



Newmarket-Tay Power Distribution Ltd.

February 9, 2018

**Ms. Kirsten Walli**

**Board Secretary**

Ontario Energy Board  
2300 Yonge Street  
P.O. Box 2319  
Suite 2700  
Toronto, ON M4P 1E4

Dear Ms. Kristen Walli:

**Re: Newmarket-Tay Power Distribution Ltd. Application for Rates  
EB-2017-0062 – Interrogatory Responses**

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Please find enclosed the Newmarket-Tay Power Distribution Ltd. (“**NT Power**”) responses to Board Staff interrogatories in the above-noted matter.

Yours very truly,

[Original Signed by]

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**Michelle Reesor**

Regulatory Analyst  
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Newmarket-Tay Power Distribution Ltd.

# Interrogatory Responses

EB-2017-0062

Due Date

2-9-2018

## **ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the Ontario Energy Board Act, 1998, to the Energy Competition Act 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 or fixing a proposed schedule of adjusted distribution rates, retail transmission rates and other charges, effective May 1, 2018.;

1. Newmarket-Tay Power Distribution Ltd. (“NT Power”) is incorporated pursuant to the Ontario Business Corporations Act. NT Power distributes electricity within the Town of Newmarket and the Township of Tay as described in it’s license (ED-2007-0624).
2. NT Power applies for an order or orders under the Annual IR Index methodology approving just and reasonable rates and other charges effective May 1, 2018; and
3. NT Power requests that, pursuant to Section 34.01 of the Board’s Rules of Practice and Procedure, this proceeding be conducted by way of written hearing.

**EB-2017-0062**

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## LIST OF ATTACHMENT WORKBOOKS

- A. 2018 IRM Model
  - OEB – 1, 8, 9, 10
- B. GA Analysis 2013 – 2016 with updates
  - OEB – 2, 6, 7, 8
- C. 2011-2014 Persistence Savings Report
  - OEB- 12
- D. LRAMVA Model
  - OEB – 13

# INTERROGATORIES OF ONTARIO ENERGY BOARD STAFF

EB-2017-0062

## BOARD STAFF IR - 1

1-Staff-1

References: 2018 IRM Model – Tab 3 Continuity Schedule

The instructions on tab 3 of the IRM model indicate that the starting point of the continuity schedule (except for account 1595) is the year in which the GL balance was last disposed. For all Account 1595 sub-accounts, complete the continuity schedule for each Account 1595 vintage year that has a GL balance as at December 31, 2016 regardless of whether the account is being requested for disposition in the current application. For each Account 1595 sub-account, start inputting data from the year the sub-account started to accumulate a balance (i.e. the vintage year).

Newmarket-Tay Power last disposed of its Group 1 account balances in its 2014 application for balances as of December 31, 2012.

- a) Please populate the 2012 closing balances in the 2011 adjustments column for principal and interest.
- b) For each 1595 sub-account, ensure that data is inputted from the year the sub-account started to accumulate a balance.

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### RESPONSE

- a) Please refer to attachment A.
- b) Please refer to attachment A.

## BOARD STAFF IR - 2

References: GA Analysis Workform

Newmarket-Tay Power last disposed of its Group 1 account balances in its 2014 application for balances as of December 31, 2012.

- a) Please complete the GA Analysis workform for years 2013 and 2014.

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### RESPONSE

- a) Please refer to attachment B for years 2013 and 2014 GA Analysis workform. NT Power notes that within the Non-RPP Class B value reported in Note 2, E there is a discrepancy that has attributed to the OEB approved total loss factor of 1.0383 not being attained within this submission. Our team is diligently working to collect the revised data for the 2014 Non-RPP Class B kWh. Please advise if you would like RRR revision requests submitted and further details.



