Ontario Energy Board | Commission de l'énergie de l'Ontario

BY EMAIL

January 21, 2021

Christine E. Long
Registrar
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 2021 Electricity Distribution Rates
OEB Staff Interrogatories
EB-2020-0041 Application for 2021 Rates

In accordance with Procedural Order #1, please find attached the Ontario Energy Board (OEB) Staff interrogatories in the above proceeding. The applicant and intervenors have been copied on this filing.

Newmarket-Tay Power's responses to interrogatories are due by February 4, 2021.

Any questions relating to this letter should be directed to Katherine Wang at katherine.wang@oeb.ca or at 416-440-7619. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Digitally signed by Katherine Wang
Date: 2021.01.21 12:36:55 -05'00'

Katherine Wang
Incentive Rate Setting & Regulatory Accounting

Encl.

OEB Staff Interrogatories
Newmarket-Tay Power Distribution Ltd.
2021 IRM Application

Please note, Newmarket-Tay Power is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff questions and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

General:

G-Staff-1
Ref 1: Updated Rate Generator Models

OEB staff has made the following generic updates to the Rate Generator Models. Please review and confirm the updates.

- Tab 11 – Updated 2021 Uniform Transmission Rates (UTRs) and 2021 Hydro One Sub-transmission Rates
- Tab 17 – Updated 2021 Time-of-Use (TOU) Prices
- Tab 17 – Updated the Inflation Factor for Pole Attachment Charge to 0%
- Tab 20 – Updated the Ontario Electricity Rebate (OER) to 21.2%

Newmarket-Tay Rate Zone (NTRZ):

NTRZ-Staff-1
Ref 1: Rate Generator Model, Tab 3 Continuity Schedule – 2019 OEB-approved Disposition

As stated in the Decision and Rate Order for Newmarket-Tay Power's 2019 rate application (EB-2018-0055), the Group 1 account balances (as shown in screenshot below) were approved for interim disposition. In Tab 3 Continuity Schedule file in the current application, Newmarket-Tay Power reported the OEB-approved disposition amounts for 2019 in columns BE (principal) and BJ (interest).

OEB staff notes that for Accounts 1551, 1580, 1580-CBR Class B, 1584, 1586, 1588 and 1589, the disposition amounts entered in columns BE and BJ are with the opposite directional sign (i.e. a credit balance was entered as a debit balance) when compared to the OEB-approved disposition balances in EB-2018-0055 Decision. Please correct the disposition column accordingly, or provide rationale for why those adjustments are not necessary.

Table 7.2: Newmarket-Tay Power Main Rate Zone
Group 1 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance ($) A	Interest Balance ($) B	Total Claim ($) C=A+B
LV Variance Account	1550	657,362	28,331	685,693
Smart Metering Entity Variance Charge	1551	38,216	2,607	40,822
RSVA - Wholesale Market Service Charge	1580	(3,111,963)	(131,998)	(3,243,961)
Variance WMS - Sub-account CBR Class B	1580	487,036	17,889	504,925
RSVA - Retail Transmission Network Charge	1584	(476,132)	(9,632)	(485,764)
RSVA - Retail Transmission Connection Charge	1586	426,004	39,272	465,276
RSVA – Power	1588	1,366,310	78,711	1,445,021
RSVA - Global Adjustment	1589	1,162,970	56,163	1,219,133
Totals for all Group 1 accounts		549,802	81,344	631,146

NTRZ-Staff-2
Ref 1: Rate Generator Model, Tab 3 Continuity Schedule – 2019 OEB-approved Disposition and Adjustment in Account 1595 (2014 and pre-2014)

In the Continuity Schedule, under 2019, Newmarket-Tay Power reported a debit balance of $12,281 and a credit balance of $12,281 for principal and interest dispositions in Account 1595 (2014 and pre-2014), respectively. A principal adjustment of $10,400 is also reported for this account. In Newmarket-Tay Power's 2019 Decision and Rate Order (EB-2018-0055), there is no disposition amount approved in Account 1595 (2014) (or residual balance in Account 1595 for any year before 2014).

Please provide explanations for the above-noted disposition and adjustment amounts and update the Continuity Schedule, as needed.

NTRZ-Staff-3
Ref 1: Rate Generator Model, Tab 3 Continuity Schedule – Account 1595 Sub-accounts
Ref 2: 1595 Analysis Workform
Ref 3: Manager's Summary, page 60

As noted in the Continuity Schedule and the Manager's Summary, Newmarket-Tay Power is seeking disposition of Account 1595 for the years 2014 and pre-2014, 2015 and 2017. Newmarket-Tay Power also filed the 1595 Analysis Workform for these years.

a) According to Newmarket-Tay Power's 2017 IRM decision (EB-2016-0275), there was no disposition amount approved for Group 1 DVAs as the disposition threshold was not exceeded. In the same decision, the Shared Tax amount pertaining to 2017 was approved to be disposed through a one-year rate rider. Therefore, there should not be balances recorded in Account 1595 (2017). The Shared Tax amount of $40,969 approved in the 2018 decision (EB-2017-0062 as noted in the Manager's Summary) should be included in Account 1595 (2018). Please provide explanation for the balances reported in Account 1595 (2017) in the Continuity Schedule and 1595 Workform in the current application. Please include any necessary updates.

b) According to Newmarket-Tay Power's 2015 IRM decision (EB-2014-0095), there was no disposition amount approved for Group 1 DVAs as the disposition threshold was not exceeded. In the same decision, the Shared Tax amount pertaining to 2015 was approved to be disposed through a one-year rate rider. Therefore, there should not be balances recorded in Account 1595 (2015). Please provide explanations (detailed information with related calculations and reference) for the balances reported in Account 1595 (2015) in the Continuity Schedule and 1595 Workform in the current application. Please include any necessary updates.

c) It is noted that there were no rate applications filed for 2011 or 2013. Therefore, there was also no Group 1 account disposition approved for 2011 or 2013 and there should not be balances recorded in Account 1595 (2011) or Account 1595 (2013). Newmarket-Tay Power filed data for 2011 and 2013 in 1595 Workform. Please provide explanations for the balances filed in these two tabs (OEB-approved disposition and rate rider amounts) with supporting references, and/or make necessary updates (in 1595 Workform and Continuity Schedule), if needed.

d) In Newmarket-Tay Power's 2014 Decision and Rate Order EB-2013-0153, the OEB approved disposition of a debit amount of $665,838 for the former Newmarket Hydro and a credit amount of $331,838 for the former Tay Hydro for the pre-harmonized balances as of December 31, 2010. The OEB also approved the disposition of the credit amount of $1,257,400 for Newmarket Tay Power's post-harmonized balance as of December 31, 2012 for a combined credit balance of $923,402 as of December 31, 2012. Please provide a detailed reconciliation for the principal and interest disposition amounts Newmarket-Tay reported for 2014 in the 1595 Workform. Please explain which DVA (2014) and GA (2014) rate riders are included in the analysis in the "Step 1" table.

e) Please review the instruction notes in the "Instructions" tab of the IRM model – in cells E28 and E30. Please ensure for each Account 1595, the data is input starting from the year the sub-account started to accumulate a balance (i.e. the vintage year). There is an example in the instruction note that the applicant may follow.

NTRZ-Staff-4
Ref 1: Rate Generator Model, Tab 6 Class A Consumption Data

As indicated in the application, Newmarket-Tay's Account 1589 GA was last disposed on a final basis for 2012 balances, and there were Class A/B transition customers during the period that the GA balance accumulated. Therefore, in Tab 6 of the IRM model, the applicant must enter the consumption and demand data for transition customers and Class A customers in tables 3a and 3b. This tab has now been updated by OEB staff to show the year columns (the period account balances accumulated – 2013 to 2019) in tables 3a and 3b. Please enter the required data in the two tables in Tab 6 and update Tab 6.1a, Tab 6.1, Tab 6.2a and Tab 6.2, as required.

NTRZ-Staff-5
Ref 1: Rate Generator Model, Tab 20 Bill Impacts – RTSR

OEB staff updated the 2021 UTRs and Hydro One Sub-transmission rates in Tab 11 of the IRM model. As shown in Tab 20 Bill Impacts, the NTRZ's Retail Transmission Service Rate (RTSR) charges have relatively high bill impacts (greater than 5% for RTSR-Network and greater than (8%) for RTSR-Connection) for all classes. As flagged in red text in column N of Tab 20, a distributor is expected to provide reasons for the change in RTSRs in the application. Please provide explanations for the large changes in the NTRZ's RTSRs.

NTRZ-Staff-6
Ref 1: LRAMVA Workform, Tab 5

There were additional savings included in the LRAMVA calculation (such as the adjustment to the 2017 Process and Systems Update Initiative (PSUI) and 2019 savings) that were not identified in the Participation and Cost (P&C) Report.

a) Please explain how the 2017 adjustment to PSUI savings was derived, as savings of 631,244 kWh were not included in the P&C report.
b) Please explain why the 2019 savings were not included in the P&C report and why the additional project savings claimed would be eligible for lost revenue recovery.
c) Please provide supporting documentation (e.g. an excel copy of the CDM Information System (CDM-IS) report) to substantiate the additional project savings claimed in 2019, with the following data included:
    - Framework under which the savings will be delivered under (e.g. CFF wind-down framework, interim framework, etc.)
    - Date that the program was approved by the IESO
    - Expected completion date of the program
    - Expected kWh and kW savings (net)
    - Delivery agent for the program savings (e.g. LDC or IESO led)
    - Approval date of an IESO incentive
d) If supplemental reports cannot be provided in support of any project(s) identified above, please identify the project(s) and discuss the accuracy level of the savings estimates.
e) Please provide a discussion of how the persistence of 2018 energy and demand savings were estimated into 2019, including assumptions and reports used.

NTRZ-Staff-7
Ref 1: LRAMVA workform, Tabs 3 and 5

NTRZ completed the transition to a fixed residential charge as of May 1, 2019, however, it is proposing to claim lost revenues from the residential class in 2019. As a result of the transition to the fixed residential charge, distributors will no longer experience lost revenues due to reduced consumption.

As the May 1, 2019 fixed residential charge is no longer a volumetric rate, the LRAMVA Workform calculates residential lost revenues in 2019 by taking the full year value of persisting savings from prior years into 2019 and multiplying that amount by 1/3 of the

2018 volumetric rate (i.e. Jan 1 to April 30, 2019) to calculate lost revenues for 2019, as this period was before the fixed residential charge was in place.

Please provide rationale for claiming lost revenues for the residential class for all of 2019 when the utility has transitioned to a fixed residential charge as of May 1, 2019.

NTRZ-Staff-8
Ref 1: LRAMVA Workform, Tab 6

The carrying charges on the principal balance are not calculated to May 1, 2021.

Please populate column H (cells 165-169) in Table 6-a with the corresponding monthly interest rate for the period to calculate projected carrying charges to May 1, 2021.

NTRZ-Staff-9
Ref 1: LRAMVA Workform, Tab 1-a

a) If Newmarket-Tay Power made any changes to the LRAMVA Workform for the NTRZ as a result of its responses to the above LRAMVA interrogatories, please file an updated LRAMVA Workform.
b) Please confirm that any changes to the LRAMVA Workform in response to any LRAMVA interrogatories are reflected in "Table A-2. Updates to LRAMVA Disposition (Tab 1-a)".

NTRZ-Staff-10
Ref 1: 2020 IRM Decision and Order EB-2019-0055, page 11
Ref 2: Manager's summary, page 25
Ref 3: Appendix 7: DVA Review External Auditor's Report

Regarding the Group 1 DVA balances for the NTRZ, page 11 of Newmarket-Tay Power's 2019 IRM Decision and Order states the following:

Findings

The OEB agrees that there should be no disposition of the Group 1 DVAs in this proceeding for the NTRZ. The OEB expects Newmarket-Tay Power to ensure that all Group 1 balances for the entire period from 2013 to 2019 for the NTRZ have been thoroughly reviewed, and the results of that review are filed with the 2021 rate application. Newmarket-Tay Power undertook an independent special purpose audit for the Group 1 RSVAs for the NTRZ for the 2013 to 2017 period, before the OEB issued its accounting guidance. The OEB will leave it to Newmarket-Tay Power's discretion whether the review to be filed with the 2021 rate application is completed in-house or by an independent auditor. Whichever approach, the OEB expects sufficient detail to be filed with the OEB to support balances proposed for disposition. This review shall include an assessment of accounting and settlement practices for Accounts 1588 and 1589, all necessary workforms for the sub-accounts of Account 1595, and detailed explanations for any adjustments made.

Page 25 of manager's summary states that:

> NT Power engaged Baker Tilly an independent auditor to conduct a detailed review of Group 1 NTRZ balances for 2013 to 2019…The review includes an assessment of accounting and settlement practices for Account 1588, Account 1589 and all sub accounts of Account 1595. A review of RPP calculations, embedded generation settlement claims, CT 148 between RPP and non RPP that flow into Account 1588 and 1589 and the related controls were completed to ensure accuracy and identify any adjustments.

