



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

DECISION AND ORDER

EB-2018-0320

B2M LIMITED PARTNERSHIP

**Application for electricity transmission revenue requirement
effective January 1, 2019**

By Delegation, Before: Theodore Antonopoulos

December 20, 2018

1 INTRODUCTION AND SUMMARY

B2M Limited Partnership (B2M LP) filed an application with the Ontario Energy Board (OEB) on November 23, 2018, seeking approval for changes to its electricity transmission revenue requirement, to be effective January 1, 2019.

In its decision and order on B2M LP's 2015-2019 transmission revenue requirement application, the OEB approved B2M LP's application subject to certain adjustments set out in that decision and order. The OEB directed B2M to prepare exhibits showing the final revenue requirements for each of 2015 through 2019 reflecting the OEB's findings. In its draft rate order, B2M calculated a 2019 revenue requirement of \$37.1 million.¹ The OEB also directed B2M LP to adjust its revenue requirement annually going forward for updates to the cost of capital.

In the decision and order for B2M LP's 2018 revenue requirement² the OEB directed B2M LP to credit the excess revenue collected in 2018 to customers as part of B2M LP's 2019 revenue requirement. The current application thus proposes a revenue requirement for 2019 of \$32.8 million.³

The OEB approves B2M LP's 2019 transmission revenue requirement of \$32.8 million.

¹ EB-2015-0026 B2M LP 2015-2019 Revenue Requirement January 7, 2016 Draft Rate Order, Exhibit 1.0, page 1 of 1

² EB-2017-0380 Decision and Order May 10, 2018

³ EB-2018-0320 B2M LP 2019 Updated Revenue Requirement November 27, 2018, Exhibit 1.0

2 THE PROCESS

B2M LP's application was filed on November 23, 2018, updated on November 27, 2018, under section 78 of the *Energy Board Act*,⁴ (the OEB Act) and under the OEB's *Filing Requirements for Electricity Transmission Applications*.⁵ B2M LP requested approval for changes to its electricity transmission revenue requirement to be effective January 1, 2019.

B2M LP's transmission revenue requirement for 2019 was originally approved as part of B2M LP's five year application, subject to an update to the cost of capital.⁶ The update is mechanistic and so accordingly, this Decision and Order is being issued by Delegated Authority without a hearing pursuant to section 6(4) of the OEB Act. The rates established in this Decision will be effective January 1, 2019.

⁴1998, S.O. 1998, c. 15, (Schedule B)

⁵Filing Requirements for Electricity Transmission Applications, Chapter 2, Revenue Requirement Applications

⁶EB-2015-0026 B2M LP 2015-2019 Revenue Requirement January 7, 2016 Draft Rate Order, Exhibit 1.0, page 1 of 1

3 ANNUAL ADJUSTMENTS

Background

In the draft rate order for B2M LP's 2015-2019 transmission revenue requirement application, B2M LP calculated a 2019 revenue requirement of \$37.1 million.⁷ The OEB also directed B2M LP to adjust its revenue requirement annually going forward for updates to the cost of capital. In this application, B2M LP has correctly updated the cost of capital using the OEB's 2019 cost of capital parameters⁸, resulting in a decrease in the requested revenue requirement for 2019 of \$2.7 million (including the related tax decrease). This update also represents a \$1.5 million decrease to the approved 2018 revenue requirement of \$35.9 million.⁹

In addition, the decision and order for B2M LP's 2018 revenue requirement¹⁰ the OEB directed B2M LP to credit the excess revenue of \$1.6 million collected in 2018 to customers as part of B2M LP's 2019 revenue requirement. The current application thus proposes a revenue requirement for 2019 of \$32.8 million.¹¹

Findings

The OEB finds that the total revenue requirement for B2M LP effective January 1, 2019 is confirmed as \$32.8 million. This reflects the update to the cost of capital and the excess revenue from 2018 being credited as part of B2M LP's 2019 revenue requirement. B2M LP's approved revenue requirement shall be incorporated in the 2019 UTRs update.

The 2019 rate year represents the final year of B2M LP's currently approved rate term. In the absence of a timely cost of service/revenue cap index proposal or a custom incentive-rate making filing by B2M LP for its next rate plan, the OEB will adjust B2M LP's revenue requirement for 2020 when setting the 2020 UTRs by removing the over

⁷ EB-2015-0026 B2M LP 2015-2019 Revenue Requirement January 7, 2016 Draft Rate Order, Exhibit 1.0, page 1 of 1

⁸ <https://www.oeb.ca/sites/default/files/Ltr-2019-Cost-of-Capital-Update-20181122.pdf>

⁹ EB-2017-0380 Decision and Order, May 10, 2018

¹⁰ EB-2017-0380 Decision and Order May10, 2108

¹¹ EB-2018-0320 B2M LP 2019 Updated Revenue Requirement November 27, 2018, Exhibit 1.0

collection credited to customers during 2019 and the recovery of startup costs that were amortized into revenue requirement for the 2016-2019 period.¹² In the absence of a cost-based application by B2M, no further updates are expected to be implemented post 2019.

¹² The EB-2015-0026 Decision allowed the \$7.7 million start-up cost to be recovered in rates over a four year period, with \$1.925 million being recovered each year from 2016 to 2019.

4 ORDER

IT IS ORDERED THAT:

1. The total revenue requirement for B2M LP effective January 1, 2019 is \$32.8 million, as set out in Schedule A.

DATED at Toronto **December 20, 2018**

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

SCHEDULE A
DECISION AND ORDER
B2M LP
EB-2018-0320
DECEMBER 20, 2018

B2M LP Inc.
 Update to Implementation of Decision with Reasons on EB-2015-0026

Revenue Requirement Summary

(\$)	Supporting Reference	B2M LP Proposed	OEB Decision Impact	OEB Approved	Cost of Capital Update	Revised
		2019	2019	2019	2019	2019
OM&A	Exhibit 1.1	1,549,507	(50,000)	1,499,507	-	1,499,507
Transition Costs (Note 1)		1,925,000	-	1,925,000	-	1,925,000
Depreciation	Exhibit 1.2	6,796,716	-	6,796,716	-	6,796,716
Return on Debt	Exhibit 1.4	15,253,761	(9,320,752)	5,933,009	(387,109)	5,545,900
Return on Equity (Note 2)	Exhibit 1.4	19,981,535	(138,761)	19,842,774	(2,041,764)	17,801,010
Income Tax	Exhibit 1.5	1,102,299	(26,088)	1,076,211	(255,193)	821,018
Revenue Credit from 2018	Note 3	-	-	-	(1,600,000)	(1,600,000)
Base Revenue Requirement		46,608,818	(9,535,600)	37,073,217	(4,284,066)	32,789,151
Deduct: External Revenue		-	-	-	-	-
Rates Revenue Requirement		46,608,818	(9,535,600)	37,073,217	(4,284,066)	32,789,151

Note 1: The Decision allowed the \$7.7 million start-up cost to be recovered in rates over a four year period, with \$1.925 million being recovered each year from 2016 to 2019.

Note 2: The Cost of Capital is updated to reflect OEB approved parameters issued on November 22, 2018.

Note 3: See EB-2017-0380, the Decision issued on May 3, 2018 found 2018 Excess Revenue equivalent to \$1.6 million and ordered that the 2018 UTRs stay at their current level and that the 2018 Excess Revenue for B2M LP be included in 2019 Revenue Requirement calculations. See *Decision and Order issued May 3, 2018, Section 3.3*.