## BOARD STAFF IR - 3

References: GA Analysis Workform – Reconciliation items 1a and 1b 2018  
Rate Generator Model – Tab 3 Continuity Schedule

In booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice, please confirm which of the following approaches is used:

- a) Charge Type 1142 is booked into Account 1588. Charge Type 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589, respectively (*Note, the following in all references in OEB Staff questions relating to amounts booked to accounts 1588 and 1589. Amounts are not booked directly to accounts USoA 1588 and 1589 relating to power purchase and sale transactions, but are rather booked to the cost of power USoA 4705 Power Purchased/4707 Charges - Global Adjustment and the respective Energy Sales USoA accounts, respectively. However, accounts 1588 and 1589 are impacted the same way as accounts 4705/4707 are for cost of power transactions, and the same way as the Energy Sales accounts are for revenue transactions*).
- b) Charge Type 1142 is booked into Account 1588. In relation to Charge Type 148, the non-RPP quantities multiplied by the GA rate is booked to account 1589 and the remainder of Charge Type 148 is booked to account 1588.
- c) Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equalling RPP-HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142 equalling GA RPP is credited into Account 1589.
- d) If another approach is used, please explain in detail.

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### RESPONSE

NT Power confirms that approach b) is used.

**BOARD STAFF IR - 4**

References: GA Analysis Workform – Reconciliation items 1a and 1b 2018  
 Rate Generator Model – Tab 3 Continuity Schedule

With regards to the amount being requested for disposition of USoA 1589 account balances as at Dec. 31, 2013, Dec. 31, 2014, Dec. 31, 2015 and Dec. 31, 2016, all components that flow into Account 1589 (i to iv in table below) should be based on actuals in the 2018 Rate Generator Model – Tab 3 Continuity. Please complete the following table to:

Indicate whether each of the components are based on estimates or actuals at year end, and

Quantify the adjustment amount pertaining to each component that is trued-up from estimate to actual.

	<b>Component</b>	<b>Estimate or Actual</b>	<b>Notes/Comments</b>	<b>Quantify True Up Adjustment \$ Amount</b>
i	Revenue (i.e. is an unbilled revenue true-up adjustment reflected in the balances being requested for disposition?)			
ii	Expenses - GA non-RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)			
iii	Expenses - GA non-RPP: Charge Type 148 with respect to the RPP/non-RPP kWh volume proportions.			

iv	Credit of GA RPP: Charge Type 142 if the approach under Staff Question 3c is used			
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For each item in the table above, please confirm that the GA Analysis Workform for 2016 and the 2018 Rate Generator Model Tab 3 Continuity Schedule for 2016 have been adjusted for settlement true-ups where settlement was originally based on estimate and trued up to actuals subsequent to 2016.

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**RESPONSE**

	Component	Estimate or Actual	Notes/Comments	Quantify True Up Adjustment \$ Amount
i	Revenue (i.e. is an unbilled revenue true-up adjustment reflected in the balances being requested for disposition?)	Actual	Actual data is used, reconciling with the audited financials for NT Power subaccount 15889	
ii	Expenses - GA non-RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)	Actual	Data is based on IESO invoice data.	
iii	Expenses - GA non-RPP: Charge Type 148 with respect to the RPP/non-RPP kWh volume proportions.	Actual		
iv	Credit of GA RPP: Charge Type 142 if the approach under Staff Question 3c is used	Not applicable		

**BOARD STAFF IR - 5**

References: 2018 Rate Generator Model – Tab 3 Continuity Schedule

With regards to the amount being requested for disposition of USoA 1588 account balance as at Dec. 31, 2016, all components that flow into Account 1588 (i to iv in table below) should be all based on actuals at year end. Please complete the following table to:

Indicate whether the component is based on estimates or actuals at year end, and

Quantify the adjustment pertaining to each component that is trued-up from estimate to actual

	<b>Component</b>	<b>Estimate or Actual?</b>	<b>Notes/Comments</b>	<b>Quantify True Up Adjustment \$ Amount</b>
i	Revenues (i.e. is an unbilled revenue true-up adjustment reflected in the balances being requested for disposition?)			
ii	Expenses – Commodity: Charge Type 101 (i.e. is expense based on IESO invoice at year end)			
ijj	Expenses - GA RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)			
iv	Expenses - GA RPP: Charge Type 148 with respect to the RPP/nonRPP kWh volume proportions.			

v	RPP Settlement: Charge Type 142 including any data used for determining the RPP/HOEP/RPP GA components of the charge type			
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For each item in the table above, please confirm that the 2018 Rate Generator Model Tab 3 Continuity Schedule for 2016 have been adjusted for settlement true-ups where settlement was originally based on estimate and trued up to actuals subsequent to 2016.