Regarding the scope of the engagement, OEB staff notes that the external auditor's review report in Appendix 7 states that:

> We have reviewed the accompanying Table 1: Adjustments for accounts 1588 and 1589 NTRZ, Table 2: Adjustments for account 1595 NTRZ, Table 2: GA Analysis Summary by Year, GA analysis work forms, and the 1595 analysis work forms for the period of January 1, 2013 to December 31, 2019 ("Schedules"), and the summary other explanatory information for Newmarket-Tay Power Distribution Ltd., Newmarket-Tay Rate Zone. The Schedules have been prepared by management based on the financial reporting provisions of Article 490 of the Accounting Procedures Handbook (APH) for Electricity Distributors and other OEB accounting guidance including the APH's Frequently Asked Questions published July 2012, Guidance to the APH, issued March 2015 and new Accounting Guidance issued in February 2019 for Group 1 accounts.

OEB staff also notes that the external auditor has expressed a qualified opinion because the unreconciled difference on 2019 GA Analysis Workform is greater than 1%.

a) Please clarify whether the external auditor has reviewed the continuity schedules filed in this application for Account 1588 and Account 1589 for Main RZ?
b) Please explain whether the qualified opinion implies that there is no assurance being provided on the 2019 balances being requested for disposition in Accounts 1588 and 1589?
c) Please explain Newmarket-Tay Power's understanding of the implications, on disposition of the Group 1 balances, associated with the external auditor's basis for issuing a qualified conclusion.

NTRZ-Staff-11
Ref 1: Manager's summary, page 27
Ref 2: IRM Rate Generator, Tab 3. Continuity Schedule

Page 27 of the manger's summary provides the adjustments table for both Account 1588 and Account 1589 as below:

Table 1: Adjustments for Accounts 1588 and 1589 for NTRZ

		Account 1588			Account 1589		
Year		**Original Balance**	**Revised Balance**	**Adjustments**	**Original Balance**	**Revised Balance**	**Adjustments**
2013	Principal	**$-**	-$17,157	*-$17,157*	**$ -**	$ 17,157	*$17,157*
	Interest	**$-**	**$-**	*$-*	**$ -**	**$-**	*$-*
	Total	**$-**	**-$17,157**	*-$17,157*	**$ -**	**$ 17,157**	*$17,157*
2014	Principal	**-$502,997**	-$460,287	*-$42,709*	**$ -**	$ 42,709	*$42,709*
	Interest	**$ 5,956**	**$ 5,956**	*$-*	**$ -**	**$-**	*$-*
	Total	**-$497,041**	**-$454,331**	*-$42,709*	**$ -**	**$ 42,709**	*$42,709*
2015	Principal	**-$502,997**	-$430,074	*-$72,923*	**$ -**	$ 72,923	*$72,923*
	Interest	**$ 5,956**	**$ 5,956**	*$-*	**$ -**	**$-**	*$-*
	Total	**-$497,041**	**-$424,118**	*-$72,923*	**$ -**	**$ 72,923**	*$72,923*
2016	Principal	**-$232,287**	-$96,810	*-$135,478*	**$ -**	$ 135,478	*$135,478*
	Interest	**$ 5,956**	**$ 5,956**	*$-*	**$ -**	**$-**	*$-*
	Total	**-$226,331**	**-$90,854**	*-$135,478*	**$ -**	**$ 135,478**	*$135,478*
2017	Principal	**-$ 1,002,809**	-$851,569	*-$151,239*	**$ -**	$ 151,239	*$151,239*
	Interest	**$ 31,856**	**$ 31,856**	*$-*	**$ 22,514**	**$ 22,514**	*$-*
	Total	**-$970,953**	**-$819,714**	*-$151,239*	**$ 22,514**	**$ 173,754**	*$151,239*
2018	Principal	**$3,330,363**	$2,438,799	*$891,564*	**-$ 159,995**	-$ 1,051,559	*-$891,564*
	Interest	**$ 116,516**	$ 116,516	*$-*	**$ 26,095**	$ 26,095	*$-*
	Total	**$3,446,879**	**$2,555,315**	*$891,564*	**-$ 133,900**	**-$ 1,025,464**	*-$891,564*
2019	Principal	**$ 907,098**	**$1,557,646**	*-$650,548*	**-$ 933,397**	-$311,789	*$621,608*
	Interest	**$ 119,058**	**$ 119,058**	*$-*	**$ 8,469**	$ 8,469	*$-*
	Total	**$1,026,156**	**$1,676,704**	*-$650,548*	**-$ 924,927**	**-$303,320**	*$621,608*

OEB staff notes that the adjustments column for Account 1588 above is equal to the original balance minus the revised balance of Account 1588 while the adjustments column for Account 1589 is equal to the revised balance less the original balance of Account 1589. OEB staff notes that there are no adjustments for interest in either account.

From the review of the DVA continuity schedule for accounts 1588 and 1589, OEB staff notes that the opening balances on the continuity schedule from 2013 to 2019 match to the original balances in the adjustment table above. OEB staff also notes that the sum of the adjustments for Account 1588 of $(178,490) matches to the cell BF28 “Principal Adjustments during 2019” of the continuity schedule and the sum of the adjustments for Account 1589 for $149,500 matches to the cell BF29 “Principal Adjustments during 2019” of the continuity schedule.

a) Please confirm OEB staff’s observation with respect to the formula for the adjustment columns in the Table 1.
   i) If confirmed, please confirm whether the formula for the “adjustments” columns should be consistent (i.e. the original balance less the revised balance) and update the Table 1 as necessary.
   ii) If not confirmed, please explain why the formula for the adjustment columns are not consistent for Account 1588 and Account 1589.
b) Please reconstruct the continuity schedule for Accounts 1588 and 1589 by entering the adjustments in the respective years instead of entering the sum of the adjustments in 2019. Please also recalculate the interest amounts based on the revised opening principal balances each year.

NTRZ-Staff-12
Ref 1: IRM Rate Generator, Tab 3. Continuity Schedule
Ref 2: Newmarket-Tay’s 2020 IRM Application, IR Response, February 7, 2020

Newmarket-Tay Power, for the NTRZ, entered a principal adjustment for 2018 of $913,576 and an interest adjustment for 2018 of $22,466 in the continuity schedule for Account 1588 and the adjustments with opposite signs are in the 2018 principal adjustment and interest adjustment columns for Account 1589.

