



ONTARIO ENERGY BOARD

BOARD STAFF SUBMISSION

Great Lakes Power Transmission LLP

EB-2014-0238

December 1, 2014

Background

Great Lakes Power Transmission Inc. on behalf of Great Lakes Power Transmission LP (“GLPT”) filed a complete cost of service application with the Ontario Energy Board (the “Board”) on July 14, 2014 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to its electricity transmission revenue requirements for 2015 and 2016 to be effective January 1, 2015 and January 1, 2016. GLPT recovers its Board-approved revenue requirement through Ontario’s Uniform Transmission Rates.

On November 12, 2014 the parties (GLPT, the Vulnerable Energy Consumers Coalition, the School Energy Coalition, and Energy Probe Research Foundation) filed a complete Settlement Proposal with the Board. On November 19, 2014 an oral hearing was held to hear submissions on a matter raised by Board staff concerning the Settlement Proposal. At the hearing the Board approved the Settlement Proposal as filed and declared the current rates interim as of January 1, 2015.¹

The Board directed GLPT to file a draft Rate Order by November 26, 2014. Any submissions from the intervenors and Board staff were to be filed by December 1, 2014 and GLPT is to file any reply submission by December 4, 2014.

On November 25, 2014 GLPT filed its revisions to the 2015 revenue requirement, updates to account balances and disposition amounts and a draft accounting order.²

Submission

Board staff has reviewed the material filed on November 25, 2014,

- 1) Board staff has no concerns with the updated Revenue Requirement Work Form for 2015 which reflects the Board’s *Cost of Capital Parameters for 2015 Applications* which was issued on November 20, 2014. The updated base revenue requirement for 2015 now totals \$39,515,015. When added to the deferral and variance account

¹ With respect to the matter raised by Board staff regarding the continuation of the IFRS Gains and Losses Deferral sub-account under Account 1508, the Board indicated that “.....[it] considers that the policy and the rationale in the addendum indicate that a variance account is likely preferable to the deferral account. The Board expects Great Lakes to address this in its next rates application.” (ref: EB-2014-0238 Transcript vol. 1 p. 16)

² For simplicity, in this submission the material filed on November 25, 2014 will be referred to as the “draft Rate Order”.

balances approved for disposition in 2015, the GLPT revenue requirement for Uniform Transmission Rate purposes totals \$40,302,831.

- 2) While the revenue requirement amount for 2015 has been updated, GLPT has not provided an updated allocation of said revenue requirement amount to the three UTR pools: Network, Line Connection and Transformation Connection. The allocations are a necessary component for the calculation of the 2015 UTR. Board staff submits that GLPT should include the said allocations in the draft Rate Order.

- 3) Board staff notes that the draft Rate Order does not include the updated Revenue Requirement amounts for 2016, ostensibly because the 2016 Revenue Requirement amount will be updated in November 2016 by the Board's 2016 Cost of Capital Parameters. For completeness, Board staff suggests that this expectation be mentioned in the draft Rate Order.

- 4) Board staff has no concerns with the draft Accounting Order regarding sub-Account "In-service Addition Net Cumulative Asymmetrical Variance Account" within Account 1508-Other Regulatory Assets.

- 5) GLPT provided the following table ³ regarding its approved charge determinants for 2015.

EB-2014-0238 Great Lakes Power Transmission (GLPT)

Reference: OEB Decision per November 19, 2014 Oral Settlement Hearing Transcript

Approved Charge Determinant (MW)

	Network	Line Connection	Transformation Connection
	3,489.236	2,725.624	626.252

Board staff notes that the charge determinants presented above differ from the charge determinants presented, at p.36, in the approved Settlement Proposal (see below).

³ Ref: Draft Rate Order -Appendix B

	Proposed Annual Charge Determinants (MW)		
	Network	Line Connection	Transformation Connection
GLPT	3,445.341	2,461.434	455.652
All Transmitters	238,851.173	231,224.393	197,995.764

It appears that the table at p.36 of the Settlement Proposal reflects GLPT's charge determinants for 2014. Board staff also notes that GLPT did not provide the charge determinants for 2016 in Appendix B. For purposes of clarity and completeness, Board staff submits that GLPT should revise Appendix B by including the charge determinant amounts for 2016 and mentioning the anomaly found at p.36 in the Settlement Proposal.

- 6) The approved Settlement Proposal at p. 30 indicates that "The Parties agree that the sub-account within account 1508 related (*sic*) changes to existing IFRS standards or changes in the interpretation of such standards should be closed." Board submits that the draft Rate Order should include a statement affirming the closure of said account.

- 7) The approved Settlement Proposal at p.33 indicates that the Parties agreed that an accounting order establishing the following sub-accounts within deferral account 1574 is appropriate.
 - a sub-account within deferral account 1574 to record revenue deficiencies incurred from January 1, 2015 until GLPT's proposed 2015 rates are implemented, if necessary;
 - a sub-account within deferral account 1574 to record revenue deficiencies incurred from January 1, 2016 until GLPT's proposed 2016 rates are implemented, if necessary;

Board submits that the draft Rate Order should include an accounting order for the establishment of said accounts.

-All of which is respectfully submitted-