



Newmarket-Tay Power Distribution Ltd.

February 11, 2019

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. (“NT Power”)
2019 IRM Distribution Rate Application
II. Process for 2019 Incentive Regulation Mechanism (IRM) Distribution
Rate Applications
OEB File No. EB-2018-0052

In Decision and Order (EB- 2017-0269) the Ontario Energy Board (the “Board”), received August 23, 2018 it granted approval for NT Power to purchase and amalgamate with Midland Power Utility Corporation (“MPUC”). NT Power confirmed the closing of the transaction was effective September 7, 2018. The amended Licence ED-2007-0624 and notification from the Board that the MPUC Licence (ED-2002-0541) was cancelled was received September 17, 2018. As described in EB-2017-0269, NT Power was granted a 10-year deferred rebasing period. This will be accomplished by maintaining two separate rate zones NT Power- Newmarket - Tay and NT Power- Midland until rates are re-based.

Please find enclosed the NT Power responses to OEB Staff interrogatories in the above-noted matter.

Yours very truly,

[Original Signed by]

Michelle Reesor
Regulatory Analyst
Newmarket-Tay Power Distribution Ltd.
mreesor@nmhydro.ca



Newmarket-Tay Power Distribution Ltd.

2019 IRM – Interrogatory Responses

EB-2018-0055

Submitted Date

2-11-2019

IN THE MATTER OF the Ontario Energy Board Act,
1998, being Schedule B to the Energy Competition Act,
1998, S.O. 1998, c.15;

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, 2019.

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, Town of Midland and the Township of Tay as described in its license (ED-2007-0624).
2. NT Power applies for an order or orders under the Annual IR Index and the Price Cap IR Index methodology approving just and reasonable rates and other charges effective May 1, 2019; 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.

INDEX

List of Attachment Workbooks	5
OEB Staff IR - 1	6
OEB Staff IR - 2	7
OEB Staff IR - 3	8
OEB Staff IR - 4	10
OEB Staff IR - 5	11
OEB Staff IR - 6	13
OEB Staff IR - 7	18
OEB Staff IR - 8	19
OEB Staff IR - 9	21
OEB Staff IR - 10	22
OEB Staff IR - 11	26
OEB Staff IR - 12	27
OEB Staff IR - 13	28
OEB Staff IR - 14	29
OEB Staff IR - 15	30
OEB Staff IR - 16	31
OEB Staff IR - 17	32
OEB Staff IR - 18	33
OEB Staff IR - 19	34
OEB Staff IR - 20	36
OEB Staff IR - 21	38
OEB Staff IR - 22	39
OEB Staff IR - 23	40
OEB Staff IR - 24	41

LIST OF ATTACHMENT WORKBOOKS

Newmarket – Tay Rate Zone (“NTRZ”)

- A. Newmarket – Tay IRM Rate Gen Model – **Attachment 1**
 - OEB Staff IR – 1, 2, 6, 7, 12
- B. Newmarket – Tay LRAMVA Model – **Attachment 2**
 - OEB Staff IR – 11, 12, 13
- C. Audit Report Annual Reconciliation – **Attachment 5**
 - OEB Staff IR – 10 c) ii

Midland Rate Zone (“MRZ”)

- D. Midland IRM Rate Gen Model – **Attachment 3**
 - OEB Staff IR – 18, 19 a), 19 c), 20, 21, 23
- E. Midland LRAMVA Model – **Attachment 4**
 - OEB Staff IR – 21, 22, 23, 24

NEWMARKET – TAY RATE ZONE

OEB STAFF IR - 1

Ref: IRM Model - Sheet 11, Sheet 16 and Sheet 18

OEB staff has made the following updates to Newmarket-Tay Hydro's IRM Model.

- Sheet 11 - Updated the UTRs as per the OEB's Decision and Interim Rate Order, EB-2018-0326, December 20, 2018.
- Sheet 16 - Updated the Price Escalator to 1.50% (For 2019 Inflation factor see Ontario Energy Board 2019 Electricity Distribution Rate applications - Updates November 23, 2018).
- Sheet 17 - Updated the regulatory charges as per the OEB's Decision and Order, EB-2018-0294, December 20, 2018.
- Sheet 18 – The rate riders for the disposition of Account 1576 were filed as debits (charges) to customers in the manager's summary and should have been shown as credits (refunds) to customers. The credit rate riders were not reflected in Sheet 18 of the IRM rate generator model. OEB staff input the credit rate riders into this tab.

Please confirm the updates in the IRM rate generator model for the changes above.

RESPONSE

NT Power confirms the updates.

OEB STAFF IR - 2

Ref: Manager's summary – Page 18 of 37, IRM Model, Sheet 3 and Sheet 4

The manager's summary notes an LRAMVA balance for disposition of \$460,882. However, in cell BT43 on Sheet 3 of the IRM model the total LRAMVA balance shows a total claim amount of \$464,682. Furthermore, in cell S23 of Sheet 4 of the IRM model the LRAMVA balance is \$463,315.

Please identify the correct LRAM variance account amount requested for disposition and update the Sheet 3 and/or Sheet 4 of the IRM model.

RESPONSE

The LRAM variance amount for NT Power – NTRZ requested for disposition is \$463,315.

OEB STAFF IR - 3

Ref: Manager's summary – Page 35 of 37

For the years 2012-2016, OEB staff has compared the net additions for PP&E values under former CGAAP to the values filed in Newmarket-Tay Hydro's 2018 IRM proceeding (EB-2017-0062). OEB staff notes that there are differences for the years 2013-2016.

Please reconcile the differences and update the chart on page 35 as necessary.

RESPONSE

The Appendix 2-EC contained a \$10,000 error in the Account 1576 Continuity Schedule for the year 2016 and 2017 that has been revised in the chart below.

Appendix 2-EC
Account 1576 - Accounting Changes under CGAAP
2012 Changes in Accounting Policies under CGAAP

For applicants that made capitalization and depreciation expense accounting policy changes under CGAAP effective January 1, 2012

Reporting Basis	Rebasing Year	2011	2012	2013	2014	2015	2016	2017	
	CGAAP	IRM	IRM	IRM	IRM	IRM	IRM	IRM	
	Forecast	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
			\$	\$	\$	\$	\$	\$	
PP&E Values under former CGAAP									
Opening net PP&E - Note 1			51,625,726	52,120,129	52,165,032	50,542,211	58,836,636	57,284,425	
Net Additions - Note 4			4,050,759	4,336,894	-415,324	12,661,667	2,955,376	4,760,269	
Net Depreciation (amounts should be negative) - Note 4			-3,556,355	-4,291,992	-1,207,497	-4,367,243	-4,507,587	-4,309,215	
Closing net PP&E (1)			52,120,129	52,165,032	50,542,211	58,836,636	57,284,425	57,735,479	
PP&E Values under revised CGAAP (Starts from 2013)									
Opening net PP&E - Note 1			51,625,726	53,883,098	55,285,337	55,135,557	64,799,717	64,736,570	
Net Additions - Note 4			4,050,759	3,989,479	-470,121	12,491,420	2,955,376	4,760,269	
Net Depreciation (amounts should be negative) - Note 4			-1,793,386	-2,587,241	320,342	-2,827,260	-3,018,523	-2,811,200	
Closing net PP&E (2)			53,883,098	55,285,337	55,135,557	64,799,717	64,736,570	66,685,640	
Difference in Closing net PP&E, former CGAAP vs. revised CGAAP			-1,762,969.00	-3,120,305.00	-4,593,346.12	-5,963,081.44	-7,452,145.39	-8,950,160.27	
Effect on Deferral and Variance Account Rate Riders									
Closing balance in Account 1576								-8,950,160.27	
Return on Rate Base Associated with Account 1576 balance at WACC - Note 2								- 629,196.27	
Amount included in Deferral and Variance Account Rate Rider Calculation								-9,579,356.54	
2017 - 1576 Disposition for Rate Rider Calculation								-7,976,031.21	
Request for 2018 - 1576 Disposition for Rate Rider Calculation								-1,603,325.33	

2 Return on rate base associated with Account 1576 balance is calculated as:

the variance account opening balance as of 2015 rebasing year x WACC X # of years of rate rider disposition period

* Please note that the calculation should be adjusted once WACC is updated and finalized in the rate application.

3 Account 1576 is cleared by including the total balance in the deferral and variance account rate rider calculation.

4 Net additions are additions net of disposals; Net depreciation is additions to depreciation net of disposals.

WACC	7.03%
# of years of rate rider disposition period	1

OEB STAFF IR - 4

Ref: Decision and Order, EB-2017-0062, April 12, 2018
Audit Report, Filed November 2, 2018

In the referenced OEB decision, the OEB required Newmarket-Tay Power to complete a third-party special purpose audit of its Group 1 RSVA accounts prior to its 2019 IRM filing.

Please confirm that the audit report completed by Collins Barrow Kawarthas LLP and filed by Newmarket Tay Power on November 2, 2018 audited all Group 1 RSVA accounts.

RESPONSE

NT Power confirms that the audit report completed by Collins Barrows Kawarthas LLP and filed on November 2, 2018 audited all Group 1 RSVA Accounts 1580, 1582, 1584, 1586, 1588 and 1589 for NTRZ.

OEB STAFF IR - 5

Ref: GA Workform (2013-2017) Note 2

In Table 1 below, OEB staff has compared the consumption information provided in Note 2 for each GA workform to Newmarket-Tay Hydro's RRR filing.

Please provide a reconciliation for each variance located in Table 1 below and update the GA workforms as necessary. Note: Newmarket-Tay Hydro is using an older version of the GA workform. The OEB has updated the GA workform for the 2019 IRM year on July 13, 2018. Please file all updates to the GA workform using the following model:

https://www.oeb.ca/sites/default/files/GA_Analysis_Workform_20180712-3.xlsm

Table 1

AS FILED IN APPLICATION						
Year		2013	2014	2015	2016	2017
Total Metered excluding WMP	C = A+B	664,104,226	634,976,687	648,485,019	650,386,987	626,156,512
RPP	A	363,905,363	338,375,737	358,064,600	363,246,586	346,134,592
Non RPP	B = D+E	300,198,863	296,600,950	290,420,419	287,140,402	280,021,920
Non-RPP Class A	D	-	-	-	-	34,636,905
Non-RPP Class B*	E	300,198,863	296,600,950	290,420,419	287,140,402	245,385,015
AS FILED THROUGH RRR						
Year		2013	2014	2015	2016	2017
Total Metered excluding WMP	C = A+B	659,512,951	655,588,093	651,351,484	628,822,211	586,771,519
RPP	A	306,505,291	315,914,328	317,007,389	305,579,069	344,187,239
Non RPP	B = D+E	353,007,660	339,673,765	334,344,095	323,243,142	242,584,280
Non-RPP Class A	D	-	-	-	-	35,496,456
Non-RPP Class B*	E	353,007,660	339,673,765	334,344,095	323,243,142	207,087,824
VARIANCE						
Year		2013	2014	2015	2016	2017
Total Metered excluding WMP	C = A+B	4,591,275	(20,611,406)	(2,866,465)	21,564,776	39,384,993
RPP	A	57,400,072	22,461,409	41,057,211	57,667,517	1,947,353
Non RPP	B = D+E	(52,808,797)	(43,072,815)	(43,923,676)	(36,102,740)	37,437,640
Non-RPP Class A	D	-	-	-	-	(859,551)
Non-RPP Class B*	E	(52,808,797)	(43,072,815)	(43,923,676)	(36,102,740)	38,297,191

RESPONSE

The OEB ordered in Decision and Rate Order (EB-2017-0062) a Special Purpose Audit for the years 2013-2017 for NTRZ. The prior version of the GA workform is utilized to align with the Special Purpose Audit years. The consumption variances are due to the revised data gathered during the Special Purpose Audit.

