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| **Ontario Energy** **Board** P.O. Box 231927th. Floor2300 Yonge StreetToronto ON M4P 1E4Telephone: 416- 481-1967Facsimile: 416- 440-7656Toll free: 1-888-632-6273 | **Commission de l’énergie****de l’Ontario**C.P. 231927e étage 2300, rue YongeToronto ON M4P 1E4Téléphone; 416- 481-1967Télécopieur: 416- 440-7656Numéro sans frais: 1-888-632-6273 |  |

**BY E-MAIL**

March 5, 2018

Kirsten Walli

Board Secretary

Ontario Energy Board

2300 Yonge Street, 27th Floor

Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Hydro Hawkesbury Inc. (HHI)**

**2018 Cost of Service Application**

**OEB Staff Draft Rate Order Submission**

**OEB File No. EB-2017-0048**

In accordance with the Decision and Order, please find attached OEB staff’s submission on HHI’s draft rate order. This document is also being provided to Hydro Hawkesbury, the School Energy Coalition, and the Vulnerable Energy Consumers Coalition.

Yours truly,

*Original Signed By*

Jane Scott

Manager – Major Applications

Encl.

2018 COST OF SERVICE APPLICATION

HYDRO HAWKESBURY INC.

EB-2017-0048

OEB STAFF SUBMISSION ON

 DRAFT RATE ORDER

**March 5, 2018**

**INTRODUCTION**

Hydro Hawkesbury Inc. (the Applicant or HHI) filed a Cost of Service application with the Ontario Energy Board (OEB) on July 12, 2017, under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B) (the Act), seeking approval for changes to the rates that HHI charges for electricity distribution, to be effective January 1, 2018. The OEB issued its Decision and Order on February 22, 2018 and ordered HHI to file a draft rate order with a proposed Tariff of Rates and Charges attached that reflects the OEB’s findings in the Decision and Order.[[1]](#footnote-2)

HHI filed a draft rate order on February 27, 2018, revised on March 1, 2018, which updated its proposed rates as directed by the OEB. HHI addressed each issue in the same structure as the Decision and Order. OEB staff has reviewed each section and provides the following submissions.

Through the settlement process, certain adjustments to HHI’s original application have been agreed to by HHI, the School Energy Coalition, and the Vulnerable Energy Consumers Coalition. These adjustments were approved in the Decision and Order. OEB staff submits that the implementation of the adjustments in the following areas have been done consistent with the Decision and Order and have been correctly reflected in the proposed rates.

* Capital additions
* Operating, Maintenance and Administration expenditures
* Cost of capital
* Rate base
* Working capital allowance
* Depreciation
* Income taxes
* Other revenue
* Load forecast
* Loss factor
* Lost Revenue Adjustment Mechanism Variance Account
* Retail transmission service rates
* Low voltage service rates
* Deferral and variance accounts

OEB staff has further submissions on a number of specific adjustments, as follows:

**Transformer station refund**

In the Decision and Order, the OEB approved a refund of $305,798 related to the 110kV substation. OEB staff submits that the calculated rate rider for the transformer station refund is consistent with the OEB Decision and Order.

**Foregone revenue rate rider**

The OEB directed HHI to calculate foregone revenue and rate riders to recover the difference between the effective date of January 1, 2018 and the implementation date of March 1, 2018. In the draft rate order, HHI provided the derivation of foregone revenue rate riders. By letter dated March 1, 2018, HHI revised the rate riders to correct an error in the calculation.[[2]](#footnote-3) OEB staff notes that foregone revenues for residential customers are proposed by HHI to be recovered solely from the fixed monthly charge. This is consistent with the OEB’s residential rate design policy.[[3]](#footnote-4) OEB staff submits that the revised foregone revenue rate riders are consistent with the OEB Decision and Order.

**Tariff**

HHI submitted a revised Tariff Schedule on March 1, 2018. OEB staff submits that the revised Tariff Schedule is consistent with the OEB Decision and Order.

All of which is respectfully submitted

1. Decision and Order, EB-2017-0048, February 22, 2018 [↑](#footnote-ref-2)
2. HHI Amended Draft Rate Order, March 1, 2018. [↑](#footnote-ref-3)
3. OEB Policy – “A New Distribution Rate Design for Residential Electricity Customers” EB-2012-0410, April 2, 2015. [↑](#footnote-ref-4)