

October 11, 2024

via RESS

Ms. Nancy Marconi, Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4
Registrar@oeb.ca

**Re: Newmarket-Tay Power Distribution Ltd.
2025 IRM Responses to Staff Questions
OEB File No: EB-2024-0042**

Dear Ms. Marconi,

Please find the attached responses to OEB staff questions received October 1, 2024, regarding Newmarket-Tay Power Distribution Ltd.'s ("NT Power") 2025 IRM rate application (EB-2024-0042). The responses include updated 2025 IRM Rate Generator models for the Newmarket-Tay Rate Zone ("NTRZ") and the Midland Rate Zone ("MRZ") in Appendix A and B.

Should you have any questions, please do not hesitate to contact the undersigned.

Sincerely,



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Staff Question-1

Reference:

- I. EB-2024-0042, Midland Power Utility Rate Zone (MRZ), Tab 3, Continuity Schedule, Cells BE36 and BJ36
- II. EB-2024-0042, NT Power Main Rate Zone (NRZ), Tab 3, Continuity Schedule, Cells BE36 and BJ36
- III. Chapter 3 - Filing Requirement for Electricity Distribution Rate Applications Filed in 2024 for Rates Taking Effect in 2025, June 18, 2024, Pg. 16
- IV. EB-2022-0050, Application for Rates and Other Charges to be Effective May 1, 2023, Decision and rate Order, Issued on March 23, 2023, Pg. 10-12

Preamble:

Chapter 3 of the Filing Requirements in Ref. (III) specifies that when the OEB approves the disposition of Deferral and Variance Account (DVA) balances, the approved principal amounts and carrying charges are to be transferred to Account 1595 for that rate year. This means that all OEB-approved dispositions from NT Power's 2023 rate application should be transferred to sub-account 1595 (2023) for disposition and rate rider calculation.

Question(s):

- a) OEB staff observes that the principal and interest amounts in Sub-account 1595 (2023) in both Ref. (I) and Ref. (II) do not match the total amounts approved by the OEB for disposition. OEB staff notes that these amounts should correspond to the total approved for disposition in Ref. (IV), but with the opposite sign. Please explain the discrepancy.
- b) OEB staff also notes that an approved disposition for Account 1595 (2018), referenced in Ref. (IV), is missing from the Continuity Schedule for both rate zones under the 2023 column. Please confirm if Account 1595 (2018) was disposed of on a final basis and that the account balance is now zero.

Response:

- a) The difference for NTRZ and MRZ are due to the LRAMVA balances approved for disposition in NT Power's 2023 IRM application (EB-2022-0050). Per the March 2015 APH Guidance, #11, LRAMVA balances are also transferred to Account 1595 upon approval.

In the 2023 IRM application, the OEB also approved a charge of \$510 relating to the MRZ tax sharing adjustment to be recorded in MRZ's Account 1595 (2023). This amount was reflected in the transaction column for MRZ Account 1595 (2023) in the continuity schedule of the pre-filed application. NT Power has now revised the \$510 to be reflected in the "OEB-Approved Disposition during 2023" column of the continuity schedule (Appendix B) attached to these responses.

A reconciliation is provided in the table below.

	Principal (\$)	NTRZ Interest (\$)	Total (\$)	Principal (\$)	MRZ Interest (\$)	Total (\$)
Approved Group 1	1,162,432	67,705	1,230,137	417,619	511,541	929,160
Approved LRAMVA	702,617	18,071	720,689	90,475	2,375	92,850
Approved Tax Sharing				510		
Total	1,865,049	85,776	1,950,826	508,604	513,916	1,022,010
1595 (2023)	(1,865,049)	(85,776)	(1,950,826)	(508,604)	(513,916)	(1,022,520)
Difference	0	0	0	0	(0)	(510)

b) Confirmed.

Staff Question-2

Reference:

- I. EB-2024-0042, Midland Power Utility Rate Zone (MRZ), Tab 3, Continuity Schedule, Columns BM and BN
- II. EB-2024-0042, NT Power Main Rate Zone (NRZ), Tab 3, Continuity Schedule, Columns BM and BN
- III. EB-2023-0039, 2024 Rates Application, Decision and Order, Issued May 7, 2024, Pg. 19 and 21.