OEB STAFF IR - 6

Ref: Tab 6. Class A Consumption Data

Ref: Tab 6.1a GA Allocation – cell D20 Total Non-RPP Class B consumption

Ref: Tab 6.2a CBR B_Allocation – cell D20 Total Class B consumption less WMP

OEB staff is unable to reconcile the data entered in cells D20 in Tab 6.1a and Tab 6.2a. Below is a table that staff prepared showing the “Validation of Data used in class B GA and CBR Allocations”. Staff notes discrepancies for the 2017 consumption figures that were used in the “GA allocation” and “CBR B Allocation” of 2019 IRM rate model as below.

Year the Account 1589 GA Balance Last Disposed		2012					
Allocation of total Non-RPP Consumption (kWh) between Current Class B and Class A/B Transition Customers							
		Total	2017	2016	2015	2014	2013
Total Non-RPP Class B Consumption for Years During Balance Accumulation (Non-RPP Consumption LESS WMP Consumption and Consumption for Class A customers who were Class A for partial or full year)	A	30,965,525	30,965,525				
Transition Customers' Class B Consumption (i.e. full year or partial year)	B	97,724,260	30,873,129	48,770,644	18,080,487	-	-
Transition Customers' Portion of Total Consumption	C=B/A	315.59%					

Please enter the Year the Account 1580 CBR Class B was Last Disposed. (Note: Account 1580, Sub-account CBR Class B was established starting in 2015)

Allocation of total Consumption (kWh) between Class B and Class A/B Transition Customers						
		Total	2017	2016	2015	
Total Class B Consumption for Years During Balance Accumulation (Total Consumption LESS WMP Consumption and Consumption for Class A customers who were Class A for partial or full year)	A	30,965,525	30,965,525			
Transition Customers' Class B Consumption (i.e. full year or partial year)	B	79,643,773	30,873,129	48,770,644	18,080,487	
Transition Customers' Portion of Total Consumption	C=B/A	257.20%	92.396	48,770,644	18,080,487	

Table 1 – confirmation of 2017 consumptions

Validation of Data used in Class B GA and CBR Allocations				
Total metered volume Excl WMP	A		622,267,975	Source I26 of tab 4. Billing Det. for Def-Var
Non-RPP excl WMP	B		278,080,736	Source C26 of tab 6.1 GA
Class A Full year	C		-	Source E26 of tab 6.1 GA
Class A Full Part year:				
While Class A	D	34,636,905		=+F-E
While Class B	E	30,873,129		Source D21 of tab 6.1a GA Allocation
	F		65,510,034	Source G26 of tab 6.1 GA
Total non-RPP excl WMP and full year volumes for class A customers who were class A for the full year, and the class A volumes who were class A part year	G= +B-C-D		243,443,831	Input in D20 of tab 6.1a GA Allocation
Total Class B Customers excl WMP and Full year volumes for customers who were class A for full year, and the class A customers who were class A part year	H=+A-C-D		587,631,070	Input in D20 of tab 6.2a CBR_B Allocation

a. Newmarket-Tay Hydro received disposition of its group 1 accounts in its 2014 proceeding for balances ending December 31, 2012. As per the instruction in cell D14 of Sheet 6, OEB staff has updated cell C14 to display the 2012 year.

i. Please complete columns L through O on Sheet 6.

b. Please confirm whether or not Newmarket-Tay Hydro agrees with the updated quantities per the Table 1 calculations for 2017. If not please explain why Newmarket-Tay Hydro believes the values it used in its 2019 IRM Rate Generator Model are appropriate. Otherwise please update the 2019 IRM Rate Generator Model accordingly.

c. Using Table 1, please provide similar calculations for the years 2013 – 2016 and update the 2019 IRM Rate Generator Model accordingly.

RESPONSE

- a.
 - i. NT Power has updated Sheet 6, columns L through O in Attachment A.
- b. NT Power has provided the revisions in the table below and in Attachment A to match the GA Analysis workform submitted within the original 2019 IRM submission.

Table 1 - Confirmation of 2017 Consumption Amounts - Revised			
Validation of Data used in Class B GA and CBR Allocations			
Total metered volume excluding WMP	A		626,156,512
Non-RPP excluding WMP	B		280,021,920
Class A Full year	C		-
Class A Part year:			
While Class A	D	34,636,905	
While Class B	E	30,873,129	
	F		65,510,034
Total non-RPP excluding WMP and full year volumes for class A customers who were class A for the full year, and the class A volumes who were class A part year	G = +B- C-D		245,385,015
Total Class B Customers excluding WMP and full year volumes for customers who were class A for the full year, and the class A customers who were class A part year	H = +A- C-D		591,519,607

- c. Using Table 1 the calculations have been completed for the years 2013 - 2016 below and the 2019 IRM Rate Generator Model has been updated in Attachment 1.

Table 1 - Confirmation of 2016 Consumption Amounts			
Validation of Data used in Class B GA and CBR Allocations			
Total metered volume excluding WMP	A		650,386,987
Non-RPP excluding WMP	B		287,140,402
Class A Full year	C		-
Class A Part year:			
While Class A	D	-	
While Class B	E	-	
	F		-
Total non-RPP excluding WMP and full year volumes for class A customers who were class A for the full year, and the class A volumes who were class A part year	G = +B- C-D		287,140,402
Total Class B Customers excluding WMP and full year volumes for customers who were class A for the full year, and the class A customers who were class A part year	H = +A- C-D		650,386,987

Table 1 - Confirmation of 2015 Consumption Amounts			
Validation of Data used in Class B GA and CBR Allocations			
Total metered volume excluding WMP	A		648,485,019
Non-RPP excluding WMP	B		290,420,419
Class A Full year	C		-
Class A Part year:			
While Class A	D	-	
While Class B	E	-	
	F		-

Total non-RPP excluding WMP and full year volumes for class A customers who were class A for the full year, and the class A volumes who were class A part year	G = +B- C-D		290,420,419
Total Class B Customers excluding WMP and full year volumes for customers who were class A for the full year, and the class A customers who were class A part year	H = +A- C-D		648,485,019

