

REQUESTOR NAME	VECC
INFORMATION REQUEST ROUND:	# 1
TO:	Newmarket-Tay Power Distribution Ltd. (NT)
DATE:	January 17, 2020
CASE NO:	EB-2019-0055
APPLICATION NAME	2020 Rate Application

COST ALLOCATION

VECC-1

Reference: NT November 11, 2019 Letter re: Updated Cost Allocation Models, page 4
NTRZ Cost Allocation Model (November 11, 2019), Tab O1
MRZ Cost Allocation Model (November 11, 2019), Tab O1

- a) Please provide the “audited financial data” used to populate Worksheet I3 in both Cost Allocation Models.
- b) Were there separate 2018 audited statements for the Newmarket-Tay and Midland Rate Zones?
- c) If there were separate audited statements, please provide and reconcile the OM&A, Depreciation, Financing, PILs and Net Income reported for the NTRZ and the MRZ with those set out in Tab O1 of the respective Cost Allocation Models for each Rate Zone.
- d) If there were not separate audited statements for the two Rate Zones how did NT determine the costs/revenues to be attributed to each of the Rate Zones? Please provide all working papers that support the attribution of costs to the two Rate Zones and reconcile the results with the OM&A, Depreciation, Financing, PILs and Net Income reported for the NTRZ and the MRZ as set out in Tab O1 of the respective Cost Allocation Models for each Rate Zone.

VECC-2

Reference: NT November 11, 2019 Letter re: Updated Cost Allocation Models, page 4
OEB 2018 Yearbook of Electricity Distributors
NTRZ Cost Allocation Model (November 11, 2019), Tabs I6.1, I6.1 and O1

MRZ Cost Allocation Model (November 11, 2019), Tabs I6.1,
I6.1 and O1

- a) Please provide a schedule that sets out: i) the 2018 customer/connection count by rate class as reported in the OEB 2018 Yearbook for Newmarket-Tay's Residential, GS<50, GS>50 and Unmetered Scatter Load, ii) the customer/connection count by rate class as set out in Tab I6.2 of the NTRZ Cost Allocation Model for Residential, GS<50, GS>50 and Unmetered Scatter Load, iii) the customer/connection count by rate class as set out in Tab I6.2 of the MRZ Cost Allocation Model for Residential, GS<50, GS>50 and Unmetered Scatter Load and iv) the total for items (ii) and (iii). Please reconcile any differences between the values reported in the OEB Yearbook and the total per item (iv).
- b) Please provide a schedule that sets out: i) the 2018 kWh by rate class as reported in the OEB Yearbook for Newmarket-Tay's Residential, GS<50, GS>50 and Unmetered Scatter Load, ii) the 2018 kWh by rate class as set out in Tab I6.1 of the NTRZ Cost Allocation Model for Residential, GS<50, GS>50 and Unmetered Scatter Load, iii) the 2018 kWh by rate class as set out in Tab I6.1 of the MRZ Cost Allocation Model for Residential, GS<50, GS>50 and Unmetered Scatter Load and iv) the total for items (ii) and (iii). Please reconcile any difference between the values reported in the OEB Yearbook and the total per item (iv).
- c) Please provide a schedule that sets out: i) the Depreciation and Amortization as reported in the OEB Yearbook for Newmarket-Tay, ii) the 2018 Depreciation and Amortization per Tab O1 of the NTRZ Cost Allocation Model, iii) the 2018 Depreciation and Amortization as set out in Tab O1 of the MRZ Cost Allocation Model and iv) the total for items (ii) and (iii). Please reconcile any difference between the values reported in the OEB Yearbook and the total per item (iv).
- d) Please provide a schedule that sets out: i) the total 2018 Operating, Maintenance and Administrative Expense as reported in the OEB Yearbook for Newmarket-Tay, ii) the total 2018 Operating, Maintenance and Administrative Expense per Tab O1 of the NTRZ Cost Allocation Model, iii) the total 2018 Operating, Maintenance and Administrative Expense per Tab O1 of the MRZ Cost Allocation Model and iv) the total for items (ii) and (iii). Please reconcile any difference between the values reported in the OEB Yearbook and the total per item (iv).

VECC-3

Reference: NT November 11, 2019 Letter re: Updated Cost Allocation
Models
NTRZ Cost Allocation Model (November 11, 2019)

- a) With respect to Tab I4, please explain why for Account 1830 (Poles, Towers and Fixtures) 85% of the costs are deemed to be Primary while for

Account 1835 (Overhead Conductors and Devices) only 75% of the costs are deemed to be Primary.

- b) With respect to Tab I5.2 and the November 11, 2019 Letter, page 5 – please explain the circumstances that lead to only 10% of NTRZ customers in the GS<50 class having legacy services owned by NT Power.
- c) With respect to Tab I5.2 and the November 11, 2019 Letter, page 5 – please provide the reference to NT Conditions of Service that requires all general service 50kW or greater, street light, sentinel light and unmetered scattered load services in the NTRZ to own their services.
- d) With respect to Tab I5.2 and the November 11, 2019 Letter, page 6 – please provide the analysis that demonstrates that the fact there are no collection costs reduces the billing and collecting weighting factor for the sentinel lighting, street lighting and unmetered scattered load classes to 0.4.
- e) With respect to Tab I8, please explain why the GS>50 class has a Line Transformer 4NCP value of 116,459.22 but a Secondary 4NCP value of zero (i.e., why while some customers use a NTRZ transformer none use secondary lines).
- f) With respect to Tab I8, please explain why the GS<50 class has a Line Transformer 4NCP value of 86,983.21 but a Secondary 4NCP value of 11,059.
- g) With respect to Tab I6.1 and Tab I8, please explain why when the GS<50 Line Transformer 4NCP value is less than the Primary 4NCP value (per Tab I8.1) that none of customers receive a transformer ownership credit (per Tab I6.1).

