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Newmarket-Tay Power Distribution Ltd.

March 22, 2021

Registrar
Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Suite 2700
Toronto, ON M4P 1E4
registrar@oeb.ca

Attention: Registrar

**Re: Newmarket-Tay Power Distribution Ltd.
Incentive Regulation Mechanism (“IRM”) Application (EB-2020-0041)
Reply Submission**

Newmarket – Tay Power Distribution Ltd. (“NT Power”) makes these written submissions in accordance with Procedural Order No. 3 in reply to the submissions received from OEB Staff, VECC, and CCC on March 18, 2021 and the submissions received from SEC on March 20, 2021 concerning the evidence update filed by NT Power on March 4, 2021 in accordance with Rule 11.02 of the OEB’s Rules of Practice and Procedure.

None of OEB Staff, CCC and SEC object to NT Power’s proposal to increase its 2021 capital budget, and the associated ICM calculations, to incorporate the newest and best available information as filed on March 4, 2021 with regards to the ten-year true-up amount.

Both OEB Staff and SEC make comments about the pacing of NT Power’s capital program. NT Power addressed similar questions about the pacing of its capital program in its reply submissions filed on March 4, 2021¹. NT Power does not intend to restate those submissions again here.

¹ NT Power Reply Submissions dated March 4, 2021 at page 5 of 19.

In this context, VECC alone argues that:

“Given the OEB does not wish to delay the implementation of Newmarket-Tay Power’s 2021 distribution rates and charges, VECC submits the OEB should set May 1, 2021 rates based on the evidence in the proceeding prior to March 4, 2021. This would allow NT Power the time it needs to verify the accuracy of Hydro One’s draft calculations and make use of the ICM variance accounts to track any differences between the actual ICM amount and the actual payment to Hydro One, if the 2nd True-Up is approved by the OEB. Any difference would then be trued-up at NT Power’s next rebasing application in accordance with the OEB’s ICM policy.”

NT Power does not agree.

Contrary to the submissions of VECC, there will be no further delay should the OEB use the best and most accurate information currently available about the quantum of the ten-year true-up as filed on March 4, 2021.

As noted by the OEB in Procedural Order No. 3 *“If the ICM funding is approved, Newmarket-Tay Power could use the associated ICM variance accounts to track any differences between the actual ICM amount and the actual payment to Hydro One, and true-up any difference at its next rebasing application in accordance with the OEB’s ICM policy.”* NT Power agrees this is the appropriate mechanism to address any changes that may occur **after March 4, 2021**.

However, it is not an appropriate mechanism to address a known and real shortfall of \$54,349 in annual incremental revenue should the original ten-year true-up estimate be used. This would have the effect of “kicking the problem down the road” – causing future ratepayers to pick up the tab for an incremental cost that is known today.

In addition, subsequent to the submission of the evidence update on March 4, 2021 NT Power worked closely with Hydro One on an expedited basis to complete the reviews and quality checks originally noted in NT Power’s March 4, 2021 letter, specifically:

- (a) The completion of quality checks by Hydro One; and
- (b) Consultation by Hydro One with NT Power to determine whether the analysis of the underlying data is correct.

NT Power has consulted with Hydro One to verify that the analysis of the underlying data is correct. As at the date of filing of these reply submissions, the quality checks by Hydro One are under way. Hydro One is currently completing their final approval process and plans for NT Power to receive the invoice this week. There are no changes to the quantum of the ten-year true-up as filed by NT Power on March 4, 2021.

Therefore, NT Power respectfully submits that the OEB should accept NT Power's proposal to increase its 2021 capital budget, and the associated ICM calculations, to incorporate the newest and best available information as filed on March 4, 2021 with regards to the ten-year true-up amount.

Respectfully submitted,

Original Signed By

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cc:
John Vellone, Borden Ladner Gervais LLP
Parties to EB-2020-0041