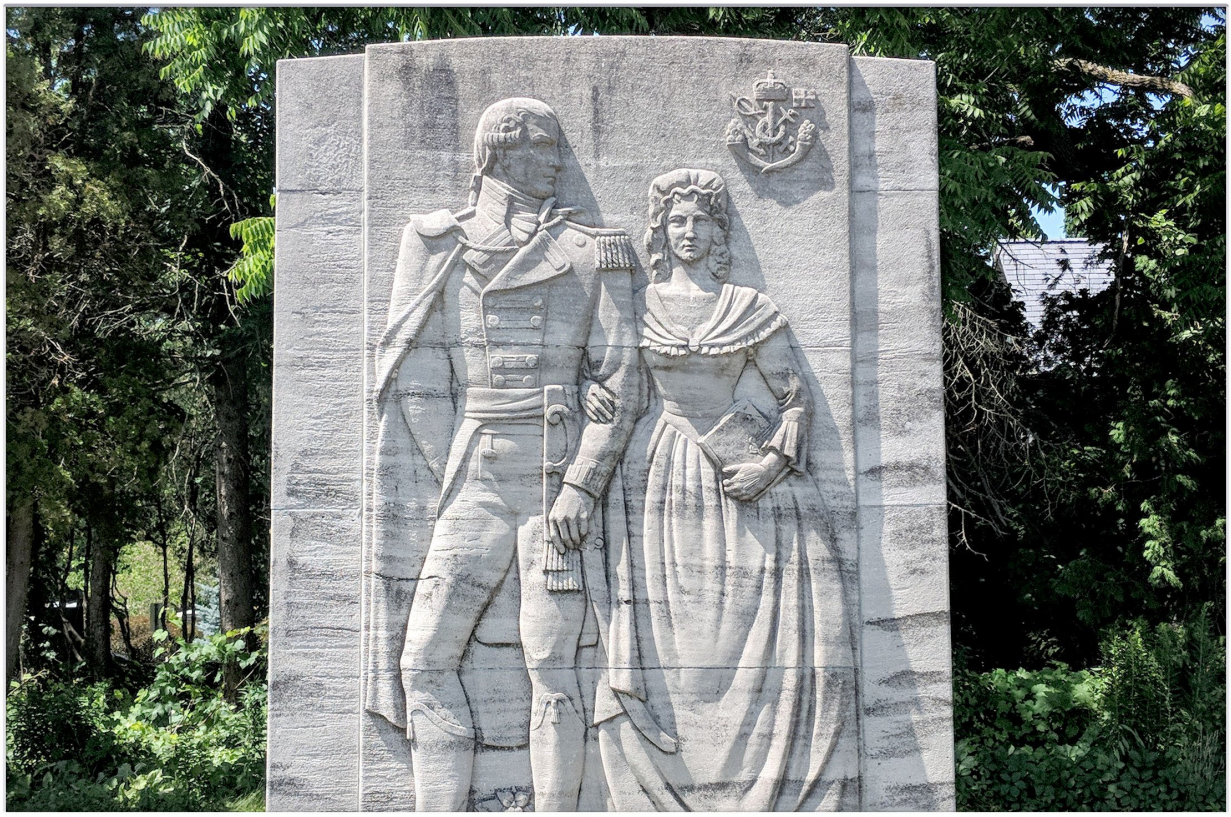

2023 IRM

Manager's Summary

Table of Contents

3.1.1 Introduction

Niagara-on-the-Lake Hydro Inc. ("NOTL Hydro", "NOTLH") is pleased to present its Incentive Rate-Setting Mechanism (IRM) application for rates effective January 1, 2023. NOTL Hydro is included in tranche 1 as per the OEB letter Tranche Assignments for 2023 Incentive Rate-setting Mechanism (IRM) Distribution Rate Applications and 2023 IRM Rate Generator Model issued June 16, 2022. The filing deadline for this application is August 3, 2022. This application consists of the following documents and associated appendices.

- Manager's Summary
- 2023 IRM Checklist (Appendix 1)
- 2023 IRM Rate Generator (Appendix 2)
- GA Analysis Workform (Appendix 3)
- LRAMVA Workform (Appendix 4)
- NOTL Hydro Current Tariff Sheet (Appendix 5)
- CDM Results 2020 – 2021 (Appendix 6)

All documents have been submitted to the Ontario Energy Board ("OEB") via their website.

There are no materials that are being filed on a confidential basis in this application.

Table 1 below contains the proposed distribution rates effective January 1, 2023 in comparison to NOTL Hydro's approved rates for 2022.

Table 1: Proposed Distribution Rates

Distribution Charges (Fixed Service Charge + Volumetric Rate)					
Rate Class	**Rate Type**	**1/1/2022**	**Proposed 1/01/2023**	**Variance (2023 vs. 2022)**	**Variance % (2023 vs. 2022)**
Residential	Fixed Rate	$30.87	**$31.80**	$0.93	3.0%
	Variable Rate ($/kWh)	$0.0000	**$0.0000**	$0.00	0.0%
GS<50kW	Fixed Rate	$42.07	**$43.33**	$1.26	3.0%
	Variable Rate ($/kWh)	$0.0125	**$0.0129**	$0.00	3.2%
GS>50kW	Fixed Rate	$300.64	**$309.66**	$9.02	3.0%
	Variable Rate ($/kW)	$2.5164	**$2.5919**	$0.08	3.0%
Large Use	Fixed Rate	$3,941.08	**$4,059.31**	$118.23	3.0%
	Variable Rate ($/kW)	$2.5164	**$2.5919**	$0.08	3.0%
Unmetered	Fixed Rate	$22.63	**$23.31**	$0.68	3.0%
	Variable Rate ($/kWh)	$0.0058	**$0.0060**	$0.00	3.4%
Streetlights	Fixed Rate (per connection)	$7.68	**$7.91**	$0.23	3.0%
	Variable Rate ($/kW)	$1.8488	**$1.9043**	$0.06	3.0%

3.1.2 Components of the Application Filing

3.1.2.1 Manager's Summary

This application includes a manager's summary thoroughly documenting and explaining all requested rate adjustments.

3.1.2.2 Contact Information

Application contact information is as follows:

Applicants Name:	Niagara-on-the-Lake Hydro Inc.
Applicants Address:	PO Box 460
	8 Henegan Road
	Niagara-on-the-Lake, ON
	L0S 1T0
Applicants Contacts:	Jeff Klassen
	Vice President, Finance
	Email: jklassen@notlhydro.com
	Phone: 905-468-4235 ext. 380

3.1.2.3 Rate Generator Model

This application consists of the following documents. OEB models have been submitted in Excel format.