In its response to OEB staff interrogatory G-Staff-1 in the 2020 IRM proceeding, which questioned why there were no adjustments in 2018, Newmarket-Tay Power stated that “NT Power has updated the Rate Generator Model for NTRZ on tab 3. Continuity Schedule in cell BF28-BF29 and BK28-BK29 to reflect an adjustment of $913,576 principal and $22,446 interest between accounts 1588 and 1589”. OEB staff is unable to locate any further explanations for the nature of these adjustments in the 2020 IRM proceeding.

a) Please explain the nature of the principal adjustment of $913,576 in Account 1588 and the nature of the principal adjustment of ($913,576) in Account 1589.

NTRZ-Staff-13
Ref 1: NTRZ's GA Analysis Workform

OEB staff has compiled the figures in the cell "Net Change in Principal Balance in the GL (i.e. Transactions in the Year)" for each of the 2013 to 2019 GA Analysis Worforms as shown below:

Item	2013 $	2014 $	2015 $	2016 $	2017 $	2018 $	2019 $
Net Change in Principal Balance in the GL (i.e. Transactions in the Year)	16,941	873,969	454,799	(162,008)	342,237	753,581	126,155

OEB staff notes that, with exception for the year of 2018, the "net change in principal balance in the general ledger" on the GA Analysis Workforms does not match to the "Transaction Debit/(Credit)" column corresponding to the respective year on the continuity schedule of Account 1589.

a) When reproducing the continuity schedule in response to NTRZ-Staff-11, please ensure that the "Transaction Debit/(Credit)" column for the respective year in Account 1589's continuity schedule reconciles with the net change in principal balance in the GL on the GA Analysis Workforms.

NTRZ-Staff-14
Ref 1: NTRZ's GA Analysis Workform
Ref 2: Manager's Summary, page 32

Newmarket-Tay Power, for its NTRZ, provides the following table summarizing the reconciling items (all of them are principal adjustments) on the GA Analysis Workforms of 2013 to 2019:

Table 2: GA Analysis Summary by Year

Year	Unresolved Difference	Unresolved Difference as % of Expected GA Payments to IESO	Reconciling Item	$ Included within 2019 Principal Adjustment of Continuity Schedule	
				RSVA - Global Adjustment 1589	RSVA - Cost of Power 1588
2013	-$167,231	-0.90%	$17,157	$17,157	-$17,157
2014	$3,316	0.02%	$42,709	$42,709	-$42,709
2015	$123,483	0.52%	$72,923	$72,923	-$72,923
2016	$211,973	0.73%	$135,478	$135,478	-$135,478
2017	$170,018	0.67%	$151,239	$151,239	-$151,239
2018	$200,331	0.98%	-$891,564	-$891,564	$891,564
2019	$266,742	1.14%	$621,608	$621,608	-$650,548
		2019 Principal Adjustment for Accounts		**$149,550**	**-$178,490**

Newmarket-Tay Power explains that:

> The reconciling items for the years 2013 to 2017 was a calculation issue identified where the embedded generation kWh was incorrectly allocated to the regulated price plan kWh impacting the global adjustment split annually. In 2017 and 2018, there was a reconciling item of global adjustment pertaining to Class A customers of $25,055 and $5,648 respectively. In 2018, there is a ($897,212) reallocation for global adjustment related to regulated price plan customers. In 2019, the reallocation of global adjustment related to non-regulated price plan consumption from other months due to billing processing resulted in $650,548 reconciling item. In 2019, a settlement error was identified within the submission of Class A consumption that will be requested from the IESO resulting in a decrease in the disposition amount.

Per the review of the GA Analysis Workforms, OEB staff notes that there are no reconciling items in 2013 to 2019 for “Differences in actual system losses and billed TLFs” on the workforms of 2013 to 2019 while there are differences between the calculated and approved loss factors.

In explaining the 2019 unresolved difference of 1.14% which is greater than the 1% threshold, Newmarket-Tay Power states that;

> In 2019, the unresolved differences as a percentage of expected global adjustment payments to the IESO is 1.14%. NT Power adjusted the billing period for some cycles of customers from 30 to 45 days to achieve the objective of customers being billed on the calendar month. The purpose of this adjustment to the billing period was to align the processes between the NTRZ and MRZ and improve the settlement processes for NTRZ. This adjustment to the billing cycle

was a one time adjustment impacting only some customers with the majority in the residential rate class for the usage months of August to October, 2019 for the billing months of October and November, 2019.

a) OEB staff understands that the 2013 to 2017 reconciling/adjustment items are the adjustments for the embedded generation that was 100% allocated to the RPP customers from 2013 to 2017 and have been corrected by allocating to both RPP customers and Non-RPP customers. Please confirm OEB staff's understanding of these adjustments.
   i) If confirmed, please explain the basis of the allocation to RPP and Non-RPP customers.
   ii) If confirmed, please also explain why such adjustments are not included in 2018 and 2019.
   iii) If not confirmed, please clarify the nature of the adjustments for embedded generation.
b) Please provide a detailed explanation and calculation regarding the nature of the 2018 adjustment of ($897,212) for the reallocation for global adjustment related to RPP customers.
c) Please provide a detailed explanation and calculation for the 2019 adjustment of $650,548 for the reallocation of global adjustment related to non-RPP consumption from other months due to billing processing impacts.
d) Please explain if and how the billing cycle adjustment in 2019 impacts the 2019 GA revenues that are recorded in Account 1589.
e) Please calculate the reconciling item for the "Differences in actual system losses and billed TLFs" using the table below and update the GA Analysis Workforms accordingly:

Year	**Wholesale kWh delivered to Newmarket-Tay Main RZ's Non-RPP class customers (Note 1)**	**Retail billed kWh by Newmarket-Tay Main RZ to Non-RPP class B customers**	**Unaccounted for Energy Loss Consumption kWh**	**Weighted Average GA rate of the Year (Note 2)**	**The Calculated Line Loss $ for the year**
	A	B	C= B-A	D	E = C X D
2013					
2014					
2015					
2016					
2017					
2018					
2019					

Note 1: the wholesale kWh delivered to Newmarket-Tay Main RZ's Non-RPP class B customers is to be calculated as: (AQEW +Embedded Generation kWh) x Non-RPP class B customers' retail proportion of the total retail consumption

Note 2: the weighted average GA rate of the year is to be calculated as total $ consumption at GA rate billed divided by total billed consumption kWh for Non-RPP class B customers

NTRZ-Staff-15
Ref 1:Newmarket-Tay's 2020 IRM Application EB-2019-0055, Manager's Summary, Page 36
Ref 2: NRTZ_1576_2EC_2BA Excel File, Tab. Appendix 2-EC_Account 1576 Final
Ref 3: Manager's Summary, page 63
Ref 4: Newmarket-Tay's 2019 IRM Application EB-2018-0055, Account 1576 continuity schedule, dated November 23, 2018

Page 36 of Newmarket-Tay Power's 2020 IRM Application EB-2019-0055 states that:

> NT Power is in agreement with the Board's recommendation and is preparing to request final disposition of Account 1576 following the 2019 fiscal audit for the 2021 IRM Application.

