

ONTARIO ENERGY BOARD

IN THE MATTER the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15
(Schedule B);

AND IN THE MATTER OF an application to the Ontario Energy Board
by **Energy+ Inc.** pursuant to Section 78 of the *Ontario Energy Board Act*
for approval of its proposed distribution rates and other charges effective
January 1, 2019.

CONTAINS CONFIDENTIAL INFORMATION

Toyota Motor Manufacturing Canada Inc. (“TMMC”)

Revised Response to Interrogatory Staff-TMMC-3 (October 11, 2018)

February 6, 2019

Staff-TMMC-3**Ref: TMMC Written Evidence of Jeffry Pollock, Large User Class Rate Design**

Preamble: 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.

Questions:

- (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." 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?

Response:

- (a) (i) Mr. Pollock has not reviewed any rate design precedents that may be applicable to other local distribution companies in Ontario.
- (a) (ii) In other jurisdictions, the differences in the cost of providing different types of distribution service are recognized either through separate delivery voltage adjustments or by separating the distribution classes into the specific types of distribution service provided (i.e., primary substation and primary distribution service). This structure is consistent with the fact that rate design is a continuation of the cost allocation process, but on an intra-rate class basis. The following table provides examples of precedents from other regulatory jurisdictions.

Item	State	Utility	Link	Tariff
1	Texas	Oncor Electric Delivery Company	Oncor Tariff	Primary Service Greater than 10 kW-Distribution Line Primary Service Greater Than 10 kW-Substation
2	New York	Central Hudson Gas & Electric Corporation	CHE&G Tariff	Service Classification No. 13: Large Power Substation and Transmission Service
3	Minnesota	Xcel Energy (D/B/A Northern States Power Co.)	NSP Tariff	General Time of Day Service Rate Code A-15, A17, A19 Voltage Discount for Transmission Transformed Voltage

- (b) The Distribution Volumetric rates for the Large Use class described in Mr. Pollock's evidence and derived in Schedule JP-6 (Update)¹ are effectively two separate two-part rates:
1. A two-part rate for Primary Substation service: [\$] per kW, which is the sum of the unbundled Bulk Distribution cost [\$] per kW and the unbundled Primary Substation cost \$ [] per kW.
 2. A two-part rate for Primary Distribution service: [\$], which is the sum of the unbundled Bulk Distribution cost [\$] per kW and the unbundled Primary Distribution cost [\$] per kW.
- (c) The only alternative considered was to separate the Large Use class into two different rate classifications. Please see TMMC's response to Staff-TMMC-1b.

¹ Schedule JP-6 (Update) will be filed as part of TMMC's evidentiary filing on February 15, 2019.