- Manager's Summary
- 2023 IRM Checklist (Appendix 1)
- 2023 IRM Rate Generator (Appendix 2)
- GA Analysis Workform (Appendix 3)
- LRAMVA Workform (Appendix 4)
- NOTL Hydro Current Tariff Sheet (Appendix 5)
- CDM Results 2020 – 2021 (Appendix 6)

3.1.2.4 Tariff Sheet

A PDF copy of the current NOTL Hydro Tariff sheet (EB-2021-0045 issued December 29, 2021) at the time of this filing is attached as Appendix 5.

3.1.2.5 Supporting Documentation

Pre-populated RRR data in the rate generator model for NOTL Hydro have been verified and are correct. Supporting documents referenced throughout this application are attached as appendices.

3.1.2.6 Customers Affected by this Application

All of NOTL Hydro's customers will be affected by this application.

3.1.2.7 Internet Address

A copy of this application and related documents is available on the NOTL Hydro website. The Applicant's website address is www.notlhydro.com.

3.1.2.8 Billing Determinants

NOTL Hydro confirms that the billing determinants for pre-populated models are accurate and consistent with its RRR filings.

Table 2: 2023 IRM Rate Generator Billing Determinants (Tab 4)

Ontario Energy Board

Incentive Rate-setting Mechanism Rate Generator for 2023 Filers

Data on this worksheet has been populated using your most recent RRR filing.
If you have identified any issues, please contact the OEB.
Have you confirmed the accuracy of the data below? Yes

If a distributor uses the actual GA price to bill non-RPP Class B customers for an entire rate class, it must exclude these customers from the allocation of the GA balance and the calculation of the resulting rate riders. These rate classes are not to be charged/refunded the general GA rate rider as they did not contribute to the GA balance.

Please contact the OEB to make adjustments to the IRM rate generator for this situation.

Rate Class	Unit	Total Metered kWh	Total Metered kW	Metered kWh for Non-RPP Customers (excluding WMP)	Metered kW for Non-RPP Customers (excluding WMP)	Metered kWh for Wholesale Market Participants (WMP)	Metered kW for Wholesale Market Participants (WMP)	Total Metered kWh less WMP consumption *(if applicable)*	Total Metered kW less WMP consumption *(if applicable)*	1595 Recovery Proportion (2018) [1]	1568 LRAM Variance Account Class Allocation ($ amounts)	Number of Customers for Residential and GS<50 classes [2]
RESIDENTIAL SERVICE CLASSIFICATION	kWh	78,544,394	0	895,231	0	0	0	78,544,394	0	5%	0	8,127
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	42,026,390	0	4,303,869	0	0	0	42,026,390	0	8%	2,848	1,478
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	kW	76,922,415	195,348	72,817,486	185,327	0	0	76,922,415	195,348	86%	58,266	
LARGE USE SERVICE CLASSIFICATION	kW	19,135,794	67,379	19,135,794	67,379	0	0	19,135,794	67,379		720	
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	262,765	0	117,792	0	0	0	262,765	0	0%	0	
STREET LIGHTING SERVICE CLASSIFICATION	kW	561,901	1,568	490,988	1,370	0	0	561,901	1,568	1%	0	
STANDBY POWER SERVICE CLASSIFICATION	kW	0	0	0	0	0	0	0	0		0	
	Total	217,453,659	264,295	97,761,160	254,076	0	0	217,453,659	264,295	100%	61,835	9,605

3.1.2.9 Format

All documents submitted are in text-searchable Adobe PDF format, other than those filed in Excel format.

3.1.2.10 Checklist

A completed copy of the 2023 IRM Checklist is attached as Appendix 1.

3.1.2.11 Certifications

Further to Page 2 of Chapter 1 of the Filing Requirements, I, Jeff Klassen, certify that the evidence filed is accurate, consistent, and complete to the best of my knowledge and that NOTL Hydro has processes and internal controls in place for the preparation, review, verification and oversight of account balances being disposed. NOTL Hydro also confirms that this application does not include any personal information (as that phrase is defined in the Freedom of Information and Protection of Privacy Act), that is not otherwise redacted in accordance with rule 9A of the OEB's Rules of Practice and Procedure.

3.1.3 Applications and Electronic Models

This application consists of the following documents. OEB models are submitted separately in Excel format.

- Manager's Summary
- 2023 IRM Checklist (Appendix 1)
- 2023 IRM Rate Generator (Appendix 2)
- GA Analysis Workform (Appendix 3)
- LRAMVA Workform (Appendix 4)
- NOTL Hydro Current Tariff Sheet (Appendix 5)
- CDM Results 2020 – 2021 (Appendix 6)

NOTL Hydro is not requesting an ICM/ACM or revenue-to-cost ratio adjustment in this application.

3.2.1 Annual Adjustment Mechanism

NOTL Hydro has used the 2022 rate setting parameters as a place holder. NOTL Hydro acknowledges that these factors may change when the OEB releases the 2022 inflation factor. The 2021 inflation factor used in this application is 3.3%. NOTL Hydro was included in Group 3 in the most recent PEG report 2020 Benchmarking Update issued on August 27, 2021 with an associated stretch factor of 0.30%.

3.2.1.1 Application of Annual Adjustment Mechanism

The annual adjustment mechanism applies to fixed and variable distribution rates uniformly across all customer rate classes. The annual adjustment mechanism is 3.0% (3.3% inflation

factor less 0.3% stretch factor). NOTL Hydro has not applied the annual adjustment factor to any other component of delivery rates.

3.2.2 Revenue-to-Cost Ratio Adjustments

NOTL Hydro is not requesting any changes to the revenue-to-cost ratios in this application.

3.2.3 Rate Design for Residential Electricity Consumers

NOTL Hydro completed its transition to a fully fixed monthly distribution service charge for residential customers in 2019. NOTL Hydro confirms that total bill increases do not exceed 10% for any customer class.

3.2.4 Electricity Distribution Retail Transmission Service Rates

NOTL Hydro's application to adjust RTSRs is based on the proposed rates calculated utilizing the 2023 IRM Rate Generator Model ("IRM model") provided by the OEB.

Historical Network and Connection Costs

NOTL Hydro's historical costs (2021) consist of Independent Electricity System Operator ("IESO") invoiced costs for network and line connection. NOTL Hydro owns its own transformer stations and consequently has no IESO invoiced transformation costs. In addition, NOTL Hydro does not have Hydro One invoiced transmission costs.

Table 3, from tab 12 of the IRM model, contains the historical network and line connection costs for 2021.

Table 3: Historical Network and Connection Costs (2021)

IESO	Network			Line Connection		
Month	Units Billed	Rate	Amount	Units Billed	Rate	Amount
January	31,156	$4.67	$ 145,499	33,065	$0.77	$ 25,460
February	30,988	$4.67	$ 144,714	35,283	$0.77	$ 27,168
March	30,652	$4.67	$ 143,145	33,636	$0.77	$ 25,900
April	25,125	$4.67	$ 117,334	45,228	$0.77	$ 34,826
May	31,512	$4.67	$ 147,161	32,977	$0.77	$ 25,392
June	41,736	$4.67	$ 194,907	44,064	$0.77	$ 33,929
July	42,916	$4.90	$ 210,288	43,119	$0.81	$ 34,926
August	46,571	$4.90	$ 228,198	49,025	$0.81	$ 39,710
September	34,610	$4.90	$ 169,589	39,491	$0.81	$ 31,988
October	43,442	$4.90	$ 212,866	52,773	$0.81	$ 42,746
November	27,511	$4.90	$ 134,804	29,511	$0.81	$ 23,904
December	29,524	$4.90	$ 144,668	30,234	$0.81	$ 24,490
Total	415,743	$ 4.79	$ 1,993,172	468,406	$ 0.79	$ 370,439

Forecast Costs with new Uniform Transmission Rates ("UTRs")

Forecast network and connection costs from tab 14 of the IRM model are contained in Table 4. These are calculated by applying the 2023 UTRs from tab 11 of the IRM model against the 2021 units billed.

Table 4: Forecast Network and Connection Costs

IESO	Network			Line Connection		
Month	**Units Billed**	**Rate**	**Amount**	**Units Billed**	**Rate**	**Amount**
January	31,156	$ 5.4600	$ 170,112	33,065	$ 0.8800	$ 29,097
February	30,988	$ 5.4600	$ 169,194	35,283	$ 0.8800	$ 31,049
March	30,652	$ 5.4600	$ 167,360	33,636	$ 0.8800	$ 29,600
April	25,125	$ 5.4600	$ 137,183	45,228	$ 0.8800	$ 39,801
May	31,512	$ 5.4600	$ 172,056	32,977	$ 0.8800	$ 29,020
June	41,736	$ 5.4600	$ 227,879	44,064	$ 0.8800	$ 38,776
July	42,916	$ 5.4600	$ 234,321	43,119	$ 0.8800	$ 37,945
August	46,571	$ 5.4600	$ 254,278	49,025	$ 0.8800	$ 43,142
September	34,610	$ 5.4600	$ 188,971	39,491	$ 0.8800	$ 34,752
October	43,442	$ 5.4600	$ 237,193	52,773	$ 0.8800	$ 46,440
November	27,511	$ 5.4600	$ 150,210	29,511	$ 0.8800	$ 25,970
December	29,524	$ 5.4600	$ 161,201	30,234	$ 0.8800	$ 26,606
Total	415,743	$ 5.46	$ 2,269,957	468,406	$ 0.88	$ 412,198

Billing Determinants for RTSRs

The billing determinants for all rate classes used to calculate the required revenue are based on 2021 actual data as reported in RRR 2.1.5 in April 2022.

NOTL Hydro completed its conversion of conventional meters to interval meters in 2020. As a result, the GS>50kW rate class includes only interval customers for 2021. NOTL Hydro confirms that no rate is calculated for non-interval metered customers in cells J41 and J52 on tab 15 of the attached IRM model.

Table 5: RTSR Billing Determinants (IRM Generator tab 10)

Rate Class	Rate Description	Unit	Rate	Non-Loss Adjusted Metered kWh	Non-Loss Adjusted Metered kW	Applicable Loss Factor	Loss Adjusted Billed kWh
Residential Service Classification	Retail Transmission Rate - Network Service Rate	$/kWh	0.0087	78,544,394	0	1.0373	81,474,100
Residential Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kWh	0.0012	78,544,394	0	1.0373	81,474,100
General Service Less Than 50 kW Service Classification	Retail Transmission Rate - Network Service Rate	$/kWh	0.0079	42,026,390	0	1.0373	43,593,974
General Service Less Than 50 kW Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kWh	0.0012	42,026,390	0	1.0373	43,593,974
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Network Service Rate	$/kW	3.2266	0	0		
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kW	0.3716	0	0		
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Network Service Rate - Interval Metered	$/kW	3.4872	76,922,415	195,348		
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Meter	$/kW	0.8937	76,922,415	195,348		
Large Use Service Classification	Retail Transmission Rate - Network Service Rate - Interval Metered	$/kW	3.4872	19,135,794	67,379		
Large Use Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Meter	$/kW	0.8937	19,135,794	67,379		
Unmetered Scattered Load Service Classification	Retail Transmission Rate - Network Service Rate	$/kWh	0.0079	262,765	0	1.0373	272,566
Unmetered Scattered Load Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kWh	0.0012	262,765	0	1.0373	272,566
Street Lighting Service Classification	Retail Transmission Rate - Network Service Rate	$/kW	2.4330	561,901	1,568		
Street Lighting Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kW	0.2872	561,901	1,568		

Proposed RTSR Rates

Table 6 contains the proposed rates to recover forecast network and connection costs based on the billing determinants from Table 5 and is taken from tab 15 of the IRM model:

Table 6: Proposed RTSR Rates

Rate Class	Rate Description	Unit	Proposed RTSR-Network
Residential Service Classification	Network Service Rate	$/kWh	**0.0100**
General Service Less Than 50 kW Service Classification	Network Service Rate	$/kWh	**0.0091**
General Service 50 To 4,999 kW Service Classification	Network Service Rate - Interval Metered	$/kW	**4.0073**
Large Use Service Classification	Network Service Rate - Interval Metered	$/kW	**4.0073**
Unmetered Scattered Load Service Classification	Network Service Rate	$/kWh	**0.0091**
Street Lighting Service Classification	Network Service Rate	$/kW	**2.7958**
Rate Class	**Rate Description**	**Unit**	**Proposed RTSR-Connection**
Residential Service Classification	Line and Transformation Connection Service Rate	$/kWh	**0.0013**
General Service Less Than 50 kW Service Classification	Line and Transformation Connection Service Rate	$/kWh	**0.0013**
General Service 50 To 4,999 kW Service Classification	Line and Transformation Connection Service Rate - Interval Metered	$/kW	**0.9552**
Large Use Service Classification	Line and Transformation Connection Service Rate - Interval Metered	$/kW	**0.9552**
Unmetered Scattered Load Service Classification	Line and Transformation Connection Service Rate	$/kWh	**0.0013**
Street Lighting Service Classification	Line and Transformation Connection Service Rate	$/kW	**0.3070**

NOTL Hydro utilized the April - December 2022 Uniform Transmission rates to forecast the proposed rates. NOTL Hydro understands that the OEB will adjust each applicant's model to reflect any UTR changes on January 1, 2023 when they are determined. The IRM Model incorporating the RTSR calculations is being submitted separately in Excel format.

Table 7 below shows the bill impact for the Network and Connection rates by rate class. The proposed Network rates result in a bill impact increase between 14.91% and 15.19%. The proposed Connection rates result in a bill impact increase between 6.88% and 8.33%. These increases are primarily the result of the increase in Uniform Transmission Rates. The Network rate used to calculate the 2022 wholesale amount was $4.90/KW, while the rate used to calculate the 2023 wholesale amount is $5.46/KW, an increase of $0.56 or 11.4%. The Connection rate used to calculate the 2022 wholesale amount was $0.81/ KW, while the rate used to calculate the 2023 wholesale amount is $0.88/KW, an increase of $0.07 or 9.5%.

Table 7: Bill Impact RTSR Rates

RTSR Network	Units	Consumption (includes losses)	Current Rate	Current Charge	Proposed Rate	Proposed Charge	$ Impact	% Impact
Residentatial	kWh	778	0.0087	6.77	0.01	7.78	1.01	14.94%
GS<50 kW	kWh	2,075	0.0079	16.39	0.0091	18.88	2.49	15.19%
GS >50 and < 4.9999 kW	kW	135	3.4872	470.77	4.0073	540.99	70.21	14.91%
Large Use	kW	7,329	3.4872	25,557.69	4.0073	29,369.50	3,811.81	14.91%
Unmetered	kWh	830	0.0079	6.56	0.0091	7.55	1.00	15.19%
Street Lighting	kW	29	2.433	70.56	2.7958	81.08	10.52	14.91%
RTSR - Connection	**Units**	**Consumption (includes losses)**	**Current Rate**	**Current Charge**	**Proposed Rate**	**Proposed Charge**	**$ Impact**	**% Impact**
Residentatial	kWh	778	0.0012	0.93	0.0013	1.01	0.08	8.33%
GS<50 kW	kWh	2,075	0.0012	2.49	0.0013	2.70	0.21	8.33%
GS >50 and < 4.9999 kW	kW	135	0.8937	120.65	0.9552	128.95	8.30	6.88%
Large Use	kW	7,329	0.8937	6,549.93	0.9552	7,000.66	450.73	6.88%
Unmetered	kWh	830	0.0012	1.00	0.0013	1.08	0.08	8.33%
Street Lighting	kW	29	0.2872	8.33	0.307	8.90	0.57	6.89%

NOTL Hydro filed an application to change its Network and Connection rates for Large Use Customers on May 10, 2022 under EB-2022-0158. That case is still in process at the time of this submission. NOTL Hydro has not changed the rates in this application to reflect that request at this time and will make the appropriate adjustments once that case in resolved.

3.2.5 Review and Disposition of Group 1 Deferral and Variance Account Balances.

On December 9, 2021, the OEB's Decision and Rate Order (EB-2021-0045) approved a one-year disposition for NOTL Hydro's December 31, 2020 Group 1 deferral and variance accounts.

Table 8 contains the principal and interest amounts approved for disposition in NOTL Hydro's 2022 IRM application.

Table 8: Approved Dispositions

Account		Claimed for Disposition (Y/N)	Principal Claim	Interest Claim	Total Claim
1551	Smart Metering Entity Charge Variance Account	Y	(1,900)	(100)	(2,000)
1580	RSVA - Wholesale Market Service Charge	Y	(134,440)	(1,375)	(135,815)
1580	Variance WMS – Sub-account CBR Class B	Y	(5,314)	(111)	(5,426)
1584	RSVA - Retail Transmission Network Charge	Y	(126,386)	(278)	(126,664)
1586	RSVA - Retail Transmission Connection Charge	Y	(82,566)	(521)	(83,087)
1588	RSVA - Power (excluding Global Adjustment)	Y	(10,657)	(61)	(10,718)
1589	RSVA - Global Adjustment	Y	(6,648)	1,914	(4,734)
Sub-Total Group 1 excluding 1595			**(367,912)**	**(531)**	**(368,443)**
1595-2016	Disposition and Recovery/Refund of Regulatory Balances (2016)	Y	-	(6,326)	(6,326)
1595-2017	Disposition and Recovery/Refund of Regulatory Balances (2017)	Y	1,656	69	1,725
Total Group 1			**(366,256)**	**(6,788)**	**(373,044)**
1508	Specific Customer Variance Account	Y	(50,388)	(458)	(50,845)
Total Group 2			**(50,388)**	**(458)**	**(50,845)**
Total Group 1 and 2			**(416,644)**	**(7,246)**	**(423,889)**

In 2022, the approved balances were transferred to a sub-account of 1595 in accordance with the Decision and Order. The corresponding rate riders for the refund/recovery of the approved balances are effective until December 31, 2022.

The disposed amounts for Group 1 accounts are entered in Columns BM and BN of tab 3 of the IRM model. Note the amounts approved for account 1508 Specific Customer Variance Account and accounts 1595-2016 and 1595-2017 are not included in the total in the table below.

NOTL Hydro confirms that it has not made any adjustments to DVA balances that were previously approved by the OEB on a final basis.

Table 9: IRM Model Approved Dispositions (tab 3)

Account Descriptions	Account Number	2022			
		Principal Disposition during 2022 - instructed by OEB	Interest Disposition during 2022 - instructed by OEB	Closing Principal Balances as of Dec 31, 2020 Adjusted for Disposition	Closing Interest Balances as of Dec 31, 2020 Adjusted for Disposition during 2022
Group 1 Accounts					
LV Variance Account	1550	0	0	0	0
Smart Metering Entity Charge Variance Account	1551	(1,900)	(100)	(6,118)	(16)
RSVA - Wholesale Market Service Charge[5]	1580	(134,440)	(1,375)	144,929	238
Variance WMS – Sub-account CBR Class A[5]	1580	0	0	0	0
Variance WMS – Sub-account CBR Class B[5]	1580	(5,314)	(111)	(23,574)	(93)
RSVA - Retail Transmission Network Charge	1584	(126,386)	(278)	147,859	242
RSVA - Retail Transmission Connection Charge	1586	(82,566)	(521)	(65,058)	(417)
RSVA - Power[4]	1588	(10,657)	(61)	19,352	202
RSVA - Global Adjustment[4]	1589	(6,648)	1,914	4,881	(275)
Disposition and Recovery/Refund of Regulatory Balances (2018)[3]	1595	0	0	41,897	14,552
Disposition and Recovery/Refund of Regulatory Balances (2019)[3]	1595	0	0	0	12,784
Disposition and Recovery/Refund of Regulatory Balances (2020)[3]	1595	0	0	35,871	15,877
Disposition and Recovery/Refund of Regulatory Balances (2021)[3]	1595	0	0	(38,939)	(1,873)
Disposition and Recovery/Refund of Regulatory Balances (2022)[3] *Not to be disposed of until two years after rate rider has expired and that balance has been audited. Refer to the Filing Requirements for disposition eligibility.*	1595			0	0
RSVA - Global Adjustment requested for disposition	**1589**	(6,648)	1,914	4,881	(275)
Total Group 1 Balance excluding Account 1589 - Global Adjustment requested for disposition		(361,264)	(2,445)	256,220	41,495
Total Group 1 Balance requested for disposition		(367,912)	(531)	261,101	41,220
LRAM Variance Account (only input amounts if applying for disposition of this account)	**1568**			61,051	784
Total Group 1 Balance including Account 1568 - LRAMVA requested for disposition		(367,912)	(531)	322,153	42,003

2022 IRM CLAIM – GROUP 1 ACCOUNTS

This section sets out the 2023 IRM Claims for the Group 1 Accounts.

Please note that in the continuity schedule in tab 3 of the IRM model, the starting point for all non-1595 account entries are the date for which approval was received in the 2021 IRM, i.e., December 31, 2020. The starting point for 1595 accounts has been completed starting at December 31, 2018 as this is the earliest vintage year where there is a balance in account 1595.

Interest Rates

The interest rates used to calculate actual and forecasted carrying charges are shown in Table 10 and are in accordance with the methodology approved by the OEB in EB-2006-0117 on November 28, 2006.

Table 10: Interest Rates Applied to Deferral and Variance Accounts (%)

Quarter by Year	Prescribed interest Rate
2018 - Q1	1.50%
2018 - Q2	1.89%
2018 - Q3	1.89%
2018 - Q4	2.17%
2019 - Q1	2.45%
2019 - Q2	2.18%
2019 - Q3	2.18%
2019 - Q4	2.18%
2020 - Q1	2.18%
2020 - Q2	2.18%
2020 - Q3	0.57%
2020 - Q4	0.57%
2021 - Q1	0.57%
2021 - Q2	0.57%
2021 - Q3	0.57%
2021 - Q4	0.57%
2022 - Q1	0.57%
2022 - Q2	1.02%
2022 - Q3	2.20%
2022 - Q4*	2.20%
* forecast based on 2022 Q3 prescribed rate.	

Claimed Amounts

The total Group 1 Accounts claim is a debit amount of $282,557 as per cell BT41 of tab 3 of the 2023 IRM model and a LRAMVA claim in a debit amount of $61,835 for a total claim of $344,932 as summarized in Table 11 below.

Table 11: Summary of Claims

Account Descriptions	Account Number	Projected Interest on Dec-31-2021 Balances: Projected Interest from Jan 1, 2022 to Dec 31, 2021 balance adjusted for disposition during 2022 [2]	Projected Interest from Jan 1, 2023 to Apr 30, 2023 on Dec 31, 2021 balance adjusted for disposition during 2022 [2]	Total Interest	Total Claim
Group 1 Accounts					
LV Variance Account	1550	0	0	0	0
Smart Metering Entity Charge Variance Account	1551	(92)	0	(107)	(6,225)
RSVA - Wholesale Market Service Charge[5]	1580	2,170	0	2,408	147,338
Variance WMS – Sub-account CBR Class A[5]	1580	0	0	0	0
Variance WMS – Sub-account CBR Class B[5]	1580	(353)	0	(447)	(24,020)
RSVA - Retail Transmission Network Charge	1584	2,214	0	2,456	150,315
RSVA - Retail Transmission Connection Charge	1586	(974)	0	(1,391)	(66,450)
RSVA - Power[4]	1588	290	0	491	19,844
RSVA - Global Adjustment[4]	1589	73	0	(202)	4,679
Disposition and Recovery/Refund of Regulatory Balances (2018)[3]	1595	627	0	15,179	57,076
Disposition and Recovery/Refund of Regulatory Balances (2019)[3]	1595	0	0	12,784	0
Disposition and Recovery/Refund of Regulatory Balances (2020)[3]	1595	537	0	16,415	0
Disposition and Recovery/Refund of Regulatory Balances (2021)[3]	1595	(583)	0	(2,456)	0
Disposition and Recovery/Refund of Regulatory Balances (2022)[3] *Not to be disposed of until two years after rate rider has expired and that balance has been audited. Refer to the Filing Requirements for disposition eligibility.*	1595			0	0
RSVA - Global Adjustment requested for disposition	**1589**	73	0	(202)	4,679
Total Group 1 Balance excluding Account 1589 - Global Adjustment requested for disposition		3,837	0	45,332	277,878
Total Group 1 Balance requested for disposition		3,910	0	45,130	282,557
LRAM Variance Account (only input amounts if applying for disposition of this account)	**1568**			784	61,835
Total Group 1 Balance including Account 1568 - LRAMVA requested for disposition		3,910	0	45,913	344,392

The balance for account 1580 RSVA – Wholesale Market Service Charge differs from the account balances in the trial balance reported through RRR. The variance of ($29,096) as calculated in cell BW23 on tab 3 of the IRM model is a result of the RRR value recorded in cell BV23 including the amounts for account 1580 – Variance WMS – Sub-account CDR Class B for ($29,093). The balance for account 1568 LRAMVA also differs from the account balances in the trial balance reported through RRR. The variance is $61,835, which represents the total LRAMVA claim in this application. NOTL Hydro does not book LRAMVA amounts until they are approved by the OEB.

NOTL Hydro Confirms that no adjustments are being made to any DVA balances previously approved by the OEB on a final basis.

1550 Retail Settlement Variance Account – Low Voltage Variance Account

NOTL Hydro has not had any transactions and a zero balance in this account since disposition of the account in NOTL Hydro's 2009 Cost of Service application, EB-2008-0237. NOTL Hydro is not an Embedded Distributor.

1551 Smart Metering Entity Charge Variance Account

For 2023, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2021 of ($6,118) adjusted for dispositions during 2022, plus
- a closing interest balance at December 31, 2021 of ($16) adjusted for dispositions during 2022, plus
- the forecasted interest of ($92) for 2022

The total claim for this account is a credit balance of ($6,225).

1580 Retail Settlement Variance Account - Wholesale Market Service Charges (exc. CBR – Class B & CBR – Class A)

For 2023, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2021 of $144,929 adjusted for dispositions during 2022, plus
- a closing interest balance at December 31, 2021 of $238 adjusted for dispositions during 2022, plus
- the forecasted interest of $2,170 for 2022

The total claim for this account is a debit balance of $147,338.

1580 Retail Settlement Variance Account - Wholesale Market Service Charges (sub-account CBR – Class A)

This account has a zero balance and therefore NOTL Hydro is not requesting disposition of this account in 2023.

1580 Retail Settlement Variance Account - Wholesale Market Service Charges (sub-account CBR – Class B)

For 2023, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2021 of ($23,574) adjusted for dispositions during 2022, plus
- a closing interest balance at December 31, 2021 of ($93) adjusted for dispositions during 2022, plus
- the forecasted interest of ($353) for 2022

The total claim for this account is a credit balance of ($24,020).

1584 Retail Settlement Variance Account - Retail Transmission Network Charges

This account is used to record the net of the amount charged by the IESO, based on the settlement invoice for transmission network services, and the amount billed to customers using the OEB approved Retail Transmission Network Charge. NOTL Hydro uses the accrual method.

For 2023, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2021 of $147,859 adjusted for dispositions during 2022, plus
- a closing interest balance at December 31, 2021 of $242 adjusted for dispositions during 2022, plus
- the forecasted interest of $2,214 for 2022

The total claim for this account is a debit balance of $150,315.

