



590 Steven Court, Newmarket, Ontario L3Y 6Z2

Tel: [905] 895-2309

Fax: [905] 895-8931

Email: nmhydro@nmhydro.ca

Newmarket-Tay Power Distribution Ltd.

January 11, 2017

BY RESS/COURIER/EMAIL

Mr. John Pickernell
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON
M4P 1E4

Dear Mr. Pickernell,

**Re: Newmarket – Tay Power Distribution Ltd.
2017 IRM Distribution Rate Application
Responses to OEB Staff Interrogatories
EB-2016-0275**

In accordance with Procedural Order No. 1, please find attached Newmarket – Tay Power Distribution Ltd.'s interrogatory responses in regards to the above proceedings.

Regards

Original signed by

Richard Green

cc: Ms. Kelli Benincasa (email)

Newmarket – Tay Power Distribution Ltd.

EB-2016-0275

Interrogatory Responses

January 11, 2017

Staff IR-1

Ref: Managers Summary – Disposition of Account 1576

Newmarket-Tay Power is requesting a rate rider for the disposition of Account 1576 (2012 - 2015) in the credit amount of \$6,382,286 to be returned to customers. This is Newmarket-Tay Power's first time disposing of this balance.

PP&E differences will continue to be recorded in Account 1576 until Newmarket-Tay Power's next rebasing, and any disposition of Account 1576 before rebasing should be on an interim basis.

a) Please confirm Newmarket-Tay Power is requesting to dispose of Account 1576 on an interim basis

Response:

Newmarket – Tay Power confirms it is requesting to dispose of Account 1576 on an interim basis.

b) Please confirm in Table 5 – Allocation by Customer Class that Sentinel Lighting 2015 Metered kWh of 275,627 as it does not match the RRR filing of 286,012 kWh. Please update the RRR filing 2.1.5 or Table 5 whichever one is incorrect.

Response:

The RRR filing 2.1.5 is correct. A corrected Table 5 – Allocation by Customer Class and Table 6 – Proposed Rate Rider by Customer Class, as it is also affected are shown below:

Table 5 – Allocation by Customer Class

		2015 Metered	
Account 1576 with WACC	- 6,382,286	kWh	% Allocation
Residential	- 2,723,652	277,965,401	42.68%
General Service Less Than 50 kW	- 903,393	92,196,807	14.15%
General Service Greater Than 50 kW	- 2,715,084	277,091,020	42.54%
Unmetered Scattered Load	- 3,199	326,520	0.05%
Sentinel Lighting	- 2,802	286,012	0.04%
Street Lighting	- 34,155	3,485,724	0.54%
Total	- 6,382,286	651,351,484	100.00%

[Table 6 – Proposed Rate Rider by Customer Class-One Year](#)

Rate Class	Units of Measure	2013 Allocator	Allocation of 1576	Account 1576 Rate Adder	Monthly Billing Units
Residential	# customers	31,620	-\$ 2,723,651.90	-\$ 7.18	\$/Customer
General Service Less Than 50 kW	kWh	92,196,807	-\$ 903,393.04	-\$ 0.0008	\$/kWh
General Service Greater Than 50 kW	kW	699,724	-\$ 2,715,084.25	-\$ 0.3234	\$/kW
Unmetered Scattered Load	kWh	326,520	-\$ 3,199.42	-\$ 0.0008	\$/kWh
Sentinel Lighting	kW	820	-\$ 2,802.50	-\$ 0.2848	\$/kW
Street Lighting	kW	14,476	-\$ 34,154.97	-\$ 0.1966	\$/kW
Total			-\$ 6,382,286.07		

Newmarket-Tay Power has added Table 6b to show the calculations for the disposal of 1576 over the two year period.

[Table 6b – Proposed Rate Rider by Customer Class-Two Year](#)

Rate Class	Units of Measure	2013 Allocator	Allocation of 1576	Account 1576 Rate Adder	Monthly Billing Units
Residential	# customers	31,620	-\$ 2,902,548.21	-\$ 3.82	\$/Customer
General Service Less Than 50 kW	kWh	92,196,807	-\$ 962,730.17	-\$ 0.0004	\$/kWh
General Service Greater Than 50 kW	kW	699,724	-\$ 2,893,417.82	-\$ 0.1723	\$/kW
Unmetered Scattered Load	kWh	326,520	-\$ 3,409.56	-\$ 0.0004	\$/kWh
Sentinel Lighting	kW	820	-\$ 2,986.57	-\$ 0.1518	\$/kW
Street Lighting	kW	14,476	-\$ 36,398.35	-\$ 0.1048	\$/kW
Total			-\$ 6,801,490.69		

c) Please confirm in Table 6 – Proposed Rate Adder by Customer Class that the Sentinel Lighting 2015 Allocator of 820 kW is correct, as it was not filed in Newmarket-Tay Power's RRR filing. Please update the RRR filing 2.1.5 with the correct data.

Response:

The Sentinel Lighting 2015 Allocator of 820 kW is confirmed. Newmarket – Tay Power updated RRR filing 2.1.5 with the corrected data on October 6, 2016.

d) Please update Newmarket-Tay Power's rate generator Tab 18 for the 1576 rate riders. An example is provided below.

