – Global Adjustment is a debit of \$792,866, and is applicable only to Non-RPP customers. These balances also include interest calculated to April 30, 2014. Based on the threshold test calculation, the total Group 1 Deferral and Variance

Account balances equate to \$0.0013 per kWh which exceeds the threshold. Newmarket Tay Power requested disposition of these Accounts over a one-year period.

In its Application, Newmarket Tay stated that it harmonized the rates among its former Newmarket Hydro Ltd. service and Tay Hydro Distribution Inc. service areas as of January 1, 2011(EB-2009-0269). Newmarket Tay noted that it deferred the disposition of the 2010 deferral balances to a later date. Newmarket Tay Power proposed to dispose of the pre-harmonization balances of 2010 to its former service areas separately from the amounts that accumulated after 2010. Accordingly, Newmarket Tay Power has proposed 3 separate rate riders for Group 1 accounts as well as the Global Adjustment account as shown below.

Tay service area – 2010 balances

Rate Rider Calculation for Deferral / Variance Accounts Balances (excluding Global Adj.)

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Balance (excluding 1589)	Rate Rider for Deferral/Variance Accounts	
RESIDENTIAL	kWh	32,185,881	-\$ 78,897	- 0.0025	\$/kWh
GENERAL SERVICE LESS THAN 50 KW	kWh	4,804,059	-\$ 11,776	- 0.0025	\$/kWh
GENERAL SERVICE 50 TO 4,999 KW	kW	13,703	-\$ 13,981	- 1.0203	\$/kW
UNMETERED SCATTERED LOAD	kWh	162,104	-\$ 397	- 0.0025	\$/kWh
SENTINEL LIGHTING	kW	29	-\$ 22	- 0.7650	\$/kW
STREET LIGHTING	kW	1,208	-\$ 1,060	- 0.8777	\$/kW
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Total			-\$ 106,134		

#### Rate Rider Calculation for RSVA - Power - Global Adjustment

Rate Class (Enter Rate Classes in cells below)	Units	Non-RPP kW / kWh / # of Customers	Balance of RSVA Power - Global Adjustment	Rate Rider for RSVA - Power - Global Adjustment	
RESIDENTIAL	kWh	4,277,504	-\$ 92,17	1 - 0.0215	\$/kWh
GENERAL SERVICE LESS THAN 50 KW	kWh	882,506	-\$ 19,01	6 - <b>0.0215</b>	\$/kWh
GENERAL SERVICE 50 TO 4,999 KW	kW	12,768	-\$ 114,51	8 - <b>8.9688</b>	\$/kW
UNMETERED SCATTERED LOAD	kWh	-	\$ -	-	\$/kWh
SENTINEL LIGHTING	kW	-	\$ -	-	\$/kW
STREET LIGHTING	kW	-	\$ -	-	\$/kW
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Total			-\$ 225,70	5	

## Newmarket service area - 2010 balances

## Rate Rider Calculation for Deferral / Variance Accounts Balances (excluding Global Adj.)

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Balance (excluding 1589)	Rate Rider for Deferral/Variance Accounts	
RESIDENTIAL	kWh	245,792,489	-\$ 241,566	- 0.0010	\$/kW
GENERAL SERVICE LESS THAN 50 KW	kWh	88,897,653		- 0.0010	\$/kW
GENERAL SERVICE 50 TO 4,999 KW	kW	756,518	-\$ 298,622	- 0.3947	\$/kW
UNMETERED SCATTERED LOAD	kWh	211,968	-\$ 208	- 0.0010	\$/kW
SENTINEL LIGHTING	kW	837	-\$ 296	- 0.3538	\$/kW
STREET LIGHTING	kW	13,370	-\$ 4,715	- 0.3527	\$/kW
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Total			-\$ 632,777		1

## Rate Rider Calculation for RSVA - Power - Global Adjustment

Rate Class (Enter Rate Classes in cells below)	Units	Non-RPP kW / kWh / # of Customers	Balance of RSVA - Power - Global Adjustment	Rate Rider for RSVA - Power - Global Adjustment
RESIDENTIAL	kWh	32,665,822	\$ 127,726	0.0039
GENERAL SERVICE LESS THAN 50 KW	kWh	16,330,499	\$ 63,853	0.0039
GENERAL SERVICE 50 TO 4,999 KW	kW	704,923	\$ 1,107,035	1.5704
UNMETERED SCATTERED LOAD	kWh	-	\$ -	-
SENTINEL LIGHTING	kW	-	\$ -	-
STREET LIGHTING	kW	-	\$ -	-
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Total			\$ 1,298,614	

