

Hydro One Networks Inc.

7th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5393
Cell: (416) 902-4326
Fax: (416) 345-6833
Joanne.Richardson@HydroOne.com



Joanne Richardson

Director – Major Projects and Partnerships
Regulatory Affairs

BY EMAIL AND RESS

September 15, 2020

Ms. Christine E. Long
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Long:

EB-2020-0226– B2M Limited Partnership’s 2021 Transmission Revenue Requirement Application

Hydro One Networks Inc., on behalf of B2M Limited Partnership (“B2M LP”), is submitting B2M LP’s annual Transmission Revenue Cap IR Application (“the Application”) for 2021 and prefiled evidence in support of the Application.

An electronic copy of the Application and prefiled evidence have been submitted using the Board’s Regulatory Electronic Submission System.

Sincerely,

A handwritten signature in dark ink, appearing to be "Joanne Richardson", written in a cursive style.

Joanne Richardson

EXHIBIT LIST

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APPLICATION

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O.1998, c.15 (Schedule B);

AND IN THE MATTER OF an application by B2M Limited Partnership by its general partner, Hydro One Indigenous Partnerships GP Inc. (“HOIP”), for an Order or Orders pursuant to section 78 of the *Ontario Energy Board Act, 1998* approving rates and other charges for the transmission of electricity to be effective January 1, 2021.

1. The applicant, B2M Limited Partnership (“B2MLP”), is a limited partnership with a general partner and 2 limited partners. The partnership interests are held by:
 - a. Hydro One Indigenous Partnerships GP Inc. (HOIP) holds a 0.1% interest in B2MLP. HOIP also serves as the general partner;
 - b. Hydro One Networks Inc. (HONI) holds a 65.7% interest in B2MLP as a limited partner. HOIP and HONI are affiliates of Hydro One Inc. (“HOI”); and,
 - c. Saugeen Ojibway Nation Finance Corporation (“SONFC”) holds a 34.2% interest as a limited partner. SONFC is a corporation owned equally by, and the Nominee of, the Chippewas of Saugeen First Nation and Chippewas of Nawash First Nation.
2. B2MLP has its head office in Markham, Ontario. B2MLP is licensed by the Ontario Energy Board (the “OEB” or the “Board”), under licence number ET-2013-0078, to transmit electricity and carry on the business of owning and

1 operating transmission facilities in southwestern Ontario. Specifically, B2MLP is
2 licensed to own and operate circuits B560V, terminating near Bruce A TS and
3 Milton SS, and B561M terminating near Bruce B SS and Milton SS.

4
5 3. In the OEB's Decision and Order for B2MLP's revenue cap incentive rate-setting
6 ("IR") application (EB-2019-0178), the OEB approved the proposed revenue cap
7 IR methodology and determined that this framework would be used to determine
8 B2MLP's revenue requirement for the years 2021 through 2024.

9
10 4. This is an Application for B2MLP's 2021 transmission revenue requirement
11 determined formulaically, using the Revenue Cap Index methodology approved in
12 EB-2019-0178.

13
14 B2MLP hereby applies to the Board for an Order approving a total revenue
15 requirement of \$32,959,477 for 2021, to be effective on January 1, 2021, along
16 with an amendment to the 2021 Uniform Transmission Rates to allow for
17 recovery of this amount¹.

18
19 5. B2MLP is not requesting approval to disburse any additional deferral and
20 variance account balances beyond those amounts approved by the OEB in the EB-
21 2019-0178 application.

22
23 6. Approval of the 2021 rates revenue requirement does not materially impact the
24 total bill for a typical Hydro One medium density residential (R1) customer
25 consuming 750 kWh monthly, or for a typical Hydro One General Service Energy

¹ In EB-2020-0180 (2020 Uniform Transmission Rates) p. 9, the OEB determined that transmitters shall submit 2020 foregone revenue calculations for disposition as part of the process for establishing 2021 UTRs. Therefore, the presented Rates Revenue Requirement excludes amounts related to the disposition of the Transmission Foregone Revenue Deferral Account.

