



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

DECISION AND ORDER

EB-2015-0337

**GREAT LAKES POWER TRANSMISSION
INC.**

2016 Revenue Requirement

BEFORE: Ken Quesnelle
Presiding Member

January 14, 2016

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1 INTRODUCTION AND SUMMARY

Great Lakes Power Transmission Inc. (GLPT) is one of five licensed electricity transmitters in Ontario that recover their revenues through Ontario's uniform transmission rates (UTR). The Ontario Energy Board (OEB) approves the revenue requirements and charge determinants of the individual transmitters and uses them to calculate the UTR.

GLPT filed an application with the OEB on July 14, 2014 seeking approval for changes to its electricity transmission revenue requirements for 2015 and 2016. In its December 18, 2014 decision, the OEB approved a 2016 revenue requirement for GLPT of \$40,990,460, subject to adjustment to reflect the cost of capital parameters approved by the OEB for 2016 when these became available. The OEB also approved GLPT's recovery of \$787,816 in each of 2015, 2016 and 2017 to clear deferral and variance account balances and charge determinants for 2015 and 2016.

On November 20, 2015, GLPT filed an application to revise its 2016 revenue requirement to reflect the 2016 cost of capital parameters approved by the OEB on October 15, 2015. GLPT requested a total revenue requirement, including deferral and variance account recovery, of \$40,565,936.

2 THE PROCESS

The total amount to be recovered for GLPT in 2016 is derived from the OEB's EB-2014-0238 Decision. The findings in this Decision involve only the implementation of findings in that previous decision. The OEB has therefore determined that no person will be adversely affected in a material way by the outcome of this proceeding. In accordance with section 21 (4) (b) of the Act, this matter has been determined without a hearing.

3 2016 REVENUE REQUIREMENT AND CHARGE DETERMINANTS

GLPT requested approval of a 2016 revenue requirement to recover the amount as approved in EB-2014-0238, updated to reflect the OEB's approved 2016 cost of capital parameters, as well as the OEB-approved annual disposition of deferral and variance account balances of a debit amount of \$787,816. GLPT requested no change to the 2016 charge determinants as approved by the OEB in EB-2014-0238.

In support of its application, GLPT provided a revised Revenue Requirement Work Form incorporating a long-term debt rate of 6.87%. Consistent with the OEB's Report of the Board on the Cost of Capital for Ontario's Regulated Utilities (EB-2009-0084), an OEB-approved debt rate shall remain in place over the life of the instrument, unless it is renegotiated. GLPT's long-term debt rate of 6.87% was approved by the OEB in EB-2009-0408 for its existing third party debt, which has not been renegotiated. GLPT's application also contained a short-term debt rate of 1.65% and return on equity of 9.19% as approved by the OEB for 2016 in accordance with the Cost of Capital report¹. On the basis of the 2016 parameters, the revised 2016 Cost of Capital for GLPT is reduced from \$16,787,910 to \$16,598,993. This revision results in a 2016 base revenue requirement of \$39,778,120.

The total proposed 2016 revenue requirement is as follows:

Table 1: Revenue Requirement

Particulars	Amount
2016 BASE REVENUE REQUIREMENT	\$39,778,120
DEFERRAL AND VARIANCE ACCOUNT DISPOSITION	\$787,816
2016 TOTAL REVENUE REQUIREMENT	\$40,565,936

¹ Ontario Energy Board Letter, October 15, 2015 Re: Cost of Capital Parameter Updates for 2016 Applications

GLPT's approved charge determinants to be incorporated into the calculation of UTRs are as follows:

Table 2: Charge Determinants (MW)

	Network	Line Connection	Transformation Connection
2016	3,498.236	2,734.624	635.252

Findings

The OEB approves GLPT's revised 2016 base revenue requirement as proposed.

4 ORDER

THE BOARD ORDERS THAT:

1. The total revenue requirement for GLPT to be included in the calculation of Uniform Transmission Rates effective January 1, 2016 is \$40,565,936, inclusive of the previously approved deferral and variance account recovery of \$787,816.
2. The GLPT charge determinants for the calculation of the Uniform Transmission Rates for 2016 shall be those approved in EB-2014-0238 and as shown in Table 2 of this decision.

DATED at Toronto January 14, 2016

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary