

March 18, 2021

Christine Long
Registrar
Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Toronto, Ontario
M4P 1E4

Dear Ms. Long:

EB-2020-0041 Newmarket-Tay Power Distribution Ltd. - 2021 Distribution Rates

We are representing the Consumers Council of Canada (“Council”) in the above-referenced proceeding. In its Application Newmarket-Tay Power Distribution Ltd. (“NT Power”) is seeking approval of incremental capital module (“ICM”) relief for contributions to Hydro One Networks Inc. (“HON”) for the construction of the Holland Transmission Station subject to a Connection and Cost Recovery Agreement (“CCRA”) dated February 2, 2008.

On February 19, 2021, the Council submitted its Final Argument. The Council did not accept recovery of the net book value of the First True-up payment made in 2015. The Council did, however, support ICM treatment for the Second True-up as, in our view, NT Power had established materiality, need and prudence. The Council did express some concerns including one that the payment amount of \$6.1 million was an estimate. Accordingly, the Council supported the establishment of an ICM variance account to track any differences between the forecast amount and the actual amount paid to HON.

On March 4, 2021, NT Power filed a letter with the OEB regarding the 2021 payment indicating that it had received from HON an updated and detailed calculation of the Holland TS 10th Anniversary true-up. The following is the new information filed by NT Power:

- The forecast 2021 contribution has been updated from \$6.1 million to \$6.585 million;
- The CAPEX has been updated to \$12,982,055 from \$12,496,855;
- The maximum eligible incremental capital has been updated to \$6072,956 from \$5,587,756; and
- The incremental revenue requirement has been updated to \$602,867 from \$548,518.¹

The evidence is considered draft subject to meetings between HON and NT Power over the next several weeks.

On March 15, 2021, the OEB issued its Procedural Order No. 3 accepted this information as an amendment to the evidentiary record given it has not yet issued its Decision and Order in this proceeding. The OEB also indicated it did not want to delay the implementation of NT Power’s distribution rates and charges which NT Power has requested to be effective May 1, 2021. The OEB also stated that, “If the ICM funding is approved, Newmarket-Tay Power could use the associated ICM variance accounts to track any difference between the actual ICM amount and the actual payment to

¹ Letter from NT Power dated March 4, 2021

Hydro One, and true-up and difference at its next rebasing application in accordance with the OEB's ICM policy.”²

The Council does not know the extent to which the new amounts could change after the proposed meetings between NT Power and HON. Accordingly, if the OEB approves the ICM for the Second True-up payment the Council submits that the updated amount could be used as a placeholder and an ICM variance account used to capture the difference between that and the actual payment made to HON.

All of which is respectfully submitted.

Yours truly,

Julie E. Girvan

Julie E. Girvan

CC: All Parties

² EB-2020-0041 - OEB Procedural Order No. 3, dated March 15, 2021