The OEB approved the request in its 2020 IRM decision and order.

OEB staff reproduced part of the Appendix 2-EC Account 1576 schedule as below:

Reporting Basis	2017	2018	2019	2020	Total
	Actual	Actual	Actual	Actual	
	$	$	$	$	
PP&E Values under former CGAAP					
Opening net PP&E - Note 1	56,429,287	56,715,640	52,926,580	51,243,940	
Net Additions - Note 4	4,760,269	-410,094	2,626,157	5,823,301	
Net Depreciation (amounts should be negative) - Note 4	-4,473,916	-3,378,965	-4,308,797	-4,771,330	
Closing net PP&E (1)	56,715,640	52,926,580	51,243,940	52,295,911	
PP&E Values under revised CGAAP (Starts from 2012)					
Opening net PP&E - Note 1	64,736,570	66,616,066	62,344,565	61,423,535	
Net Additions - Note 4	4,760,269	-410,094	2,626,157	5,823,301	
Net Depreciation (amounts should be negative) - Note 4	-2,880,773	-3,861,407	-3,547,187	-4,080,917	
Closing net PP&E (2)	66,616,066	62,344,565	61,423,535	63,165,920	
Difference in Closing net PP&E, former CGAAP vs. revised CGAAP	-9,900,426	-9,417,984	-10,179,595	-10,870,009	

Effect on Deferral and Variance Account Rate Riders					
Closing balance in Account 1576	-1,593,143	482,442	-761,611	-690,414	-10,870,009
Return on Rate Base Associated with Account 1576 balance at WACC - Note 2	-111,998	33,916	-53,541	-48,536	-764,162
Total Amount included in Deferral and Variance Account	-1,705,141	516,357	-815,152	-738,950	-11,634,170
	Rate rider refunded 2015-2020				9,685,922
	Variance				**-1,948,249**

Page 63 of Newmarket-Tay Power's manager's summary, for the NTRZ, states that:

> The proposed approach is similar in nature to that which would apply during a cost of service, whereby the balance for disposition would include audited actuals plus a forecasted bridge year. The forecast for 2020 relies on 2020 opening balances plus projections for the remainder of the year. The disposition rate rider will ensure that credits are provided to customers on their bills prior to NT Power's next cost of service. As NT Power – NRZ has previously received approval for interim dispositions, Account 1576 has been used to track both the 1576 transactions as well as the impact of previous interim disposition rate riders (excluding the rate of return on rate base component).

Newmarket-Tay Power's 2019 IRM application shows the approved balance in Account 1576 as at December 31, 2017 which was derived in the table below (copied from the revised Account 1576 continuity schedule dated November 23, 2018):

Effect on Deferral and Variance Account Rate Riders	
Closing balance in Account 1576	-8,960,160.27
Return on Rate Base Associated with Account 1576 balance at WACC - Note 2	- 629,899.27
Amount included in Deferral and Variance Account Rate Rider Calculatio	-9,590,059.54
2017 - 1576 Disposition for Rate Rider Calculation	-7,976,031.21
Request for 2018 - 1576 Disposition for Rate Rider Calculation	**-1,614,028.33**

OEB staff has compared the 2017 balance in Account 1576 between the schedule filed in the 2019 IRM application and the schedule filed in this rate application and noted the following discrepancies:

	Rate Rider refunded $	**Difference in Closing Net PP&E as at 2017 Year end $**
Per Account 1576 schedule in 2019 IRM Application	(9,579,357)	(8,950,160)
Per Account 1576 schedule in 2021 IRM Application (Current)	(9,685,922)	(9,900,426)
Difference	(106,565)	(950,266)

a) Please provide the 2019 Audited Financial Statements (AFS) and show how the 2019 balance of ($815,152) per the Account 1576 schedule above aligns with the balance reported in the 2019 AFS. If the balance cannot be directly matched to the 2019 AFS, please explain and provide a reconciliation.

b) Please provide the basis for the 2020 projections (Net additions and Net Depreciation).

c) Please provide the unaudited actual net additions and net depreciation for 2020 and compare these figures with the 2020 projected figures that are used in the schedule of Account 1576.

d) Please explain why 2020 net additions of $5,823,301 is significantly higher than 2019 net additions of $2,626,157.

e) Please confirm the table above compiled by OEB staff and explain the differences as applicable.

NTRZ-Staff-16
Ref 1: Manager's summary, page 64

Newmarket-Tay Power, for the NTRZ, explains the assumptions used in its componentized asset and accumulated depreciation subledgers as follows:

The IFRS componentalized asset and accumulated depreciation subledger assumptions are as follows:

- Development of a componentalized asset register of cost and accumulated depreciation as of December 31, 2017.
- An identifiable componentalize asset information was provided by NT Power's Engineering team. This included a unique asset number and an installation date. Also provided was an estimated 2017 fully installed cost for the major componentalized asset. The componentalized asset information was sourced from NT Power's GIS system.
- A useful remaining life of 14 years was used for all distribution assets effective Jan 1, 2014.
- Asset costs are assumed to be recorded to the correct APH general ledger account.
- An annual discounting price factor of 1.25% was utilized to determine the componentalized asset cost. If the decade of installation was only known, the componentalized asset cost was discounted to the mid year of the decade of installation.
- Depreciation is based on:
    - the typical useful life per Kinetrics 2010 report

  - first and last year ½ year rule
  - starts mid year of the estimated decade

- Determined accumulated depreciation was understated by $1,229,806 as of December 31, 2017.The correction was recorded within the financial records in 2018.

a) Please explain whether these assumptions have been incorporated in the AFS since the adoption of the IFRS in 2015.

   i) If not, why not?

   ii) If not, please provide rationale for the following two assumptions used:

   - A useful remaining life of 14 years was used for all distribution assets effective Jan 1, 2014.
   - An annual discounting price factor of 1.25% was utilized to determine the componentized asset cost.

b) Please explain why there is an understatement of the accumulated depreciation as of December 31, 2017 in the amount of $1,228,806. Please also confirm if and whether this understatement has been recorded in the 2018 AFS, and explain which cell the understatement can be found on the Account 1576 schedule.

