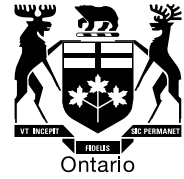


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BY E-MAIL

January 17, 2020

Christine Long
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: Newmarket-Tay Power Distribution Ltd. (Newmarket-Tay Power)
Application for 2020 electricity distribution rates
OEB Staff Interrogatories
Ontario Energy Board File Number: EB-2019-0055**

In accordance with Procedural Order No. 1, please find attached OEB staff's interrogatories in the above noted proceeding. Newmarket-Tay Power and all intervenors have been copied on this filing.

Newmarket-Tay Power's responses to interrogatories are due by January 31, 2020.

Yours truly,

Original Signed By

Andrew Frank
Advisor – Electricity Distribution – Major Rate Applications & Consolidations

Attach.

OEB Staff Interrogatories
2020 Electricity Distribution Rates Application
Newmarket-Tay Power Distribution Ltd. (Newmarket-Tay Power)
EB-2019-0055
January 17, 2020

General

G-Staff-1

Ref: Newmarket-Tay Rate Zone and DVA Continuity Schedule
Midland Rate Zone and DVA Continuity Schedule

There are amounts shown under column “Principal Adjustments during 2017”.

- a) There are amounts shown under column “Principal Adjustments during 2017”.

For Accounts 1588 and 1589, for each rate zone, please provide a breakdown between amounts related to opening balances and “principal adjustments” for each rate zone, to enable OEB staff to determine if any “principal adjustments” approved in a prior proceeding require to be reversed in this proceeding (as per the OEB guidance on Accounts 1588 and 1589).

- b) There are no amounts shown under column “Principal Adjustments during 2018”.

For accounts 1588 and 1589, for each rate zone, please explain why no “principal adjustments” are shown in 2018. Were there any post year-end true-up adjustments or differences in unbilled revenue to actuals or other adjustments made to the account balance that were included in the “transactions debit/(credit) for 2018, if so please separate and include in the principal adjustments column.

G-Staff-2

Ref: IRM Rate Application, Newmarket-Tay Rate Zone, page 12
IRM Rate Application, Midland Rate Zone, page 11
IRM Rate Application, Newmarket-Tay Rate Zone, page 36
IRM Rate Application, Midland Rate Zone, page 35

It its Midland Rate Zone (MRZ) application, Newmarket-Tay Power states that:
In 2018, the Board Staff introduced the 1595 Analysis Workform as a requirement for rate applications if the distributor meets the requirements for disposition of residual balances. The purpose of the new workform is to assist the Board Staff to assess the residual balances in Account 1595 Sub-accounts for

each vintage year are reasonable. NT Power - MRZ intends on meeting the requirements for disposition in the 2021 IRM application.

A similar statement is made in the Newmarket-Tay Rate Zone (NTRZ).

In Newmarket-Tay's last IRM application, the OEB Decision and Rate Order¹ stated:
In its next IRM application, Newmarket-Tay Power should file the results of its 2018 year-end audit and provide a detailed breakdown of the Account 1595 balance proposed for disposition.

In addition, OEB staff notes that in MRZ, there are amounts shown for RRR for Account 1595, Sub-accounts 2015 and 2016. Both of these Sub-Accounts were disposed in Midland's 2019 proceeding.

The tables on pages 11 and 12 of the rate applications indicate that account 1595 is still not reconciled to the RRR.

- a) Please explain why the requirement to complete the account 1595 workform is not being met in this application.
- b) Please confirm that in the MRZ, sub-accounts for 2015, 2016 have already been disposed of in 2019, that sub-accounts can only be disposed of once, and any residual balances are to be written off.
- c) OEB staff notes that in the NTRZ, there was no disposition approved in 2013. Why is there a balance in Account 1595 - Sub-account 2013?
- d) Please prepare 1595 work forms for the NTRZ for 2012, 2014, 2015, 2017 and 2018
- e) Please prepare 1595 work forms for the MRZ rate zone for 2017 and 2018.
- f) Please reconcile the tables on pages 11 and 12 of the rate application relating to account 1595 to the RRR filing for all sub-accounts from 2013-2018. Explanations are required for all unreconciled 1595 sub-accounts. If any changes are required to amounts entered in the DVA continuity schedules, please refile the rate generator models and explain changes made.

