EB-2018-0028
REDACTED VERSION

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, 1998* for approval of its proposed distribution rates and other charges effective January 1, 2019.

CONTAINS CONFIDENTIAL INFORMATION

Responses of Toyota Motor Manufacturing Canada Inc. ("TMMC")

to

Clarification Interrogatories (Updated Evidence)

from

Energy+ Inc. ("Energy+")

March 1, 2019

EnergyPlus Clarification Question 1

Reference: TMMC Updated Evidence Filed: 2019-02-15

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Schedule JP-11

Unredacted_TMMC_TCQ_Updated_IRR_EnergyPlus_TC-2_

Schedule JP-11_20190215password protected.xlsm

Questions:

(a) In tab "I9 Direct Allocation" of the excel model, please confirm if the amounts for account 2105 (Accumulated Amortization) and 5705 (Amortization Expense) include the estimates for Poles, Towers and Fixtures as provided in Energy+ Response to TMMC TCQ-IR-2(d).

(b) If the answer to part (a) is yes, please confirm whether the amounts should have been removed, consistent with the removal of account 1830 from the direct allocation tab. If necessary, please provide an update to the evidence, including the excel model.

Responses:

(a) Confirmed.

(b) Confirmed. Schedule JP-11 has been revised accordingly.

EnergyPlus Clarification Question 2

Reference: TMMC Updated Evidence Filed: 2019-02-15

Pages 36 & 37 of 73

Schedule JP-5 Update

Excel file named:

"Unredacted_TMMC_TCQ_Updated_IRR_EnergyPlus_TC 2_Schedule JP-5_20190215 password protected"

Question:

(a) The figures presented in Schedule JP-5 on page 36 of the updated evidence are inconsistent with the same schedule from the supporting Excel model. Please update the evidence to ensure that Schedule JP-5 and the Excel model are consistent and provide the updated evidence.

Response:

(a) TMMC is unaware of any difference between the filed PDF and EXCEL versions of Schedule JP-5.

EnergyPlus Clarification Question 3

Reference: TMMC Updated Evidence Filed: 2019-02-15

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Schedule JP-6 Update Page 1 of 4, Line 8, 9 and 10

Background: Computation of Primary Substation Volumetric Rate and Primary Distribution Volumetric Rate

Schedule JP-6 presents Feeder Costs of $98,919 (line 8, col) and Pole, Towers & Fixtures of $110,250 (line 9, col 1). These two figures add to $209,169. The cost used for the Primary Substation Volumetric rate is $190,877 (line 10, col 1), which is inconsistent with the sum of the components identified.

This difference has a downstream impact on the calculation of the Primary Distribution Volumetric Rate (line 11, col 1).

Questions:

(a) Please explain the discrepancy between the total of the Feeder Costs and Poles, Towers, & Fixtures ($209,169) and the total cost used to calculate the Primary Substation Volumetric Rate ($190,877).

(b) Based on the response to part a), and if required, please make any corrections and provide updates to the evidence, including any revisions to the excel models.

Responses:

(a) There is no discrepancy. The $190,877 is not used in determining the Primary Substation Volumetric rate. That rate is the sum of the per-unit Feeder Costs (line 8) and per unit Primary Poles costs (line 9).

(b) Please see TMMC's Response to Energy+'s Clarification Question 9.

EnergyPlus Clarification Question 4

Reference: TMMC Updated Evidence Filed: 2019-02-15

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Schedule JP-6 Update Page 2 of 4

Background: Computation of Demand Related Costs

Questions:

(a) Please explain why the General & Administrative, Total Large Use Class costs (line 3, col 1) does not equal the General & Administrative, Customer Related Costs (line 3, col 2) plus General & Administrative, Total Demand Related Costs (line 3, col 3).

(b) Based on the response to part a), and if required, please make any corrections and provide updates to the evidence.

Responses:

(a) The calculation of the customer-related G&A costs were incorrect.

(b) Please see TMMC's Response to Energy+'s Clarification Question 9.