Table 1 - Confirmation of 2014 Consumption Amounts			
Validation of Data used in Class B GA and CBR Allocations			
Total metered volume excluding WMP	A		634,976,687
Non-RPP excluding WMP	B		296,600,950
Class A Full year	C		-
Class A Part year:			
While Class A	D	-	
While Class B	E	-	
	F		-
Total non-RPP excluding WMP and full year volumes for class A customers who were class A for the full year, and the class A volumes who were class A part year	G = +B- C-D		296,600,950
Total Class B Customers excluding WMP and full year volumes for customers who were class A for the full year, and the class A customers who were class A part year	H = +A- C-D		634,976,687

Table 1 - Confirmation of 2013 Consumption Amounts			
Validation of Data used in Class B GA and CBR Allocations			

Total metered volume excluding WMP	A		664,104,226
Non-RPP excluding WMP	B		300,198,863
Class A Full year	C		-
Class A Part year:			
While Class A	D	-	
While Class B	E	-	
	F		-
Total non-RPP excluding WMP and full year volumes for class A customers who were class A for the full year, and the class A volumes who were class A part year	G = +B- C-D		300,198,863
Total Class B Customers excluding WMP and full year volumes for customers who were class A for the full year, and the class A customers who were class A part year	H = +A- C-D		664,104,226

OEB STAFF IR - 7

Ref: IRM Model – Sheet 3 & 6.2a & 6.2

- a. In its application, Newmarket-Tay Hydro noted that, as of 2017 it had ten class A customers (July 2017 to December 2017). On Sheet 3, Continuity Schedule, please allocate out the variances related to CBR Class B customers from account 1580 and show them as a separate item under sub-account CBR Class B 1580. If any variance to the RRR balance (as of December 31, 2017) still remain, please explain.
- b. Explain the variance of \$1,385 for Account 1580 – sub-account CBR Class A.
- c. Explain why Newmarket-Tay Hydro has opted not to dispose of the balance in Account 1595 for the 2012 year. If, as a result of its responses to interrogatories, Newmarket-Tay Hydro decides to dispose of the balance, please explain any variance from the RRR balance (as of December 31, 2017) and file a 1595 analysis workform for the sub-account 2012.

RESPONSE

- a. NT Power – NTRZ has updated sheet 3, Continuity Schedule in Attachment A with the allocated variances. There is a variance of \$485,191 in column BV because the value in the RRR submission was incorrect.
- b. NT Power – NTRZ has updated the sheet 3. Continuity Schedule in Attachment A for OEB Staff IR – 7 a) and there is no variance.
- c. NT Power – NTRZ has chosen to dispose of Account 1595 in a future IRM submission after the 2018 year-end audit is complete with the results of the Special Purpose Audit applied.

OEB STAFF IR - 8

Ref: IRM Application, page 21 of 27

In the response provided to Question 2, the Applicant discusses how it performs its monthly RPP settlements with the IESO.

a) The response provided in 2a indicates that the Applicant settles with the IESO based on actual consumption. Please explain how the Applicant is able to determine the actual consumption for a given month by the 4th day following the month end (please provide the source of all information being referenced in the response).

b) Please confirm that the Applicant is stating that the only true-up that is required to its monthly IESO settlements relates to a true-up to the actual GA and HOEP rates for the particular month.

c) When is the CT 1142 true up done (i.e. monthly, in the month following initial settlement?).

d) Since the last disposition of Account 1588 in 2012, was the Applicant's monthly settlement process with the IESO always based on its actual monthly consumption or was there a point in time where it was based on an estimate of the monthly consumption?

a. If at one point it was based on an estimate, when did the process change to use actual consumption (year).

b. For years where the settlement was based on an estimate of consumption, please confirm that the Applicant would true-up the settlement to actual consumption.

c. Have the true-ups being referred to in b. above been captured in the December 31, 2017 balance per the DVA continuity schedule?

e) For response 2e, please confirm that the Applicant is indicating that the CT 1142 true-up for both November and December 2017 have not been accrued and included within the December 31, 2017 balance in Account 1588 as per the DVA continuity schedule.

f) If the Applicant confirms the above, then please quantify what the CT 1142 true-up for November and December 2017 and present that total in the "Principal Adjustments during 2017" column of the DVA Continuity Schedule.

RESPONSE

- a) NT Power - NTRZ settlement process with the IESO is based on estimated consumption.
- b) Please refer to a) above. NT Power - NTRZ confirms the true-up for the monthly IESO settlements relates to the actual GA and HOEP rates.
- c) The CT 1142 true-up is completed two months following the initial settlement.

- d) NT Power - NTRZ confirms the monthly settlement process is based on estimated consumption and true-up two months following the initial settlement.
 - a. Not applicable.
 - b. Please refer to OEB Staff IR - 8 a).
 - c. The true-ups from OEB Staff IR – 8 d) b. were not included within the December 31, 2017 DVA continuity schedule.
- e) NT Power confirms.
- f) The CT 1142 true-up for November and December 2017 is \$140,407 and is included in the “Principal Adjustments during 2017” column of the DVA Continuity Schedule in Attachment A.

OEB STAFF IR - 9

Ref: IRM Application, page 23 of 27

In the response provided to Question 3, the Applicant discusses its process for recording and prorating the monthly CT 148 charge from the IESO.

- a) Please indicate when the Applicant's process to prorate the CT 148 charge using actual consumption was implemented (year)
- b) In years prior to the implementation noted in a) above, please explain how the Applicant prorated the CT 148 charge and how that proration was subsequently true-up to actual.
- c) Have the true-ups described in b) above been reflected in the December 31, 2017 balances in accounts 1588 and 1589 per the DVA continuity schedule.

RESPONSE

- a) NT Power – NTRZ implemented the process to prorate the CT 148 charge using actual consumption in 2018 retroactive to 2013 as a result of the Special Purpose Audit.
- b) NT Power – NTRZ prorated the GA based on the billed consumption of the non- RPP Class B customers for the years 2012 and prior.
- c) The 2012 and prior year balances were disposed of on a final basis in Decision and Rate Order EB-2013-0153 on June 5, 2014.

