



Hydro One Sault Ste. Marie LP

Application for electricity transmission revenue requirement beginning January 1, 2019 and related matters

DECISION AND INTERIM RATE ORDER December 6, 2018

Hydro One Sault Ste. Marie LP (Hydro One SSM) filed an application with the Ontario Energy Board (OEB) on July 26, 2018 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), and under the OEB's *Filing Requirements for Electricity Transmission Applications*. Hydro One SSM is seeking approval for changes to its electricity transmission revenue requirement to be effective January 1, 2019 and related matters.

In its December 18, 2014 decision and order¹ on Great Lakes Power Transmission LP's (GLPT, now Hydro One SSM) 2015 revenue requirement and charge determinants,² the OEB approved GLPT's recovery of \$787,816 in each of 2015, 2016 and 2017 to clear deferral and variance account (DVA) balances totaling \$2,363,448 to the end of 2014. The recovery of the DVA balances were to be added to GLPT's base revenue requirement.

In its January 14, 2016 decision and order³ on GLPT's 2016 revenue requirement and charge determinants, the OEB approved a base revenue requirement of \$39,778,120 as well as \$787,816 to recover previously approved DVA balances, for a total revenue requirement of \$40,565,936.

¹ EB-2014-0238

² Allocations to the transmission pools for the calculation of the Uniform Transmission Rates for 2015 were also approved. Also approved were the recovery of DVA balances, the establishment of new DVAs, and the closure of a DVA. The 2016 revenue requirement was also approved, subject to a future adjustment to reflect updated cost of capital parameters that were approved by the OEB for 2016.

³ EB-2015-0337

In its September 28, 2017 decision and order⁴ on Hydro One SSM's 2017 revenue requirement, the OEB denied an increase in Hydro One SSM's base revenue requirement for 2017. However, the OEB determined that another \$787,816 of DVA balances would be collected in 2017, consistent with the OEB's previous decision. As a result, Hydro One SSM's 2016 total revenue requirement and charge determinants did not change in 2017.

Hydro One SSM did not apply for an increase in its revenue requirement and charge determinants for 2018 rates. Collection of the DVA balances remained in the Hydro One SSM's component of the Uniform Transmission Rates (UTRs) for 2018, although the three-year DVA collection was scheduled to cease on December 31, 2017. Hydro One SSM records the ongoing collection of the DVA balances in Account 1595. The forecast balance in Account 1595 as of December 31, 2018 is a credit of \$1.0 million. Hydro One SSM plans to request clearance of this balance in a future rate application.

In the current proceeding, Hydro One SSM is proposing a new revenue requirement but is proposing to maintain its charge determinants approved in the January 14, 2016 decision and order⁵ for 2019.

In the event that the proposed revenue requirement is not approved by January 1, 2019, Hydro One SSM has requested that the OEB approve the establishment of a new DVA. The new DVA would be a sub-account within Account 1574, Deferred Rate Impact Amounts, to record revenue deficiencies incurred from January 1, 2019 until Hydro One SSM's 2019 proposed revenue requirement is implemented.

Findings

The OEB does not expect a final decision on this application to be issued prior to January 1, 2019. The OEB finds it appropriate to declare Hydro One SSM's current base revenue requirement interim, effective January 1, 2019. Specifically, the OEB directs Hydro One SSM to remove the \$787,816 in DVA balances included in its total revenue requirement as this amount has already been collected. The remaining base revenue requirement of \$39,778,120 will be interim until such time as the final 2019 revenue requirement is established by the OEB. The revised revenue requirement and allocation to the rate pools are listed below in Table 1. The allocation to the rate pools has been made in proportions consistent with Appendix A to the February 1, 2018 2018 UTR Decision and Rate Order.⁶

⁴ EB-2016-0356

⁵ EB-2015-0337

⁶ EB-2017-0359

Table 1 – OEB Approved 2019 Interim Revenue Requirement and Allocation to the Rate Pools

Revenue Requirement Allocation			
Network	Line Connection	Transformation Connection	Total
\$21,893,871	\$5,773,475	\$12,110,774	\$39,778,120

The OEB finds it appropriate for the charge determinants proposed by Hydro One SSM, which are consistent with those approved in the January 14, 2016 decision and order,⁷ to remain in place for 2019 on an interim basis. The charge determinants will be interim until such time as the final 2019 charge determinants are established by the OEB. These charge determinants are listed below in Table 2.

Table 2 – Charge Determinants⁸

Current Approved Charge Determinants	MW
Network	3,498.236
Line Connection	2,734.624
Transformation Connection	635.252

This Interim Rate Order continues to be without prejudice to the OEB's decision on Hydro One SSM's application and should not be construed as predictive, in any way whatsoever, of the OEB's final determination of the effective date in a final decision and rate order arising from the application.

The OEB does not approve the establishment of the new deferral sub-account within Account 1574. The OEB will determine the need for such an account once it makes its final determination on the effective date for Hydro One SSM's revenue requirement. There is no need for the deferral account because the revenue requirement has been made interim.

⁷ EB-2015-0337

⁸ Exhibit D, Tab 2, Schedule 1, Page 4, Table 2

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Hydro One SSM's current base revenue requirement, excluding DVA balances, shall be made interim as of January 1, 2019 and until such time as a final rate order is issued by the OEB. The total revenue requirement for Hydro One SSM to be included on an interim basis in the calculation of the UTRs effective January 1, 2019 is \$39,778,120, in accordance with the above Table 1.
2. Hydro One SSM's charge determinants approved in the 2016 proceeding⁹ will remain in effect in 2019 on an interim basis, in accordance with the above Table 2.
3. The allocation of Hydro One SSM's interim revenue requirement to the transmission pools for the calculation of the UTRs for 2019 will be based on the allocations currently utilized for Hydro One Networks Inc. These allocations may be subject to adjustment should the OEB make adjustments to the 2019 pool allocations.

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DATED at Toronto, **December 6, 2018**
ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

⁹ EB-2015-0337