EnergyPlus Clarification Question 5

Reference: TMMC Updated Evidence Filed: 2019-02-15

Schedule JP-13, Page 1 of 2, Line 8, Col 1

Background: Supplementary Distribution Service Rate Design

The Shared Facilities Cost is $50,102 (line 8, col 1). This cost is consistent with the value in Excel model "Unredacted_TMMC_TCQ_Updated_IRR_EnergyPlus_TC-2_Schedule JP-11_20190215password protected", on tab O2.2 Primary Cost PLCC Adj, cell S113.

In the Excel model, the value of $50,102 appears to be an equity return computation on the Shared Facilities Cost (i.e. shared poles). The total of the Shared Facilities Cost is provided on tab O2.2 Primary Cost PLCC Adj, cell S114 which is $163,948. This amount includes depreciation, OM&A, PILs, debt return and equity return on the Shared Facilities Cost.

Questions:

(a) Please explain why the value in Schedule JP-13, Page 1 of 2, Line 8, Col 1 is $50,102 and not $163,948.

(b) Based on the response to part a), and if required, please make any corrections and provide updates to the evidence.

Responses:

(a) The cell reference was incorrect. The amount should have been $163,948.

(b) A revised version of Schedule JP-13, page 1 is being provided to all parties. It is based on Schedule JP-11 Revised, which is also being provided to all parties.

EnergyPlus Clarification Question 6

Reference: TMMC Updated Evidence Filed: 2019-02-15

Schedule JP-15, Page 2 of 3.

Question:

(a) Please provide the data source that supports the information in the TMMC Updated Evidence Filed: 2019-02-15, Schedule JP-15, Page 2 of 3 (i.e. the Local Distribution Costs GS 50-999 kW Customer Class).

Response:

(a) The source is Schedule JP-11, specifically the worksheet Local_Shared Costs. Use the drop down menu to select GS 50-999 and the amounts will be displayed in Column J.

EnergyPlus Clarification Question 7

Reference: TMMC Updated Evidence Filed: 2019-02-15

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Preamble: Q. WOULD APPLYING YOUR RECOMMENDED TMMC STANDBY DISTRIBUTION SERVICE RATE RESULT IN ADDITIONAL REVENUES FOR ENERGY+?

A. Yes. Schedule JP-16 is an update of my original Schedule JP-9. It quantifies the revenues that would be derived from implementing my recommended TMMC Standby Distribution service rate during the test year. As discussed in my original written evidence, any revenues derived from the Daily Volumetric Rate should be used to offset Energy+'s test-year revenue requirement. The revenues from the Contract Volumetric Rate were already accounted for in my recommended TMMC rate design for Supplementary Distribution service (Schedule JP-13).

Questions:

(a) Energy+ notes that the distribution revenue and the miscellaneous revenue of $2,022,079 included in the TMMC proposed Cost Allocation Study and summarized in Schedule JP-11 agrees to the amounts in the Energy+ Cost Allocation Study included with the Settlement Proposal. Please confirm whether or not the Daily Volumetric Rate Revenue has been included in the TMMC proposed Cost Allocation Model.

(b) Based on the response to part a), would TMMC propose that the incremental revenues resulting from the Daily Volumetric Rate be allocated to all rate classes since they are based on the Shared Facilities Cost?

Responses:

(a) No. The Daily Volumetric Rate revenues are not included in the $2,022,072 of miscellaneous revenue.

(b) Yes.

EnergyPlus Clarification Question 8

Reference: TMMC Updated Evidence Filed: 2019-02-15

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Schedule JP-16

Preamble: The Daily Volumetric Rate would apply when the customer uses Standby Distribution service; that is, when the customer establishes a higher monthly peak demand while it is also experiencing a generator outage. The customer would have to notify Energy+ when an outage occurs and when the LDG has been fully restored. The daily demand would be the difference between the monthly peak demand established during an outage and the previously established monthly peak demand.