VECC-4

Reference: NT November 11, 2019 Letter re: Updated Cost Allocation Models
MRZ Cost Allocation Model (November 11, 2019)
EB-2012-0147, Midland's Cost Allocation Model per Settlement Proposal

- a) With respect to Tab I4, please explain why for Account 1830 (Poles, Towers and Fixtures) 82.1% of the costs are deemed to be Primary while for Account 1835 (Overhead Conductors and Devices) only 72.9% of the costs are deemed to be Primary.
- b) With respect to Tab I5.2 and the November 11, 2019 Letter, page 5 – please explain the circumstances that lead to only 10% of MRZ customers in the G<50 class having legacy services owned by NT Power.
- c) With respect to Tab I5.2 and the November 11, 2019 Letter, page 5 – please provide the reference to the former Midland Conditions of Service

that required all general service 50kW or greater, street light, sentinel light and unmetered scattered load services in the MRZ to own their services.

- d) It is noted that in its last COS Application (EB-2012-0147) Midland used Service Weighting Factors of 1.5 for GS<50 and 2.0 for GS>50. Please explain the change in weightings used in the current filing.
- e) With respect to Tab I5.2 and the November 11, 2019 Letter, page 6 – please provide the analysis that demonstrates that the fact there are no collection costs reduces the billing and collecting weighting factor for the street lighting and unmetered scattered load classes to 0.7.
- f) With respect to Tab I8, please explain why the GS<50 class has a Line Transformer 4NCP value of 19,797 but a Secondary 4NCP value of zero (i.e., why while some customers use a MRZ transformer none use secondary lines).
- g) With respect to Tab I8, please explain why the GS>50 class has a Line Transformer 4NCP value of 52,829.11 but a Secondary 4NCP value of zero (i.e., why while some customers use a MRZ transformer none use secondary lines).
- h) With respect to Tab I6.1 and Tab I8, please explain why when the GS<50 Line Transformer 4NCP value is less than the Primary 4NCP value (per Tab I8) that none of customers receive a transformer ownership credit (per Tab I6.1).
- i) With respect to the two Cost Allocation Models (Tab I8), please explain why the current model has zero as the Secondary 4NCP value for the GS<50 class whereas the EB-2012-0147 Model has a positive value.
- j) With respect to the two Cost Allocation Models (Tab I8), please explain why the current model has zero as the Secondary 4NCP value for the GS>50 class whereas the EB-2012-0147 Model has a positive value.

VECC-5

Reference: NT November 11, 2019 Letter re: Updated Cost Allocation Models
NTRZ Cost Allocation Model (November 11, 2019)
NT Power Cost Allocation Model – Settlement Jan 2011

- a) With respect to Tab I8 in both models, please explain why for the GS>50 class the 4NCP Secondary value in the current model is zero but in the 2011 model the value is greater than zero.
- b) With respect to Tab I8 in both models, please explain why for the Residential class the 4NCP Line Transformer and Secondary values are equal to the Primary 4NCP value in the current model but were less than the Primary 4NCP value in the 2011 model.

- c) With respect to Tab I4 in both models, please explain why for Acct. 1830 the portion of primary assets has increased from 71% to 85%.

VECC-6

Reference: NT November 11, 2019 Letter re: Updated Cost Allocation Models, pages 14-15
NTRZ Cost Allocation Model (November 11, 2019), Tab I6.1

- a) With respect to pages 14-15, is it the “Total annual revenue with addn chgs” for each NTRZ customer class that reconciles with the audited revenues? If not, what value reconciles with the audited revenues?
- b) Is it the fact that the rates used to determine the “Total annual revenue excl addn chgs” are a simple monthly weighted average of the rates in effect over the year that gives rise to the need for the “addn chgs” adjustment? If not, what gives rise to the need for the adjustment?
- c) Please explain how the NTRZ 2018 monthly fixed and variable rates set out in Table 10 were determined and why they were not used directly in the Cost Allocation.

VECC-7

Reference: NT November 11, 2019 Letter re: Updated Cost Allocation Models, pages 14-15
MRZ Cost Allocation Model (November 11, 2019), Tab I6.1

- a) With respect to pages 14-15, is it the “Total annual revenue with addn chgs” for MRZ each customer class that reconciles with the audited revenues? If not, what value reconciles with the audited revenues?
- b) Is it the fact that the rates used to determine the “Total annual revenue excl addn chgs” are a simple monthly weighted average of the rates in effect over the year that gives rise to the need for the “addn chgs” adjustment? If not, what gives rise to the need for the adjustment?
- c) Please explain how the MRZ 2018 monthly fixed and variable rates set out in Table 10 were determined and why they were not used directly in the Cost Allocation.

VECC-8

Reference: NT November 11, 2019 Letter re: Updated Cost Allocation
Models, page 19
EB-2009-0269 Settlement Agreement

- a) Please provide a schedule that sets out the load forecast (customer/connection count, kWh and kW (where applicable) for each customer class per the EB-2009-0269 Settlement Agreement. Please also provide a reference for the evidence from EB-2009-0269 that supports this load forecast.
- b) Based on the load forecast per part (a), please provide a schedule that sets out the revenues per class and in total using: i) the approved 2019 rates and ii) the approved 2019 rates with the proposed band adjustments.
- c) If the total revenues for the two scenarios set out in part (b) are not the same, please comment on whether or not the proposed band adjustments can be viewed as “revenue neutral”.

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