**Newmarket-Tay Power Distribution Ltd.**

**EB-2021-0044**

**OEB Staff Questions**

**January 10, 2022**

Please note, Newmarket-Tay Power Distribution Ltd. (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*.

OEB staff has made the following generic updates in Rate Generator Models attached:

* Updated the IPI Inflation Factor to 3.30%[[1]](#footnote-1) in Tab 16 and Tab 17-Retail Service Charges
* Updated the Ontario Electricity Rebate in Tab 20 to 17% (as of November 1, 2021)
* Updated the Wireline Pole Attachment Charge to $34.76[[2]](#footnote-2) in Tab 17
* Updated the 2022 UTRs[[3]](#footnote-3) and Hydro One Sub-transmission rates[[4]](#footnote-4) in Tab 15

**Staff Question-1**

**Ref: Newmarket-Tay Rate Zone (RZ) - Rate Generator Model, Tab 20 Bill Impacts, Changes in Retail Transmission Service Rates (RTSRs)**

As shown in Newmarket-Tay RZ’s Rate Generator Model as filed – Tab 20 Bill Impacts, the increase in the RTSRs would result in an increase in the RTSR – Network charge for about 11% (for all rete classes), and an increase in the RTSR – Connection charge for about 9.5% (before the 2022 UTRs and Hydro One RTSRs got updated). These bill impacts in the RTSR charges are considered relatively high. As flagged in Tab 20 of the model, Newmarket-Tay Power is required to discuss the reasoning for the change in RTSRs. Please provide this information.

**Staff Question-2**

**Ref: Newmarket-Tay RZ, Rate Generator Model, Tab 3 Continuity Schedule, Accounts 1580, 1588 and 1589**

OEB staff noted that there are discrepancies in the 2019 closing balances in Accounts 1580 (control account), 1588 and 1589 between Newmarket-Tay RZ’s current Rate Generator Model and the final Rate Generator Model issued with the 2021 Decision and Rate Order (EB-2020-0041). The discrepancies are summarized below:

|  |  |  |
| --- | --- | --- |
|  | **2022 Application** | **2021 Application (final IRM Model)** |
|  | **2019 Closing Principal ($)** | **2019 Closing Interest ($)** | **2019 Closing Principal ($)** | **2019 Closing Interest ($)** |
| **Account 1580 (control account)** | (255,867) | No discrepancy | (254,483) | No discrepancy |
| **Account 1588** | 1,085,588 | 119,058 | 907,098 | 113,557 |
| **Account 1589** | (1,082,946) | 8,469 | (933,395) | 13,319 |

The 2019 year-end Group 1 balances were approved for disposition on final basis in the 2021 proceeding.

1. Please provide explanation for the discrepancies noted in the table above.
2. Please update the balance(s) in the continuity schedule for 2022 rates if necessary.

**Staff Question-3**

**Ref: Newmarket-Tay RZ, Rate Generator Model, Tab 6.2a CBR B\_Allocation**

As indicated in Tab 6 and Tab 6.2a, 2019 was the year of the balance that Account CBR Class B was last disposed of. Therefore, in the first table in Tab 6.2a, only the 2020 consumption amounts (column D) should be included in the allocation calculations. The Rate Generator Model should not have presented the columns E to H for 2019 back to 2016 in this table. OEB staff has removed the input that Newmarket-Tay Power entered for 2019 and 2018, and removed the columns for 2019 to 2016 in the table. The CBR Class B rate rider and transition customer amounts have been updated accordingly. Please review and confirm this update.

**Staff Question-4**

**Ref: Newmarket-Tay RZ, Rate Generator Model, Tab 8 STS – Tax Change**

In Tab 8 of the Rate Generator Model, Newmarket-Tay Power entered 28.3% as the Combined Effective Tax Rate in cell H36. It’s noted that this tax rate was provided as 28.25% in the final model issued with the Newmarket-Tay Power’s 2021 Decision and Rate Order (EB-2020-0041). The difference in this tax rate will affect the share tax amount to be allocated to customers.

1. Please review the Revenue Requirement Work Form approved in the 2010 cost of service application and confirm the accurate combined effective tax rate.
2. Please provide the supporting reference for the accurate value and update the tax rate in Tab 8 if necessary.

**Staff Question-5**

**Ref 1: Midland RZ, Manager’s Summary page 18,**

**Ref 2: Rate Generator Model, Tab 3 Continuity Schedule, Account 1595 (2017)**

**Ref 3: 1595 Workform – Account 1595 (2017)**

On page 18 of the Midland RZ’s Manager’s Summary, Newmarket-Tay Power noted:

Share Tax Savings 2012-2016 approved in previous applications provide for principal balances of ($5,108) and interest of ($798). These balances were grouped with Account 1595 (2017) in Tab 3 Continuity Schedule and separately in the RRR filing.. These shared tax savings balances from 2012 to 2016 have not been included in any previous Account 1595 dispositions to date due to the small balances. NT Power would request final disposition of these balances included in Account 1595 (2017).