1 less than 50 kW (GSe < 50 kW) customer consuming 2,000 kWh monthly. More
2 information regarding the monthly bill impacts may be found in Exhibit A, Tab 4,
3 Schedule 1.

4

5 7. In preparing this Application, Hydro One has been guided by the OEB's *Filing*
6 *Requirements for Electricity Transmission Rate Applications*.

7

8 8. The written evidence filed with the OEB may be amended from time to time prior
9 to the OEB's final decision on the Application.

10

11 **NOTICE AND FORM OF HEARING REQUESTED**

12

13 9. B2MLP will provide notice as directed in the OEB's Letter of Direction. The
14 Application may be viewed on the internet at the following address:
15 www.b2mlp.ca/rate-applications.

16

17 10. The persons affected by this Application are all persons affected by Ontario's
18 Uniform Transmission Rates. It is impractical to set out their names and
19 addresses because they are too numerous.

20

21 11. B2MLP requests that, pursuant to Section 34.01 of the Board's *Rules of Practice*
22 *and Procedure*, this proceeding be conducted by way of written hearing.

23

24 **PROPOSED EFFECTIVE DATE**

25

26 12. B2MLP requests that the OEB's rate order be effective January 1, 2021. In order
27 to address the possibility that the requested rate order cannot be made effective by
28 that time, B2MLP requests an interim order making its current transmission
29 revenue requirement and charges effective on an interim basis as of January 1,

1 2021, and continue the Foregone Revenue Deferral Account to recover any
2 differences between the interim rates and the final rates effective January 1, 2021,
3 based on the OEB's Decision and Order herein.

4

5 **CONTACT INFORMATION**

6

7 13. B2MLP requests that a copy of all documents filed with the Board by each party
8 to this application be served on the Applicant and the Applicant's counsel, as
9 follows:

10

11 The Applicant:

12

Ms. Eryn Mackinnon

13

Senior Regulatory Coordinator – Regulatory Affairs

14

Hydro One Networks Inc.

15

16

Mailing Address: 7th Floor, South Tower

17

483 Bay Street

18

Toronto, Ontario M5G 2P5

19

20

Telephone: (416) 345-4479

21

Fax: (416) 345-5866

22

Email: regulatory@HydroOne.com

23

24

The Applicant's Counsel:

25

Michael Engelberg

26

Assistant General Counsel

27

Hydro One Networks Inc.

1 Mailing Address: 8th Floor, South Tower
2 483 Bay Street
3 Toronto, Ontario M5G 2P5
4

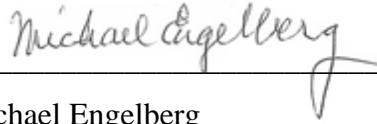
5 Telephone: (416) 277-4692

6 Fax: (416) 345-6972

7 Email: mengelberg@HydroOne.com
8

9 **DATED** at Toronto, Ontario, this 15th day of September, 2020.
10

11 By its counsel,

12 
13 _____

14 Michael Engelberg

1 **CERTIFICATION OF EVIDENCE**

2
3 TO: ONTARIO ENERGY BOARD
4

5
6 The undersigned, being Hydro One Network Inc.'s ("HONI") Vice-President of
7 Regulatory Affairs, Frank D'Andrea hereby certifies for and on behalf of B2MLP that:
8

- 9 1. B2MLP has engaged HONI to prepare and submit this Application on its behalf;
10 2. I am a senior officer of HONI;
11 3. This certificate is given pursuant to Chapter 1 of the Ontario Energy Board's
12 *Filing Requirements for Electricity Transmission Applications* (last revised on
13 February 11, 2016); and
14 4. The evidence submitted in support of B2M Limited Partnership's 2021
15 Transmission Application (EB-2020-0226) is accurate, consistent and complete to
16 the best of my knowledge.
17

18 DATED this 15th day of September, 2020.
19

20 
21

22 FRANK D'ANDREA

**SUMMARY OF OEB DIRECTIVES AND COMPLIANCE WITH
PREVIOUS PROCEEDINGS**

This schedule provides a summary of directives and undertakings from past OEB proceedings and provides a status update or explains the steps that B2MLP has taken to address the OEB's direction as part of this Application.

**1. EB-2019-0178 – B2MLP APPROVAL FOR 2020 BASE TRANSMISSION
REVENUE REQUIREMENT**

B2MLP filed an application to the OEB for approval of base transmission revenue requirement for 2020. The proposal was to set its 2020 base transmission revenue requirement through an incentive rate-setting framework, which takes the form of a revenue cap index mechanism.

In its Decision and Order, the OEB approved the incentive rate-setting framework for determining B2MLP's rates in 2020 and indicated that it expects B2MLP to continue to use this Board-approved framework throughout the OEB-approved rebasing period (i.e. from 2021 through 2024) by filing annual revenue cap applications.

**1.1 LONG-TERM COST OF DEBT UPDATE & SETTING THE ADJUSTED
2020 BASE REVENUE REQUIREMENT**

As directed by the OEB in its decision on B2MLP's 2020 rates application (EB-2019-0178), B2MLP is updating the long-term debt rate to reflect the actual cost of long-term debt that will apply in 2020 as part of this Application. In its 2020 rates application B2MLP acknowledged it had long-term debt financing that would fall due for refinancing in 2020. As outlined in the Settlement Proposal and approved by the OEB, B2MLP is

1 expected to incorporate the changes from the 2020 refinancing of the long-term debt into
2 its revenue requirement update for 2021¹.

3
4 The impact of this update reduces the cost of long-term debt from the original forecast of
5 2.59% down to 2.34%. This adjustment is necessary to establish an adjusted 2020 base
6 revenue requirement for determining the 2021 base revenue requirement as contemplated
7 by the decision in EB-2019-0178. The breakdown of the debt instruments supporting the
8 long-term debt for this 2021 B2MLP Revenue Requirement Application is provided as
9 Attachment 1 of Exhibit A, Tab 4, Schedule 1. The adjusted 2020 base revenue
10 requirement resulting from the long-term debt update is discussed in Section 2 of Exhibit
11 A, Tab 4, Schedule 1.

12 13 **2. EB-2020-0180 - 2020 UNIFORM TRANSMISSION RATES (“UTR”)**

14
15 In EB-2020-0180 the OEB determined that approved interim 2020 Ontario Uniform
16 Transmission Rates would remain in place for the remainder of 2020. The resulting 2020
17 foregone revenue and accrued interest shall be submitted for disposition as part of the process
18 for establishing 2021 UTRs. B2MLP expects to file these amounts and supporting schedules
19 at the time of the 2021 UTR rate-setting process.

¹ EB-2019-0178 - Decision and Order, January 16, 2020, Pg. 3

APPLICATION SUMMARY

1. INTRODUCTION

This Schedule describes B2MLP's 2021 transmission revenue requirement application.

The 2021 transmission revenue requirement of \$32,959,477 has been determined formulaically, using the Revenue Cap IR methodology approved in EB-2019-0178.

B2MLP is requesting that the OEB approve the total rates revenue requirement to be effective on January 1, 2021.¹

Approval of the 2021 rates revenue requirement does not materially impact the total bill for a typical Hydro One medium density residential (R1) customer consuming 750 kWh monthly, or for a typical Hydro One General Service Energy less than 50 kW (GSe < 50 kW) customer consuming 2,000 kWh monthly. More information regarding the monthly bill impacts may be found below in Section 4.2.

2. CUSTOM REVENUE CAP INDEX ADJUSTMENT

In the Decision for B2MLP's Revenue Cap IR Application, the OEB accepted the Revenue Cap IR methodology approach for adjusting B2MLP's transmission revenue requirement for the rate periods 2021 through 2024.

¹ The proposed 2021 rates revenue requirement excludes amounts related to the disposition of 2020 foregone revenue and accrued interest.

