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

BY EMAIL

March 13, 2025

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Nancy Marconi:

Re: EB-2024-0309 Accounting Order and Disposition – Newmarket-Tay Power Distribution Ltd. (NT Power)

In accordance with combined Notice and Procedural Order No. 1, please find attached the Ontario Energy Board (OEB) staff interrogatories in the above proceeding. The applicant and intervenors have been copied on this filing.

NT Power's responses to interrogatories are due by March 26, 2025.

Any questions relating to this letter should be directed to Michael Bell at michael.bell@oeb.ca or at 416-440-7688. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Michael Bell
Digitally signed by Michael Bell
Date: 2025.03.13 10:12:31 -04'00'

Michael Bell
Senior Advisor, Application Policy & Conservation

Encl.

cc: All parties in EB-2024-0309

OEB Staff Interrogatories
Newmarket-Tay Power Distribution Ltd.
Accounting Order and Disposition Application
EB-2024-0309
March 13, 2025

Please note, Newmarket-Tay Power Distribution Ltd. (NT Power) is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories 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*.

Staff – 1

Reference: Page 1

Preamble:

In its Executive Summary, NT Power begins to describe its request for consolidating its DVAs and tracking them going forward. "NT Power intends to track all DVAs on a consolidated basis, effective January 1, 2025 upon Ontario Energy Board (OEB) approval. NT Power plans to file for disposition of Group 1 balances on a consolidated basis in its 202…"

Question:

1. Please complete the sentence.

Staff – 2

Ref 1: Page 4
Ref 2: Appendix C - 2010-2024 DVA Continuity Schedule_NTRZ_MRZ

Preamble:

NT Power is requesting disposition of a debit of $31,020 for NTRZ and debit of $72,571 for MRZ for Account 1508, Sub-account Deferred IFRS Transition Costs. This sub-account is used to record one-time administrative incremental IFRS transition costs, which are not already approved and included for recovery in distribution rates.
In reference 2, OEB staff notes that transactions begin in 2015 for NTRZ, and 2012 for the Midland rate zone. OEB staff has compiled a table below showing the transactions by year (if any) in each rate zone:

	2012	2013	2014	2015	2016	Total
NTRZ	-	-	-	20,340	5,085	25,425
MRZ	58,656	-	-	-	-	58,656

Questions:

1. Please provide a detailed breakdown of the costs that were recorded for NTRZ and MRZ by year, including a detailed description of the nature and purpose of the expenditure.
2. Please explain how these costs are incremental in nature.
3. Please confirm in which year NTRZ and MRZ transitioned to IFRS per its audited financial statements.
    a. Please explain how the timing of the costs corresponds with the timing of the transition to IFRS, if not incurred directly prior to or directly after.

Staff – 3

Ref 1: Page 5-6
Ref 2: Appendix C - 2010-2024 DVA Continuity Schedule_NTRZ_MRZ
Ref 3: Accounting Procedures Handbook Guidance March 2015, p 4

Preamble:

NT Power requests disposition a debit of $604,707 for NTRZ and a debit of $50,288 for MRZ for Account 1557 – MIST Meters. NT Power states that

> The amounts represent the revenue requirement calculation resulting from MIST meter capital expenditures of $654,063 for NTRZ and $47,336 for MRZ. No OM&A costs were incurred. The balances requested for disposition is the total annual revenue requirement from 2020 to 2027. NT Power is requesting amounts pertaining to 2025 to 2027 for disposition as these amounts are known and will not change. Disposing the 2025 to 2027 amounts in this application will allow NT Power to subsequently discontinue the account, thereby reducing the administrative efforts to NT Power to maintain all the sub-accounts pertaining to Account 1557, as well as minimizing intergenerational inequity associated with customers paying for these costs several years after they were incurred.

Further, NT Power is not requesting to recover any carrying charges on the account. NT Power notes that financing costs are already reflected in the cost of capital component of revenue requirement.

OEB staff has compiled a table below showing the transactions and principal adjustments (if any) by year in each rate zone:

	2020	**2021**	**2022**	**2023**	**2024**	**2025-2027**	**Total**
NTRZ	17,714	75,910	88,518	86,396	84,042	252,127	**604,707**
MRZ	5,181	6,444	6,444	6,444	6,444	19,331	**50,288**

According to the APH Guidance from March 2015 on Account 1557 in reference 3,

> *The Board amended the Distribution System Code (DSC) on May 21, 2014 to establish a requirement for the installation of Metering Inside the Settlement Timeframe (MIST) meters. The changes came into force on August 21, 2014. Distributors have until August 21, 2020 to install the required meters. The Board established a deferral account to allow distributors to capture prudently incurred incremental costs that are material and are associated with the subject amendment.*
>
> *With this March 2015 guidance, Account 1557 Meter Cost Deferral Account has been established for the tracking of incremental capital and OM&A costs.*

Questions:

1. Please provide a detailed breakdown of the capital expenditures that were recorded for NTRZ and MRZ by year and cost category. For each cost, please describe in detail the nature of the cost.
    a. Please explain how the costs are incremental to base rates and material.
    b. Please confirm what materiality is being used for NTRZ and MRZ.
2. Please explain why transactions were recorded to this account after the deadline of August 21, 2020 noted in reference 3. Please explain NT Power's rationale in requesting disposition of these balances.
3. Please confirm that the amount recorded in the account represents the revenue requirement of the incremental capital expenditures related to MIST meters. If not, please explain why not.
4. Please provide the revenue requirement calculation for 2025-2027 for NTRZ.
5. Please explain why the amounts for 2025-2027 will not change for both NTRZ and MRZ.
    a. Please explain why the MIST meter expense for MRZ for 2021-2027 is the same year to year, i.e. $6,444.
6. Please explain the rationale for collecting costs that would not be incurred by the time of the implementation of the DVA rate riders.