OEB STAFF IR - 10

Ref: Audit Report

As part of the Decision from its 2018 IRM Application, the Applicant was ordered to review and undertake an audit of its RSVA balances, including the balances in Accounts 1588 and 1589:

a) After undertaking a review of its processes over Accounts 1588 and 1589, please describe any changes that the Applicant has implemented, including over its RPP settlement process and resulting true-ups, the recording and prorating of its CT 148 charge, and any other changes made that are relevant to the accumulation of the balances in those accounts. In providing the details, please indicate how the process was originally performed, what was changed, and why the changes result in better and more accurate reporting of the balances.

b) The Collins Barrow Audit Report details a number of adjustments that were recorded to the December 31, 2017 balances in Accounts 1588 and 1589:

i. Note 2 of the Audit Report refers to adjustments to Accounts 1588 and 1589 pertaining to

“Management identified issues with the split of charge type 148 for the cost of power from the IESO and corrected the balances prior to the audit; and Management identified issues with the unbilled calculations and corrected balances prior to the audit”

Please explain the nature of each of the above issues, how the errors were quantified by management, and what has changed to ensure that similar errors do not repeat in the future.

ii. Notes 3 and 4 also provide very brief descriptions as to other adjustments that have been recorded to the balances in Accounts 1588 and 1589. For each adjustment identified, please elaborate as to the nature of the issue, how the errors were quantified, and what has been changed to ensure that similar errors do not repeat in the future.

c) In the DVA continuity schedule, the Applicant has recorded principal adjustments of debit \$3.5 million and credit \$556K to accounts 1588 and 1589, respectively. Although the December 31, 2017 ending balance in the DVA continuity schedule agrees to the balance per the Audit Report, the adjustments recorded in the principal adjustment column of the DVA continuity schedule do not reconcile to the adjustments presented in the Audit Report. In particular, for Account 1588, the Applicant has recorded adjustments of debit \$3,549,164 in the DVA continuity schedule, compared to credit \$1,208,731 in the Audit Report.

i. Please explain why this difference exists.

ii. Please provide a detailed reconciliation, by year, between the adjustments posted in the audit report and the principal adjustments recorded in the DVA continuity schedule.

iii. Please explain the principal adjustments recorded to accounts 1588 and 1589 under 2015 year (Cells AL28 and AL29) as these figures are not associated with the audit adjustments from the audit report.

RESPONSE

- a) NT Power – NTRZ has provided details on how the the process was originally performed, what was changed, and why the changes result in better and more accurate reporting of the balances in the table below:

Original Process	Updated Process and Result	Note to The Audit Report
CT 148 was allocated based on Class B non-RPP billed consumption multiplied by the GA rate.	Proration of CT 148 using actual consumption for greater accuracy as consumption is accrued to the applicable month.	Note 2
One-month delay in reporting of Class A consumption	Reporting of Class A consumption to the IESO is within the consumption month enabling the correct rate to be applied for the reduction in CT 148 for Class A customers.	Note 2
Original unbilled calculation required manual processes.	Enhanced unbilled revenue calculation reducing manual processes to provide greater accuracy.	Note 3
Original consumption reports contained opportunities to improve accuracy.	Enhanced accuracy in consumption reporting from the CIS system.	Note 3
GA modifier was incorrectly recorded in Account 1589 and Account 1588.	GA modifier recorded in a clearing Accounts Receivable account per OEB.	Note 4

- b)
- i. Reference OEB Staff IR - 10 a) above.
 - ii. Reference OEB Staff IR - 10 a) above.
- c)
- i. Please refer to the updated DVA schedule in Attachment A. NT Power notes that cell BU31 referencing 2.1.7 RRR balance, appears to be excluding the 2010 disposition balance. For the correct balances please reference the OEB Portal screenshot below.

board  **E 2.1.7 - Trial Balance**

Assets	Liabilities and Equity	Income Statement	Sub-Accounts	Group 1 Accounts	Trial Balance Summary and Submit
Group 1 Accounts					
The principal and interest as of December 31 for Group 1 DVAs will be used to populate the continuity schedule in the IRM Rate Generator Model. The total balance of each account must equal the main control account in the RRR 2.1.7 Trial Balance.					
Account Description	Account Number	Principal (A)	Interest (B)	Total Balance (A+B)	
LV Variance Account	1550	657362.52	9312.03	666674.55	
Smart Metering Entity Charge Variance Account	1551	38215.81	1501.41	39717.22	
RSVA - Wholesale Market Service Charge	1580	-2629181.03	-53681.81	-2682862.84	
RSVA - Retail Transmission Network Charge	1584	-476132.31	4144.17	-471988.14	
RSVA - Retail Transmission Connection Charge	1586	426003.83	26947.03	452950.86	
RSVA - Power (excluding Global Adjustment)	1588	2575039.74	92065.24	2667104.98	
RSVA - Global Adjustment	1589	1718574.00	18549.82	1737123.82	
Disposition and Recovery/Refund of Regulatory Balances (2008)	1595	-270622.98		-270622.98	
Disposition and Recovery/Refund of Regulatory Balances (2009)	1595			0.00	
Disposition and Recovery/Refund of Regulatory Balances (2010)	1595	-459694.85	8771.22	-450923.63	
Disposition and Recovery/Refund of Regulatory Balances (2011)	1595			0.00	
Disposition and Recovery/Refund of Regulatory Balances (2012)	1595	228913.71	-16095.40	212818.31	
Disposition and Recovery/Refund of Regulatory Balances (2013)	1595			0.00	
Disposition and Recovery/Refund of Regulatory Balances (2014)	1595			0.00	
Disposition and Recovery/Refund of Regulatory Balances (2015)	1595			0.00	
Disposition and Recovery/Refund of Regulatory Balances (2016)	1595			0.00	
Disposition and Recovery/Refund of Regulatory Balances (2017)	1595			0.00	