NTRZ-Staff-17
Ref 1: Manager's summary, page 66 and page 70
Ref 2: the Cost of Capital Parameter Update for 2021 issued by the OEB

Page 66 of the manager's summary states that:

> NT Power capitalization practice includes capitalization of costs such as materials, outside services (external contractors), labour and fleet costs. These costs are directly attributed to capital projects and the accounting treatment does not change under MIFRS requirements. NT Power does not capitalize costs that are not directly attributed to the capital projects. NT Power reviewed the depreciation expense related to transportation vehicles and determined the annual depreciation is to be allocated to rolling stock effective January 1, 2017.Rolling stock costs are allocated 90% capital vs 10% expense.

Newmarket-Tay Power, for the NTRZ, states that, with respect to one of the assumptions used to calculate a "proxy" revenue requirement adjustment related to

Account 1576, "[t]he 2011 cost of capital parameters are used to determine the deemed interest and equity (net income)".

OEB staff also notes that the NTRZ uses a working capital allowance of 15% to calculate the revenue requirement adjustments.

OEB staff compiles a table below showing the comparison between the 2011 cost of capital parameters and the 2021 cost of capital parameters:

	2011 Cost of Capital Parameters	**2021 Cost of Capital Parameters[1]**
Short-term Debt Rate	2.43%	1.75%
Long-term Debt Rate	5.48%	2.85%
Return on Equity	9.66%	8.34%
Weighted Average Cost of Capital	7.03%	5.00%

OEB staff notes that the adjustment to the base distribution revenue is calculated as $196,105, which represents and increase to base rates. The calculation is reproduced below:

Determination of 2021 Proxy Revenue Requirement for 1576	
Depreciation Expense- CGAAP	(4,771,330)
Depreciation Expense -MIFRS	4,080,917
Deemed Interest Expense	333,215
Income Tax Expense	146,625
Utility Net Income	406,678
Distribution Revenue	**196,105**

a) Please explain why Newmarket-Tay Power had changed "the depreciation expense related to transportation vehicles and determined the annual depreciation is to be allocated to rolling stock effective January 1, 2017" and whether this change was made to comply with any IFRS requirement.

[1] https://www.oeb.ca/industry/rules-codes-and-requirements/cost-capital-parameter-updates.

b) Given that OM&A expenses are not included in the determination of 2021 proxy revenue requirement in the table above, please confirm that the change in a) effective January 1, 2017 has no impact on OM&A expenses.

c) Please recalculate the adjustment to base distribution revenue using the 2021 cost of capital parameters and updated working capital allowance of 7.5%.

d) Please compare the result of b) to the proposed adjustment to the distribution revenue of $196,105.

e) Please provide Newmarket-Tay Power's position with respect to using the 2021 cost of capital parameters and updated working capital allowance percentage to calculate the adjustment to the base rates.

f) Similarly, please provide rationale for using the 2011 approved cost of capital parameters in calculating the adjustment to the proxy revenue requirement in 2021 and going forward.

NTRZ-Staff-18
Incremental Capital Module (ICM)
Ref 1: 3.3.2 Incremental Capital Module, p. 41-57
Ref 2: EB-2014-0138 Rate-making Associated with Distributor Consolidation, March 26, 2015
Ref 3: EB-2017-0269 Decision and Order, August 23, 2018

In reference 2 it states "The OEB believes that its proposal to allow a combined entity who is operating under an Annual IR plan to make use of the ICM is reasonable, effective and will address distributors' concerns over capital investment during a deferred rebasing period which may encourage consolidation efforts."

In 2018, the OEB approved the amalgamation of the former Newmarket-Tay Power Distribution Ltd. and former Midland Power Utility. In this application, Newmarket-Tay Power is seeking ICM amounts for two true-up payments made to Hydro One, one in 2015 and one in 2021.

a) Please explain why Newmarket-Tay Power believes it is eligible for ICM costs that were incurred in 2015, which was prior to the ICM being available to Newmarket-Tay Power as a consolidated utility.

b) Newmarket-Tay Power showed that the true-up amount in 2015 was 174.8% above its capital expenditure plan. Please explain why Newmarket-Tay Power decided not to rebase between 2015 to 2018 in light of this incremental capital need.

NTRZ-Staff-19
Incremental Capital Module (ICM)
Ref 1: NTPower_NTRZ_2021 ACM ICM Model 2015 contribution_20201123
Ref 2: NTPower_NTRZ_2021 ACM ICM Model 2021 contribution_20201123
Ref 3: Reporting and Record Keeping Requirements (RRR) 2.1.5.4 (2020)

Newmarket-Tay Power is requesting an ICM of $6M in reference 1 for 2015 and requesting an ICM of $6.1M in reference 2 for 2021.

a) Please explain why Newmarket-Tay Power finds it appropriate to have the two ICM amounts in two models when Newmarket-Tay Power is requesting a total of $12.1M in 2021. Please file the amounts in one model.
b) Newmarket-Tay Power used an inflation rate of 1.2%, however, the OEB's inflation factor for 2021 is 2.2%. Please update the inflation rate for the model.
c) In tab 3 of the model, Newmarket-Tay Power used 287,574,484kWh for the GS 50 to 4,999kW rate class. The 2020 RRR filing shows 280,813,981kWh. Please confirm which value is correct.
d) In tab 3 of the model, Newmarket-Tay Power used 780,649kW for the GS 50 to 4,999kW rate class. The 2020 RRR filing shows 737,077kW. Please confirm which value is correct.
e) Please provide a copy of the load forecasting model from the 2010 cost of service settlement proposal.
f) If Newmarket-Tay Power intends to update the Distribution System Plan CAPEX, please provide justification.

