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

BY EMAIL

October 29, 2026

Ritchie Murray
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Ritchie Murray:

Re: Ontario Energy Board (OEB) Staff Submission
Newmarket-Tay Power Distribution Ltd. (Newmarket-Tay Power Distribution)
2027 Distribution Rate Application
Ontario Energy Board (OEB) File Number: EB-2026-0058

Please find attached OEB staff's submission in the above referenced proceeding, pursuant to Procedural Order No. 1.

Yours truly,

Narisa Jotiban

Digitally signed by Narisa Jotiban
Date: 2026.10.29 13:33:07 -04'00'

Narisa Jotiban
Senior Advisor, Distribution Rates & Economics

Encl.



ONTARIO ENERGY BOARD

OEB Staff Submission

Newmarket-Tay Power Distribution Ltd.

2027 Distribution Rate Application

EB-2026-0058

October 29, 2026

Introduction

Newmarket-Tay Power Distribution Ltd. (Newmarket-Tay Power Distribution) filed an incentive rate-setting mechanism (IRM) application with the Ontario Energy Board (OEB) on August 10, 2026, under section 78 of the *Ontario Energy Board Act, 1998* seeking approval for changes to its electricity distribution rates and charges effective January 1, 2027. Newmarket-Tay Power Distribution also requested an extension of rate riders for the 2028 rate year associated with Lost Revenue Adjustment Mechanism (LRAM) eligible amounts and Metering Inside the Settlement Timeframe (MIST) meter amounts.

OEB Staff Submission

Consistent with Chapter 3 of the Filing Requirements (Filing Requirements),[1] Newmarket-Tay Power Distribution applied the Price Cap Incentive Rate-setting (IR) adjustment factor to adjust the monthly service charge and distribution volumetric rate during the incentive rate-setting years. OEB staff has no concerns with Newmarket-Tay Power Distribution's proposed Price Cap IR adjustment as the latest inflation[2] and stretch factors[3] applicable to Newmarket-Tay Power Distribution's 2027 IRM application have been correctly applied.

The application proposes updates to the Retail Transmission Service Rates (RTSRs) and Low Voltage (LV) service rates. In an interrogatory response[4], Newmarket-Tay Power Distribution updated its proposed RTSRs to reflect the 2027 preliminary Uniform Transmission Rates and Hydro One Networks Inc.'s 2027 Sub-Transmission Rates (Tab 11 of the Newmarket-Tay Rate Zone (NTRZ) Rate Generator Model).[5] OEB staff has no concerns with the revised RTSRs or the proposed LV service rates.

Newmarket-Tay Power Distribution also seeks approval to dispose of the calculated tax-sharing impact, in the credit amount of $42,299, for the NTRZ effective January 1, 2027,[6] via a fixed monthly rate rider for residential customers and volumetric riders for all other classes over a one-year period. For the Midland Rate Zone (MRZ), Newmarket-Tay Power Distribution proposes transferring the credit amount of $92[7] shared tax savings adjustment to Account 1595 for future disposition as the adjustment

[1] Filing Requirements for Electricity Distribution Rate Applications - 2026 Edition for 2027 Rate Applications - Chapter 3 Incentive Rate-Setting Applications, July 14, 2026
[2] OEB Letter, 2027 Inflation Parameters, issued June 11, 2026
[3] Pacific Economics Group Research, Empirical Research in Support of Incentive Rate-Setting: 2025 Benchmarking Update, Report to the Ontario Energy Board, August 2026, Table 5
[4] Newmarket-Tay Power Distribution's Response to Staff Interrogatory-6, p. 7
[5] EB-2026-0246, 2027 Preliminary Uniform Transmission Rates and Hydro One Sub-Transmission Rates, October 14, 2026
[6] Tab 9 of the NTRZ Rate Generator Model
[7] Tab 9 of the MRZ Rate Generator Model

did not generate rate riders to four decimal places for Residential and General Service less than 50 kW (GS<50 kW) rate classes. OEB staff has no concerns regarding the proposed shared tax savings adjustments or with the proposal to transfer the credit amount for the MRZ to Account 1595.

Newmarket-Tay Power Distribution further requests approval of rate riders for 2027 to recover LRAM-eligible amounts, as previously approved in its 2023 IRM application (EB-2022-0050). OEB staff has no concerns with this request, as the 2027 approved LRAM-eligible amounts for NTRZ and MRZ have been adjusted using the OEB's inflation parameters and latest stretch factor value applicable to Newmarket-Tay Power Distribution's 2027 IRM application.