Questions:

(a) With respect to the Daily Volumetric Rate, please confirm:

i. The billing units used in Schedule JP-16 were generated using the methodology and computation as outlined in Schedule JP-7 Revised, dated 2018-10-24.

ii. Please confirm that the annual incremental revenue attributable to the Daily Volumetric Rate based on the TMMC proposal and methodology is $[redacted]

(b) Has TMMC included in its proposed Cost Allocation Study an estimate for the incremental costs associated with implementing and administrating the Daily Volumetric Rate for all customer classes subject to Standby? If not, why not?

(c) Using the Daily Volumetric Methodology, how would you propose that Energy+ forecast the daily demand units that would apply for all customer classes with LDG in the test year and all forward looking years?

Responses:

(a)(i) Confirmed.

(a)(ii) Confirmed.

(b) No. It would be improper to include any incremental costs in a cost allocation model unless that cost was also included in the revenue requirement. However, TMMC is willing to work with Energy+ to determine the most reasonable and cost-effective method of billing TMMC's proposed Standby Distribution rate design if it is approved by the Board.

(c) The best methodology would be to use actual historical information such as that provided in Schedule JP-7 for TMMC. If historical information is not available, then Energy+ would need to use generic information about the expected forced outage rate of LDG based on the specific type and technology of the installed LDGs. The expected forced outage rate could be used as a proxy for the number of days that outages are expected to occur. For example, if the expected forced outage rate is 10%, Energy+ should expect that outages will occur on 36.5 days, on average (8,760 hours x 10% ÷ 365), on which 10.4 of those days would occur on weekends. That leaves 26.1 days of outages.

EnergyPlus Clarification Question 9

Reference: TMMC Updated Evidence Filed: 2019-02-15

Schedule JP-5 Update

Schedule JP-6 Update

Schedule JP-8 Update

Schedule JP-9 Update

VECC Interrogatories for TMMC: 2019-02-22

Question 12.2

Question:

(a) Using the results from VECC IRQ2 12.2, please prepare and file updates to the following schedules and file the CCOSS model in Excel format:

- Schedule JP-5
- Schedule JP-6
- Schedule JP-8
- Schedule JP-9

Response:

(a) Please see Schedule JP-5-VECC12.2 provided in response to VECC12.2, and Schedule JP-6-Energy+ CQ9a, Schedule JP-8- Energy+ CQ9a and JP-9-Energy+ CQ9a attached hereto. An unredacted EXCEL file named “Energy+ Clarification Q9” containing the latter three is being provided to the appropriate parties.

EnergyPlus Clarification Question 10

Reference: TMMC Updated Evidence Filed: 2019-02-15

Schedule JP-13 Page 1 of 2

Schedule JP-14 Page 1 of 1

Response to EnergyPlus-TC7 f)

Questions:

(a) Please provide an updated Response to EnergyPlus-TC7 part f) for each of the following:

i. Schedule JP-5 – TMMC One Large Use Class.

ii. Schedule JP-11 – TMMC Two Large Use Classes.

iii. Response to EnergyPlus Clarification Question 9 – One Large Use Class.

EnergyPlus-TC7 part f) provides a bill impact table using illustrative demand volume billing determinants and applicable rates to show how the Energy+ billing system would charge the various rates proposed in each of the above scenarios to both Large Use customers.

(b) For each of scenarios in part a) include the cost of standby service in the bill impact table using illustrative billing determinants and applicable rates based on the information in TMMC Updated Evidence Filed: 2019-02-15, Page 42 of 73, Schedule JP-8 Update Page 1 or 1.

If any updates or corrections are made to the evidence as part of the Responses to Clarification Questions on TMMC Updated Evidence, please use the updated evidence in preparing the response to a) and b) above, otherwise use the evidence as filed on February 15, 2019.

Response:

(a)(b) Updated Responses to EnergyPlus-TC7 part f) are provided below for each of the listed scenarios.