NTRZ-Staff-20
Incremental Capital Module (ICM)
Ref 1: ICM Appendix A – CCRA NT Power and Hydro One dated February 2008
Ref 2: ICM Appendix C – Summary of Contribution Calculations – Transformation Pool 1st True-up from Hydro One

In appendix A the Transformation Connection Pool work allocated to Newmarket-Tay Power was $8.459M, the Line Connection work allocated to Newmarket-Tay Power was $0.958M, and the Network Customer Allocated work was $0.14M. The total amount was $9.557M. In total, Newmarket-Tay Power forecasts to have incurred $14.28M as a result of differences in the load forecasted provided in the CCRA and the actual load in 2015 and 2020. Newmarket-Tay Power is requesting a total of $12.1M from the ICM and this is due to the limitations of the materiality threshold Newmarket-Tay Power provided for 2015.

a) Please provide the load forecasts Newmarket-Tay Power provided Hydro One for 2009, 2014, and 2020 used for the DCF calculations.

b) Please provide the DCF table Hydro One provided Newmarket-Tay Power for the 2021 true-up calculation, preferably in excel format.

c) In reference 2, the updated load forecast shows a final loading of 37.7MW as compared to the CCRA final loading of 54.6MW. Please provide the assumptions used to forecast the 54.6MW and the changes in those assumptions that resulted in the new forecast of 37.7MW. For each change in assumption please explain how it was not foreseeable at the time of the original forecast of 54.6MW.

d) For the 2021 DCF table provided, please explain the changes in assumptions used for the load forecast in the 2015 DCF table as compared to the 2021 DCF table. For each change in assumption explain how it was not foreseeable at the time of the 2015 DCF calculation.

e) Based on the historical over forecast of load, does Newmarket-Tay Power anticipate a true-up amount in year 15? If not, please explain why not.

f) Please explain why it is appropriate for Newmarket-Tay Power customers to be responsible for the difference in time value of money between the capital contribution amount that should have been paid in 2009 and the time the true-up payment is paid, given that this resulted from Newmarket-Tay Power's inaccurate load forecasting.

NTRZ-Staff-21
Distribution System Plan (DSP)
Ref 1: Newmarket-Tay Power DSP – Table 2 – Modified Capital Investment Summary, p. 13
Ref 2: Newmarket-Tay Power DSP – Table 25 – DSP Spending Program Variances, p. 58
Ref 3: Newmarket-Tay Power DSP – Table 58 – Material Capital Expenditures 2020-2024

Newmarket-Tay Power provided a total capital expenditure of $7.37M in 2021, which excludes the CCRA true-up amount to Hydro One. The average capital expenditures between 2020 to 2024 is $7.27M. The historical average actual capital expenditure is $4.09M between 2016 and 2019.

a) Please explain the driver(s) for the forecasted increase in average capital spending of $7.27M and how Newmarket-Tay Power has paced its capital projects to minimize the increase.

b) Please prioritize the list of capital investments in reference 3.

NTRZ-Staff-22
Customer Preferences
Ref 1: Newmarket-Tay Power DSP – Table 44 – Customer Service Preferences, p. 101

The UtilityPULSE Survey shows that on average 46% of customers want better prices/lower rates.

a) Please explain how Newmarket-Tay Power has reduced capital expenditures from historical years to address customers' concerns.

NTRZ-Staff-23
System Renewal
Ref 1: Newmarket-Tay Power DSP – 5.4.3 Justifying Capital Expenditures, p. 123
Ref 2: Newmarket-Tay Power DSP – Material Investments – Planned Padmount Transformer Replacement, pp. 140-141

Newmarket-Tay Power stated that it used an Asset Condition Assessment (ACA) to inform its development of the DSP. Newmarket-Tay Power also stated that its strategy is to gradually increase its replacement of end-of-life assets over a 10-year period.

a) Please provide the ACA used for the DSP.

b) Please explain why the gradual increase to the system renewal budget cannot begin after 2021

In reference 2, Newmarket-Tay Power shows the number of units of padmount transformers it plans to purchase and replace each year along with the net capital cost. The average cost per padmount transformer based on the table provided is $4,095 for 2020, $5,719 for 2021, and $3,606 for 2022-2024.

c) The average unit cost per padmount transformer in 2021 ranges between 40%-59% higher than other years. Please explain the reason for the higher unit cost.

NTRZ-Staff-24
System Service
Ref 1: Newmarket-Tay Power DSP – Material Investments – Station System Service, pp. 156-157

Newmarket-Tay Power has two projects planned in reference 1 for 2021, both of which appear to be related to reliability concerns.

a) Please explain the operational risk, if any, of deferring these two projects by one year.

NTRZ-Staff-25
General Plant
Ref 1: Newmarket-Tay Power DSP – Material Investments – Replacement of Fleet Equipment, pp. 160-161

In reference 1, Newmarket-Tay Power showed a list of fleet equipment planned to be replaced between 2020 to 2024. These replacements are assessed to be at economic end-of-life.

a) Are the replacements of fleet vehicles based on a condition assessment? If so, please provide the condition assessment for the vehicles listed in reference 1. If not, how does Newmarket-Tay Power assess economic end-of-life?

Midland Rate Zone (MRZ):

MRZ-Staff-1
Ref 1: 1595 Workform – Account 1595 (2017)
Ref 2: Rate Generator Model, Tab 3 Continuity Schedule – Account 1595 (2017)

In Tab 1595 2017 of the 1595 Workform for MRZ, Newmarket-Tay Power reported Carrying Charges on Net Principal and Total Residual Balances in columns I and J (as shown below).

Residual Balances Pertaining to Principal and Carrying Charges Approved for Disposition	Carrying Charges Recorded on Net Principal Account Balances	Total Residual Balances
$803	$36	**$839**
$11,867	$1,698	**$13,565**
$12,670	$1,734	**$14,404**
Total residual balance per continuity schedule:		$14,404
Difference (any variance should be explained):		**$0**

a) Please provide explanation for the Carrying Charges of $36 and $1,698 (or the total of $1,734) and how these amounts can be reconciled with the interest transaction amounts in Account 1595 (2017) in the Continuity Schedule.

b) Please explain the “Total Residual balance per continuity schedule” amount of $14,404 and how it can be reconciled with the balances reported in the Continuity Schedule.

MRZ-Staff-2
Ref 1: LRAMVA Workform, Tab 5

There were additional savings in 2019 included in the LRAMVA calculation that were not identified in the P&C Report.

a) Please explain why the 2019 savings were not included in the P&C report and why the additional project savings claimed would be eligible for lost revenue recovery.

b) Please provide supporting documentation (e.g. an excel copy of the CDM-IS report) to substantiate the additional project savings claimed in 2019, with the following data included:

- Framework under which the savings will be delivered under (e.g. CFF wind-down framework, interim framework, etc.)
- Date that the program was approved by the IESO
- Expected completion date of the program
- Expected kWh and kW savings (net)
- Delivery agent for the program savings (e.g. LDC or IESO led)
- Approval date of an IESO incentive

c) If supplemental reports cannot be provided in support of any project(s) identified above, please identify the project(s) and discuss the accuracy level of the savings estimates.

d) Please provide a discussion of how the persistence of 2018 energy and demand savings were estimated into 2019, including assumptions and reports used.