**RESPONSE**

	<b>Component</b>	<b>Estimate or Actual?</b>	<b>Notes/Comments</b>	<b>Quantify True Up Adjustment \$ Amount</b>
i	Revenues (i.e. is an unbilled revenue true-up adjustment reflected in the balances being requested for disposition?)	Actual		
ii	Expenses – Commodity: Charge Type 101 (i.e. is expense based on IESO invoice at year end)	Actual		
ijj	Expenses - GA RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)	Actual		
iv	Expenses - GA RPP: Charge Type 148 with respect to the RPP/non RPP kWh volume proportions.	Actual		

v	RPP Settlement: Charge Type 142 including any data used for determining the RPP/HOEP/RPP GA components of the charge type	Actual		
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## BOARD STAFF IR - 6

Reference: GA Analysis Workform – Consumption Data Excluding for Loss Factor – Box E GA Analysis Workform – Analysis of Expected GA Amount

- a) The calculated value from the GA Analysis Tab (2015 Year) for “F59/D26” = 1.23 and Newmarket-Tay Power’s, OEB approved total loss factor is 1.0383. Please reconcile this difference.
- b) The calculated value from the GA Analysis Tab (2016 Year) for “F59/D26” = 1.1444 and Newmarket-Tay Power’s, OEB approved total loss factor is 1.0383. Please reconcile this difference.
- c) Please confirm the accuracy of kWh volume data for years 2013 and 2014.
- d) Please perform the same calculations as parts (a) and (b) and reconcile any differences.

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### RESPONSE

- a) The difference has been reconciled and now reflects the OEB approved total loss factor of 1.0383 in attachment B.
- b) The difference has been reconciled and now reflects the OEB approved total loss factor of 1.0383 in attachment B.
- c) NT Power confirms the accuracy of kWh volume data for 2013. NT Power has noticed a discrepancy in the 2014 RRR Non-RPP, Note 2 data and is working to gather this information.
- d) NT Power has performed the calculations to reconcile the difference in parts (a) and (b) in attachment B. Tay service area data was originally excluded and now has been included within the GA analysis for years 2013 to 2016.

## BOARD STAFF IR - 7

Reference: GA Analysis Workform – GA Analysis Tab – Consumption Data

Excluding for Loss Factor – Note 2 Box E (for each year)

a) The kWh volume for non-RPP Class B customer consumption provided in Note 2 Box E does not agree with what Newmarket-Tay Power submitted in its RRR filing. Please update the GA Analysis Workform to correct the kWh volumes.

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### RESPONSE

- a) After reviewing Note 2 Box E with the RRR filing it was noticed that the retailer consumption was not included in the first submission.

The revisions have been made to the GA Analysis, attachment B.



## BOARD STAFF IR - 8

Reference: GA Analysis Workform – GA Analysis Tab – Reconciling Items

a) The amount of \$540,701 recorded as the net change in principal balance in GL does not match the transaction amount of (\$257,807) recorded in account 1589 for the 2015 year on the continuity schedule.

Please reconcile the amounts and update the GA Analysis workform if necessary.

b) The amount of (\$485,995) recorded as the net change in principal balance in GL does not match the transaction amount of \$648,252 recorded in account 1589 for the 2016 year on the continuity schedule.

Please reconcile the amounts and update the GA Analysis workform if necessary.

