

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

November 20, 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-2020-0251 - 2021 Uniform Transmission Rates – NRLP Foregone Revenue

In accordance with the Ontario Energy Board (OEB) request that all transmitters submit their 2020 forgone revenue calculations and accrued interest calculations with both one-year and two-year disposition scenarios, Hydro One Networks Inc. (HONI), on behalf of Niagara Reinforcement Limited Partnership (NRLP), provides the following information to assist with the process for establishing 2021 Uniform Transmission Rates (UTRs).

Background

On December 19, 2019, the OEB approved Interim 2020 UTRs reflecting an interim revenue requirement for NRLP of \$9,389,914 in EB-2019-0296.¹

In its Decision and Order in EB-2018-0275, the OEB approved NRLP's base transmission revenue requirement of \$8,662,167 effective January 1, 2020 and NRLP's revenue of \$4,498,426 for the period from September 1, 2019 to December 31, 2019². Per the OEB's Decision and Order for 2020 UTRs (EB-2020-0180), the implementation of 2020 UTRs was delayed to minimize the impact on electricity customers and provide rate stability during the COVID-19 pandemic³. As a result, the difference between the approved amounts and the interim amount was not collected in 2020 as originally expected. This has caused cash short falls for the company and impacted dividends to the partners, including Indigenous parties.

¹ EB-2019-0296, p. 5

² EB-2018-0275, Decision and Order, June 4, 2020, Section 6, Order 4

³ EB-2020-0180, Decision and Order on 2020 Uniform Transmission Rates, p. 8.

The intent of this submission is to provide all foregone revenue calculations with both one-year and two-year disposition scenarios for NRLP to assist the process for establishing 2021 UTRs and to reconfirm NRLP’s preferred disposition period of one year.

Preferred Disposition Period

As documented in NRLP’s 2021 transmission revenue requirement application⁴, and given the minimal ratepayer impact regardless of the disposition period as documented by the supporting schedules, NRLP requests that all its foregone revenue be collected over a one-year disposition period.

The NRLP revenue requirement, including the foregone revenue to be recovered, is fully allocated to the Network-pool rate. The NRLP foregone revenue represents less than 0.3% of the total transmission system Revenue Requirement collected through UTRs⁵.

2020 Foregone Revenue	2020 Interest	Total Amount to be included in 2021 UTR Calculation	Estimated 2021 Interest (1 year disposition)	Estimated 2021 - 2022 Interest (2 year disposition)
4,148,691	66,635	4,215,325*	12,583	24,217

*50% of this amount would be collected in 2021 UTR if disposed over two years.

NRLP submits that:

- The calculation of the 2021 UTRs should include the disposition of all NRLP foregone revenue and accrued interest to the end of 2020 (i.e., a total of \$4,215,325);
- Any interest accrued in 2021 or 2022 (if disposition is over two years) should be tracked in the existing foregone revenue variance account for disposition in a subsequent proceeding given that the 2021 and 2022 interest calculations are only estimated values calculated using the latest OEB prescribed quarterly interest rate, which is subject to change;
- The OEB has the authority and latitude to make a case-specific determination on these matters as it does with all other specifics of a revenue requirement application.

Supporting documents setting out the foregone revenue and accrued interest calculations have been attached.

⁴ EB-2020-0225 – Exhibit A, Tab 4, Schedule 1, p. 9 – September 15, 2020

⁵ EB-2020-0180 – Decision and Order, Schedule A – July 31, 2020

An electronic copy of this submission has been filed using the OEB's Regulatory Electronic Submission System (RESS). If you have any questions regarding this submission, please contact regulatory@hydroone.com.

Sincerely,

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

Joanne Richardson
Submitting on behalf of NRLP
Encl.

Supporting Material

Attachment	TITLE
1	NRLP Foregone Revenue Calculation
2	Interest Calculations and Disposition Scenarios

Revenue at Interim 2020 UTRs

	Charge Determinants² (kW) (A)	2020 Interim UTRs¹ (\$/kW-month) (B)	NRLP Revenue Allocators¹ (C)	Revenue Collected at Interim UTRs (D = A*B*C)
Network	239,504,148	3.92	0.00960	\$9,013,020
Line Connection	232,385,678	0.97	0.00000	\$0
Transformation Connection	196,285,037	2.33	0.00000	\$0
			TOTAL	\$9,013,020