Preamble:

OEB staff notes that the transfer of OEB approved disposition amounts from Ref. (III) are not reflected in Account 1595 (2024) in Ref. (I) and Ref. (II). OEB staff also observes that the approved disposition amounts for Sub-account 1595 (2019), in Ref. (III), are missing in the continuity schedules for the two rate zones.

Question(s):

- a) OEB staff requests that NT Power explain why the transfer of OEB-approved disposition amounts is not reflected in Sub-account 1595 (2024) in Ref. (I) and Ref. (II).
- b) Please clarify how NT Power intends to dispose of the approved amount related to Sub-account 1595 (2019).

Response

- a) NT Power did not reflect Account 1595 (2024) in the NTRZ and MRZ continuity schedules because the continuity schedules pertain to 2023 balances. Account 1595 (2024) was not yet established in 2023 and therefore, there was no balance in 2023. In addition, Account 1595 (2024) does not affect any of the account

balances requested for disposition in this proceeding, and is therefore, not relevant for the purposes of the continuity schedules.

- b) NT Power was approved to dispose of Account 1595 (2019) for both NTRZ and MRZ on a final basis in its 2024 IRM application. NT Power is not intending to request any further disposition of Account 1595 (2019), as per the OEB's guidance. Upon approved disposition of Account 1595 (2019), NT Power transferred the approved amounts to Account 1595 (2024) for each rate zone. NTRZ and MRZ's Account 1595 (2019) currently have no balance.

Staff Question-3

Reference:

- I. EB-2024-0042, Midland Power Utility Rate Zone (MRZ), Rate Generator Model, Tab 4, Column N
- II. EB-2024-0042, NT Power Main Rate Zone (NRZ), Rate, Generator Model, Tab 4, Column N
- III. EB-2021-0044, Midland Power Utility Rate Zone, Rate Generator Model, Tab 5, Column F
- IV. EB-2021-0044, NT Power Main Rate Zone (NRZ), Rate Generator Model, Tab 5, Column F
- V. EB-2024-0042, Midland Power Utility Rate Zone (MRZ), Rate Generator Model, Tab 4, Cell N18

Preamble:

If any residual balances of Account 1595 Sub-accounts are being requested for disposition, the distributor needs to populate the percentage allocations by customer class. These percentage allocations should be derived from the information used to establish the rate riders originally. Hence, the percentage allocations for 1595 (2020), Ref (I) and Ref (II), should match those applied to the DVA Accounts in the 2022 rate application, as used during the initial disposal of the 2020 balances for the calculation of the rate riders, Ref. (III) and Ref. (IV).

Question(s):

- a) Please explain the basis for percentage allocations in Ref. (I) and Ref. (II) for each rate class and discuss grounds for a negative allocation in Ref. (V).
- b) OEB staff notes that the percentage allocations should align with those originally used to establish the rate riders in the vintage year application, Ref. (III) and Ref. (IV). Please confirm and explain any discrepancies.
- c) Please update the Rate Generator Model to reflect the correct allocations, if required and verify the impact on subsequent tabs.

Response:

a-c) The balances in NTRZ and MRZ's Account 1595 (2020) pertain to the LRAMVA balances that were approved for disposition in NT Power's 2020 IRM (EB-2019-0055).¹ Therefore, the allocations used to establish the LRAMVA rate riders in NT Power's 2020 IRM application were used to allocate the residual Account 1595 (2020) balances in this proceeding. The negative allocation for MRZ's Account 1595 (2020) is due to the negative allocation of the LRAMVA balance to the GS<50 rate class that was approved in the 2020 IRM application. NT Power confirms that the allocations used for Account 1595 (2020) align with that as noted above and no updates to the Rate Generator Models are necessary.

Staff Question-4

Reference:

- I. EB-2023-0039, NRZ, Rate Generator Model, Tab 3, Columns BG and BL
- II. EB-2024-0042, NRZ, Rate Generator Model, Tab 3, Columns BC and BH
- III. EB-2023-0039, MRZ, Rate Generator Model, Tab 3, Columns BG and BL
- IV. EB-2024-0042, MRZ, Rate Generator Model, Tab 3, Columns BC and BH

Preamble:

OEB staff notes discrepancies between the 2022 closing balances for principal and interest in Ref. (I) and Ref. (III) and the 2023 opening balances for principal and interest in Ref. (II) and Ref. (IV) for Sub-accounts 1595. Tables 1 and 2 below illustrate the variances between these opening and closing balances.