G-Staff-3

Ref: OEB's February 21, 2019 Accounting Guidance related to Accounts 1588 and 1589 and OEB Letter

On February 21, 2019, the OEB issued its letter entitled *Accounting Guidance related to Accounts 1588 Power, and 1589 RSVA Global Adjustment (GA)* as well as the related

¹ EB-2018-0055, Decision and Rate Order, April 18, 2019, page 11.

accounting guidance. In their 2020 applications, distributors are to provide a status update on the implementation of the new accounting guidance, a review of historical balances, results of the review, and any adjustments made to account balances.

The OEB set out its expectations for final disposition requests of commodity pass-through account balances as noted in the Addendum.²

The OEB letter on the accounting guidance stated the following:

The new guidance is effective January 1, 2019. Distributors are expected to implement the new guidance no later than August 31, 2019 retroactive to January 2019. In its July 2018 letter, the OEB suspended final disposition of Group 1 accounts until such time as the OEB developed further accounting guidance. The OEB expects that distributors will consider the accounting guidance in the context of their historical balances (i.e. pre January 1, 2019 that have not been disposed on a final basis). If any distributor is of the view that there may be systemic issues with their RPP settlement and related accounting processes that may give rise to material errors or discrepancies, or if the OEB has identified issues with balances, those distributors are expected to correct those balances before filing for disposition in an annual rate application. Distributors not adjusting balances prior to January 1, 2019 should confirm in their rate application that they have considered the accounting guidance and are of the view that no adjustments are required.

- a) For each rate zones, please confirm that the applicant has completed its review of the new Accounting Guidance and any required changes to the accounting and RPP settlement processes for Account 1588 and Account 1589 have been implemented.
- b) For each rate zone, are any summary reports available (e.g. how the review was done)? If yes, please provide a copy.
- c) Please indicate, the effective date of implementation of the accounting guidance at each rate zone.
- d) For each rate zone, please confirm that there are no systemic issues with the applicant's RPP settlement and related accounting processes, if not confirmed please explain issues and describe and quantify adjustments made.
- e) OEB staff notes that the OEB had identified issues with historical balances, and an external review was completed in 2018 for Newmarket Rate Zone. As per the February 21, 2019 OEB letter, please indicate whether the variances for the following years have been reviewed in light of the February 21, 2019 guidance:
 - i. 2017 (which were disposed on an interim basis)
 - ii. 2018

² Addendum to Filing Requirements For Electricity Distribution Rate Applications - 2020 Rate Applications, dated July 15, 2019

- f) If 2017 and 2018 variances were not reviewed in light of the new guidance, please explain why not?

G-Staff-4

Ref: 2020 Rate Generator Model for Newmarket Rate Zone; 2020 Rate Generator Model for Midland Rate Zone

The balance in Account 1588 is too high for both rate zones. OEB staff notes that if the distributor performs its settlements and true-ups of settlements with the IESO correctly, the only variances that should remain in Account 1588 should be the differences in actual line losses and line losses built in rates. Please provide an explanation for the large balance in Account 1588 in each of the rate zones.

The applicant has the following balances in Account 1588 (net of interim dispositions in 2019 proceedings) as of December 31, 2018:

Newmarket Tay Rate Zone	\$3,442,278
Midland	\$(187,386)

On a net basis, this is a debit of \$3,254,892. This is greater than 5% of the power charges recorded in Account 4705.

- a) Please provide an explanation for the large balance in Account 1588 for each respective rate zone.