1586 Retail Settlement Variance Account - Retail Transmission Connection Charges

This account is used to record the net of the amount charged by the IESO, based on the settlement invoice for transmission connection services, and the amount billed to customers using the OEB approved Transmission Connection Charge. NOTL Hydro uses the accrual method.

For 2023, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2021 of ($65,058) adjusted for dispositions during 2022, plus
- a closing interest balance at December 31, 2021 of ($417) adjusted for dispositions during 2022, plus
- the forecasted interest of ($974) for 2022

The total claim for this account is a credit balance of ($66,450).

1588 Retail Settlement Variance Account – Power

This account is used to recover the net difference between the energy amount billed to customers and the energy charge to NOTL Hydro using the settlement invoices from the IESO. NOTL Hydro uses the accrual method.

For 2023, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2021 of $19,352 adjusted for dispositions during 2022, plus
- a closing interest balance at December 31, 2021 of $202 adjusted for dispositions during 2022, plus
- the forecasted interest of $290 for 2022

The total claim for this account is a debit balance of $19,844.

1589 Retail Settlement Variance Account - Global Adjustment ("GA")

This account is used to recover the net difference between the GA amount billed to non-RPP Class B customers and the GA charge to NOTL Hydro for non-RPP Class B customers using the settlement invoices from the IESO. NOTL Hydro uses the accrual method.

For 2023, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2021 of $4,881 adjusted for dispositions during 2022, plus
- a closing interest balance at December 31, 2021 of ($275) adjusted for dispositions during 2022, plus
- the forecasted interest of $73 for 2022

The total claim for this account is a debit balance of $4,679.

1595 Disposition and Recovery of Regulatory Balances

This account includes the regulatory asset or liability balances authorized by the OEB for recovery in rates or payments/credits made to customers. Separate sub-accounts are maintained for approved principal/recoveries, approved interest and interest on net principal for each OEB approved recovery.

NOTL Hydro is claiming the disposition of its 2018 1595 regulatory balances in this application. NOTL Hydro has previously disposed of its 1595 regulatory balances up to and including 2017.

1595 – Disposition and Recovery / Refund of Regulatory Balances (2018)

For 2023, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2021 of $41,897, plus
- a closing interest balance at December 31, 2021 of $14,552, plus
- the forecasted interest of $627 for 2022

The total claim for this account is a debit balance of $57,076.

The over recovery for 1595 2018 was related to the account 1589 balances approved for disposition.

Table 12: Account 1595-2018 Residual Balances

Components of the 1595 Account Balances for 2018:	Principal Approved for Disposition	Carrying Charges Approved for Disposition	Total Approved for Disposition	Rate Rider Amounts Collected /(Returned)	Residual Balances on Principal and Carrying Charges	Carrying Charges on Net Principal	Total Residual Balances	Variance (%)
Total Group 1 and Group 2 Balances excluding Account 1589 - Global Adjustment	(35,650.69)	7,389.85	(28,260.84)	(28,893.18)	632.34	(632.34)	**0.00**	**-2.2%**
Account 1589 - Global Adjustment	(266,088.15)	6,922.97	(259,165.18)	(316,599.62)	57,434.44	(358.11)	**57,076.33**	**-22.2%**
Total Group 1 and Group 2 Balances	(301,738.84)	14,312.82	(287,426.02)	(345,492.80)	58,066.78	(990.45)	**57,076.33**	**-20.2%**
					Total residual balance per continuity schedule:		57,076.33	
						Variance:	**(0.00)**	

The reason for the over-recovery was a significant increase in consumption billed for GS>50 customers. This was mainly driven by one customer increasing their consumption by over 18.2m kWh between calendar 2016 (the kWh basis for the calculation of the rate rider) and the period from May 1, 2018 to April 30, 2019 when the rate rider was in effect.

Table 13: Account 1595-2018 Residual Balances by Rate Class

Rate Class	Approved Allocation to Rate Class*	Approved Denominator for Rider Calculation (kWh)*	Approved Rate Rider*	Projected Consumption over Recovery Period	Billed Consumption the rider was applied against (kWh)	Forecasted versus billed Consumption Variance (kWh)	Billed Consumption (kWh/kW) that the rider was applied against	Amount Recovered / (Returned) through Rate Rider	Calculated Variance ($)
Residential	($5,958)	2,003,925	($0.0030)	2,003,925	1,441,652	562,273	1,441,757	($4,325)	($1,633)
GS < 50	($16,811)	5,654,089	($0.0030)	5,654,089	4,706,544	947,545	4,706,550	($14,120)	($2,691)
GS > 50	($234,178)	78,761,232	($0.0030)	78,761,232	98,624,939	(19,863,707)	98,624,980	($295,875)	$61,697
Large Use	$0	0	$0.0000	0	0	0	0	$0	$0
Unmetered	$0	0	$0.0000	0	0	0	0	$0	$0
Stree Lighting	($2,218)	745,960	($0.0030)	745,960	759,920	(13,960)	759,920	($2,280)	$62
TOTAL	**($259,165)**	**87,165,206**			**105,533,055**	**(18,367,849)**		**($316,599)**	**$57,434**

1508 Specific Customer (Large Use) Variance Account

NOTL Hydro was approved for a 1508 sub account – Specific Customer Variance in its 2019 Cost of Service. Due to uncertainty around the actual demand for this customer at the time, NOTL Hydro proposed and was approved for the use of variance account to track variances in variable distribution revenue from the 5,000 KW demand estimated in the application.

Consistent with the draft accounting order, following the audit of each year's accounts, the amount is to be recovered/returned to customers.

For 2023, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2021 of ($13,692) adjusted for dispositions during 2022, plus
- a closing interest balance at December 31, 2021 of ($132) adjusted for dispositions during 2022, plus
- the forecasted interest of ($205) for 2022

The total claim for this account is a credit balance of ($14,029).

Table 14: 1508 Large Use Deferral Account Continuity

	2021								2022				Projected Interest on Dec-31, 2021 Balances		
Account Number	Opening Principal Amounts as of Jan 1, 2021	Transactions Debit / (Credit) during 2021	OEB-Approved Disposition during 2021	Closing Principal Balance as of Dec 31, 2021	Opening Interest Amounts as of Jan 1, 2021	Interest Jan 1 to Dec 31, 2021	OEB-Approved Disposition during 2021	Closing Interest Amounts as of Dec 31, 2021	Principal Disposition during 2022 - instructed by OEB	Interest Disposition during 2022 - instructed by OEB	Closing Principal Balances as of Dec 31, 2021 Adjusted for Disposition during 2022	Closing Interest Balances as of Dec 31, 2021 Adjusted for Disposition during 2022	Projected Interest from Jan 1, 2022 to Dec 31, 2022 on Dec 31, 2021 balance adjusted for disposition during 2022	Total Interest	Total Claim
1508	(79,992)	(13,692)	29,604	(64,080)	(815)	(419)	644	(590)	50,388	458	(13,692)	(132)	(205)	(337)	(14,029)

The total claim of ($14,029) will be allocated to each rate class based on 2021 distribution revenue.