Regarding MIST rate riders, Newmarket-Tay Power Distribution seeks approval for the 2027 MIST rate rider based on the previously approved Group 2 balances associated with MIST meters in EB-2024-0309 for both rate zones. Newmarket-Tay Power Distribution states that MIST rate riders were derived using the same methodology as that used to calculate the 2025 and 2026 rate riders in its previously approved IRM proceedings (EB-2024-0309 and EB-2025-0021). For the MRZ, the approved amount did not generate rate riders to four decimal places for the GS<50 kW and Unmetered Scattered Load rate classes. Newmarket-Tay Power Distribution proposes to transfer $6,444 to Account 1595 (2027) which is consistent with OEB guidance in the Filing Requirements for tax sharing and other rate riders.[8] OEB staff has no concerns with the proposed MIST rate riders or the proposal to transfer $6,444 to Account 1595 for the MRZ.

In this document, OEB staff makes detailed submissions on the following issues that are not discussed above:

- Extension of LRAM-eligible and MIST riders
- Class A consumption data
- Disposition of Group 1 Deferral and Variance Account (DVA) balances
- Updates to Time-of-Use Regulated Price Plan (RPP) prices and Ontario Electricity Rebate (OER)

[8] Filing Requirements for Electricity Distribution Rate Applications - 2026 Edition for 2027 Rate Applications - Chapter 3 Incentive Rate-Setting Applications, July 14, 2026, p. 37

Extension of LRAM-Eligible and MIST Riders

On July 7, 2026, the OEB approved Newmarket-Tay Power Distribution's request for a one-year deferral to reschedule its rebasing application from January 1, 2028 to January 1, 2029.

Newmarket-Tay Power Distribution states that this deferral affects the LRAM-eligible and MIST meter riders that the OEB had previously approved to recover amounts pertaining to the years up to 2027, based on the assumption that it would rebase for January 1, 2028 rates.

LRAM-eligible Amounts

In its 2023 IRM application (EB-2022-0050), the OEB approved Newmarket-Tay Power Distribution's request to recover LRAM-eligible amounts for 2023 through 2027, arising from savings associated with completed Conservation and Demand Management programs, with annual adjustments based on the approved inflation factor less the X-factor. At that time, Newmarket-Tay Power Distribution was scheduled to rebase in 2028 and therefore only sought recovery through 2027. This approach was consistent with OEB guidance, which permits recovery of LRAM-eligible amounts until the distributor's next rebasing application.[9]

As Newmarket-Tay Power Distribution has deferred rebasing to 2029, it is now requesting approval of LRAM-eligible amounts for both rate zones for the 2028 year (Tables 18 and 19 of the application). Newmarket-Tay Power Distribution states that this approach is consistent with the aforementioned OEB guidance.

OEB staff submits that it has no concerns with this request, as it is consistent with the OEB guidance noted above.

MIST Riders

In EB-2024-0309, the OEB approved Newmarket-Tay Power Distribution's request to dispose of Account 1557 – Meter Cost Deferral Account pertaining to MIST meters by way of separate riders for each of the years from 2025 to 2027, based on the assumption that the remaining net book value of the MIST meters would be incorporated into rate base when Newmarket-Tay Power Distribution rebased in 2028.

Newmarket-Tay Power Distribution is requesting that the OEB extend its approval for the MIST rate riders to 2028 to align with the rebasing for 2029 rates. The application

[9] Guidance on Prospective Lost Revenue Adjustment Mechanism (LRAM) Amounts – 2024 Rates, June 16, 2023

states that the proposed 2028 revenue requirement impact is $88,518 for the NTRZ and $6,444 for the MRZ, which are unchanged from prior years because no MIST meter additions have been made since 2022 in the NTRZ and 2021 in the MRZ.

OEB staff notes that Newmarket-Tay Power Distribution's request to extend the MIST rate riders until its next rebasing in 2028 is similar in nature to what is described in the OEB's guideline for smart meter funding and cost recovery rate riders.[10] Based on the guideline regarding Smart Meter Incremental Revenue Requirement Rate Rider (SMIRR), when the OEB approves smart meter capital and operating costs outside of a cost of service proceeding, a SMIRR is established to recover the prospective annualized incremental revenue requirement for the approved smart meters, until the distributor's next cost of service application.

OEB staff submits that it has no concerns with the proposed extension of the MIST rate riders until the next rebasing, as this approach is consistent with what was previously approved in EB-2024-0309 and the proposed 2028 revenue requirement impact amounts for both rate zones will remain unchanged from prior years. In addition, the proposed extension is similar in nature and consistent with the OEB's guideline for the smart meter funding and cost recovery rate riders noted above.

Class A Consumption Data

Upon reviewing the Class A consumption data in Tab 6 of the NTRZ Rate Generator Model, OEB staff notes that the data did not reconcile with the 2025 Reporting and Record-Keeping Requirement (RRR) data.