Table 1: Newmarket-Tay Power Main Rate Zone

Accounts		Closing Principal Balance as of Dec 31, 2022 (Ref. I)	Opening Principal Amounts as of Jan 1, 2023 (Ref. II)	Variance	Closing Interest Amounts as of Dec 31, 2022 (Ref. I)	Opening Interest Amounts as of Jan 1, 2023 (Ref. II)	Variance
Disposition and Recovery/Refund of Regulatory Balances (2019)	1595	(91,528)	0	(91,528)	100,147	0	100,147
Disposition and Recovery/Refund of Regulatory Balances (2020)	1595	(23,663)	(11,454)	(12,209)	15,599	15,599	0
Disposition and Recovery/Refund of Regulatory Balances (2022)	1595	35,212	28,492	6,720	15,361	15,361	0

Table 2: Newmarket-Tay Power Midland Rate Zone

Accounts		Closing Principal Balance as of Dec 31, 2022 (Ref. III)	Opening Principal Amounts as of Jan 1, 2023 (Ref. IV)	Variance	Closing Interest Amounts as of Dec 31, 2022 (Ref. III)	Opening Interest Amounts as of Jan 1, 2023 (Ref. IV)	Variance
Disposition and Recovery/Refund of Regulatory Balances (2019)	1595	29,574	0	29,574	11,054	0	11,054
Disposition and Recovery/Refund of Regulatory Balances (2022)	1595	326,747	398,211	(71,464)	38,042	38,042	0

¹ Only LRAMVA was approved for disposition NT Power's 2020 IRM.

Question(s):

- a) Please confirm whether the balances in 1595 (2019) in Ref. (I) and (III) are currently being disposed of on a final basis. Additionally, please explain why the opening balances in Sub-account 1595 (2019) are not presented in Ref. (II) and (IV) for both rate zones.
- b) OEB staff requests NT Power to provide explanation for the variances in opening and closing balances shown in Tables 1 and 2 above.

Response:

- a) NT Power was approved to dispose Account 1595 (2019) for NTRZ and MRZ on a final basis in its 2023 IRM application. NT Power did not present the balances in Account 1595 (2019) in the continuity schedules as the sub-accounts were already disposed of on a final basis, and NT Power is not proposing to dispose Account 1595 (2019) again in the current proceeding.
- b) Account 1595 (2019) NTRZ and MRZ - As noted in response a above, NT Power did not present the balance for Account 1595 (2019) in the continuity schedules as the sub-accounts have already been approved for disposition on a final basis.

Account 1595 (2020) NTRZ – In 2024, NT Power reviewed the balance in Account 1595 (2020) and noted that the NTRZ tax sharing amount approved in NT Power's 2020 IRM application to be refunded through a rate rider was incorrectly recorded in Account 1595 (2020) during 2020. The correction is now reflected in the 2020 balance in the continuity schedule (Appendix A) attached to these responses, resulting in the difference noted in Table 1 above.

Account 1595 (2022) NTRZ and MRZ – NT Power revised the continuity schedules (Appendix A and B) attached to these responses, to include an unbilled amount in the December 31, 2022 balances. The opening January 1, 2023 balances in this proceeding now corresponds to the closing December 31, 2022 balances presented in the 2024 IRM continuity schedules. This revision reallocates the unbilled transactions from 2023 to 2022, and therefore, has no impact on the December 31, 2023 balances.

Staff Question-5

Reference:

I. EB-2024-0042, Application for 2025 Rates, Manager's Summary, Pg. 22

Preamble:

In the Managers Summary, NT Power stated that in reviewing Non-RPP Class A GA related transactions, NT Power identified internal process improvements to enable enhanced tracking of these transactions. NT Power did not identify any adjustments required resulting from this review.

Question(s):

- a) Please provide more details on the process improvements identified for future GA tracking and whether these improvements will have a measurable impact on reducing discrepancies.