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### RESPONSE

- a) NT Power's Tay service area data has been included within the GA analysis for 2015 and the amounts have been reconciled within the continuity schedule and GA Analysis, attachment A and B respectively.
- b) NT Power's Tay service area data has been included within the GA analysis for 2016 and the amounts have been reconciled within the continuity schedule and GA Analysis, attachment A and B respectively.

## BOARD STAFF IR - 9

Reference: 2018 IRM – Continuity Schedule – 2014 Approved Disposition

The amount approved for disposition in Newmarket-Tay Power's 2014 application for account 1550 was \$146,663. The amount recorded on the 2018 continuity schedule (cell AK21) is \$14,663.

Please update the continuity schedule to reflect the correct 2014 OEB approved decision.

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### RESPONSE

NT Power has updated the continuity schedule (cell AK21) to correctly reflect the Board's decision as per below.

“In its submission, Board staff noted 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 (“RRR”). Board staff noted that the RRR balance in account 1550 showed an amount of \$0. In reply Newmarket Tay Power submitted that that the RRR balance in account 1550 should be \$146,457” (EB-2013-0153).

Please refer to attachment A.

## BOARD STAFF IR - 10

Reference: 2018 IRM – Continuity Schedule – Adjustments to Deferral and Variance Accounts

Newmarket-Tay Power noted in its application that the balances in account 1588 and 1589 experienced a transposition error between the two resulting in a contra variance of +/- \$1,260,255.

a) Are the deferral and variance account balances on the continuity schedule linked to the Newmarket-Tay Power's 2016 Audited Financial Statements (AFS)?

i. If not, please explain.

ii. If the balances are linked to the AFS, reconcile the closing balances in the continuity schedule with note 9 of the AFS

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### RESPONSE

NT Power confirms that the deferral and variance account balances on the continuity schedule link to the Newmarket- Tay Power's 2016 Audited Financial Statements ("AFS"). Historically, NT Power has lumped account 1588 and 1589 amounts into account 1588 for the AFS. Moving forward NT Power plans to separate account 1589 into a separate account within the general ledger. The contra variance has been updated to reflect the revisions in the GA Analysis workforms to now include the Tay service area. The +/- \$257,178 is attributed to the account 1589 amount being required to be separated from account 1588 to account 1589.

ii) Note 9, reflects the settlement variances included:

(i) "Settlement variances represent the variances between the amounts charged by the company to its customers, and the amounts paid by the company to the Independent Electricity System Operator ("IESO") and Hydro One for the cost of energy. The settlement variances include network and connection service charges, low voltage, energy sales and the global adjustment. The balance for settlement variances continue to be calculated and carrying charges are recorded monthly basis".

## BOARD STAFF IR - 11

Reference: Page 20 of the 2018 IRM application Tab 1 of LRAMVA work form

In the OEB's LRAMVA work form, Newmarket-Tay has requested disposition of a debit balance of \$1,226,798. Since Newmarket-Tay is not seeking to claim \$29,510 in carrying charges, a debit balance of \$1,197,288 is requested for disposition. This amount is associated with new CDM program savings between 2011 and 2016, including persisting savings from 2011 to 2015 in 2016 and carrying charges.

If Newmarket-Tay is requesting to dispose of only the principal balance of \$1,197,288, please confirm that the carrying charges amounts in row 82 of Table 1-b will be removed.

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### RESPONSE

NT Power is requesting to dispose of only the principal balance. NT Power confirms the LRAMVA work form is updated to reflect a debit balance of \$1,197,288 in Tab 1.

**BOARD STAFF IR - 12**

Please file an excel copy of Newmarket-Tay's 2011-2014 Persistence Savings Report issued by the IESO.

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**RESPONSE**

Please refer to attachment C.

## **BOARD STAFF IR - 13**

If Newmarket-Tay has made any changes to the LRAMVA work form as a result of its responses to interrogatories, please file an updated LRAMVA work form.

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### **RESPONSE**

Please refer to attachment D.