

**Hydro One Networks Inc.**  
7<sup>th</sup> 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 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-2020-0226: B2M Limited Partnership (B2MLP) – Application for 2021 Transmission Revenue Requirement – Inflationary Updates and COVID-19**

---

B2MLP writes pursuant to 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 B2MLP's commitment to provide updates to the Tables 1 to 6 in OEB Staff Question 4, B2MLP provides the attached updates. As documented in the updates, B2MLP will adopt the inflation factor as calculated by the OEB's methodology. Not implementing the 2021 inflation update will result in cash short falls for the company and impacted dividends to the partners, including Indigenous parties.

Sincerely,

A handwritten signature in black ink, appearing to read "Joanne Richardson". The signature is fluid and cursive, with a long, sweeping underline.

Joanne Richardson

cc. Andrew Pietrewicz (OEB Staff)

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

<b>Custom Revenue Cap Index by Component (%)</b>	<b>2021</b>
Inflation Factor (I)	2.0
Less:	
Productivity Factor (X)	(0.0)
Settlement Capital Adjustment Factor (SCAF)	(0.6)
<b>Total Revenue Cap Index (RCI)</b>	<b>1.4</b>

2

3 **Table 2 – 2021 Base Revenue Requirement**

<b>Year</b>	<b>Formula</b>	<b>Base Revenue Requirement</b>
<b>2020</b>	OEB-Approved B2MLP Rates Revenue Requirement	\$33,192,514 <sup>1</sup>
	Add back: Prior OEB-approved Regulatory Asset – Foregone Revenue	\$55,504 <sup>2</sup>
<b>2020</b>	OEB-Approved Base Revenue Requirement	\$33,248,018
	Less: long-term debt rate adjustment for 2021 revenue requirement calculation	\$(679,364) <sup>3</sup>
<b>2021</b>	Base Revenue Requirement for 2020 reset for the reduction in the long-term Debt rate*	\$32,568,654 <sup>4</sup>
<b>2021</b>	2020 Base Revenue Requirement x 2021 RCI** = \$32,568,654 x 1.4%	\$33,024,615

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

5 \*\* RCI from Table 1 above.

6

<sup>1</sup> EB-2020-0180 – Decision and Order for 2020 Uniform Transmission Rates - Revised: July 31, 2020. Pg. 13

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.

1 **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>
<b>2021 Base Revenue Requirement<sup>1</sup></b>	\$33,024,615	-	-	\$33,024,615
<b>2021 Deferral &amp; Variance Accounts Disposition</b>	-	-	-	-
<b>2021 Rates Revenue Requirement</b>	\$33,024,615	-	-	\$33,024,615

<sup>1</sup> As per Table 2

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

<b>Bill Component</b>	<b>¢/kWh</b>
Commodity <sup>1</sup>	12.58
Wholesale Market Service Charges <sup>1</sup>	0.39
Wholesale Transmission Charges <sup>1</sup>	1.06
Distribution Service Charges <sup>2</sup>	3.02
<b>Total Cost</b>	<b>17.05</b>
<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>

<sup>1</sup> Source: IESO Monthly Market Report, December 2019

<sup>2</sup> Source: 2019 Yearbook of Electricity Distributors

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

	<b>2020</b>	<b>2021</b>
Rates Revenue Requirement (\$)	33,192,514 <sup>1</sup>	33,024,615
% Change in Rates Revenue Requirement over prior year		-0.5%
% Impact of load forecast change		N/A
<b>Net Impact on Average Transmission Rates</b>		-0.01% <sup>2</sup>
Transmission as a % of Tx-connected customer's Total Bill		7.6%
<b>Estimated Average Bill impact</b>		0.00%
Transmission as a % of Dx-connected customer's Total Bill		6.2%
<b>Estimated Average Bill impact</b>		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 Exhibit A, Tab 4, Schedule 1, Section 4.1 filed on September 15, 2020

2) B2M LP's 2020 rates revenue requirement represents 2.0% of the total revenue requirement across all transmitters (2.0% x -0.5% = -0.01%)

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

	<b>Typical Medium Density (HONI R1) Residential Customer 750 kWh</b>	<b>Typical General Service Energy less than 50 kW (HONI GSe &lt; 50kW) Customer 2,000 kWh</b>
Total Bill as of January 1, 2020 <sup>1</sup>	\$126.53	\$386.88
RTSR included in 2020 Customer's Bill (based on 2019 Final UTR)	\$12.27	\$25.87
<i>Estimated 2020 Monthly RTSR<sup>2</sup></i>	\$12.47	\$26.31
<b>2020 change in Monthly Bill</b>	<b>\$0.21</b>	<b>\$0.45</b>
<i>2020 change as a % of total bill</i>	<i>0.16%</i>	<i>0.12%</i>
<i>Estimated 2021 Monthly RTSR<sup>2</sup></i>	\$12.47	\$26.31
<b>2021 change in Monthly Bill</b>	<b>(\$0.00)</b>	<b>(\$0.00)</b>
<i>2021 change as a % of total bill</i>	<i>0.00%</i>	<i>0.00%</i>

<sup>1</sup>Total 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).

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