Response:

- a) NT Power implemented two main process improvements relating to Non-RPP Class A GA tracking. The first was the establishment of a separate Account 1589 sub-account to track variances between GA Class A revenues and costs. Previously, this was tracked in excel on a monthly basis. Establishing a separate sub-account that forms part of the monthly financial reporting package enables better monitoring of any variances that arise in the GA Class A sub-account. Secondly, on a monthly basis, NT Power compares the total GA charge for Class A on the IESO invoice to the GA revenues billed to Class A customers, as sourced from the billing system and also the general ledger. This monthly analysis allows for timely monitoring of any unexpected GA Class A variances. These process improvements minimizes the risk that any GA Class A transactions are erroneously incorporated into the Account 1589 balance that is disposed to Non-RPP Class B customers.

Staff Question-6

Reference:

- I. EB-2024-0042, NRZ, Rate Generator Model, Tab 3 Continuity Schedule, Cells BC28 & BC29
- II. EB-2023-0039, NRZ, Rate Generator Model, Tab 3 Continuity Schedule, Cells BG28 & BG29

Preamble:

OEB staff notes the following differences in the opening balance for 2023:

Newmarket-Tay RZ	Account	Closing principal balance as of Dec 31, 2022 (per reference 2)	Opening principal balance as of January 1, 2023 (per reference 1)	Difference
RSVA - Power	1588	891,225	1,015,832	-124,607
RSVA - Global Adjustment	1589	415,391	495,213	-79,822

Question(s):

- a) Please explain the differences noted above. If any adjustments are needed for this year's DVA continuity schedule, please explain and provide updated continuity schedule.

Response:

- a) NT Power notes that the NTRZ Account 1588 and 1589 balances referenced in the staff question pertains to the IRM Rate Generator model filed as Appendix L on May 21, 2024 as part of NT Power's reply to OEB staff's draft rate order submission, which was provided in response to OEB staff's request in its submission. In its Decision and Final Rate Order, dated May 23, 2024, the OEB approved the IRM Rate Generator model that NT Power filed as Appendix E on May 14, 2024 in its draft rate order. The December 31, 2022 closing principal balance approved for Account 1588 is \$888,036 and for Account 1589 is \$412,354.

NT Power assumes that OEB staff's question pertains to the difference between the approved December 31, 2022 balance in NT Power's 2024 IRM application and the January 1, 2023 balance in the continuity schedule in this proceeding. The differences are discussed in the Manager's Summary (page 21), and reflected in the continuity schedule and the Principal Adjustments tab of the GA Analysis Workform. The most recent year for which NT Power was last approved final disposition of the Account 1588 and 1589 balances was 2020, and NT Power was approved interim disposition of the 2022 balances. In its 2024 IRM Decision and Order, the OEB directed NT Power to review Accounts 1588 and

1589. Therefore, in the current proceeding, NT Power provided the continuity schedule for Accounts 1588 and 1589 starting from the final 2020 balances. As a result of the review, NT Power has identified new principal adjustments relating to unbilled to actual revenue true-ups and also revised the presentation of CT2148 to no longer be a principal adjustment in 2020 and 2021. The net difference between the 2022 ending balances and 2023 opening balances is shown in the table below. For a listing of all differences, please refer to the principal adjustments identified in the Principal Adjustment tab of the GA Analysis Workform.

	Account 1588 (\$)	Account 1589 (\$)
Ending 2022 Balance per 2024 IRM	888,035	412,354
CT2148 Adjustment	152,449	65,647
Unbilled to actual rev difference	(24,642)	17,192
Opening 2023 balance per 2025 IRM	1,015,842	495,193

Staff Question-7

Reference:

- I. EB-2024-0042, Application for 2025 Rates, Manager's Summary, Pg. 10 & 11
- II. EB-2024-0042, NRZ, Rate Generator Model, Tab 19, Additional Rates
- III. EB-2024-0042, MRZ, Rate Generator Model, Tab 19, Additional Rates

Preamble:

In Ref. (I), NT Power proposed a one-time, four-month Rate Year Alignment Rate Riders for fixed service charge and volumetric charge, from January 1, 2025, to April 30, 2025, to address the impact of rate year alignment. These riders would adjust distribution rates to the levels that would have applied had the rate year continued unchanged until May 1, 2025. NT Power has also provided the calculations for the Rate Year Alignment Rate Riders for both rate zones. OEB staff acknowledges the accuracy of the service charge rate adjustments and confirms their correct transfer into the Rate Generator Models in Ref. (II) and Ref. (III). However, OEB staff is unclear about the method used to calculate the Volumetric Rate Year Alignment Rate Riders. According to the Tables in Ref. (I), NT Power calculated the volumetric rate riders by subtracting values in Column C from those in Column B. However, OEB staff's calculations do not match NT Power's results when subtracting the values in columns B and C. The screenshot below illustrates the labeled Tables for each rate zone.

Table 5: NTRZ Rate Year Alignment Rate Rider

Rate Class	Unit	2024 Approved Service Charge (\$) A	2024 Approved Distribution Volumetric Rate (\$) B	2025 Proposed Service Charge (\$) C	2025 Proposed Distribution Volumetric Rate (\$) D	2025 Rate Year Alignment Service Charge Adjustment (\$) =A-C	2025 Rate Year Alignment Rate Rider (\$) =B-C
Residential	kWh	32.45	N/A	33.57	N/A	(1.12)	N/A
GS<50	kWh	35.48	0.0233	36.70	0.0241	(1.22)	(0.0008)
GS>50 - Thermal	kW	160.87	5.5498	166.42	5.7413	(5.55)	(0.1915)
GS>50 - Interval	kW	160.87	5.7053	166.42	5.9021	(5.55)	(0.1968)
USL	kWh	11.34	0.0132	11.73	0.0137	(0.39)	(0.0005)
Sentinel	kW	3.78	14.4582	3.91	14.9570	(0.13)	(0.4988)
Streetlight	kW	1.48	7.2935	1.53	7.5451	(0.05)	(0.2516)

Table 6: MRZ Rate Year Alignment Rate Rider

Rate Class	Unit	2024 Approved Service Charge (\$) A	2024 Approved Distribution Volumetric Rate (\$) B	2025 Proposed Service Charge (\$) C	2025 Proposed Distribution Volumetric Rate (\$) D	2025 Rate Year Alignment Service Charge Adjustment (\$) =A-C	2025 Rate Year Alignment Rate Rider (\$) =B-C
Residential	kWh	35.89	N/A	37.13	N/A	(1.24)	N/A
GS<50	kWh	26.73	0.0197	27.65	0.0204	(0.92)	(0.0007)
GS>50	kW	75.5	4.0885	78.10	4.2296	(2.60)	(0.1411)
USL	kWh	12.37	0.0132	12.80	0.0137	(0.43)	(0.0005)
Streetlight	kW	1.88	4.3772	1.94	4.5282	(0.06)	(0.1510)

Question(s):

- Please confirm whether there is a labelling error in '2025 Rate Year Alignment Rate Riders' column and correct the labelling in the tables, as necessary.
- OEB staff requests NT Power to explain the methodology used to arrive at Volumetric Rate Riders for rate year alignment.

Response

a) There is a labelling error, the formula should be “=D-B”.

Table 5: NTRZ Rate Year Alignment Rate Rider

Rate Class	Unit	2024 Approved Service Charge (\$) A	2024 Approved Distribution Volumetric Rate (\$) B	2025 Proposed Service Charge (\$) C	2025 Proposed Distribution Volumetric Rate (\$) D	2025 Rate Year Alignment Service Charge Adjustment (\$) =A-C	2025 Rate Year Alignment Rate Rider (\$) =D-B
Residential	kWh	32.45	N/A	33.57	N/A	(1.12)	N/A
GS<50	kWh	35.48	0.0233	36.70	0.0241	(1.22)	(0.0008)
GS>50 - Thermal Demand	kW	160.87	5.5498	166.42	5.7413	(5.55)	(0.1915)
GS>50 - Interval Demand	kW	160.87	5.7053	166.42	5.9021	(5.55)	(0.1968)
USL	kWh	11.34	0.0132	11.73	0.0137	(0.39)	(0.0005)
Sentinel	kW	3.78	14.4582	3.91	14.9570	(0.13)	(0.4988)
Streetlight	kW	1.48	7.2935	1.53	7.5451	(0.05)	(0.2516)

Table 6: MRZ Rate Year Alignment Rate Rider

Rate Class	Unit	2024 Approved Service Charge (\$)	2024 Approved Distribution Volumetric Rate (\$)	2025 Proposed Service Charge (\$)	2025 Proposed Distribution Volumetric Rate (\$)	2025 Rate Year Alignment Service Charge Adjustment (\$)	2025 Rate Year Alignment Rate Rider (\$)
		A	B	C	D	=A-C	=D-B
Residential	kWh	35.89	N/A	37.13	N/A	(1.24)	N/A
GS<50	kWh	26.73	0.0197	27.65	0.0204	(0.92)	(0.0007)
GS>50	kW	75.5	4.0885	78.10	4.2296	(2.60)	(0.1411)
USL	kWh	12.37	0.0132	12.80	0.0137	(0.43)	(0.0005)
Streetlight	kW	1.88	4.3772	1.94	4.5282	(0.06)	(0.1510)

b) The methodology used to determine the Volumetric Rate Year Alignment Rate Riders is to reduce distribution rates from January 1, 2025 to April 30, 2025 to the rate that would have been in place had the rate year remained unchanged from May 1, 2025. The reduction equals the difference between the proposed 2025 distribution volumetric rates and the approved 2024 distribution volumetric rates.

Staff Question-8

Reference:

- I. EB-2024-0042, NRZ, Rate Generator Model, Tab 20, Final Tariff Schedule
- II. EB-2024-0042, MRZ, Rate Generator Model, Tab 20, Final Tariff Schedule

Preamble:

OEB staff notes that the Final Tariff Schedule includes two rate riders for Tax Change, one for 2024 and another for 2025. The 2024 rate rider is effective until April 30, 2025, and 2025 rate rider is effective until December 31, 2025. OEB staff observes a similar approach applied to other rate riders, including those for Global Adjustments (GA), DVA, and Capacity-Based Recovery (CBR). An example of the Tariff Schedule is provided below to illustrate NT Power's approach in relation to the rate year alignment.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	33.57
Rate Rider for Rate Year Alignment - effective until April 30, 2025	\$	(1.12)
Rate Rider for Recovery of Incremental Capital (2024) - effective until the effective date of the next cost of service-based rate order	\$	1.04
Rate Rider for Recovery of Incremental Capital - effective until the effective date of the next cost of service-based rate order	\$	0.92
Smart Metering Entity Charge - effective until December 31, 2027	\$	0.42
Rate Rider for Application of Tax Change (2025) - effective until December 31, 2025	\$	(0.06)
Rate Rider for Application of Tax Change (2024) - effective until April 30, 2025	\$	(0.06)
Low Voltage Service Rate	\$/kWh	0.0003
Rate Rider for Disposition of Global Adjustment Account (2025) - effective until December 31, 2025 Applicable only for Non-RPP Customers	\$/kWh	0.0025
Rate Rider for Disposition of Deferral/Variance Accounts (2025) - effective until December 31, 2025	\$/kWh	0.0009
Rate Rider for Disposition of Global Adjustment Account (2024) - effective until April 30, 2025 Applicable only for Non-RPP Customers	\$/kWh	0.0019
Rate Rider for Disposition of Deferral/Variance Accounts (2024) - effective until April 30, 2025	\$/kWh	0.0060
Rate Rider for Disposition of Capacity Based Recovery Account (2025) - effective until December 31, 2025 Applicable only for Class B Customers	\$/kWh	0.0001
Rate Rider for Disposition of Capacity Based Recovery Account (2024) - effective until April 30, 2025 Applicable only for Class B Customers	\$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0131
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0097

Question(s):

- a) Please confirm if the 2025 Tax Change rate rider will take effect on May 1, 2025, immediately following the end of the 2024 Tax Change rate rider.
- b) If the 2025 Tax Change rate rider is effective from January 1, 2025, discuss the rationale behind carrying two rate riders for Tax Change from January 1 to April 30, 2025, including consideration on the bill impact.
- c) Please discuss the potential bill impact of having two rate riders for DVA and GA from January 1 to April 30, 2025, and whether a mitigation strategy should be applied to minimize the impact, similar to the approach used for service and volumetric charge adjustments.

