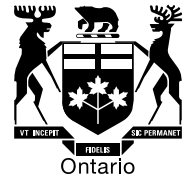


**Ontario Energy
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BY EMAIL

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

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	-\$ 92,171	-	0.0215 \$/kWh
GENERAL SERVICE LESS THAN 50 KW	kWh	882,506	-\$ 19,016	-	0.0215 \$/kWh
GENERAL SERVICE 50 TO 4,999 KW	kW	12,768	-\$ 114,518	-	8.9688 \$/kW
UNMETERED SCATTERED LOAD	kWh	-	\$ -	-	\$/kWh
SENTINEL LIGHTING	kW	-	\$ -	-	\$/kW
STREET LIGHTING	kW	-	\$ -	-	\$/kW
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		-	\$ -	-	
Total			-\$ 225,705		

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 \$/kWh
GENERAL SERVICE LESS THAN 50 KW	kWh	88,897,653	-\$ 87,369	-	0.0010 \$/kWh
GENERAL SERVICE 50 TO 4,999 KW	kW	756,518	-\$ 298,622	-	0.3947 \$/kW
UNMETERED SCATTERED LOAD	kWh	211,968	-\$ 208	-	0.0010 \$/kWh
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		

Newmarket Tay Power – 2011 & 2012 balances

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

- 4 -

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