Staff – 4

Ref: Page 6

Preamble:

NT Power has used the most recent billing determinants available for allocating DVA balances for calculating rate riders. NT Power used consumption as filed in its 2023 Reporting and Record-Keeping Requirements (RRR) which was reflected in NT Power's 2025 IRM rate application, as well as customer count data as at December 31, 2024.

Question:

1. Although 2024 consumption data is not due until April 30, 2025, please provide the rate riders using the billing determinants based on 2024 consumption data and compare with the rate riders using 2023 consumption data.

Staff – 5

Ref 1: Pages 2, 9
Ref 2: EB-2024-0042 (with December 31, 2023 audited figures)

Preamble:

NT Power stated that in its original application it did not request disposition of legacy Group 2 accounts (i.e. Group 2 accounts that were established prior to consolidation, and specific to each rate zone) as NT Power did not intend to file an application that would result in any bill impact to its customers (other than cost savings associated with DVA consolidation, which would flow to customers at rebasing).

In its amended application, NT Power is requesting approval to track its Group 1 and Group 2 accounts on a consolidated basis, effective January 1, 2025.

NT Power stated that it understood that Group 1 accounts have been specifically encouraged to be consolidated as soon as practical, as noted in the MAADs Handbook, and mainly limited its application to the details and information relating to its Group 2 accounts.

Question:

1. Please provide the bill impacts for customers and any associated cross-subsidization between the two rate zones from the consolidation of Group 1 accounts using NT Power's December 31, 2023 figures.

Staff – 6

Ref 1: Pages 3-4

Preamble:

NT power is requesting to dispose the 2024 unaudited balances for certain Group 2 DVA balance for two rate zones. NT power provides Table 1 and Table 2 for the total claims for these accounts of each rate zone.

Question:

1. Please provide updated Table 1 and Table 2 by adding the 2023 audited balance for these Group 2 accounts of each rate zone.

Staff – 7

Ref: Pages 6-8

Preamble:

NT Power considered the bill impact of an 8-month disposition period and noted that the bill impacts are all negative (i.e., bills are decreasing when including the impacts of prevailing rate riders expiring April 30, 2025), and are under 4% for all rate classes in NTRZ and under 3% for all rate class in MRZ, as outlined in table 5 below.

Table 5 –Proposed Bill Impacts

Rate Class	kWh	kW	RPP vs. Non-RPP	NTRZ		MRZ	
				$ Change	% Change	$ Change	% Change
Residential	750		RPP	(2.70)	(1.97%)	(1.26)	(0.89%)
GS<50	2,000		RPP	(11.42)	(3.18%)	(2.11)	(0.62%)
GS>50	237,500	500	Non-RPP	(1,537.98)	(3.71%)	(872.23)	(2.38%)
USL	200		RPP	(0.04)	(0.08%)	(0.35)	(0.64%)
Sentinel	475	1	RPP	(1.73)	(2.14%)	0.00	0.00%
Streetlight	474,500	1,000	Non-RPP	(2,306.55)	(2.82%)	(156.41)	(1.98%)

Question:

1. Please confirm whether NT Power is comparing the bill impacts of a 12-month disposition period to an 8-month disposition period in Table 5.
    a. If confirmed, please explain the main drivers causing the bill impacts to be negative using the 8-month disposition period.
    b. Please provide the bill impacts of disposing of the group 2 DVAs in relation to the 2025 approved tariff.

Staff – 8

Ref: Page 5

Preamble:

NT Power states that it requests disposition of a debit of $163,477 and a debit of $65,658 for NTRZ's Accounts 1518 and 1548 respectively, as well as a credit of $44,157 and a debit of $8,128 for MRZ's Accounts 1518 and 1548.

Question(s):

1. Please explain why Account 1518 for MRZ is a credit balance of $44,157 while Account 1518 for NTRZ is a debit balance of $163,477.
2. Please provide NT Power's thoughts of writing off the debit balance of $8,128 in Account 1548 for MRZ because the balance is immaterial.

Staff – 9

Ref: Page 11

Preamble:

NT Power provides Table 7 for a list of Group 2 DVAs that are to be continued on a consolidated basis. One of the accounts is Account 1592 sub-account CCA changes.

Question:

1. Please propose how to calculate the CCA differences for each rate zone that are to be recorded in the consolidated Account 1592 sub-account CCA changes.