Energy+ Inc. (“Energy+”)

Response to Clarification Questions

Toyota Motor Manufacturing Canada Inc. (“TMMC”)

EB-2018-0028

September 19, 2018

Clarification TMMC-1

Reference: IR-TMMC-4

Preamble: In the preamble of its response to IR-TMMC-4, Energy+ indicates that it has updated its cost allocation models to incorporate charges to the application made as a result of responding to interrogatories from various parties. One significant change was to update the contract capacity value of the standby tariff for TMMC from 28.8 MW to 26.2 MW. However, no update to the cost allocation model currently appears on the OEB website.

Questions:

1. Provide an update to the cost allocation model (i.e. an update to the original file named "EnergyPlus_2019 Cost_Allocation_Model_20180430") that reflects the changes noted above. Please also provide updates to any other models that have been impacted by the changes noted above, to the extent that these models have not already been provided.

2. Provide the file named "2019_Energy+_Rev_Reqt_Work_Form_1 Staff 2" that is referenced in Energy+'s response to interrogatory 1-Staff-2.

3. Provide the file named "2019 EnergyPlus_Cost_Allocation_Model 7 Staff 76b.xlsm" that is referenced in Energy+'s response to question (b) of interrogatory 7-Staff-76.

Clarification TMMC-1

Reference: IR-TMMC-4

RESPONSES:

1. Energy+ submitted Responses to Interrogatories and uploaded all updated models to the OEB website ("RESS") on Friday, September 14, 2018. Energy+ received a confirmation from the OEB Secretary via email on Friday that this file was received. The models were not posted onto the OEB website until Monday, September 17, 2018.

   Energy+ notes that there is only one updated Cost Allocation Model, as referred to in Response to Clarification TMMC-1 (3) below.

   Upon receiving notification from legal counsel for TMMC on Monday morning that the models were not available on RESS, Energy+ immediately: (i) advised our Case Manager; and (ii) provided the following models to TMMC legal counsel directly via email:

   "2019 EnergyPlus_Cost_Allocation_Model 7 Staff 76b.xlsm"

   "2019_Energy+_Rev_Reqt_Work_Form_1 Staff 2"

   In an email to all Intervenors sent on Friday, September, 14, 2018, Energy+ also advised that the Responses to Interrogatories were filed on RESS and that if intervenors required any assistance in obtaining the documentation from the website, Energy+ would make alternative arrangements.

2. Please refer to Response to Clarification TMMC-1 (1).
3. Please refer to Response to Clarification TMMC-1 (1).

Clarification TMMC-2

Reference: IR-TMMC-4, Sub-Question 3

Preamble: In its response to IR-TMMC-4, Sub-Question 3, Energy+ indicates that the quantum of incremental costs allocated to the Large User Class as a result of the adjustments noted in the response to Sub-Question 1 is $33,385. However, Energy+ then also states that there is no difference in the revenue requirement for rate design purposes for the Large User Class as a result of the Standby Charge proposal. Energy+ references a calculation of the revenue that would be achieved without the Standby tariff; this calculation is based on increasing current rates by the 2019 Energy+ distribution rate increase (of 3.3%).

Energy+ also indicates that the difference in annual charges paid by TMMC between “No Standby and Standby” is $10,127.

Questions:

1. Provide copies of all associated Excel files and any other calculations that were used to support the statements above and the associated cost figures presented.

Clarification TMMC-2

Reference: IR-TMMC-4, Sub-Question 3

RESPONSE:

Energy+ would note that Clarification TMMC-2, Question 1 is a request for additional information. The original question IR-TMMC-4, Sub-Question 3 did not request the underlying excel files or computation for the quantum of incremental costs allocated to the Large User Class.

The following table provides the analysis which supports the response to IR-TMMC-4, Sub-Question 3. Please note, however, the numbers in the response have changed. At the time the response was prepared, the cost allocation model did not reflect the change in secondary service information outlined in Response to Interrogatory 7–Staff-82. When this change is made, the [redacted] moves to [redacted] and the [redacted] moves to [redacted] which is a minimal change.

Is Response to this Clarification Question, Energy+ has also filed the 2019 EnergyPlus_Cost_Allocation_Model_No Standby_TMMC_4.xlsm to support this computation.

Clarification TMMC-3

Topic: Standby Rate Proposal

Reference: **IR-TMMC-12**

Preamble: In its response to IR-TMMC-12, Sub-Question 4, Energy+ indicates that it is not able to identify the specific asset values and annual depreciation expenses for the assets that are being reserved as the assets are categorized on a pooled asset basis. Therefore the asset values, net book value, and the annual depreciation expense is not specifically available.

