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**BY EMAIL**

March 27, 2018

Ontario Energy Board  
P.O. Box 2319  
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2300 Yonge Street  
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Kirsten.Walli@ontarioenergyboard.ca

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Newmarket-Tay Power Distribution Ltd.  
2018 IRM Distribution Rate Application  
OEB Staff Submission  
OEB File No. EB-2017-0062**

In accordance with Procedural Order No.2, please find attached the OEB Staff Submission in the above proceeding. This document is being forwarded to Newmarket-Tay Power Distribution Ltd (Newmarket-Tay Power). and to all other registered parties to this proceeding.

Please accept OEB staff's apologies for the attached late submission in the mater of Newmarket-Tay Power's 2018 IRM application. In view of the fact that this submission is two business days late, OEB staff recommends that Newmarket-Tay Power be granted an additional three business days to file its reply, if any.

Yours truly,

*Original Signed By*

Marc Abramovitz  
Advisor, Electricity Rates & Accounting  
Encl.



# **ONTARIO ENERGY BOARD**

## **STAFF SUBMISSION**

2018 ELECTRICITY DISTRIBUTION RATES

Newmarket-Tay Power Distribution Ltd.

EB-2017-0062

**March 27, 2018**

## Introduction

Newmarket-Tay Power Distribution Ltd. (Newmarket-Tay Power) filed an application with the Ontario Energy Board (OEB) on November 6, 2017 under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the rates that Newmarket-Tay Power charges for electricity distribution, effective May 1, 2018.

The OEB issued Procedural Order No.1 on January 22, 2018. OEB staff filed a submission on February 21, 2018 and subsequently, Newmarket-Tay Power filed a reply submission on March 2, 2018.

Under cover of letter on March 12, 2018, Newmarket-Tay Power filed additional evidence with the OEB. The letter notified the OEB that Newmarket-Tay Power had discovered an error in its current application with respect to the calculation of the rate riders to clear the 1576 account balance as at December 31, 2016. Newmarket-Tay Power also states that the rate riders, for the disposition of the 1576 account balance at December 31, 2015 in its 2017 IRM application<sup>1</sup>, were calculated incorrectly as well causing Newmarket-Tay Power to return too little to its customers.

The purpose of this document is to provide the OEB with the submission of OEB staff based on its review of the evidence submitted by Newmarket-Tay Power on March 12, 2018.

## Analysis of Account 1576 Rate Rider Error

Effective January 1, 2012, Newmarket-Tay Power implemented new fixed asset useful lives, changed its capitalization and depreciation policies, and has recorded the financial differences in Account 1576. Newmarket-Tay Power proposed in the 2017 IRM application to clear the 1576 balance annually until the next cost of service. In its 2017 decision, the OEB-approved the disposition of a credit balance of \$6,382,286 on an interim basis, for the balance of account 1576 accumulated from 2012-2015. Furthermore, the rate riders approved in relation to the approved amount were calculated incorrectly for all classes except the residential class. Newmarket-Tay Power indicated that the error was caused by dividing the annual kW and kWh allocators by 12 to derive the \$/kW and \$/kWh rate riders. Newmarket-Tay Power stated that the allocator is a monthly billing determinant for the Residential Class and that the Residential Rate rider was correctly calculated in both the 2017 and 2018 IRM Tariff's of Rates and Charges. The forecasted residual amount relating to the approved

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<sup>1</sup> EB-2016-0275

disposition in 2017 as of April 30, 2018 is a credit of \$3,353,748.

In its current application for 2018 rates, Newmarket-Tay Power is requesting the approval for the one-year interim clearance of the 2016 credit balance of Account 1576 in the amount of \$1,593,745.

In the evidence filed on March 12, 2018, Newmarket-Tay Power has proposed to combine and dispose of the 2017 forecast residual credit balance of \$3,353,748 with its 2018 requested credit balance of \$1,593,745. The total requested credit disposition is \$4,947,493 to be disposed of over a one-year period (May 1, 2018 – April 30, 2019).

The proposed rate riders by class can be found in Table 1 below:

**Table 1**

<b>Customer Class</b>	<b>Total Allocation of Account 1576 (including 2017 Shortfall)</b>	<b>Proposed 1576 Rate Rider Refund</b>	<b>Monthly Billing Units</b>
Residential	\$ 673,707	\$ 1.7575	\$/customers
GS <50 kW	\$ 1,047,563	\$ 0.0120	\$/kWh
GS >50 kW	\$ 3,181,252	\$ 4.5352	\$/kW
USL	\$ 3,625	\$ 0.0132	\$/kWh
Sentinel Lighting	\$ 3,292	\$ 4.1248	\$/kW
Street Lighting	\$ 38,055	\$ 5.1838	\$/kW
<b>Total</b>	<b>\$ 4,947,493</b>		

Newmarket-Tay Power noted that no carrying charges have been applied to its 1576 balances and it will also continue to use account 1576 until its next cost of service rate application. In response to OEB staff interrogatories, Newmarket-Tay Power indicated that they intend to file a cost of service application for the 2020 rate year. Until then, Newmarket-Tay Power has stated that it will continue to apply annually for interim clearance of the balance in Account 1576 within the annual IRM application. OEB staff notes that currently a MAADs application is before the OEB seeking approval to effect the purchase by Newmarket-Tay Power of Midland Power Utility Corporation.<sup>2</sup> In its application, Newmarket-Tay Power proposed a rate rebasing deferral period of 10 years.

OEB staff submits that it has reviewed Newmarket-Tay Power's analysis and confirms its accuracy. OEB staff has no concerns with the data supporting the disposition of variance Account 1576 balance for Newmarket-Tay Power. OEB staff supports Newmarket Tay Power's request to return the credit amount of \$4,947,493 to Newmarket-Tay Power customers over a proposed one-year period on an interim basis.

<sup>2</sup> EB-2017-0269

All of which is respectfully submitted