The approved formula for the Revenue Cap IR for the test year t+1 is equal to the revenue in year t inflated by the Revenue Cap Index (“RCI”) set out below as:

$$RCI = I - X - SCAF$$

Where:

“I” is the Inflation Factor, based on Hydro One Networks Inc.’s custom weighted two-factor input price index;

“X” is the Productivity Factor, which includes a Stretch Factor; and

“SCAF” is the Settlement Capital Adjustment Factor, which was approved by the OEB to be equal to 0.6%.

In its Decision and Order for B2MLP’s 2020 revenue requirement, the OEB approved the use of an industry-specific inflation factor. At the time of filing this Application, the OEB has not yet released the inflation factor applicable for revenue requirement applications beginning January 1, 2021. B2MLP will be providing an update to the revenue requirement calculation for 2021 rates once it is released. Currently the inflation rate used is 1.8%, which was the OEB-approved industry-specific inflation rate for 2020 applications effective January 1, 2020.

In B2MLP’s 2020 Revenue Cap IR Application proceeding EB-2019-0178, the OEB approved a productivity factor of 0.0%². The OEB approved this productivity factor for the duration of B2MLP’s OEB-approved revenue cap framework in this rebasing cycle i.e. from 2020 through 2024.

In B2MLP’s 2020 Revenue Cap IR Application proceeding, EB-2019-0178, the OEB approved a settlement productivity factor, or SCAF, of 0.6%, which the Settlement

² As included in the Settlement Agreement - EB-2019-0178 - Exhibit J, Tab 1, Schedule 1, Pg 6

Agreement explained is established to “account for B2M LP’s circumstances wherein the rate base of the company, and the resulting capital costs, generally decline over time”³. The OEB approved this Settlement Factor for the duration of B2MLP’s OEB-approved Revenue Cap Framework i.e. through 2024.

Table 1 below summarizes the RCI, by component, that B2MLP is proposing to use to determine the total revenue requirement for ratemaking purposes for 2021. The Inflation Factor in Table 1 below will be updated annually. B2MLP’s RCI adjustment and components, apart from the annual update for inflation, will remain unchanged throughout the 2021-2024 term.

Table 1 – 2021 Custom Revenue Cap Index (RCI) by Component (%)

Custom Revenue Cap Index by Component (%)	2021
Inflation Factor (I)	1.8
Less:	
Productivity Factor (X)	(0.0)
Settlement Capital Adjustment Factor (SCAF)	(0.6)
Total Revenue Cap Index (RCI)	1.2

In the OEB’s Decision and Order for B2MLP’s 2020 revenue requirement, and discussed in Exhibit A, Tab 3, Schedule 1, the OEB directed B2MLP to update the basis for its calculation of its 2021 base revenue requirement for the impact of a rate change to its long-term debt rate. Table 2 below provides the 2021 base revenue requirement updated for both the long-term debt rate and the RCI formula.

³ EB-2019-0178 - Exhibit J, Tab 1, Schedule 1, Pg 7

Table 2 – 2021 Base Revenue Requirement

Year	Formula	Base Revenue Requirement
2020	OEB-Approved B2MLP Rates Revenue Requirement	\$33,192,514 ⁴
	Add back: Prior OEB-approved Regulatory Asset – Foregone Revenue	\$55,504 ⁵
2020	OEB-Approved Base Revenue Requirement	\$33,248,018
	Less: long-term debt rate adjustment for 2021 revenue requirement calculation	\$(679,364) ⁶
2021	Base Revenue Requirement for 2020 reset for the reduction in the long-term Debt rate*	\$32,568,654 ⁷
2021	2020 Base Revenue Requirement x 2021 RCI** = \$32,568,654 x 1.2%	\$32,959,477

* Impact of long-term debt rate will be updated for the Base Revenue Requirement calculation from 2021 to 2024

** RCI from Table 1 above.

3. DEFERRAL AND VARIANCE ACCOUNTS

B2MLP is not requesting approval to disburse any additional deferral and variance account balances beyond those amounts approved by the OEB in the EB-2019-0178 application.

⁴ EB-2020-0180 – Decision and Order for 2020 Uniform Transmission Rates - Revised: July 31, 2020. Pg. 13

⁵ EB-2019-0178 B2MLP Draft Rate Order Submission, January 27, 2020, Pg. 2. The balance relates specifically to OEB-approved Foregone Revenue Deferral Account amounts originating from rate periods prior to 2020.