MRZ-Staff-3
Ref 1: LRAMVA workform, Tabs 3 and 5

Newmarket-Tay Power, for its MRZ, completed the transition to a fixed residential charge as of May 1, 2019, but it has claimed lost revenues from the residential class in 2019. As a result of the transition to the fixed residential charge, distributors will no longer experience lost revenues due to reduced consumption.

As the May 1, 2019 fixed residential charge is no longer a volumetric rate, the LRAMVA Workform calculates residential lost revenues in 2019 by taking the full year value of persisting savings from prior years into 2019 and multiplying that amount by 1/3 of the 2018 volumetric rate (i.e. Jan 1 to April 30, 2019) to calculate lost revenues for 2019, as this period was before the fixed residential charge was in place.

Please provide rationale for claiming lost revenues for the residential class for all of 2019 when the utility has transitioned to a fixed residential charge as of May 1, 2019.

MRZ-Staff-4
Ref 1: LRAMVA Workform, Tab 6

The carrying charges on the principal balance are not calculated to May 1, 2021.

Please populate column H (cells 165-169) in Table 6-a with the corresponding monthly interest rate for the period to calculate projected carrying charges to May 1, 2021.

MRZ-Staff-5
Ref 1: LRAMVA Workform, Tab 1-a

a) If Newmarket-Tay Midland RZ made any changes to the LRAMVA Workform as a result of its responses to the above LRAMVA interrogatories, please file an updated LRAMVA Workform.

b) Please confirm that any changes to the LRAMVA Workform in response to any LRAMVA interrogatories are reflected in “Table A-2. Updates to LRAMVA Disposition (Tab 1-a)”.

MRZ-Staff-6
Ref 1: Manager’s Summary, page 24

Newmarket-Tay Power, for the MRZ, provides the audited adjustments for Accounts 1588 and 1589 in the table below:

Table 1: Adjustments for Accounts 1588 and 1589 for MRZ

		Account 1588			Account 1589		
Year		Original Balance	Revised Balance	Adjustments	Original Balance	Revised Balance	Adjustments
2017	Principal	$62,099	$62,099	$-	$191,475	$191,475	$-
	Interest	$4,007	$4,007	$-	$7,430	$7,430	$-
	Total	$66,106	$66,106	$-	$198,905	$198,905	$-
2018	Principal	-$113,822	$223,500	$337,322	$480,036	$142,714	-$337,322
	Interest	$5,103	$8,516	$3,413	$8,957	$5,544	-$3,413
	Total	-$108,719	$232,016	$340,735	$488,993	$148,258	-$340,735
2019	Principal	$375,591	-$137,465	-$513,056	-$265,490	$71,832	$337,322
	Interest	$6,382	-$4,452	-$10,834	$2,413	$5,826	$3,413
	Total	$381,972	-$143,918	-$525,890	-$263,077	$77,658	$340,735

Newmarket-Tay Power, for the MRZ, explains that:

> The 2018 adjustments of principal and interest for Account 1588 and 1589 are the result of a reallocation which was recorded in the financial records in 2019.
>
> The 2019 principal adjustment of ($513,056) for Account 1588 consists of the following:
>
> - Reversal of the 2018 adjustment noted above ($337,322)
> - Settlement correction of ($175,734)
>
> The 2019 interest adjustment of ($10,834) for Account 1588 consists of the following:
>
> - Reversal of the 2018 adjustment noted above ($3,413)
> - Settlement correction of ($7,421)
>
> The 2019 principal adjustment of $337,322 and interest adjustment of $3,413 for Account 1589 represent the reversal of the adjustments from 2018 noted above.

a) Please clarify which cells in the continuity schedules the “Principal” and “Interest” rows in the adjustment table for Accounts 1588 and 1589 represent which cells in the continuity schedules.

b) Please provide a detailed explanation and calculation for the 2018 adjustment of $337,322 in Accounts 1588 and 1589 which is stated as “result of a reallocation which was recorded in the financial records in 2019”.

c) Please provide a detailed explanation for the 2019 principal adjustment in Account 1588 for the settlement correction pf ($175,734). Please confirm if and

when Newmarket-Tay Midland RZ has submitted the settlement correction with the IESO.

MRZ-Staff-7
Ref 1: Newmarket-Tay Midland RZ's GA Analysis Workform

OEB staff notes that there are no reconciling items on the GA Analysis workforms for 2017 to 2019 for the "Differences in actual system losses and billed TLFs" while there appear to be differences between the actual approved line loss factors and the approved line loss factor.

a) Please calculate the reconciling item for the "Differences in actual system losses and billed TLFs" using the table below and update the GA Analysis Workforms accordingly:

Year	Wholesale kWh delivered to Newmarket-Tay Midland RZ's Non-RPP class customers (Note 1)	Retail billed kWh by Newmarket-Tay Midland RZ to Non-RPP class B customers	Unaccounted for Energy Loss Consumption kWh	Weighted Average GA rate of the Year (Note 2)	The Calculated Line Loss $ for the year
	A	B	C= B-A	D	E = C X D
2017					
2018					
2019					

Note 1: the wholesale kWh delivered to the MRZ's Non-RPP class B customers is to be calculated as: (AQEW +Embedded Generation kWh) x Non-RPP class B customers' retail proportion of the total retail consumption

Note 2: the weighted average GA rate of the year is to be calculated as total $ consumption at GA rate billed divided by total billed consumption kWh for Non-RPP class B customers

MRZ-Staff-8
Ref 1: Manager's summary, Appendix 7, External Auditor's DVA Review Report

The external auditor's review report states the following:

Report on the Midland Rate Zone 1588, 1589 Continuity Schedule and 1595 work forms (Schedules)

We have reviewed the accompanying Table 1: Adjustments for accounts 1588 and 1589 MRZ, Table 2: GA Analysis Summary by Year, GA analysis work forms, and the 1595 analysis work forms for the period of January 1, 2017 to December 31, 2019 ("Schedules"), and the summary other explanatory information for Newmarket-Tay Power Distribution Ltd., Midland Rate Zone. The Schedules have been prepared by management based on the financial reporting provisions of Article 490 of the Accounting Procedures Handbook (APH) for Electricity Distributors and other OEB accounting guidance including the APH's Frequently Asked Questions published July 2012, Guidance to the APH, issued March 2015 and new Accounting Guidance issued in February 2019 for Group 1 accounts.

a) Please clarify whether the external auditor has reviewed the continuity schedules filed in this application for Account 1588 and Account 1589?