In IR-TMMC-12, TMMC specifically requested that estimates of asset values be provided in the event that specific asset values could not be provided because of the use of "group accounting methods". Group accounting is a synonym for pooled asset accounting.

One specific asset referenced in Energy+'s response is capacity at Preston TS on the 230kV-27.6kV transformers.

Questions:

1. Please provide estimates of the asset values, net book value and depreciation expense of the assets noted as specifically requested in TMMC's original IR.

2. Please confirm our understanding that the 230kV-27.6kV transformer is an asset owned by Hydro One and therefore is not part of Energy+'s Rate Base and therefore not part of the costs that will be recovered through Energy+'s distribution tariff.

3. In light of your response to Sub-Question 2 above, please indicate why the reservation of capacity on the transformer noted above is relevant to Energy+'s request to apply for a Standby tariff.

Clarification TMMC-3

Topic: Standby Rate Proposal

Reference: IR-TMMC-12

RESPONSES:

1. Energy+ has provided the actual costs of the 795MCM aluminum wire and associated clamps/bracket/insulators/bolts along with two TMMC specific loadbreak switches and a few solid blade switches in response to TMMC IR#11. These are the assets that Energy+ identified that are dedicated exclusively for use by TMMC.

   In addition, Energy+ has prepared a high level estimate of shared asset costs (poles and meters) in an effort to provide an additional response to TMMC. Energy+ has prepared this estimate using assumptions that are based on average asset values in the asset categories, depreciation rates for the asset classes, and based on the information in the asset records with respect to the age of the assets that have been identified as servicing the TMMC plant, that are not exclusive to TMMC. This is not a standard methodology for cost allocation, and Energy+ does not support the use of this methodology for cost allocation purposes. These shared assets are used by multiple customers, not just TMMC. Specifically, the pole assets that support the M24 feeder also support the M23, M27, and M29 feeders and the pole assets that support the M30 feeder also support the M25, M29 and M42 feeders. Energy+ notes that there may be other assets such as CT's/PT's located at Preston TS that measures the load withdrawn from the transmission system. Energy+ owns these assets, however, Energy+ is unable to determine the exact age and asset values.

That said, Energy+ has made best efforts to identify all of the assets and to compute the asset values as requested for purposes of responding to this clarification question. Energy+ has not completed a visual inspection. Energy+ notes that the assets identified in this response are with respect to the distribution system assets and does not include all of the other general plant asset categories that would be attributable to servicing TMMC and all of Energy+'s other customers (control room, IT systems, office, trucks, tools and equipment, etc.).

The following is a greatly simplified summary of the specific assets identified by Energy+ Inc.:

Table 1: Pole Assets – M24 27.6 KV Feeder

Pole Assets	Concrete Total	Wood	ENERGY+ Total
Year			
1/1/1961		1	1
1/1/1962		1	1
1/1/1976		1	1
1/1/1981		3	3
1/1/1983		1	1
1/1/1984		1	1
1/1/1986		8	8
1/1/1987	7	36	43
1/1/1988		3	3
1/1/1989	1	2	3
1/1/1990	1		1
1/1/1991	1		1
1/1/1993		1	1
1/1/1995		2	2
1/1/1996	2	15	17
1/1/1998		1	1
1/1/2002		1	1
1/1/2003		1	1
6/28/2005		1	1
1/1/2007		1	1
10/29/2009		2	2
1/1/2010		1	1
2/19/2011		1	1
9/7/2012		1	1
10/24/2012		1	1
10/1/2013		7	7
9/18/2014		1	1
1/1/2016		1	1
8/14/2016		2	2
Grand Total	12	97	109

Table 2: Pole Assets – M30 27.6 KV Feeder

Pole Assets	Concrete	Wood	ENERGY+ Total
1/1/1956		1	1
1/1/1976		1	1
1/1/1979	1		1
1/1/1981	1		1
1/1/1982		1	1
1/1/1983		5	5
1/1/1986		18	18
1/1/1987	1	15	16
1/1/1988	7	2	9
1/1/1989		2	2
1/1/1990	1		1
1/1/1991		10	10
1/1/1992		1	1
1/1/1993	1	4	5
1/1/1994		7	7
1/1/1995		5	5
1/1/1996		44	44
1/1/1999		1	1
1/1/2001		1	1
1/1/2008		1	1
8/7/2008		3	3
5/16/2010		1	1
2/18/2011		1	1
3/7/2012		1	1
6/8/2014		1	1
1/26/2016		1	1
10/14/2016		1	1
10/19/2016		5	5
Grand Total	12	133	145