Table 15: Allocation of Large Use Variance Account

Rate Class	kWh	kW	Customers	Distribution Revenue	% of Distribution Revenue	Allocation	Rate Rider	
Residential	78,544,394.47	-	8,127.00	2,912,737.26	52.6%	(7,377.51)	(0.0001)	per kWh
GS<50	42,026,390.29	-	1,478.00	1,240,764.40	22.4%	(3,142.66)	(0.0001)	per kWh
GS>50	76,922,414.79	195,348.20	125.00	959,083.16	17.3%	(2,429.21)	(0.0124)	per KW
Large User	19,135,793.60	67,379.20	1.00	171,382.09	3.1%	(434.08)	(0.0064)	per KW
USL	262,765.23	-	45.00	8,868.99	0.2%	(22.46)	(0.0001)	per kWh
Street Lights	561,900.85	1,568.30	2,254.00	245,986.95	4.4%	(623.05)	(0.3973)	per KW
Total	217,453,659.23	264,295.70	12,030.00	5,538,822.85	100.0%	(14,028.97)		

Determinants

The billing determinants for all rate classes are based on 2021 actual data as reported in RRR 2.1.2 and 2.1.5 in April 2022. NOTL Hydro confirms the accuracy of the auto-populated data.

Disposition

All GA rate riders are calculated on a kWh basis.

Consistent with EDDVAR, NOTL Hydro proposes that the disposition period to dispose of the Group 1 account balances by means of a rate rider to be one year. NOTL Hydro also proposes that the disposition period for account 1508 Specific Customer (Large Use) Variance be one year.

Threshold Test

The Threshold Test referred to in Section 3.2.5 of the Filing Guidelines is met based on the following calculations:

Total Claim for Threshold Test = $282,557

Total metered kWh = 217,453,659

Threshold test (total claim per kWh) = $282,557 / 217,453,659 = $0.0013, which exceeds the threshold of a minimum of $0.001 / ($0.001) per kWh in magnitude.

Rate Riders

The proposed rate riders for disposition of the 2021 claims are as shown below in Table 16, reflecting tab 19 in the IRM model, with a proposed recovery period of one year.

Table 16: Proposed Deferral/Variance Account Rate Riders

Rate Class	Unit	Group 1 Deferral / Variance Account Rate Rider	Class B CBR Rate Rider	Non-RPP Global Adjustment Rate Rider	Large Use Deferral / Variance Account Rate Rider	LRAMVA
Residential	kWh	0.0011	(0.0001)	0.0001	(0.0001)	
General Service less than 50 kW	kWh	0.0012	(0.0001)	0.0001	(0.0001)	0.0001
General Service 50 to 4,999 kW	kW	0.7056	(0.0489)		(0.0124)	0.2983
	kWh			0.0001		
Large Use	kW	0.3279			(0.0064)	0.0107
Unmetered Scattered Load	kWh	0.0010	(0.0001)	0.0001	(0.0001)	
Street Lighting	kW	0.7017	(0.0446)		(0.3973)	
	kWh			0.0001		

3.2.5.1 Wholesale Market Participants

NOTL Hydro does not have any Wholesale Market Participants within its territory.

3.2.5.2 Class A and Class B Customers

NOTL Hydro settles GA costs with Class A customers on actual GA prices and no GA variance is allocated to these customers for the period that they were designated class A.

3.2.5.3 Commodity Accounts 1588 and 1589

New Accounting Guidance

NOTL Hydro confirms that it has fully implemented the OEB's February 21, 2019 guidance from January 1, 2019. NOTL Hydro does not have any pre-2021 balances that have yet to be disposed on a final basis.

Certification of Evidence

I, Jeff Klassen, Vice President Finance for NOTL Hydro certify to the best of my knowledge that NOTL Hydro has robust processes and internal controls in place for the preparation, review, verification and oversight of the account balances being disposed, consistent with the certification requirements in Chapter 1 of the filing requirements.

GA Analysis Workform

The GA Analysis Workform is attached as Appendix 3. NOTL Hydro has fully implemented the OEB's February 21, 2019 accounting guidance. NOTL Hydro does not have any previous 1589 balances that were approved on an interim basis.

NOTL Hydro bills non-RPP customers on the actual GA rate. Unbilled revenue for 2021 was trued-up to the actual amount billed and is therefore based on the actual GA rate.

The expected GA amount for non-RPP Class B Customers for 2021 was $5,907,758.

Table 17: Expected GA Amount

Note 4 **Analysis of Expected GA Amount**

Year	2021								
Calendar Month	Non-RPP Class B Including Loss Factor Billed Consumption (kWh)	Deduct Previous Month Unbilled Loss Adjusted Consumption (kWh)	Add Current Month Unbilled Loss Adjusted Consumption (kWh)	Non-RPP Class B Including Loss Adjusted Consumption, Adjusted for Unbilled (kWh)	GA Rate Billed ($/kWh)	$ Consumption at GA Rate Billed	GA Actual Rate Paid ($/kWh)	$ Consumption at Actual Rate Paid	Expected GA Price Variance ($)
	F	G	H	I = F-G+H	J	K = I*J	L	M = I*L	N=M-K
January	6,112,675			6,112,675	0.08798	$ 537,793	0.08798	$ 537,793	$ -
February	5,554,623			5,554,623	0.05751	$ 319,446	0.05751	$ 319,446	$ -
March	5,950,168			5,950,168	0.09668	$ 575,262	0.09668	$ 575,262	$ -
April	5,155,496			5,155,496	0.11589	$ 597,470	0.11589	$ 597,470	$ -
May	5,294,105			5,294,105	0.10675	$ 565,146	0.10675	$ 565,146	$ -
June	6,392,885			6,392,885	0.09216	$ 589,168	0.09216	$ 589,168	$ -
July	7,038,541			7,038,541	0.07918	$ 557,312	0.07918	$ 557,312	$ -
August	8,312,315			8,312,315	0.05107	$ 424,510	0.05107	$ 424,510	$ -
September	6,674,156			6,674,156	0.08234	$ 549,550	0.08234	$ 549,550	$ -
October	6,468,655			6,468,655	0.05840	$ 377,769	0.05840	$ 377,769	$ -
November	6,319,697			6,319,697	0.06012	$ 379,940	0.06012	$ 379,940	$ -
December	6,667,540			6,667,540	0.06515	$ 434,390	0.06515	$ 434,390	$ -
Net Change in Expected GA Balance in the Year (i.e. Transactions in the Year)	75,940,856	-	-	75,940,856		$ 5,907,758		$ 5,907,758	$ -

The amounts reflected in cells C41 through C52 in the GA 2021 tab in the GA Analysis Workform are the actual non-RPP kWhs consumed in each month including losses. NOTL Hydro creates a new effective date for the GA rate each month and is therefore able to derive accurate consumption by month from its billing system. NOTL Hydro utilized this data in place of billed amounts – previous month unbilled + current month unbilled as the data is more accurate.

