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BY EMAIL AND RESS

November 19, 2020

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

Dear Ms. Long:

EB-2020-0225: Niagara Reinforcement Limited Partnership (NRLP) – Application for 2021 Transmission Revenue Requirement – Inflation Update

Pursuant to the release of the Ontario Energy Board's (OEB) letter dated November 9, 2020 in respect of the Inflation Parameter Updates for 2021 Incentive Rate-Making Applications and consistent with NRLP's commitment to provide updates to the Tables 1 to 6 in OEB Staff Question 4, NRLP provides the attached updates. As documented in the updates, NRLP will adopt the inflation factor as calculated by the OEB's methodology.

NRLP trusts this satisfies the OEB's request that utilities advise if they would adopt an inflation factor less than that calculated by the OEB's methodology.

Sincerely,

A handwritten signature in black ink, appearing to read "Joanne Richardson".

Joanne Richardson

cc. Andrew Bishop (OEB Staff)

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

Custom Revenue Cap Index by Component (%)	2021
Inflation Factor (I)	2.0
Less:	
50% of Inflation Factor	(1.0)
Settlement Capital Adjustment Factor (SCAF)	(0.6)
Total Revenue Cap Index (RCI)	0.4

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Table 2 – 2021 Base Revenue Requirement

Year	Formula	Base Revenue Requirement
2020	OEB-Approved NRLP Rates Revenue Requirement	\$8,662,167
	Less: long-term debt rate adjustment for 2021 revenue requirement calculation	\$311,393
2020	Base reset for reduction in long-term debt rate ¹ (impact of long-term debt rate being updated for 2021 to 2024)	\$8,350,774
2021	2020 Base Revenue Requirement x RCI* = \$8,350,774 x 1.004	\$8,384,177

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*** RCI from Table 1 above.

¹ Refer to Exhibit A, Tab 3, Schedule 1, and Exhibit A, Tab 3, Schedule 1, Attachment 1 for the calculation of the 2021 LTD rate.

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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	\$8,384,177	-	-	\$8,384,177
2021 Deferral & Variance Accounts Disposition²	\$0	-	-	\$0
2021 Rates Revenue Requirement	\$8,384,177	-	-	\$8,384,177

¹ As per Table 2

² As per Exhibit A, Tab 4, Schedule 1, Section 3 filed on September 15, 2020

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

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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

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

	2020	2021
Rates Revenue Requirement (\$)	13,160,593 ¹	8,384,177
% Change in Rates Revenue Requirement over prior year		-36.3%
% Impact of load forecast change		N/A
Net Impact on Average Transmission Rates		-0.3% ²
Transmission as a % of Tx-connected customer's Total Bill		7.6%
Estimated Average Bill impact		-0.02%
Transmission as a % of Dx-connected customer's Total Bill		6.2%
Estimated Average Bill impact		-0.02%

Notes:

1) 2020 approved rates revenue requirement per EB-2020-0180, Decision and Order, Schedule A, July 31, 2020, and NRLP charge determinants described in Exhibit A, Tab 4, Schedule 1, Section 4.1 filed on September 15, 2020

2) NRLP's 2020 rates revenue requirement represents 0.8% of the total revenue requirement across all transmitters (0.8% x -36.3% = -0.3%)

1 **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>	\$12.35	\$26.04
2020 change in Monthly Bill	\$0.08	\$0.18
<i>2020 change as a % of total bill</i>	<i>0.07%</i>	<i>0.05%</i>
<i>Estimated 2021 Monthly RTSR²</i>	\$12.32	\$25.98
2021 change in Monthly Bill	(\$0.03)	(\$0.06)
<i>2021 change as a % of total bill</i>	<i>-0.02%</i>	<i>-0.02%</i>

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 NRLP's Network pool revenue disbursement allocator per 2020 UTR Order, Schedule A (EB-2020-0180).