1. OEB staff noted that 2013 was the year for cost of service application for the Midland RZ, thus there should not be any share tax amount approved for 2013. Please provide a breakdown of the total principal (a credit of $5,108) into the amounts approved in each year’s decision with the associated interest, using the following table format:

|  |  |  |
| --- | --- | --- |
|  | **Share Tax – Principal ($) (OEB-approved)** | **Share Tax – Interest ($)** |
| **2016 (EB-2015-0088)** |  |  |
| **2015 (EB-2014-0093)** |  |  |
| **2014 (EB-2013-0151)** |  |  |
| **2013 (EB-2012-0147) COS year** | - | - |
| **2012 (EB-2011-0182)** |  |  |
| **Total** |  |  |

Please provide the supporting reference (document name, page #, filing date, etc.) for the principal amounts entered in the table for 2015, 2014 and 2012.

1. If the total share tax amounts pertaining to 2012 to 2016 provided in part a) are different than the amounts included in the Manger’s Summary, please update the 1595 Workform and Tab 3 of the Rate Generator Model accordingly.
2. Please confirm in each year of 2017 to 2021, the share tax amounts approved for disposition were recorded in the associated 1595 Account for that year.
3. Following the filing requirements, Newmarket-Tay Power should make sure, the share tax amount approved in each year’s application should be recorded in the associated 1595 Account if it does not produce a rate rider at the fourth decimal place.

**Staff Question-6**

**Ref: Midland RZ, LRAMVA Workform, Tab 1**

Please complete Section B Current LRAMVA Application on Tab 1 of the filed Midland RZ LRAMVA Workform.

**Staff Question-7**

**Ref 1: Midland RZ, Manager’s Summary, Section 3.2.6.1**

**Ref 2: Midland RZ, LRAMVA Workform, Tab 4**

In the Midland RZ Manager’s Summary, it is stated that NT Power is seeking disposition of prior year savings persistence from 2013 to 2019 programs. However, the Midland RZ LRAMVA Workform indicates that there are no persisting savings allocated to 2013 offerings. Please confirm whether Newmarket-Tay Power is seeking prior year savings persistence attributable to 2013 offerings.

**Staff Question-8**

**Ref: Midland RZ, LRAMVA Workform, Tab 5**

Newmarket-Tay Power is claiming persisting savings from the Midland RZ 2017 Save on Energy Coupon program. However, the net energy and net peak demand savings values could not be tied back to any of the filed evidence. Please identify the document and cell reference(s) for the net energy and net peak demand savings being claimed for the Midland RZ 2017 Save on Energy Coupon program.

**Staff Question-9**

**Ref: Newmarket-Tay RZ, LRAMVA Workform, Tab 4**

Newmarket-Tay Power is claiming persisting savings from the Newmarket-Tay RZ 2011 adjustment to the Home Assistance program. However, the net energy and net peak demand savings values could not be tied back to any of the filed evidence. Please identify the document and cell reference(s) for the net energy and net peak demand savings being claimed for the Newmarket-Tay RZ 2011 adjustment to the Home Assistance program.

**Staff Question-10**

**Ref 1: Newmarket-Tay RZ, LRAMVA Workform, Tab 5**

**Ref 2: Midland RZ, LRAMVA Workform, Tab 5**

**Ref 3: Newmarket-Tay RZ, Manager’s Summary, Section 3.2.6.1**

**Ref 4: Midland RZ, Manager’s Summary, Section 3.2.6.1**

1. Newmarket-Tay Power is claiming energy and net demand savings for offerings either persisting or installed from 2019 and 2020, respectively, in both the Newmarket-Tay and Midland RZs. However, all net energy and net peak demand savings values for 2019 and 2020 could not be tied back to any of the filed evidence. Please identify the document and cell reference(s) for all net energy and net peak demand savings values for 2019 and 2020 being claimed.
2. In the Manager’s Summary for both the Newmarket-Tay and Midland RZs, Newmarket-Tay Power has stated the following:

*The Participation and Cost Report for the period of April, 2019 has been submitted. NT Power utilized the final Participation & Cost Report from the IESO for the period ending April 15, 2019 year to date kWh value then divided this by four and multiplied by twelve to get the approximate total year savings.*

The intention of the LRAMVA is to claim actual lost revenues and not estimates. Please update the filed evidence to reflect actual lost revenues based on the final Participation & Cost Report from the IESO and/or other project-level files, with the most recent IESO net-to-gross factor applied.

**Staff Question-11**

Please file an updated LRAMVA Workform, Rate Generator Model, and Manager’s Summary for the Newmarket-Tay and Midland RZs, should any updates be required as a result of responses to OEB staff questions.

1. 2022 inflation factor established in the Decision and Order issued on November 18, 2021, EB-2021-0212 [↑](#footnote-ref-1)
2. EB-2021-0302, Decision and Order, issued December 16, 2021 [↑](#footnote-ref-2)
3. EB-2021-0276, Decision and Rate Order, issued December 16, 2021 [↑](#footnote-ref-3)
4. EB-2021-0032, Decision and Rate Order, issued December 14, 2021 [↑](#footnote-ref-4)