G-Staff-5

**Ref: IRM Rate Application, Newmarket-Tay Rate Zone, page 20
IRM Rate Application, Midland Rate Zone, page 19**

In the NTRZ, Newmarket-Tay proposes not to dispose of its Group 1 variance accounts: NT Power has elected to not dispose of all Group 1 deferral and variance account balances in the NTRZ in this application as the balances are at the threshold test at a total claim per kWh of \$0.0010.

While in the MRZ, Newmarket-Tay Power proposes to dispose of Group 1 variance accounts:

The MRZ deferral and variance account balances do not exceed the threshold test with a total claim per kWh of \$0.0009. NT Power is requesting disposal of the deferral and variance account balances for MRZ in an effort to mitigate potential future rate increases in 2021.

- a) Please explain why Newmarket-Tay has opted to dispose of a balance in MRZ despite not quite having met the materiality threshold, and at the same time opted to not dispose of a balance in NTRZ while having just barely met the materiality threshold.

G-Staff-6

Re: IRM Rate Generator Models

Staff has made the following changes to your models.

- Sheet 11 column L was updated for the OEB approved 2020 Hydro One Sub-Transmission Rates.
 - Sheet 16, Price escalator was updated to 2%
 - Sheet 17, TOU pricing was updated for November 1, 2019 rates
 - Sheet 20, bill impacts, updated to include the 31.8% Ontario Electricity Rebate.
- a) Please confirm the changes and that Newmarket-Tay Power is in agreement with the changes.

G-Staff-7

Please update the rate generator and LRAMVA models as required for all identified changes as a result of the interrogatories.

Cost Allocation

CA-Staff-8

Ref: Cost Allocation Report, page 4

**Newmarket-Tay Cost Allocation Model, Sheet O1 Revenue to Cost
Midland Cost Allocation Model, Sheet O1 Revenue to Cost**

Newmarket-Tay states that “The cost allocation models contain the 2018 actual costs, customer numbers, kWh and kW values for each rate zone.”

- a) Please provide five years of historic actual energy by rate zone and rate class.
- b) For rate classes that are demand billed, please provide five years of historic actual billing demand by rate zone and rate class.

CA-Staff-9

Ref: Newmarket-Tay Cost Allocation Model, Sheet I4 BO Assets
2010 Newmarket-Tay Cost Allocation Model, Sheet I4 BO Assets

In the current cost allocation model, Newmarket-Tay Power has updated the proportion of distribution assets operating at the primary level (with the remainder operating at the secondary level).

	2020 IRM	2010 COS
1830 – Poles, Towers and Fixtures	85%	71%
1835 – Overhead Conductors and Devices	75%	71.29%
1840 – Underground Conduit	100%	64%
1845 – Underground Conductors and Devices	100%	75.75%

- a) Please explain how Newmarket-Tay derived the primary vs secondary proportions in the current application.
- b) Please explain the cause of the significant increase in the proportion of assets operating at the primary level vs the 2010 COS application.

CA-Staff-10

Ref: Newmarket-Tay Cost Allocation Model, Sheet I6.2 Customer Data
Midland Cost Allocation Model, Sheet I6.2 Customer Data

Newmarket-Tay Power has not populated the Number of Connections, Line Transformer base or Secondary Customer base counts for Sentinel Lighting and Unmetered Scattered Load where these entries appear despite these customers being served by line transformer and secondary distribution assets.

- a) Please revise the entries on sheet I6.2 Customer Data, row 19 to reflect the count of connections.
- b) Please revise the entries on sheet I6.2 Customer Data, rows 24 and 25 to reflect the count of customers using line transformer and secondary assets.

CA-Staff-11

Ref: Newmarket-Tay Cost Allocation Model, Sheet I6.2 Customer Data; Sheet I8 Demand

Newmarket-Tay Power indicates of 32,622 residential customers, 31,782 are served by utility owned line transformers, and 31,146 are connected to the secondary distribution system. With respect to load, it indicates that all 244,761 kW of 4 non-coincident peak (NCP) demand receives services of utility primary distribution, line transformers and secondary distribution.