		2.1.7 RRR
Account Descriptions	Account Number	As of Dec 31, 2017
Group 1 Accounts		
LV Variance Account	1550	666,675
Smart Metering Entity Charge Variance Account	1551	39,717
RSVA - Wholesale Market Service Charge ⁵	1580	(2,682,863)
Variance WMS – Sub-account CBR Class A ⁵	1580	1,385
Variance WMS – Sub-account CBR Class B ⁵	1580	490,832
RSVA - Retail Transmission Network Charge	1584	(471,988)
RSVA - Retail Transmission Connection Charge	1586	452,951
RSVA - Power ⁴	1588	2,667,105
RSVA - Global Adjustment ⁴	1589	1,737,124
Disposition and Recovery/Refund of Regulatory Balances (2012) ³	1595	(57,805)
Disposition and Recovery/Refund of Regulatory Balances (2013) ³	1595	0
Disposition and Recovery/Refund of Regulatory Balances (2014) ³	1595	0
Disposition and Recovery/Refund of Regulatory Balances (2015) ³	1595	0
Disposition and Recovery/Refund of Regulatory Balances (2016) ³	1595	0
Disposition and Recovery/Refund of Regulatory Balances (2017) ³	1595	0
Disposition and Recovery/Refund of Regulatory Balances (2018) ³	1595	
<i>Not to be disposed of until a year after rate rider has expired and that balance has been audited</i>	1595	
RSVA - Global Adjustment	1589	1,737,124
Total Group 1 Balance excluding Account 1589 - Global Adjustment		613,792
Total Group 1 Balance		2,350,916
LRAM Variance Account (only input amounts if applying for disposition of this account)	1568	1,367
Total including Account 1568		2,352,283

- ii. A detailed reconciliation from the Special Purpose Audit has been provided in Attachment 5.
- iii. Please refer to OEB Staff IR - 10, c) ii above for the updated figures.

OEB STAFF IR - 11

Ref: Tab 3-a. Rate Class Allocations of LRAMVA Workform

a. Please show the calculation of the rate class allocations for a GS>50 kW - Thermal Demand Meter vs. GS>50 kW - Interval Meter.

RESPONSE

NT Power – NTRZ utilizes a common rate class allocator LRAMVA rate rider for the GS>50 kW rate class, consistent with NT Power’s Decision and Rate Order EB-2017-0062.

OEB STAFF IR - 12

Ref: Tab 7 of LRAMVA workform

a. Please update tab 7 of the LRAMVA workform to include projected carrying charges to the effective date of May 1, 2019 in the claim.

RESPONSE

NT Power – NTRZ has updated tab 6. Carrying Charges cell C47 and C48 to reflect the Q1, 2019 prescribed interest rate of 2.45% in Attachment 2.

OEB STAFF IR - 13

- a. If Newmarket-Tay made any changes to the LRAMVA work form as a result of its responses to these LRAMVA questions, please file an updated LRAMVA work form.
- b. Please confirm any changes to the LRAMVA workform in response to these LRAMVA questions in “Table A-2. Updates to LRAMVA Disposition (Tab 2)”.

RESPONSE

- a. NT Power – NTRZ has filed an updated LRAMVA workform in Attachment 2.
- b. NT Power – NTRZ has provided the updates in Table A-2 on tab 1-a. Summary of Changes in the LRAMVA workform in Attachment 2.

MIDLAND RATE ZONE

OEB STAFF IR - 14

Ref: IRM Application, Midland Rate Zone, pg. 23

With respect to its monthly settlements with the IESO and the resulting CT 1142, in response 2b, the Applicant indicates that an annual true-up is conducted at year-end to align the settlement submission to the correct fiscal year. The annual true-up amounts are booked to the financial statements of the settlement year.

a) The response provided to Question 2b does not explain what is being trued-up as part of this annual true-up process. Please provide detail as to what elements of the IESO settlement is actually being trued-up as part of this annual true-up and provide details around the process that is undertaken to quantify the true-up amounts.

i. If the Applicant is truing-up it's settlements with the IESO on an annual basis (as stated in the application), please explain why the true-ups are not being performed on at least a quarterly basis as per the OEB's May 23, 2017 letter to all rate regulated utilities in Ontario.

b) Please confirm that the following understanding is correct with respect to the IESO monthly settlement process for the Midland Rate Zone:

i. The monthly settlement is based on the actual consumption for the month, which is available by the 4th day following the month-end.

ii. The GA rate and WAP used for settlement are based on estimates at the time of settlement.

c) Wouldn't a monthly true-up of IESO settlements be required to account for the fact that settlements are initially performed using estimates of the GA rate and WAP? Is the Applicant performing this true-up on a monthly basis and have these true-ups been reflected in the DVA continuity schedule for all months of 2017?

RESPONSE

- a) NT Power – MRZ is settling kWh, GA and HOEP using actual data from the prior month, there is no true-up.
 - i. Refer to a) above, NT Power – MRZ is settling on a monthly basis.
- b) Refer to a) above.
 - i. Refer to a) above.
 - ii. Refer to a) above.
- c) Refer to a) above.

OEB STAFF IR - 15

Ref: IRM Application, Midland Rate Zone, pg. 24

The responses provided to Question 3 address the Applicant's recording of CT 148 from the IESO and its process to prorate this charge between its RPP and Non-RPP customers.

- a) Please confirm that no amount related to CT 148 is recorded in the Applicant's G/L prior to receiving the actual invoice from the IESO.
- b) The Applicant uses two system queries to generate monthly reports for total actual consumption and for total actual RPP consumption. These reports then from the basis of the calculation used to split the monthly CT 148 charge from the IESO between RPP and Non RPP customers. Does the report generated for total actual consumption for a particular month also include the consumption for Class A customers? Please explain.
- c) It is not clear from the response provided in 3b whether a true-up of the CT 148 split is needed. Based on OEB staffs understanding, the Applicant knows its actual consumption for a particular month upon receipt of the CT 148 invoice from the IESO. Therefore, the invoice is initially split between RPP and Non RPP customers based on actual consumption. As such it is OEB staff's understanding that no true-up of the split is required, please confirm that this understanding is correct.
- d) If the description provided in c) above is accurate, then please explain why the Applicant is referring to a true related to CT 148 in its response to Question 3b? Please explain in detail what elements of CT 148 would need to be trued-up and why. Please also provide details over the Applicant's process to perform this true-up (if a true-up is actually even required).

RESPONSE

- a) NT Power – MRZ confirms.
- b) The monthly queries generate two reports; (A) total actual consumption for a particular month excluding Class A consumption data and (B) total actual RPP consumption.
- c) NT Power – MRZ confirms.
- d) To clarify NT Power's – MRZ response to question 3b, no true-up is required. Please refer to c) above.