⁶ Impact of the cost of long-term debt having decreased from 2.59% (as approved by the OEB for the calculation of B2MLP's 2020 Base Revenue Requirement) to 2.34%, which has been incorporated into the calculation of B2MLP's Base 2021 Revenue Requirement. Refer to Attachment 1 – B2MLP's long-term Debt Rate Updated for 2020 Debt Issue, to this Schedule.

⁷ Base Revenue Requirement updated for the impact of B2MLP's new 2020 long-term debt issue, reducing the 2020 starting Revenue Requirement on which the actual 2021 Base Revenue Requirement will be calculated.

4. RATES

4.1 RATES REVENUE REQUIREMENT AND CHARGE DETERMINANTS BY RATE POOL

The proposed 2021 rates revenue requirement for B2MLP is \$32,959,477 as shown in Table 3 below. B2MLP does not have charge determinants for setting Uniform Transmission Rates (“UTR”s) as it does not have any customer delivery points supplied directly from its assets. The B2MLP revenue requirement is allocated to the provincial Network rate pool only, as all its assets serve the transmission network with no transformation or individual customer services.

Table 3 – 2021 Rates Revenue Requirement by Rate Pool

-	<u>Network</u>	<u>Line Connection</u>	<u>Transformation Connection</u>	<u>UTR Revenue Requirement</u>
2021 Base Revenue Requirement¹	\$32,959,477	-	-	\$32,959,477
2021 Deferral & Variance Accounts Disposition²	-	-	-	-
2021 Rates Revenue Requirement	\$32,959,477	-	-	\$32,959,477

¹ As per Section 2, Table 2

² As per Section 3

4.2 BILL IMPACTS

An update to the estimated average transmission cost as a percentage of the total bill for a transmission and a distribution-connected customer is presented in Table 4.

Table 4 – Estimated Transmission Cost as a Percentage of Total Electricity Market Costs

Bill Component	¢/kWh
Commodity ¹	12.58
Wholesale Market Service Charges ¹	0.39
Wholesale Transmission Charges ¹	1.06
Distribution Service Charges ²	3.02
Total Cost	17.05
<i>Transmission as % of Total Cost for Dx-connected customers</i>	<i>6.2%</i>
<i>Transmission as % of Total Cost for Tx-connected customers</i>	<i>7.6%</i>

¹ Source: IESO Monthly Market Report, December 2019

² Source: 2019 Yearbook of Electricity Distributors

B2M LP's rates revenue requirement represents 2.0% of the total revenue requirement across all transmitters. As such, the proposed 2021 rates revenue requirement results in a net impact of -0.01% on average transmission rates. A summary of the average bill impact as a result of the 2021 rates revenue requirement relative to the approved 2020 rates revenue requirement is presented in Table 5.

Table 5 – Average Bill Impacts on Transmission and Distribution-Connected Customers

	2020	2021
Rates Revenue Requirement (\$)	33,192,514 ¹	32,959,477 ³
% Change in Rates Revenue Requirement over prior year		-0.7%
% Impact of load forecast change		N/A
Net Impact on Average Transmission Rates		-0.01% ²
Transmission as a % of Tx-connected customer's Total Bill		7.6%
Estimated Average Bill impact		0.00%
Transmission as a % of Dx-connected customer's Total Bill		6.2%
Estimated Average Bill impact		0.00%

Notes:

1) 2020 approved rates revenue requirement per EB-2020-0180, Decision and Order, Schedule A, July 31, 2020, and B2M LP charge determinants described in Section 4.1

2) B2M LP's 2020 rates revenue requirement represents 2.0% of the total revenue requirement across all transmitters
 $(2.0\% \times -0.7\% = -0.01\%)$
3) 2021 rates revenue requirement per Table 3

The total bill impact for a typical Hydro One medium density residential (R1) customer consuming 750 kWh monthly and a typical Hydro One General Service Energy less than 50 kW (GSe < 50 kW) customer consuming 2,000 kWh monthly is determined based on the forecast increase in the customer's Retail Transmission Service Rates ("RTSR"). The net impact on the total monthly bill for these customers is less than \$0.01, as detailed in Table 6 below.