- a) Please reconcile the apparent inconsistency.

CA-Staff-12

**Ref: Cost Allocation Report, page 7
Newmarket-Tay Cost Allocation Model, Sheet I6.1 Revenue
Midland Cost Allocation Model, Sheet I6.1 Revenue**

Newmarket-Tay Power has populated the existing monthly charge for all rate classes using a weighted average of the 2017 rates and 2018 rates. This appears to reflect the rates in effect in calendar 2018.

Newmarket-Tay Power states that "Adjustments in row 37 have been included to insure the revenues in rows 39 to 41 match the actual 2018 distribution revenues."

- a) Please confirm the observation that the rates entered in I6.1 Revenue are designed to reflect calendar 2018, or explain the purpose and derivation of the rates used.
- b) Please provide a derivation of the 2018 actual revenue by rate class at actual rates and volumes. In doing so, please identify the reason for the adjustment on row 37.
- c) Please provide a cost allocation scenario where the existing rates entered are 2019 approved rates without any adjustments.

CA-Staff-13

**Ref: Newmarket-Tay Cost Allocation Model, Sheet I6.1 Revenue; Sheet I8 Demand Data
2010 Newmarket-Tay Cost Allocation Model, Sheet I6 Customer Data**

On the Revenue worksheet, Newmarket Tay Power indicates that in the GS > 50 rate class, 34,038 kW out of 621,805 kW (5.5%) of billing demand are subject to transformer

ownership allowance (TOA), implying that this load is served by customer owned transformers. In the previous application, 601,285 kW out of 788,495 kW (76.3%) of this billing demand was subject to TOA.

Demand Data worksheet, 116,459 kW of 182,532 kW (63.8%) of GS > 50 4 NCP load is served by Newmarket-Tay Power owned transformers.

- a) Please explain how the proportion of billing demand for which TOA applies fell from 76.3% in the 2010 COS to 5.5% in the current application.
- b) Please explain how 63.8% of 4 NCP demand is served by Newmarket-Tay owned transformers, and only 5.5% of billing demand is served by customer owned transformers.

CA-Staff-14

**Ref: Newmarket-Tay Cost Allocation Model, Sheet I8 Demand Data
Midland Cost Allocation Model, Sheet I8 Demand Data**

Newmarket Tay Power has provided NCP data for the GS < 50 rate class in the NTRZ as follows:

	1 NCP	4 NCP
Classification NCP from Load Data Provider	30,917	110,586
Primary NCP	30,917	110,586
Line Transformer NCP	24,318	86,983
Secondary NCP	2,348	11,059

The 1 NCP is the highest usage of a rate class for the entire year. The 4 NCP is to be determined by adding up the four highest monthly peaks for the rate class. One of these will be the annual peak, and the other three will not be higher than the annual peak. Newmarket-Tay Power has indicated a 4 NCP of 11,059 kW, which is 4.7 times the 1 NCP of 2,348 kW.

The Secondary 4 NCP in NTRZ of 11,059 kW is 10% of the Primary 4 NCP of 110,586 kW.

In the MRZ, there is no secondary demand associated with the GS < 50 rate class.

- a) Given the above, please review the derivation of the Secondary 1NCP and Secondary 4NCP. If Newmarket-Tay believes the calculations are correct, please provide the derivation.
- b) Please explain the typical connection of a GS < 50 customers that result in only 10% of 4 NCP load being served by the secondary distribution system in NTRZ and none of the 4 NCP load being served by the secondary distribution system in MRZ.

CA-Staff-15

Ref: Midland Cost Allocation Model, Sheet I6.1 Revenue; Sheet I8 Demand Data

On the Revenue worksheet, Newmarket Tay Power indicates that in the GS > 50 rate class, 193,455 kW out of 282,527 kW (68.5%) of billing demand are subject to TOA, implying that this load is served by customer owned transformers. Conversely, on the Demand Data worksheet, 52,829 kW of 72,148 kW (72.2%) of 4 NCP load is served by Newmarket-Tay Power owned transformers.