OEB STAFF IR - 16

Ref: IRM Application, Midland Rate Zone, pg. 27

As part of its response to Question 4, the Applicant has stated that “Newmarket-Tay Power did not receive approval for disposition in its 2018 proceeding”.

a) OEB staff suggests that the wording should be adjusted to read “The Midland Rate Zone did receive approval for disposition in 2018”. The answers provided must be in the context of the Midland Rate Zone as it is still being treated as a standalone rate zone for purposes of this IRM. Please update the responses provided so that they are in the context of the Midland Rate Zone.

b) Please also confirm that all other responses provided to Questions 1-4 on pages 22-28 have been provided in the context of the Midland Rate Zone only

RESPONSE

- a) NT Power – MRZ confirms the wording should be adjusted to read, “NT Power – Midland Rate Zone did not receive approval for disposition in its 2018 rate proceeding”.
- b) NT Power – MRZ confirms that all other responses provided to Question 1-4 on pages 22-28 with the page header “Midland Rate Zone” have been provided in the context of the NT Power – MRZ only.

OEB STAFF IR - 17

Ref: IRM Application

Effective In 2018, Newmarket Tay and Midland Power amalgamated to form one entity

- a) Is there still a separate monthly IESO invoice for each rate zone?
- b) Are monthly settlements still being performed individually for each rate zone or are they being done on a combined basis?
- c) Has the monthly settlement processes been streamlined so that each rate zone's settlements are being performed on the same basis, using the same data sources, and following the same true up processes. Please explain.

RESPONSE

- a) NT Power – MRZ confirms each rate zone receives a separate monthly IESO invoice.
- b) NT Power – MRZ confirms monthly settlements is being performed individually for each rate zone.
- c) NT Power is investigating both rate zone's processes in order to streamline the reporting functions and true-up processes.

OEB STAFF IR - 18

Ref: Manager's summary – IRM Model, Sheet 3 and Sheet 4

In cell BT43 on Sheet 3 of the IRM model the total LRAMVA balance shows a total claim amount of \$359,009. Furthermore, in cell S23 of Sheet 4 of the IRM model the LRAMVA balance is \$331,347.

Please identify the correct LRAM variance account amount requested for disposition and update the Sheet 3 and/or Sheet 4 of the IRM model.

RESPONSE

NT Power – MRZ LRAMVA workform (Attachment 4) and the IRM model (Attachment 3) have been revised as a result of OEB Staff IR's - 18, 21 and 23. The revised LRAMVA amount requested for disposition is on Sheet 4 of the IRM model totalling \$209,749 (Attachment 3).

OEB STAFF IR - 19

Ref: 2019 IRM Model, Sheet 3

- a. Please provide an explanation as to why the amount in cell BN34 of \$481,053 (approved interest balance for account 1595 (2015)) differs from the OEB's Decision and Rate Order, EB-2017-0060 dated March 22, 2018 of \$488,766.
- b. For accounts 1595 (2012) and 1595 (2015), please explain why the 2.1.7 RRR has not been updated to account for the transfer of the shared tax saving amounts of \$2,644 and \$997 respectively.
- c. Explain why Newmarket-Tay Hydro has opted not to dispose of the balance in Account 1595 for the 2015 year.

RESPONSE

- a) The NT Power – MRZ IRM Model has been corrected in Attachment 3 to reflect the approved disposition of \$488,766.
- b) The shared tax savings amount for Account 1595 (2012) of \$2,644 remains as a residual balance in Account 1595 (2012) and was recorded in the RRR filing section 2.1.7 in April, 2018 as per the screenshot below:

Account Description	Account Number	Principal (A)	Interest (B)	Total Balance (A+B)
LV Variance Account	1550	521795.97	6279.85	528075.82
Smart Metering Entity Charge Variance Account	1551	-5275.18	-60.68	-5335.86
RSVA - Wholesale Market Service Charge	1580	-353133.42	-4325.76	-357459.18
RSVA - Retail Transmission Network Charge	1584	-18745.07	119.96	-18625.11
RSVA - Retail Transmission Connection Charge	1586	16196.82	537.81	16734.63
RSVA - Power (excluding Global Adjustment)	1588	62099.25	4006.82	66106.07
RSVA - Global Adjustment	1589	191475.30	7429.91	198905.21
Disposition and Recovery/Refund of Regulatory Balances (2008)	1595			0.00
Disposition and Recovery/Refund of Regulatory Balances (2009)	1595			0.00
Disposition and Recovery/Refund of Regulatory Balances (2010)	1595	-1231.00	-116.93	-1347.93
Disposition and Recovery/Refund of Regulatory Balances (2011)	1595	-2447.00	-217.38	-2664.38
Disposition and Recovery/Refund of Regulatory Balances (2012)	1595	-2447.00	-167.43	-2614.43
Disposition and Recovery/Refund of Regulatory Balances (2013)	1595			0.00
Disposition and Recovery/Refund of Regulatory Balances (2014)	1595			0.00
Disposition and Recovery/Refund of Regulatory Balances (2015)	1595	-489663.16	482889.66	-6773.50
Disposition and Recovery/Refund of Regulatory Balances (2016)	1595	86538.82	-70145.16	16393.66
Disposition and Recovery/Refund of Regulatory Balances (2017)	1595	95322.21	-13905.53	81416.68

NT Power – MRZ confirms there were no shared tax savings in the 2015 IRM Application, therefore Account 1595 (2015) has a zero balance.

NT Power – MRZ confirms there is a shared tax savings from the 2016 IRM Application of \$997.

- c) NT Power – MRZ has opted to dispose of the balance in Account 1595 for the 2015 year as shown in the updated in the IRM Model, Attachment 3.

OEB STAFF IR - 20

Ref: Tab 6.1a GA Allocation – cell D20 Total Non-RPP Class B consumption Ref:
 Tab 6.2a CBR B_Allocation – cell D20 Total Class B consumption less WMP

OEB staff is unable to reconcile the data entered in cells D20 in Tab 6.1a and Tab 6.2a. Below is a table that staff prepared showing the “Validation of Data used in class B GA and CBR Allocations”. Staff notes a discrepancy for the 2017 consumption figure that is used in the “GA allocation” and “CBR B Allocation” of 2019 IRM rate model as below.

Year the Account 1589 GA Balance Last Disposed

2016

Allocation of total Non-RPP Consumption (kWh) between Current Class B and Class A/B Transition Customers

		Total	2017	2016
Total Non-RPP Class B Consumption for Years During Balance Accumulation (Non-RPP Consumption LESS WMP Consumption and Consumption for Class A customers who were Class A for partial or full year)	A	98,510,364	98,510,364	
Transition Customers' Class B Consumption (i.e. full year or partial year)	B	24,135,456	24,135,456	-
Transition Customers' Portion of Total Consumption	C=B/A	24.50%		

Please enter the Year the Account 1580 CBR Class B was Last Disposed.

2016

(Note: Account 1580, Sub-account CBR Class B was established starting in 2015)

Allocation of total Consumption (kWh) between Class B and Class A/B Transition Customers

		Total	2017
Total Class B Consumption for Years During Balance Accumulation (Total Consumption LESS WMP Consumption and Consumption for Class A customers who were Class A for partial or full year)	A	98,510,364	98,510,364
Transition Customers' Class B Consumption (i.e. full year or partial year)	B	24,135,456	24,135,456
Transition Customers' Portion of Total Consumption	C=B/A	24.50%	74,374,908

Table 1 – confirmation of 2017 consumptions

Validation of Data used in Class B GA and CBR Allocations				
Total metered volume Excl WMP	A		178,537,864	Source I26 of tab 4. Billing Det. for Def-Var
Non-RPP excl WMP	B		108,100,843	Source C26 of tab 6.1 GA
Class A Full year	C		-	Source E26 of tab 6.1 GA
Class A Full Part year:				
While Class A	D	24,062,506		==+F-E
While Class B	E	24,135,456		Source D21 of tab 6.1a GA Allocation
	F		48,197,962	Source G26 of tab 6.1 GA
Total non-RPP excl WMP and full year volumes for class A customers who were class A for the full year, and the class A volumes who were class A part year	G= +B-C-D		84,038,337	Input in D20 of tab 6.1a GA Allocation
Total Class B Customers excl WMP and Full year volumes for customers who were class A for full year, and the class A customers who were class A part year	H=+A-C-D		154,475,358	Input in D20 of tab 6.2a CBR_B Allocation

a. Please confirm whether or not Newmarket-Tay Hydro agrees with the updated quantities per the Table 1 calculations for 2017 for the Midland rate zone. If not please explain why Newmarket-Tay Hydro believes the values it used in its 2019 IRM Rate Generator Model (Midland) are appropriate. Otherwise please update the 2019 IRM Rate Generator Model accordingly.

b. Using Table 1, please provide similar calculation for the 2016 year and update the 2019 IRM Rate Generator Model accordingly.

RESPONSE

- a) NT Power - MRZ agrees with the updated quantities per the Table 1 calculations for 2017. In the original filing, NT Power – MRZ only included the GS>50 consumption amounts for non-RPP Class B consumption which caused the variance.
- b) Using Table 1 the calculations for NT Power – MRZ have been completed below for the year 2016 and the 2019 IRM Rate Generator Model has been updated in Attachment 3.

Table 1 - Confirmation of 2016 Consumption Amounts			
Validation of Data used in Class B GA and CBR Allocations			
Total metered volume excluding WMP	A		185,746,175
Non-RPP excluding WMP	B		115,552,601
Class A Full year	C		-
Class A Part year:			
While Class A	D	-	
While Class B	E	-	
	F	0	-
Total non-RPP excluding WMP and full year volumes for class A customers who were class A for the full year, and the class A volumes who were class A part year	G = +B- C-D	0	115,552,601
Total Class B Customers excluding WMP and full year volumes for customers who were class A for the full year, and the class A customers who were class A part year	H = +A- C-D		185,746,175

OEB STAFF IR - 21

Ref: Tab 5 of LRAMVA workform

a. Please review the entries submitted in Tables 5-a, 5-b and 5-c for 2015, 2016 and 2017 energy and demand savings. Staff could not validate the 2015, 2016 and 2017 savings submitted, as it appears that gross savings rather than net savings were submitted.

b. Please re-file the LRAMVA workform with the revised savings values for 2015, 2016 and 2017.

RESPONSE

- a) NT Power – MRZ has reviewed Tables 5-a, 5-b and 5-c for the 2015, 2016 and 2017 energy savings and has updated the LRAMVA workform to reflect the net savings in Attachment 4.
- b) NT Power – MRZ has filed the LRAMVA workform with the revised savings values in Attachment 4.

OEB STAFF IR - 22

Ref: LRAMVA workform

a. Please file a live excel version of the LRAMVA workform for the Midland rate zone.
Tab 5 of the LRAMVA workform, as filed, did not include live formulas.

RESPONSE

NT Power - MRZ has filed an updated LRAMVA workform in Attachment 4 as a live excel version.

OEB STAFF IR - 23

Ref: Tab 7 of LRAMVA workform

a. Please update tab 7 of the LRAMVA workform to include projected carrying charges to the effective date of May 1, 2019 in the claim.

RESPONSE

NT Power – MRZ has updated tab 6. Carrying Charges cell C47 and C48 to reflect the Q1, 2019 prescribed interest rate of 2.45% in the LRAMVA workform in Attachment 3.

OEB STAFF IR - 24

- a. If Newmarket-Tay Hydro made any changes to the LRAMVA work form as a result of its responses to these LRAMVA questions, please file an updated LRAMVA work form.
- b. Please confirm any changes to the LRAMVA workform in response to these LRAMVA questions in “Table A-2. Updates to LRAMVA Disposition (Tab 2)”.

RESPONSE

- a) NT Power – MRZ has filed an updated LRAMVA workform in Attachment 4.
- b) NT Power – MRZ has provided the updates in Table A-2 on sheet 1-a. Summary of Changes in the LRAMVA workform, Attachment 4.