Response:

- a) Not confirmed, NT Power is proposing that the 2025 Tax Change Rate Rider will be effective on January 1, 2025.

NT Power notes that on page 19, the Manager's Summary, Tables 19 and 20 states that the Prospective LRAM rate riders are proposed for May 1, 2024 to April 30, 2025. NT Power would like to clarify that it is proposing the Prospective LRAM Rate Riders be effective from January 1, 2025 to December 31, 2025, as correctly noted in the proposed tariff in the IRM Rate Generator Models.

- b) and c)

NT Power considered implementing the 2025 rate riders (including the Tax Change rate riders) over a 8-month period from May 1, 2025 to December 31, 2025. However, a shorter disposition period would only serve to increase rate volatility when the rate riders from the 2024 IRM cease and the rate riders from the current proceeding begin on May 1, 2025. In addition, NT Power considered the bill impact and noted that the current proposal does not result in any requirement for rate mitigation as no bill impact for any rate class is greater than 10%. NT Power also reviewed other decisions where the OEB approved a rate year alignment in an IRM, and noted that the OEB approved overlapping rate riders for the January to April period.²

Staff Question-9

Reference:

- I. EB-2024-0042, Rate Generator Models, Tab 3, Continuity Schedule

Preamble:

On September 13, 2024, the OEB published the 2024 Quarter 4 prescribed accounting interest rates applicable to the carrying charges of deferral, variance and construction work in progress (CWIP) accounts of natural gas utilities, electricity distributors and other rate-regulated entities.

Question(s):

- a) Please update Tab 3 (Continuity Schedule) as necessary to reflect the Q4 2024 OEB-prescribed interest rate of 4.40%.

Response:

- a) The attached IRM Rate Generator Models (Appendix A and B) have been updated to reflect the Q4 2024 prescribed interest rate.

² EB-2023-0008 Burlington Hydro Decision and Rate Order, December 14, 2023; and EB-2021-0045, Niagara-on-the-Lake Hydro Inc. Decision and Rate Order, December 9, 2021

Staff Question-10

Reference:

- I. 2024 IRM Rate Generator Model, Continuity Schedule, Tab 3
- II. IRM Rate Generator – DVA Tabs Instructions - 2024 Rates
- III. OEB Guidance for Electricity Distributors with Forgone Revenues Due to Postponed Rate Implementation from COVID-19, August 6, 2020, page 5

Preamble:

On July 18, 2023, the OEB issued the DVA Tabs Instructions for the 2024 IRM Rate Generator Model. Pages 1 and 3 noted that Account 1509 - Impacts Arising from the COVID-19 Emergency, Subaccount Forgone Revenues from Postponing Rate Implementation was added to the model. A separate rider is calculated for this account in Tab 7, if the disposition is approved.

Regarding Account 1509, Impacts Arising from the COVID-19 Emergency Account, Sub-account Forgone Revenues from Postponing Rate Implementation, the following steps are noted in the August 6, 2020 guidance:

1. Upon implementation of the forgone revenue rate rider that is calculated from the Forgone Revenue Model, the rate rider transactions will be recorded in the same Forgone Revenues Sub-account. This will draw down the accumulated balance of actual forgone revenues/amounts.
2. Any residual balance after the expiry of the rate riders should be requested for final disposition in a future rate application (cost of service or IRM), once the balance has been audited in accordance with normal deferral and variance account disposition practices.
3. If disposition is approved, the residual balance in the Forgone Revenues Sub-account should be disposed proportionately by customer class and the residual balance will be transferred to Account 1595.

Question(s):

- a) Please update Tab 3 (Continuity Schedule) and Tab 4 as necessary to reflect a balance in Account 1509 – Impacts Arising from the COVID-19 Emergency, Subaccount Forgone Revenues from Postponing Rate Implementation. Please complete the above-noted steps #1, #2, #3.
- b) If this balance is not applicable, please explain.

Response:

a) and b) The Account 1509 is not applicable to NT Power. In NT Power's letter dated April 22, 2020 filed in the 2020 IRM proceeding, NT Power noted that it was not intending to postpone rate implementation.