- a) Please reconcile the apparent inconsistency that in depending on the measure of load, a larger majority of GS > 50 class load is served by customer owned transformers or by Newmarket-Tay Power owned transformers.

CA-Staff-16

Ref: Cost Allocation Report, page 11

Newmarket-Tay Rate Generator Model, Sheet 16. Rev2Cost

Newmarket-Tay indicates that it is proposing to adjust the revenue to cost ratios in the NTRZ to bring the revenue-to-cost ratios for Sentinel Lighting, Street Lighting, and Unmetered Scattered Load down to 120%, which is the top of the target range. The residential rate class, which is the only rate class with a revenue-to-cost ratio below 100% would receive an offsetting rate increase.

Rate adjustments are entered in the rate generator model for the corresponding rate classes.

- a) Please provide a derivation of the rate adjustments used, and indicate how these result in the targeted revenue-to-cost ratios.

CA-Staff-17

Ref: Cost Allocation Report, page 8

Newmarket-Tay Power has determined the meter reading weighting factor for a smart meter with demand to be 1.25 in MRZ, and 10.0 in NTRZ. It states that these meters are read manually in NTRZ.

- a) Why are smart meters with demand read manually in NTRZ?
- b) Does Newmarket-Tay Power have plans to start reading its smart meters with demand in NTRZ using an approach similar to what it uses in MRZ?

CA-Staff-18

Please update the cost allocation models for all identified changes as a result of the interrogatories.

Newmarket-Tay Rate Zone**NTRZ-Staff-19**

Ref: Newmarket-Tay Rate Zone, Application Summary (page 12)
Newmarket Tay DVA Continuity Schedule

There is a discrepancy for certain variance account balances as of December 31, 2018 as per the application and the DVA Continuity Schedule as indicated in the Table compiled below:

Account Descriptions	Account Number	Closing Principal Balance as of Dec 31, 2018 (Note (2))	Closing Interest Amounts as of Dec 31, 2018	Total Closing P+I	Application page 12	Difference	
Group 1 Accounts							
LV Variance Account	1550	829,406	23,166	852,571	852,571	0	
Smart Metering Entity Charge Variance Account	1551	(39,555)	1,283	(38,272)	(38,272)	0	
RSVA - Wholesale Market Service Charge ⁵	1580	(2,700,813)	(97,991)	(2,798,804)	(2,800,189)	1,385	
Variance WMS – Sub-account CBR Class A ⁵	1580	(0)	0	(0)		(0)	
Variance WMS – Sub-account CBR Class B ⁵	1580	487,036	3,797	490,833	0	490,833	
RSVA - Retail Transmission Network Charge	1584	(605,518)	11,269	(594,249)	(594,249)	0	
RSVA - Retail Transmission Connection Charge	1586	680,396	38,077	718,473	718,473	(0)	
RSVA - Power ⁴	1588	4,785,906	101,394	4,887,299	4,887,299	0	
RSVA - Global Adjustment ⁴	1589	1,916,551	48,541	1,965,092	1,965,092	(0)	
Disposition and Recovery/Refund of Regulatory Balances (2009)	1595 (2009)	63,648	1,400	65,048	0	65,048	Note (1)
Disposition and Recovery/Refund of Regulatory Balances (2013)	1595 (2013)	(781,261)	(3,198)	(784,459)	0	(784,459)	
Disposition and Recovery/Refund of Regulatory Balances (2014)	1595 (2014)	167,819	3,126	170,944	170,944	0	
Disposition and Recovery/Refund of Regulatory Balances (2015)	1595 (2015)	(14,570)	(271)	(14,842)	(14,842)	0	
Disposition and Recovery/Refund of Regulatory Balances (2016)	1595 (2016)	0	0	0	0	0	
Disposition and Recovery/Refund of Regulatory Balances (2017)	1595 (2017)	17,212	321	17,532	17,532	0	
Disposition and Recovery/Refund of Regulatory Balances (2018)	1595 (2018)	490,304	9,132	499,436	499,436	(0)	
		5,296,558	140,044	5,436,603	5,663,795	(227,192)	
	(1)	this row is hidden on the continuity sch but there is an amount and it is included in the total.					
	(2)	This column is before disposition of 2017 balances disposed in 2019 rates.					

a) Please explain the differences and refile the corrected schedules.