Scenario (a)(i)				
	Large Use 1		**Large Use 2**	
Description	**Cost**	**Units**	**Cost**	**Units**
Monthly Billing Demand	5,000	kW	22,500	kW
Contract Standby Demand	N/A		6,900	kW
Daily Demand			4,324	kW
Service Charge	$8,976.07	Per Month	$8,976.07	Per Month
Supplementary Volumetric Rate:				
Primary Substation	N/A		[redacted]	per kW

Scenario (a)(i)				
	Large Use 1		Large Use 2	
Description	**Cost**	**Units**	**Cost**	**Units**
Primary Distribution	$4.584	per kW	N/A	
Total Supplementary Charges	$31,894		[redacted]	
Contract Standby Rate				per kW
Daily Volumetric Rate				per kW
Total Standby Charges				

Scenario (a)(ii)				
	Large Use 1		Large Use 2	
Description	**Cost**	**Units**	**Cost**	**Units**
Monthly Billing Demand	5,000	kW	22,500	kW
Contract Standby Demand	N/A		6,900	kW
Daily Demand			4,324	kW
Service Charge	$8,976.07	Per Month	$8,976.07	Per Month
Supplementary Volumetric Rate:				
Primary Substation	N/A		[redacted]	per kW
Primary Distribution	$1.964	per kW	N/A	
Total Supplementary Charges	$18,796		[redacted]	
Contract Standby Rate				per kW
Daily Volumetric Rate				per kW
Total Standby Charges				

Scenario (a)(iii)				
	Large Use 1		Large Use 2	
Description	**Cost**	**Units**	**Cost**	**Units**
Monthly Billing Demand	5,000	kW	22,500	kW
Contract Standby Demand	N/A		6,900	kW
Daily Demand			4,324	kW
Service Charge	$8,976.07	Per Month	$8,976.07	Per Month
Supplementary Volumetric Rate:				
Primary Substation	N/A		[redacted]	per kW

Scenario (a)(iii)				
	Large Use 1		Large Use 2	
Description	**Cost**	**Units**	**Cost**	**Units**
Primary Distribution	$3.011	per kW	N/A	
Total Supplementary Charges	$24,032		[redacted]	
Contract Standby Rate				per kW
Daily Volumetric Rate				per kW
Total Standby Charges				

EnergyPlus Clarification Question 11

Reference: TMMC Updated Evidence Filed: 2019-02-15 Schedule JP-11

Background: Energy+ has prepared and summarized the estimated bill impacts of the TMMC cost allocation proposal based on Schedule JP-11 in Appendix A for all customer classes. Energy+ has added this scenario to the table provided in Response to Technical Conference SEC-11. The summary is attached in Excel format with the file name: "EnergyPlus_TMMC_Clarification_Questions_Appendix_A.xlsx".

In preparing the estimated distribution rates and bill impacts using the scenario from Schedule JP-11, Energy+ has used its rate design model for all rate classes, with the exception of the proposed two Large Use rate classes, which are based on Schedule JP-11.

Questions:

(a) Based on the information contained in Appendix A, please comment on the impacts of the proposal from Schedule JP-11 on the residential, and other customer classes.

Response:

(a) Mr. Pollock believes that the calculated bill impacts for the scenario, TMMC JP-11, are accurate. He would also observe that the bill impacts are not necessarily representative of the percentage increases by customer class.

ENERGY+, Inc.

Recommended Large Use Class Rate Design

Line	Description	Cost	Billing Units		Rate	Reference
		(1)	(2)		(3)	(4)
1	**Revenue Requirement**	$647,256				Schedule JP-6, page 2
	Service Charge:					
2	Present Rates				$8,976.07	Appilcation Exhibit 8 at 10
3	Recommended Rates	$215,426	24	Bills	$8,976.07	No Change
4	**Revenues to be Recovered In Distribution Volumetric Rates**	$431,830				Line 1 - Line 3
5	**Total Demand-Related Costs**	$560,575				Page 2
6	**Revenue-to-Cost Ratio**	77.0%				Line 4 ÷ Line 5
	Primary Substation Costs:					
7	Dedicated Feeder Costs	$92,811	[redacted]	kW	[redacted]	(Line 6 x Sch. JP-6, pg2, Line 12, Col. 3) ÷ Col. 2
8	Primary Poles	$161,784		kW		(Line 6 x Line 11) ÷ Col. 2
9	**Primary Substation Volumetric Rate**	$203,093				Col. 1 = Col. 2 x Col. 3 Col. 3 = Sum Lines 8:9
10	**Primary Distribution Volumetric Rate**	$206,959		kW		(Line 4 - Line 9 - JP-9, Line 1) ÷ Col. 2