## Newmarket Tay Power – 2011 & 2012 balances

## Rate Rider Calculation for Deferral / Variance Accounts Balances (excluding Global A

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Balance (excluding 1589)	Rate Rider for Deferral/Variance Accounts	
RESIDENTIAL	kWh	277,978,370	-\$ 395,381	- 0.0014	\$/kW
GENERAL SERVICE LESS THAN 50 KW	kWh	93,701,712	-\$ 133,276	- 0.0014	\$/kW
GENERAL SERVICE 50 TO 4,999 KW	kW	770,221	-\$ 440,287	- 0.5716	\$/kW
UNMETERED SCATTERED LOAD	kWh	374,072	-\$ 532	- 0.0014	\$/kW
SENTINEL LIGHTING	kW	866	-\$ 441	- 0.5097	\$/kW
STREET LIGHTING	kW	14,578	-\$ 7,439	- 0.5103	\$/kW
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Total			-\$ 977,358		

#### Rate Rider Calculation for RSVA - Power - Global Adjustment

Rate Class (Enter Rate Classes in cells below)	Units	Non-RPP kW / kWh / # of Customers	Balance of RSVA - Power - Global Adjustment	Rate Rider for RSVA - Power - Global Adjustment
RESIDENTIAL	kWh	36,943,326	-\$ 30,198	- 0.0008
GENERAL SERVICE LESS THAN 50 KW	kWh	17,213,005	-\$ 14,070	- 0.0008
GENERAL SERVICE 50 TO 4,999 KW	kW	717,692	-\$ 235,775	- 0.3285
UNMETERED SCATTERED LOAD	kWh	-	\$ -	-
SENTINEL LIGHTING	kW	-	\$ -	-
STREET LIGHTING	kW	-	\$ -	-
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Total			-\$ 280,043	

Board staff has reviewed Newmarket Tay Power's Group 1 Deferral and Variance Account balances. Board staff notes that the principal balances as of December 31, 2012 did not reconcile with the balances reported by Newmarket Tay Power pursuant to the *Reporting and Record-Keeping Requirements*. Board staff noted that the RRR balance of account 1550 is showing an amount of \$0. In reply to interrogatories, Newmarket Tay Power stated that the balance of account 1550 per RRR 2.1.7 should be \$146,457.

Board staff also noted that Newmarket Tay Power's RRR 2.1.7 shows a balance of \$(560,379) in account 1590 but it did not request disposition for this account in its application. In response to interrogatories, Newmarket Tay Power stated that the balances in account 1590 and 1595 had been recorded combined into account 1590 for reporting purposes. Newmarket Tay Power submitted that the correct amount in account 1590 should be \$(229,560) and should be disposed to Tay customers only. The remainder of \$(330,820) is due to the recovery of the regulatory amounts from the 2010 cost of service filing. This recovery ended in April of 2013 and therefore should be disposed of in Newmarket Tay's next application to all customers.

Board staff takes no issue with Newmarket Tay Power's corrections and submits that the discrepancies are due to reporting errors. Board staff submits that, consistent with the principle of cost causality, Newmarket Tay Power's should dispose of pre-harmonization balances to customers of its former service territories while disposing of post-2010 balances to all Newmarket Tay Power customers. Board staff also submits that the pre-set disposition threshold has been exceeded on a combined basis. Accordingly, Board staff has no issue with Newmarket Tay Power's request to dispose of its 2010 balances to its former service areas and of post-2010 Deferral and Variance Account balances as of December 30, 2012 to all customers.

#### **Implementation**

Newmarket Tay Power applied for rates effective May 1, 2014. Board staff notes that Newmarket Tay Power's application was filed on February 19, 2014 and that no requests for interim rates were made by the applicant. Board staff submits that should rates become effective June 1, 2014, the Deferral and Variance Account balances should be disposed of over an 11 month period with a sunset date of April 30, 2015 in order to avoid undue fluctuations in bills in 2015. Board staff notes that the actual effectiveness date will be a function, in part, of the timing of the applicant's reply, if any. Board staff submits that Newmarket Tay Power should provide a revised rate rider calculation for an 11-month disposition in order to make the rate order process as efficient as possible.

All of which is respectfully submitted