Metering Assets – 4 Meters – Upgraded in 2015

The following chart provides the high level estimate of the asset values as of Dec. 31, 2017:

Table – Clarification – TMMC 3: High Level Estimate of Non-Exclusive Distribution Assets

TOTAL M24 POLES	Estimated Assets			
	Estimated Cost	Estimated Acc. Amort.	Estimated NBV	Estimated Annual Depreciation
Concrete	$ 22,942	$ 19,990	$ 2,952	$ 273
Wood	$ 290,373	$ 174,403	$ 115,970	$ 2,714
Total	$ 313,315	$ 194,393	$ 118,922	$ 2,987
TOTAL M30 POLES	$ 10,196	$ 9,364	$ 832	$ 93
Concrete	$ 743,858	$ 543,485	$ 200,373	$ 6,219
Wood	$ 754,054	$ 552,849	$ 201,205	$ 6,311
TOTAL				
Concrete	$ 33,138	$ 29,354	$ 3,784	$ 366
Wood	$ 1,034,231	$ 717,888	$ 316,343	$ 8,933
	$ 1,067,369	$ 747,242	$ 320,127	$ 9,299
Metering Assets	$ 34,000	$ 5,667	$ 28,333	$ 2,267

2. Energy+ confirms that the 230kV-27.6kV transformers at the Preston Transformer Station are owned by Hydro One and therefore these assets are not part of Energy+'s Rate Base and therefore not part of the costs that will be recovered through Energy+'s distribution tariff.

3. The reservation of capacity on the transformers at the Preston Transformer Station (TS) is relevant since the available transformation capacity is limited and Preston TS must supply a total of eight 27.6kV distribution feeders. Two of these 27.6kV feeders designated as 21M24 and 21M30 supply only the TMMC plant. Five 27.6kV feeders designated as 21M23, 21M25, 21M27, 21M28 and 21M29 supply other customers on Energy+'s distribution system. The feeder designated as 21M26 is not presently supplying any load but will in the future. The capacity of Preston TS is 125MVA (Ten Day Summer Limited Time Rating). Energy+ must reserve [redacted] of this capacity at all times in case TMMC's load-displacement generation (LDG) drops off-line instantaneously adding [redacted] of load to Preston TS. This [redacted] of capacity reservation on the transformers at Preston TS means that Energy+ cannot utilize the full 125MVA of capacity for load. The actual MVA figure would depend on the power factor of TMMC's load at the time. However, using a 90% power factor, Energy+ must ensure that it keeps [redacted] of capacity at Preston TS available all of the time in case the LDG drops off-line. Therefore, only [redacted] of load can be placed on Preston TS when the LDG is in operation. This impacts the operation of Energy+'s distribution system, reduces Energy+'s capability to meet load growth by [redacted] and will ultimately advance the requirement for additional transformation capacity.

Clarification TMMC-4

Topic: Standby Rate Proposal

Reference: **IR-TMMC-15**

Preamble: In its response to IR-TMMC-15, Sub-Question 5, Energy+ indicates that it is not able to identify the specific asset values and annual depreciation expenses for the assets that are being used by the Large User Class as the assets are categorized on a pooled asset basis. Therefore the asset values, net book value, and the annual depreciation expense is not specifically available.

In IR-TMMC-15, TMMC specifically requested that estimates of asset values be provided in the event that specific asset values could not be provided because of the use of "group accounting methods". Group accounting is a synonym for pooled asset accounting.

Questions:

1. Please provide estimates of the asset values, net book value and depreciation expense of the assets noted as specifically requested in TMMC's original IR.

Clarification TMMC-4

Topic: Standby Rate Proposal

Reference: IR-TMMC-15

RESPONSE:

Energy+ provided a Response to the Interrogatory IR-TMMC-15. Energy+ advised that it is not able to identify the specific asset values and annual depreciation expenses for the assets that are being used by the Large User Class as the assets are categorized on a pooled asset basis.

In response to Clarification TMMC-3, Energy+ has attempted to generate an estimate for TMMC directly related assets specifically. The exercise becomes increasing complicated for the entire Large User Class since the Energy+ system is capable of incorporating a new Large User at numerous different locations. Indeed, another Large User is embedded within the balance of the Energy+ distribution system.

Given this, Energy+ does not have a methodology to create the requested estimate. Energy+ is prepared to attempt to provide an estimate for this response if TMMC or their consultants can provide a more specific and workable methodology that they would like Energy+ to use to create this estimate.