

Hydro One Sault Ste. Marie Limited Partnership
2021 Transmission Revenue Cap Incentive Rate Setting Annual Application
EB-2020-0227

Hydro One SSM answers to OEB Staff Questions

OEB Staff - 1

Ref: Exhibit A Tab 2 Sch 1 p.2

Hydro One SSM states that it is applying to the OEB for orders approving:

- a) A total rates revenue requirement of \$41,431,198 for 2021, to be effective on January 1, 2021, along with an amendment to the 2021 Uniform Transmission Rates to allow for recovery of this amount.
- b) Other items or amounts that may be requested by Hydro One SSM in the course of this proceeding, and as may be granted by the OEB.

Please confirm if there are other items or amounts that Hydro One SSM plans to request in the course of this proceeding.

Response:

At this time, Hydro One SSM does not anticipate requesting other items or amounts in the course of this proceeding aside from updating the inflation factor and revenue requirement once the OEB releases updated inflation data during the course of this proceeding. If Hydro One SSM's position changes in respect of this point, it will advise the OEB as soon as possible.

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Ref: Exhibit A Tab 4 Sch 1 p.5

Table 4 provides an illustrative estimate of Hydro One SSM's proposed 2021 rates revenue requirement by rate pool using the split of Hydro One Networks' approved 2020 rates revenue requirement across the UTR rate pools. Please clarify why the percentage split by rate pool is not based on the Base Revenue Requirement split of

Hydro One as shown in Tables 2 and 3 of the EB-2019-0082 Draft Rate Order, May 28, 2019 Exhibit 2.2.

Response:

Hydro One is the only transmitter in Ontario that carries out detailed cost allocation among the three transmission rate pools. The rates revenue requirement for all other transmitters, including Hydro One SSM, is allocated to the rate pools using Hydro One's split of rates revenue requirement by rate pool. This OEB-approved methodology has been in use since market opening in 2002.

As for the use of base revenue requirement to do the allocation in EB-2019-0082, this methodology is specific to Hydro One Transmission. It was adopted by Hydro One Transmission in its 2019 revenue requirement application based on the recommendation of OEB staff and approved by the OEB. Due to the fact that Hydro One has revenue requirement offsets that are specific to certain rate pools, it is more appropriate to first allocate the base revenue requirement using last approved percentage split by rate pool and then adjust for the revenue requirement offsets to derive rates revenue requirement.

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Ref: Exhibit A Tab 4 Sch 1 p.7

For Table 7 Medium Density (R1) Residential Customer Bill Impacts, please provide detailed calculations of the \$12.27 RTSR included in the 2020 R1 750 kWh Residential Customer Bill.

Response:

The table below provides the derivation of the \$12.27 RTSR included in the 2020 medium density residential customer bill.

Current (2020) RTSR Charges for a Typical Medium Density (R1) Customer				
RTSRs*		Monthly Consumption (kWh)	Loss Factor*	RTSR Charges
Network	\$0.0080	750	1.076	\$6.46
Line and Transformation Connection	\$0.0072	750	1.076	\$5.81
			TOTAL	\$12.27

* Approved 2020 rates per Decision and Rate Order in EB-2019-0043.

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Ref: Exhibit A Tab 4 Sch 1 p. 2

Hydro One SSM 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. Hydro One SSM states that it will file an update to the revenue requirement calculation for 2021 rates once that inflation factor is released.

Please confirm that Hydro One SSM will also update Table 1 - Revenue Cap Index (RCI) by Component (%), Table 2 - 2021 Base Revenue Requirement, Table 4 - 2021 Rates Revenue Requirement by Rate Pool, Table 6 - Average Bill Impacts on Transmission and Distribution-Connected Customers and Table 7 - 2021 Total Bill Impacts for Distribution-Connected Customers once the new inflation factor is released.

Response:

Confirmed, Hydro One will update the above-listed items when updated inflation data is released by the OEB.