NTRZ-Staff-20

**Ref: Newmarket-Tay Rate Generator Model, Sheet 1. Information Sheet
Newmarket-Tay Rate Generator Model, Sheet 3. Continuity Schedule
Newmarket-Tay 2019 Rate Generator Model, Sheet 3. Continuity Schedule**

In its 2019 rate generator model, Newmarket-Tay has populated Account 1595 Disposition and Recovery/Refund of Regulatory Balances (2012). No other sub-accounts of 1595 were populated with balances. In the current rate generator model, the same historic values are populated into the 2013 sub-account.

In addition, Newmarket-Tay has populated credit adjustments of \$501,404 principal and \$7,323 interest. This effectively results in the 2013 sub-account in the current model having exactly double the value that the 2012 sub-account had in the 2019 model, at the end of 2017.

Transactions have been entered for Account 1595 sub-accounts 2013, 2014, 2015, 2017 and 2018 having occurred in 2018. None of the 1595 sub-accounts for 2014, 2015, 2017 or 2018 had any transactions recorded for years prior to 2018.

- a) Please confirm that all values recorded in 1595 (2013) are actually applicable to 2012, and none apply to 2013.
- b) If part a) cannot be confirmed, please file a revised model which correctly records 2012 transactions in the 2012 sub-account and 2013 transactions in the 2013 sub-account.
- c) Please explain whether the principal adjustments recorded for 1595 (2013) in 2017 were an error, and if not, please provide details regarding the source of these principal adjustments.

NTRZ-Staff-21

**Ref: Newmarket-Tay Rate Zone, Application Summary, page 36
Newmarket-Tay Rate Generator Model, Sheet 9. Shared Tax – Rate Rider**

Newmarket Tay Power states that “the IRM Rate Generator model generated a rate rider for each rate class for a total allocation of tax savings of (\$41,095).” However, the filed rate generator model indicates \$0.00 for all rate classes.

- a) Please reconcile. If the model should generate a rate rider, please ensure that it does. If not, please confirm that the balance of \$41,095 will be transferred to account 1595.

NTRZ-Staff-22

Ref: Newmarket-Tay Rate Zone, Application Summary (GA Methodology Description, page 26)

In response to Question 2 f), the applicant has indicated that the 2018 November and December true-ups were recorded in the utility’s GL in 2019. However, the true-up amounts are not shown on the DVA Continuity Schedule.

- a) Please provide reasons for not including the variance amounts related to 2018 in 2018 under “principal adjustments’ on the DVA Continuity Schedule for regulatory purposes.

NTRZ-Staff-23

**Ref: 2018 GA Workform – Newmarket Rate Zone
DVA Continuity Schedule - Newmarket Rate Zone**

Reconciling item #7 shows a credit adjustment of \$913,576. In accordance with the OEB guidance, this amount should be shown as a “principal adjustment” on the DVA

Continuity Schedule. OEB staff notes that this adjustment would also impact Account 1588.

- a) Please make the necessary corrections to the schedules and refile.

NTRZ-Staff-24

LRAMVA

**Ref: Newmarket-Tay Rate Generator Model, Sheet 3. Continuity Schedule
Newmarket-Tay LRAMVA model**

Newmarket-Tay has recorded \$432,891 principal and \$13,696 interest as 2018 transactions in the continuity schedule. These reflect the principal and interest to April 30, 2020 as reported in the LRAMVA model.