Response:

Rate generator updated and submitted via the OEB's web portal.

e) Please provide two rate generator models one with bill impacts for disposing the 1576 over one year and another over 2 years.

Response:

Two rate generators have been updated to reflect the disposal over one and two years respectively and submitted via the OEB's web portal.

f) Please comment on disposing over 2 years vs 1 year.

Response:

Newmarket – Tay Power will be seeking to dispose of Account 1576 balances on an interim basis in all subsequent Annual IRM Distribution Rate Applications until it files its next Cost of Service application, currently planned for 2019. As such, Newmarket – Tay suggests a one-year disposition is appropriate as it avoids the need for two concurrent 1576 rate riders in 2018.

Newmarket – Tay Power also notes that it experienced a customer churn of 4,439 in 2016, and this is expected to continue in 2017. It respectfully suggests that the increased inter-generational inequity of a two-year versus a one-year disposal period should be considered.

Newmarket – Tay Power currently has the financial capacity for the one-year clearance. A two-year clearance would increase costs by \$419,204.59.

Staff IR - 2

a) Please confirm that Newmarket-Tay Power did not have any Class A customers during 2015.

Response:

Newmarket – Tay Power confirms it had no Class A customers during 2015.

b) If you have a Class A customer, 1580 sub-account CBR Class B will be disposed through a rate rider calculated outside the model (if significant). If you have only Class B customers, the balance applicable to Class B will be allocated and disposed with account 1580. Please click if you have one or more Class A customers.

Response:

See response to Staff IR – 2(a) above.

c) If Newmarket-Tay Power did have Class A customers in 2015 please check the box at the top of Tab 3 in the Rate Generator Model and adjust the Continuity

Schedule for Principle and Interest in row 24 and 23 in Tab 3, and the RRR filing 2.1.7 for 2015.

Response:

See response to Staff IR – 2(a) above.

- d) Did Newmarket-Tay Power have any customers that switched between Class A and Class B in 2015?

Response:

Newmarket – Tay Power did not have any customers switch between Class A and Class B in 2015.

- e) If yes, please check the box at the top of Tab 6 in the Rate Generator Model and complete Tab 6.a GA Allocation Class A also include customers that switched into Class B from Class A during 2015 if any.

Response:

See response to Staff IR – 2(d) above.

- f) If Newmarket-Tay Power did have customers switch between Class A and Class B in 2015 please prepare a calculation similar to that of the one in Tab 6.a to allocate the amount of WMS – CBR Class B to these customers.

Response:

See response to Staff IR – 2(d) above.

Staff IR – 3 Tab 3 Continuity Schedule

- a) The Variance WMS – Sub – account CBR Class B appears to be reported incorrectly as the principal and interest reported was \$0.00 in the continuity schedule in row 25 of Tab 3 and RRR filing 2.1.7 for 2015. The OEB expects all distributors to report an amount for this account as the IESO bills all distributors for CBR Class B.

As the amounts related to WMS – Sub – account CBR Class B should have been reported separately in the continuity schedule Row 25, the amount reported in the RSVA – Wholesale Market Service Charge should not include the CBR Class B amounts for principal and Interest in Row 23. Please update Newmarket-Tay Power's continuity schedule and submit through RESS. RRR filing 2.1.7 should also be updated to reflect this correction.

Response:

The continuity schedule has been updated and RRR 2.1.7 was revised on January 11, 2017.

b) Please confirm Newmarket-Tay Power has followed the Accounting Guidance on Capacity Based Recovery released on July 25, 2016.

Response:

Newmarket – Tay Power confirms it has followed this accounting guidance.

c) Please explain the variances in Tab 3 continuity schedule column BV. Chapter 3 of the filing requirements requires all variances to be explained in the Manager's summary. If any adjustments were made to any accounts after the 2.1.7 RRR filing was submitted, please itemize each adjustment according to the relevant Accounting year and provide reasons for the adjustments. In addition please update Tab 3 of the continuity schedule or the 2.1.7 RRR filing if the variances are due to errors.

Response:

Newmarket-Tay Power, for RRR reporting purposes grouped the following accounts together:

- 1580 RSVA-Wholesale Market Service Charge and 1580-Variance WMS Sub-account CBR Class B.
- 1588-RSVA-Power and 1589-Global Adjustment
- 1595-Dispositon and Recovery/Refund of Regulatory Balances (2010) and 1595-Dispositon and Recovery/Refund of Regulatory Balances(2012)

Staff IR – 4 Description of deriving 10th percentile

Chapter 3 of the filing requirements states “Distributors must provide a description of the method they used to derive the 10th consumption percentile. The description should include a discussion regarding the nature of the data that was used (e.g. was the source data for all residential customers or a representative sample of residential customers).”

Please provide the description as required by the Chapter 3 filing requirements.

Response:

Newmarket-Tay Power used a full-year of all residential customer data to calculate the 10th percentile and derive the reported 331 kWh.