Revenue at Approved 2020 UTRs

	Charge Determinants² (kW) (A)	2020 Final UTRs² (\$/kW-month) (E)	NRLP Revenue Allocators² (F)	Revenue Collected at Final UTRs (G = A*E*F)
Network	239,504,148	4.30	0.01278	\$13,161,711
Line Connection	232,385,678	0.81	0.00000	\$0
Transformation Connection	196,285,037	2.39	0.00000	\$0
			TOTAL	\$13,161,711

NR LP	Foregone Revenue (H = G-D)
Network	\$4,148,691
Line Connection	\$0
Transformation Connection	\$0
TOTAL	\$4,148,691

Note 1 - Per OEB Decision and Interim Rate Order on 2020 Uniform Transmission Rates (EB-2019-0296) issued on December 19, 2019. Appendix A

Note 2 - Per OEB Decision and Order on 2020 Uniform Transmission Rates (EB-2020-0180) issued on July 31, 2020. Schedule A

NRLP Foregone Revenue - One year

Account Descriptions	Account Number	2020									2021								
		Opening Principal Amounts as of Jan-1-20	Transactions Debit / (Credit) during 2020 excluding interest and adjustments	Board Approved Disposition during 2020	Closing Principal Balances as of Dec-31-20 Adjusted for Dispositions	Opening Interest Amounts as of Jan-1-20	Board Approved Interest Disposition during 2020	Interest Jan-1 to Dec-31-20	Closing Interest Balance as at Dec-31-20 balance adjusted for disposition during 2020	2020 total balance (for evidence)	Opening Principal Amounts as of Jan-1-21	Transactions Debit / (Credit) during 2021 excluding interest and adjustments	Disposition during 2021	Closing Principal Balances as of Dec-31-21 Adjusted for Dispositions	Opening Interest Amounts as of Jan-1-21	Interest Disposition during 2021	Interest Jan-1 to Dec-31-21	Closing Interest Balance as at Dec-31-21 balance adjusted for disposition during 2021	2021 total balance (for evidence)
Foregone Revenue Deferral Account	1508	4,488,430	4,148,691	4,488,430	4,148,691	9,996	9,996	66,635	66,635	4,215,325	4,148,691	-	4,148,691	-	66,635	66,635	12,583	12,583	12,583
Total Transmission Regulatory Accounts Requesting for Disposition		4,488,430	4,148,691	4,488,430	4,148,691	9,996	9,996	66,635	66,635	4,215,325	4,148,691	-	4,148,691	-	66,635	66,635	12,583	12,583	12,583

NRLP Foregone Revenue - Two year

Account Descriptions	Account Number	2020										2021																
		Opening Principal Amounts as of Jan-5-20	Transactions Debit / Credit during 2020 including interest and adjustments	Board Approved Disposition during 2020	Closing Principal Balance as of Dec-31-20 Adjusted for Dispositions	Opening Interest Amounts as of Jan-5-20	Board Approved Interest Disposition during 2020	Interest Jan-5 to Dec-31-20	Closing Interest Balance as of Dec-31-20 Balance adjusted for disposition during 2020	2020 total balance (per evidence)	Opening Principal Amounts as of Jan-5-21	Transactions Debit / Credit during 2021 including interest and adjustments	Disposition during 2021	Closing Principal Balance as of Dec-31-21 Adjusted for Dispositions	Opening Interest Amounts as of Jan-5-21	Interest Disposition during 2021	Interest Jan-5 to Dec-31-21	Closing Interest Balance as of Dec-31-21 Balance adjusted for disposition during 2021	2021 total balance (per evidence)	Opening Principal Amounts as of Jan-5-22	Transactions Debit / Credit during 2022 including interest and adjustments	Disposition during 2022	Closing Principal Balance as of Dec-31-22 Adjusted for Dispositions	Opening Interest Amounts as of Jan-5-22	Interest Disposition during 2022	Interest Jan-5 to Dec-31-22	Closing Interest Balance as of Dec-31-22 Balance adjusted for disposition during 2022	2022 total balance (per evidence)
Revenue Revenue Deferral Account	1000	4,488,430	4,148,091	4,488,430	4,148,091	9,396	9,396	66,638	66,638	4,215,320	4,148,091	-	2,197,662	2,041,028	66,638	-	18,118	84,790	2,125,718	2,041,028	-	2,041,028	-	84,790	66,638	6,162	24,217	24,217
Total Transmission Regulatory Accounts Requesting for Disposition		4,488,430	4,148,091	4,488,430	4,148,091	9,396	9,396	66,638	66,638	4,215,320	4,148,091	-	2,197,662	2,041,028	66,638	-	18,118	84,790	2,125,718	2,041,028	-	2,041,028	-	84,790	66,638	6,162	24,217	24,217