OEB Staff Interrogatories to TMMC
2019 Cost of Service Rate Application
Energy+ Inc. (Energy+)
EB-2018-0028
October 11, 2018

Staff-TMMC-1

Ref: TMMC Written Evidence of Jeffry Pollock, Large User Class Cost Allocation

Mr. Pollock stated that no load displacement generation (LDG) related adjustments to the demand allocators should be made to the Large Use class.

Mr. Pollock also stated that the two dedicated feeders serving TMMC should be directly assigned to TMMC.

a) Please explain in what situations a distributor should create a separate standby rate class and discuss if TMMC agrees with Energy+'s approach of implementing a standby charge to all customers in the GS>50 kW and larger rate classes that have LDG (i.e. not creating a separate standby rate class).
b) Please provide a cost allocation model in which TMMC is a separate rate class.
c) Mr. Pollock stated that "Energy+'s LDG adjustments are contrary to the Board's directions on cost allocation. Specifically, with respect to LDG, the Board directed distributors to explain in its Filing Summary: (a) What steps were taken to gather relevant data to assess the existence of diversity, and (b) What steps were taken to reflect any diversity of generation in its filing. As previously stated, Energy+ assumed zero diversity for TMMC's generator outages, and it provided no explanation for this assumption."
    i. Please discuss if it is TMMC's opinion that these two questions apply only to a distributor who proposes a separate standby rate class. If so, please explain why it still applies to Energy+'s situation. If not, why not.
    ii. Please explain how the filling questions listed in Board's directions lead to the conclusion that "the first step in allocating total costs to the LDG classification is to determine a proper

cost-based rate for providing distribution service to the class, irrespective of the impact of LDG."

iii. Please discuss if suitable data cannot reasonably be obtained to assess whether or not an outage of the LDG would occur at the time the large user class reaches its monthly peaks, what methodology should be used to estimate such information.

d) Does TMMC give Energy+ access to its hourly metered data of the LDG?

e) Please reconcile Schedule JP-3 Total Fixed Assets for Feeders of $238,098 and Schedule JP-5, page 1 of 2, Directly Allocated Net Fixed Assets of $251,979.

f) The Cost Allocation model provides a mechanism for directly allocating Uniform System of Accounts (USoA) balances. Mr. Pollock's proposed Cost Allocation model does not directly allocate USoA balances. Instead, it leaves the entire USoA balances to be allocated normally, and then performs a direct allocation (not on any USoA balance) to the Large User rate class, and offsetting direct allocations to other rate classes. Why has the direct allocations of feeder assets, as well as associated OM&A and depreciation been performed as standalone items instead of directly on the related trial balance accounts?

Staff-TMMC-2

Ref: TMMC Written Evidence of Jeffry Pollock, Large User Class Cost Allocation

In discussing concerns with the approach Energy+ has taken to LDG, Mr. Pollock notes that "The higher the diversity, the lower the distribution volumetric rate required to recover the cost of providing Standby distribution service".

Mr. Pollock also states that:

> TMMC represents about 81% of the Large Use class energy sales. Accordingly, I have removed 81% of the Large Use class's 4NCP and 12NCP demands. The revised 4NCP and 12NCP demands are developed in Schedule JP-4.

a) Has TMMC considered any alternative methodologies to prepare 4NCP and 12NCP allocators that would reflect the loss of diversity in removing TMMC from the 4NCP and 12NCP allocators?

b) Why has TMMC focused only on the 4NCP and 12NCP allocators if it believes this modification is appropriate, why not the 1NCP as well?
c) Please provide a derivation of the proposed PNCP4b allocator as entered in sheet E2 Allocators of the Cost Allocation model.

Staff-TMMC-3

Ref: TMMC Written Evidence of Jeffry Pollock, Large User Class Rate Design

Mr. Pollock proposed three separate Distribution Volumetric Rates for the large user class:

- Bulk Distribution Volumetric Rate: to recover the allocated costs Bulk distribution facilities;
- Primary Substation Volumetric Rate: to recover the allocated costs of Primary Substation facilities (i.e., dedicated feeders and associated poles, towers, and fixtures); and
- Primary Distribution Volumetric Rate: to recover the allocated costs of the integrated Primary Distribution network.

a) Please provide, if available, precedents that separate Distributor Volumetric rates were approved by a regulator.
    i. Precedents in Ontario
    ii. Precedents in other jurisdictions
b) In OEB's Decision with Reasons dated January 18, 2000, it was stated that "The Board accepts that the use of a two-part rate structure consisting of a monthly service charge and a volumetric charge provides some revenue certainty for the distribution utility.[1]" Please discuss why it is appropriate to deviate from this two-part rate structure as proposed by Mr. Pollock.
c) Have alternatives to deviation from this two-part rate structure been considered? If so, please explain. If not, why not?

[1] RP-1999-0034, Decision with Reasons, January 18, 2000, p.19

Staff-TMMC-4

Ref: TMMC Written Evidence of Jeffry Pollock, Standby Distribution Service Rate Design

Mr. Pollock stated that the standby distribution services would consist of two separate charges:

- A Maximum Volumetric Rate to recover the cost of primary distribution facilities: and
- A Daily Volumetric Rate to recover the cost of the bulk distribution facilities.

The Maximum Volumetric Rate would apply regardless of when or how often Standby distribution service is provided. The Daily Volumetric Rate would apply when Standby distribution service is actually used. The sum of the Maximum Demand and Daily Volumetric Rates applied in any month would not exceed the Large Use class Distribution Volumetric Rates.

a) Mr. Pollock stated that "I assumed a 4,600 kW per month Contract Demand. This is the size of one of TMMC's generators. Because simultaneous forced outages rarely occur, it is reasonable to contract for standby capacity to replace one generator." Please clarify if simultaneous outages of TMMC's two generators have ever occurred. If so, how many times.
b) On page 47, Mr. Pollock stated that "Energy+ has provided no evidence that it considered the avoided costs resulting from the lower capacity reservation in designing its proposed Standby Distribution Volumetric Rates." Please clarify if the proposed two separate standby distribution services considered the avoided costs. If so, please explain how.
c) In the event of a simultaneous forced outage of both of TMMC's generators, would TMMC be willing to curtail its usage, if so, by how much, or would it require Energy+ to service the full load normally serviced by the LDC facility?