Table 6 - 2021 Total Bill Impacts for Distribution-Connected Customers

	Typical Medium Density (HONI R1) Residential Customer 750 kWh	Typical General Service Energy less than 50 kW (HONI GSe < 50kW) Customer 2,000 kWh
Total Bill as of January 1, 2020 ¹	\$126.53	\$386.88
RTSR included in 2020 Customer's Bill (based on 2019 Final UTR)	\$12.27	\$25.87
<i>Estimated 2020 Monthly RTSR²</i>	\$12.47	\$33.27
2020 increase in Monthly Bill	\$0.21	\$0.56
2020 increase as a % of total bill	0.16%	0.14%
<i>Estimated 2021 Monthly RTSR²</i>	\$12.47	\$33.26
2021 increase in Monthly Bill	(\$0.00)	(\$0.00)
2021 increase as a % of total bill	0.00%	0.00%

¹Total bill including HST, based on time-of-use commodity prices effective May 1, 2020, and 2020 distribution rates approved per Distribution Rate Order EB-2019-0043 (includes impacts of all components of the Fair Hydro Plan and excludes foregone charges).

²The impact on RTSR is assumed to be the net impact on the network transmission rate, as per Table 2, adjusted for B2M LP's revenue disbursement allocator per 2020 UTR Order, Schedule A (EB-2020-0180).

5. FOREGONE REVENUE CALCULATION

As shown in Table 2, the OEB approved B2MLP's base transmission revenue requirement of \$33,248,018 effective January 1, 2020, and also approved prior OEB-approved regulatory asset (foregone revenue) balance of \$55,504⁸ (credit) resulting in a 2020 rates revenue requirement of \$33,192,514. However, in the OEB's 2020 UTR Decision (EB-2020-0180) the OEB determined that the approved interim 2020 UTRs would remain in place for the remainder of 2020⁹.

The full year 2020 foregone revenue and accrued interest¹⁰ shall be submitted for disposition as part of the process for establishing 2021 UTRs. B2MLP expects to file these amounts and supporting schedules at the time of the 2021 UTR rate setting process, as requested by the OEB in the 2020 UTR Decision.¹¹ B2MLP plans to request that the amount be collected over a one-year period.

⁸ EB-2019-0178 B2MLP Draft Rate Order Submission, January 27, 2020, Pg. 2

⁹ EB-2020-0180 2020 UTR Decision and Order, July 30, 2020, Pg. 17

¹⁰ EB-2019-0082 Rate Order, July 16, 2020, Pg. 30

¹¹ EB-2020-0180 2020 UTR Decision and Order, July 30, 2020, Pg. 17

B2M LP
Cost of Long-Term Debt Capital
2021
Year ending December 31

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered (\$Millions)	Premium Discount and Expenses (\$Millions)	Net Capital Employed		Effective Cost Rate	Total Amount Outstanding		Avg. Monthly Averages (\$Millions)	Carrying Cost (\$Millions)	Projected Average Embedded Cost Rates
						Total Amount (\$Millions)	Per \$100 Principal Amount (Dollars)		at 12/31/2020 (\$Millions)	at 12/31/2021 (\$Millions)			
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	30-Apr-20	1.780%	28-Feb-25	101.8	0.4	101.4	99.63	1.86%	101.8	101.8	101.8	1.9	
2	30-Apr-20	2.180%	28-Feb-30	101.8	0.4	101.4	99.58	2.23%	101.8	101.8	101.8	2.3	
3	30-Apr-20	2.730%	28-Feb-50	76.4	0.4	75.9	99.42	2.76%	76.4	76.4	76.4	2.1	
4	Subtotal								279.9	279.9	279.9	6.3	2.24%
5	Treasury OM&A costs											0.1	
6	Other financing-related fees											0.2	
7	Total								279.9	279.9	279.9	6.6	2.34%