11	Primary Poles	$210,018	O2.2 Primary Cost PLCC Adj, Row 114
Col. 2	Schedule JP-6, page 4.		

ENERGY+, Inc.

Large Use Class Revenue Requirement By Component
Based on TMMC's Revised Class Cost-of-Service Study

Line	Description	Total Large Use Class	Customer-Related Costs	Total Demand-Related Costs	TMMC Feeder Costs
		(1)	(2)	(3)	(4)
1	Distribution Costs	$69,440	$32	$69,408	
2	Customer-Related Costs	$4,420	$4,420	$0	
3	General & Administrative	$144,818	$83,784	$61,035	
4	Depreciation & Amortization	$90,602	$3,423	$87,179	
5	PILS	$12,476	$613	$11,863	
6	Interest Expense	$71,749	$3,527	$68,222	
7	Total Expenses	$393,506	$95,799	$297,707	$0
8	Direct Allocation	$103,784	$0	$103,784	$103,784
9	Allocated Net Income	$100,735	$4,952	$95,783	$0
10	Miscellaneous Revenue	$40,472	$26,084	$14,389	
11	Revenue Requirement at Cost	$557,552	$74,668	$482,885	$103,784
12	Rev. Req. at 1.15 RCR*	$647,256	$86,681	$560,575	$120,481

Source:	Schedules JP-3 and JP-5.	
*	Revenue Requirement incl NI	$598,025
	Revenue-to-Cost Ratio (RCR)	1.15
	Revenue Requirement	$687,728
	Less: Misc. Revenue	$40,472
	Target Rate Design Revenue	$647,256

NOT USED

ENERGY+, Inc.

Large Use Class Billing Demand
(Amounts in kW)

Line	Description	Amount	Reference
		(1)	(2)
1	**Supplementary Billing Demand**	330,833	Energy+ Cost Allocation Model Settlement Proposal
2	Primary Substation Billing Demand	[redacted]	Energy+ Response to TCQ TMMC IR-2(a) - Schedule JP-1
3	Primary Distribution Billing Demand		Line 1 - Line 2
	Primary Substation - Feeder		
4	Supplementary Billing Demand	[redacted]	Line 2
5	Standby Contract Demand	82,800	6,900 kW
6	Total Primary Substation - Feeder Billing Demand	[redacted]	Sum Lines 4:5

ENERGY+, Inc.

Recommended Standby Service Rate Design

Line	Description	Rate	Reference
		(1)	(2)
1	**Contract Volumetric Rate**	[redacted]	Schedule JP-6, Page 1, Line 8
	Daily Volumetric Rate:		
2	Local Facilities Unit Cost	[redacted]	Schedule JP-6, Page 1, Line 9
3	No. of Weekdays Per Billing Month	20.9	
4	**Daily Volumetric Rate**	[redacted]	Line 2 ÷ Line 3
5	**Monthly Maximum Standby Volumetric Rate**		Sum Lines 1:2

ENERGY+, Inc.

Revenues From Recommended Standby Service Rate

Line	Description	Rate	Billing Units	Revenues	Reference
		(1)	(2)	(3)	(4)
1	**Contract Volumetric Rate**	[redacted]	82,800 kW	[redacted]	Schedule JP-8
2	**Daily Volumetric Rate**	$0.023	[redacted] kW		Schedules JP-7 & JP-8
3	**Total Standby Service Revenues**				Sum Lines 1:2