

November 11, 2025

via RESS

Mr. Ritchie Murray, Acting Registrar  
Ontario Energy Board  
2300 Yonge Street, 27th Floor  
Toronto, Ontario M4P 1E4  
[Registrar@oeb.ca](mailto:Registrar@oeb.ca)

**Re: Newmarket-Tay Power Distribution Ltd. Reply Submission (EB-2025-0021)**

Dear Mr. Murray,

Pursuant to Procedural Order No. 1 dated September 25, 2025, please find enclosed Newmarket-Tay Power Distribution Ltd.'s (NT Power) reply submission on its application filed under EB-2025-0021.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Donna Kwan', with a stylized flourish at the end.

Donna Kwan, CPA  
Regulatory Finance Manager  
Newmarket-Tay Power Distribution Ltd.  
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## **Background**

On October 31, 2025, Vulnerable Energy Consumers Coalition (“VECC”) and Ontario Energy Board Staff (“OEB Staff”) filed submissions on the application filed by Newmarket-Tay Power Distribution Ltd. (“NT Power”) for electricity distribution rates effective January 1, 2026, including a request to recover storm costs incurred in 2025 under the OEB’s Z-Factor mechanism.

OEB staff raised no concerns with NT Power’s overall application. Regarding NT Power’s Z-factor recovery request, OEB staff did not object to NT Power’s claim.

VECC’s submission was with regards to the Z-factor only. VECC submitted that the claim should be denied. VECC noted that NT Power requested a Z-factor claim of \$160,431, which includes \$124,711 of labour costs, where \$50,974 resulted from regular hours incurred and \$73,736 resulted from overtime-hours incurred. VECC argued that only overtime hours should be eligible for inclusion in the Z-factor, and therefore, NT Power’s claim should be \$109,457. VECC further argued that the \$109,457 does not meet NT Power’s materiality threshold.

## **Reply Submission**

NT Power’s reply submission is limited to the Z-factor request, for which one party (VECC) took issue with.

NT Power disagrees with VECC’s view that only overtime hours should be included in the Z-factor claim amount. NT Power notes that OEB staff did not raise any concern regarding the manner in which incremental labour costs were calculated. In fact, regarding the causation criteria, OEB staff stated that it was satisfied that NT Power could not have reasonably designed or managed its distribution system to avoid all of the damage and outages resulting from this storm, and therefore, could not have included these amounts in rates.<sup>1</sup>

VECC referenced the OEB’s decision for Elexicon Energy Inc.’s (Elexicon) Z-factor as support for excluding regular hours and noted that this was also consistent with InnPower Corporation’s (InnPower) current Z-factor application before the OEB.<sup>2</sup> NT Power notes that the OEB’s decision did not deny costs for regular hours to be included in Elexicon’s Z-factor claim.<sup>3</sup> In fact, the OEB did not address this aspect in its decision at all. Elexicon’s initial proposal simply excluded costs for regular hours. Furthermore, and contrary to

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<sup>1</sup> OEB Staff Submission, October 31, 2025, p.5

<sup>2</sup> VECC Submission, October 31, 2025, p.2

<sup>3</sup> EB-2022-0317, Decision and Order, June 15, 2023, p.11

VECC's position, NT Power notes that the OEB has previously approved Z-factor claims where costs for regular labour hours have been included.<sup>4</sup>

NT Power submits that the circumstances for both Elexicon and InnPower's Z -factors are different than NT Power's. Even though Elexicon and InnPower did not propose to include costs for regular hours in its claim, both claims included a significant amount of capital, which NT Power has excluded from its claim. Furthermore, both claims also include a significant amount for third-party contractor costs, representing 46% of Elexicon's and 63% of InnPower's Z-factor costs, respectively.<sup>5</sup> On the other hand, NT Power's third-party contractor costs only account for 3% of the total claim. It would not be reasonable or fair to NT Power to be denied recovery simply because it prudently chose to use internal labour where possible, instead of using a third-party contractor at overtime rates and passing along this higher cost to ratepayers. There is no cogent or principled rationale to arbitrarily limit incrementality to third-party costs only. Such an approach would inherently encourage distributors like NT Power to seek outside services in emergency situations, even when staff are available, which not only increases restoration times but drives up ratepayer costs with absolutely no customer benefit.

Furthermore, as supported by OEB Staff, NT Power submits that the costs for the regular hours incurred are incremental to amounts in base rates. These storm restoration activities have not displaced other planned and necessary work that these employees were earmarked for – those projects and initiatives are still required to be completed, and are on track to be, with additional reliance on overtime and third-party contractors.

Accordingly, NT Power submits that its claim, as filed, meets the OEB's causation and materiality threshold for a Z-factor request.

Regarding prudence, both OEB Staff and VECC took no issues with NT Power's response to the storm.

For the reasons listed above, NT Power submits that its Z-factor request should be approved as proposed.

~All of which is respectfully submitted~

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<sup>4</sup> EB-2022-0018, Burlington Hydro Inc., Decision and Rate Order, March 23, 2023, p.15, EB-2018-0021, Burlington Hydro Inc., Decision and Rate Order, March 28, 2019 and OEB Staff Interrogatory Responses, p.28

<sup>5</sup> For Elexicon, third-party costs are \$2,102,298 out of total costs of \$4,602,788 (EB-2022-0317, Decision and Order, June 13, 2023, p.8). For InnPower, third-party costs of \$772,276 out of total costs of \$1,224,964. (EB-2025-0027, InnPower Corporation, Application, August 14, 2025, p.20)