- a) Please explain all other entries on the continuity schedule for account 1568.
- b) If these amounts relate to disposed balances, please explain why these balances were not transferred to account 1595 in the year they were disposed.

NTRZ-Staff-25

LRAMVA

Ref: Newmarket-Tay LRAMVA model

Newmarket has requested approval of an LRAMVA amount for its NTRZ of \$446,588. This amount is for lost revenues in 2018 from programs delivered in 2018 as well as lost revenues from persisting savings from programs delivered between 2011 and 2017.

- a) Please review the 2018 incremental energy savings from the P&C Report and confirm that the 276,163 kWh of savings included under the Industrial - Process and Systems Upgrades Initiatives is correct and that these savings should not be applied to the Residential Heating and Cooling Program. If a change is required, please update the workform and indicate the impact to the LRAMVA total.

Midland Rate Zone

MRZ-Staff-26

Ref: Application summary – Midland Rate Zone, page 22

The evidence indicates that an annual true-up is performed to align the settlement submissions with the fiscal year.

- a) OEB staff notes that the February 21, 2019 OEB accounting guidance requires the utilities to perform monthly true-ups based on actual consumption data.

Please indicate if the applicant is following this guidance with respect to true-ups in the Midland rate zone.

- i. If yes, please indicate the effective date.

MRZ-Staff-27

Ref: Application Summary – Midland Rate Zone, page 28
2018 GA Workform – Midland Rate Zone
DVA Continuity Schedule – Midland Rate Zone

The applicant has stated that there was an error discovered when completing the 2018 GA Workform and a reallocation of \$337,322 is required between the two commodity accounts.

- a) Please indicate if a review of 2017 was also performed to determine if similar error was made and affected 2017 variance.
 - i. If no to part a), why not?
 - ii. If yes, please provide further details of any adjustments that were required to 2017 variances as a result of the review.
 - iii. Please indicate if any adjustments have been made to 2017 variances as a result of the review, and where are they shown on the continuity schedule.

MRZ-Staff-28

Ref: 2018 GA Workform – Midland Rate Zone
DVA Continuity Schedule - – Midland Rate Zone

Reconciling item #7 shows a credit adjustment of \$337,322. In accordance with the OEB guidance, this amount should be shown as a “principal adjustment” on the DVA Continuity Schedule. OEB staff notes that this adjustment would also impact Account 1588.

- a) Please make the necessary corrections to the schedules and refile.

MRZ-Staff-29

LRAMVA

Ref: Midland Rate Generator Model, Sheet 3. Continuity Schedule
Midland LRAMVA model

Newmarket-Tay has recorded \$90,126 principal and \$2,852 interest as 2018 transactions in the continuity schedule. These reflect the principal and interest to April 30, 2020 as reported in the LRAMVA model.

- a) Please explain all other entries on the continuity schedule for account 1568.
- b) If these amounts relate to disposed balances, please explain why these balances were not transferred to account 1595 in the year they were disposed.

MRZ-Staff-30

LRAMVA

Ref: Midland LRAMVA model

Newmarket has requested approval of an LRAMVA amount for its Midland RZ of \$92,978. This amount is for lost revenues in 2018 from programs delivered in 2018 as well as lost revenues from persisting savings from programs delivered between 2011 and 2017.

- a) Please provide an explanation that supports the inclusion of persisting savings from 2011, 2012 and 2013 CDM programs in 2018 when the Midland RZ had an updated load forecast and CDM threshold approved as part of its 2013 COS. Please provide the basis for the 2013 LRAMVA threshold and clearly indicate that actuals from 2011, 2012 or 2013 were not factored into the load forecast.
- b) Please review the 2018 incremental energy savings from the P&C Report and confirm that the 92,295 kWh of savings included under the Industrial - Process and Systems Upgrades Initiatives is correct and that these savings should not be applied to the Residential Heating and Cooling Program. If a change is required, please update the work form and indicate the impact to the LRAMVA total.