



Ontario
Energy
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BY E-MAIL

October 14, 2020

Eryn MacKinnon
Senior Regulatory Coordinator
Hydro One Networks Inc.
483 Bay Street, 7th Floor South Tower
Toronto ON M5G 2P5
regulatory@HydroOne.com

Dear Ms. Mackinnon:

**Re: OEB Staff Questions
B2M Limited Partnership
Application for 2021 Transmission Rates
Ontario Energy Board File Number: EB-2020-0226**

Further to the Ontario Energy Board's (OEB) completeness letter dated September 29, 2020, the OEB has completed its preliminary review of your 2021 Transmission Rates application has commenced processing the application.

OEB staff requires clarification on some aspects of your application and has prepared the attached questions for you. Your responses will help OEB staff to further process your application.

OEB staff would appreciate your responses by Wednesday October 28, 2020. This letter, the questions and your responses will be included as part of the record of this proceeding.

Please direct any questions relating to this application to the Case Manager, Andrew Pietrewicz, Project Advisor, at 416-440-7642 or Andrew.Pietrewicz@oeb.ca.

Yours truly,

Original signed by
Andrew Pietrewicz



OEB Staff Questions

B2M Limited Partnership

Application for 2021 Transmission Rates

EB-2020-0226

October 14, 2020

Question 1

Reference: Exhibit A/Tab 4/Schedule 1/Attachment 1, page 1 of 1 (Table: B2M LP Cost of Long-Term Debt Capital 2021 Year ending December 31)

Question: OEB staff was unable to replicate the calculations shown in columns (g), (h), (l) and (m) of the table (lines 1,2,3,4 and 7).

If the results do not align because of rounding, please confirm and provide the table at a resolution (i.e. at the right number of decimal places) that will allow OEB staff to trace the calculations. If rounding is not to blame, please clarify.

Question 2

Reference: Exhibit A/Tab 4/Schedule 1, page 4 of 8, footnotes 6 and 7

Question: B2M LP indicates that its cost of long-term debt has decreased from its forecast of 2.59% to 2.34%, that this decrease has been incorporated into the calculation of B2M LP's base 2021 revenue requirement, and that it drives a reduction of approximately \$679,364 from B2M LP's approved 2020 revenue requirement.

Please explain how B2M LP's debt refinancing in 2020 results in the revenue requirement proposed by B2M LP for 2021 and how it results in a reduction compared to B2M LP's approved 2020 revenue requirement.

- For example, please clarify whether the 2.34% above describes the weighted average cost of long-term debt for 2020 (i.e. including the contribution of long-term debt for the months prior to refinancing/April 30, 2020) or does it describe only the refinanced debt?
- If the 2.34% represents a "blended" or weighted average cost of long-term debt for 2020, please comment on whether/how the blending of the refinanced debt with the debt which existed in the months prior to April 30, 2020 results in lower costs to ratepayers compared to a scenario in which only the cost of the refinanced debt was used.

Question 3

Reference: Exhibit A/Tab 4/Schedule 1, page 8 of 8

Question: B2M LP notes that OEB approved a regulatory asset (forgone revenue) balance of \$55,504 (credit to customers) in its Decision on EB-2019-0178.

Please clarify the status/outlook of this balance and how B2M LP proposes to dispose of it. Please also clarify how, if at all, the disposition of the balance was impacted by the OEB's 2020 UTR Decision (EB-2020-0180) which determined that approved interim 2020 UTRs would remain in place for the remainder of 2020?

Please also confirm the status/outlook of the associated Forgone Revenue Deferral Account.

- As context:
 - o OEB staff notes that the OEB's Revenue Requirement and Charge Determinant Order on EB-2019-0178 provided that B2M LP's Forgone Revenue Deferral Account will be discontinued after the disposition of the balance in the account.
 - o OEB staff also notes that the OEB approved the continued use of Account 1508, Other Regulatory Assets – Sub Account - Foregone Transmission Revenue Deferral Account, for B2M LP in its Decision on 2020 UTRs.

Question 4

Reference: Exhibit A/Tab 4/Schedule 1, pages 2 through 7 of 8

- **Table 1** - 2021 Custom Revenue Cap Index (RCI) by Component (%) (page 3)
- **Table 2** - 2021 Base Revenue Requirement (page 4)
- **Table 3** - 2021 Rates Revenue Requirement by Rate Pool (page 5)
- **Table 4** - Estimated Transmission Cost as a Percentage of Total Electricity Market Costs (page 6)
- **Table 5** - Average Bill Impacts on Transmission and Distribution-Connected Customers (page 6)
- **Table 6** - 2021 Total Bill Impacts for Distribution-Connected Customers (page 7)

Question: B2M LP notes that at the time of filing its Application, the OEB had not yet released the inflation factor applicable for revenue requirement applications beginning

January 1, 2021. B2M LP states that it will file an update to the revenue requirement calculation for 2021 rates once that inflation factor is released.

Please confirm that B2M LP will also update Tables 1 through 6 referenced above once the new inflation factor is released.