In its response to Staff Interrogatory-4, Newmarket-Tay Power Distribution revised Tab 6 of the NTRZ Rate Generator Model to reconcile the Class A consumption data with the 2025 RRR data.[11] In addition, Newmarket-Tay Power Distribution has revised the tariff of rates and charges in Tab 20 of the MRZ Rate Generator Model to reflect the results of this update.

OEB staff submits that it has no concerns with these updates.

Disposition of Group 1 DVA Balances

Newmarket-Tay Power Distribution is requesting a final disposition of its Group 1 DVA credit balances as of December 31, 2025, including projected carrying charges to December 31, 2026, totaling ($2,708,279) across the combined rate zones through rate

[10] Ontario Energy Board, G-2011-0001 Guideline, Smart Meter Funding and Cost Recovery – Final Disposition, issued on December 15, 2011, p. 14
[11] Newmarket-Tay Power Distribution's Response to Staff Interrogatory-4, p. 5

riders over a one-year period. OEB staff notes that the revised NTRZ Rate Generator Model filed by Newmarket-Tay Power Distribution as part of its responses to interrogatories contains a revised total Group 1 DVA balance which is a credit of ($2,710,401).

In its response to Staff Interrogatory-1 and Staff Interrogatory-2, Newmarket-Tay Power Distribution has updated Tab 3 of the NTRZ Rate Generator Model[12] to reflect the Q4 2026 prescribed interest rate[13] and the correct opening balances for Account 1595 (2024),[14] respectively.

Regarding Account 1595 (2022), Newmarket-Tay Power Distribution proposed to dispose of the residual balances in this account. In Staff Interrogatory-3, OEB staff requested that Newmarket-Tay Power Distribution explain the derivation of the allocation percentages used in Column N of Tab 4 of the original NTRZ Rate Generator Model, as OEB staff was unable to verify the values. In its response to Staff Interrogatory-3, Newmarket-Tay Power Distribution explained that the allocation percentages for Account 1595 (2022) were derived based on the consolidated NTRZ and MRZ account balances disposed of through the 2022 IRM proceeding. Newmarket-Tay Power Distribution also corrected the allocation percentage calculation in Tab 5 of the revised NTRZ Rate Generator Model to include Account 1580, Capacity Based Recovery (CBR) Class B, which had been inadvertently omitted from the original calculation.[15]

OEB staff notes that in Tab 4 of the revised NTRZ Rate Generator Model, the footnote associated with the 1595 Recovery Proportion (2022) allocation states: “Residual account balance to be allocated to rate classes in proportion to the recovery share as established when rate riders were implemented.” Accordingly, the allocation percentages for Account 1595 (2022) should be derived using the consolidated total consumption data (kWh) for the NTRZ and the MRZ, rather than using the consolidated account balances. However, given that the proposed Account 1595 (2022) balance is immaterial, OEB staff has no objection to using the consolidated account balances to derive the allocation percentages. Going forward, Newmarket-Tay Power Distribution should use the consumption allocation (kWh) to derive the allocation percentages for Account 1595 for the 2023 vintage year and subsequent years.

OEB staff submits that it has no concerns with the revised Group 1 DVA balances and the revised Rate Generator Models for both rate zones.

[12] The NTRZ Rate Generator Model contains consolidated Group 1 balances for both rate zones.
[13] Newmarket-Tay Power Distribution’s Response to Staff Interrogatory-1, p. 1
[14] Newmarket-Tay Power Distribution’s Response to Staff Interrogatory-2, p. 2
[15] Newmarket-Tay Power Distribution’s Response to Staff Interrogatory-3, pp. 3-4

Updates to Time-of-Use RPP Prices and OER

OEB staff notes that the revised Rate Generator Models for the NTRZ and the MRZ, filed by Newmarket-Tay Power Distribution as part of its responses to interrogatories, contain the Time-of-Use RPP prices and OER effective November 1, 2025 (Tab 18 of the Rate Generator Models), rather than the updated numbers that will take effect on November 1, 2026.[16]

OEB staff has updated the revised Rate Generator Models to reflect the Time-of-Use RPP prices and OER effective November 1, 2026 in "Attachment 1 – NT Power – 2027-IRM-Rate-Generator-Model_V2_NTRZ_OEB Staff" and "Attachment 2 - NT Power – 2027-IRM-Rate-Generator-Model_V2_MRZ_OEB Staff". OEB staff requests that Newmarket-Tay Power Distribution confirms the updates in its reply submission.

~All of which is respectfully submitted~

[16] https://www.oeb.ca/newsroom/2026/ontario-energy-board-announces-changes-electricity-prices-households-small-businesses