As all Class B non-RPP customers are billed at the actual GA rate, the expected GA price variance is zero. The net change in account 1589 for 2021 was $39,894 including OEB approved dispositions of $35,012. Excluding the approved dispositions, the net change in principal balance for account 1589 for 2021 was $4,881. The table below provides the reconciling amounts and explanations.

Table 18: Reconciliation of Net Change in GA Amount (excluding OEB approved dispositions)

Note 5 **Reconciling Items**

	Item	Amount	Explanation	Principal Adjustments		
	Net Change in Principal Balance in the GL (i.e. Transactions in the Year)	$ 4,881		**Principal Adjustment on DVA Continuity Schedule**	**If "no", please provide an explanation**	**$ Principal Adjustment on DVA Continuity Schedule**
1a	CT 148 True-up of GA Charges based on Actual Non-RPP Volumes - prior year	$ -	n/a			
1b	CT 148 True-up of GA Charges based on Actual Non-RPP Volumes - current year	$ -	n/a			
2a	Remove prior year end unbilled to actual revenue differences	$ -	2020 unbilled revenues were trued up to actual amounts at year end			
2b	Add current year end unbilled to actual revenue differences	$ -	2021 unbilled revenues were trued up to actual amounts at year end			
3a	Significant prior period billing adjustments recorded in current year	$ -	n/a			
3b	Significant current period billing adjustments recorded in other year(s)	$ -	n/a			
4	CT 2148 for prior period corrections	$ -	n/a			
5	Impacts of GA deferral/recovery	$ -	n/a			
6						
7						
8						
9						
10						
11						

Note 6		
	Adjusted Net Change in Principal Balance in the GL	$ 4,881
	Net Change in Expected GA Balance in the Year Per Analysis	$ (12,344)
	Unresolved Difference	$ 17,226
	Unresolved Difference as % of Expected GA Payments to IESO	0.3%

NOTL Hydro performed the reasonability test for Account 1588 which is included in the GA workform. The results of the reasonability test support the conclusion that GA charges have been appropriately allocated between customer classes.

Table 19: Account 1588 Reasonability

Ontario Energy Board

Account 1588 Reasonability

Note 7 **Account 1588 Reasonability Test**

	Account 1588 – RSVA Power				
Year	**Transactions[1]**	**Principal Adjustments[1]**	**Total Activity in Calendar Year**	**Account 4705 – Power Purchased**	**Account 1588 as % of Account 4705**
2021	19,352	-	19,352	15,623,253	0.1%
Cumulative	**19,352**	-	**19,352**	**15,623,253**	**0.1%**

NOTL Hydro settles GA costs with Class A customers on actual GA prices and no GA variance is allocated to these customers for the period that they were designated class A.

The calculation of Global Adjustment for Class B customers and allocation to Class A customers that transitioned during the period are shown below.

Table 20: Rate Rider Calculation for RSVA – Power – Global Adjustment

		Total Metered Non-RPP 2021 Consumption excluding WMP	Total Metered 2021 Consumption for Class A Customers that were Class A for the entire period GA balance accumulated	Total Metered 2021 Consumption for Customers that Transitioned Between Class A and B during the period GA balance accumulated	Non-RPP Metered 2021 Consumption for Current Class B Customers (Non-RPP Consumption excluding WMP, Class A and Transition Customers' Consumption)	% of total kWh	Total GA $ allocated to Current Class B Customers	GA Rate Rider	
		kWh	kWh	kWh	kWh				
RESIDENTIAL SERVICE CLASSIFICATION	kWh	895,231	0	0	895,231	1.2%	$57	$0.0001	kWh
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	4,303,869	0	0	4,303,869	6.0%	$273	$0.0001	kWh
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	kWh	72,817,486	3,478,277	3,162,847	66,176,362	91.9%	$4,204	$0.0001	kWh
LARGE USE SERVICE CLASSIFICATION	kWh	19,135,794	19,132,794	0	3,000	0.0%	$0	$0.0000	kWh
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	117,792	0	0	117,792	0.2%	$7	$0.0001	kWh
STREET LIGHTING SERVICE CLASSIFICATION	kWh	490,988	0	0	490,988	0.7%	$31	$0.0001	kWh
STANDBY POWER SERVICE CLASSIFICATION	kWh	0	0	0	0	0.0%	$0	$0.0000	
	Total	97,761,160	22,611,070	3,162,847	71,987,242	100.0%	$4,572		

NOTL Hydro had one customer transition between Class A and Class B during the period when the Account 1589 RSVA Global Adjustment balance accumulated. The tables below show the allocation calculations which resulted in $105 of the variance allocated to transition customers.

Table 21: Class A Transition Customers – Non-loss Adjusted Billing Determinants

Transition Customers - Non-loss Adjusted Billing Determinants by Customer				
			2021	
Customer	Rate Class		July to December	January to June
Customer 1	GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	kWh	1,503,129	1,659,718
		kW	3,740	3,992
		Class A/B	A	B

Table 22: Allocation of Total Consumption (kWh) between Class B and Class A/B Transition Customers

Allocation of total Non-RPP Consumption (kWh) between Current Class B and Class A/B Transition Customers				
			Total	2021
Non-RPP Consumption Less WMP Consumption	A		97,761,160	97,761,160
Less Class A Consumption for Partial Year Class A Customers	B		1,503,129	1,503,129
Less Consumption for Full Year Class A Customers	C		22,611,070	22,611,070
Total Class B Consumption for Years During Balance Accumulation	D = A-B-C		73,646,961	73,646,961
All Class B Consumption for Transition Customers	E		1,659,718	1,659,718
Transition Customers' Portion of Total Consumption	F = E/D		**2.25%**	

Table 23: Allocation of GA Balance to Transition Customers

Allocation of GA Balances to Class A/B Transition Customers						
# of Class A/B Transition Customers		1				
Customer		Total Metered Consumption (kWh) for Transition Customers During the Period When They Were Class B Customers	Metered Consumption (kWh) for Transition Customers During the Period When They Were Class B Customers in 2021	% of kWh	Customer Specific GA Allocation for the Period When They Were Class B customers	Monthly Equal Payments
Customer 1		1,659,718	1,659,718	100.00%	$ 105	$ 9
Total		1,659,718	1,659,718	100.00%	$ 105	

3.2.5.4 Capacity Based Recover (CBR)

NOTL Hydro had two Class A customers during the entire period where the Account 1580, Sub-account CBR Class B balance accumulated and one customer that transitioned between class A and class B during the period. The tables below show the allocation calculations which resulted in ($206) of the variance allocated to the transition customer.

Table 24: Class A Transition Customers – Non-loss Adjusted Billing Determinants

Transition Customers - Non-loss Adjusted Billing Determinants by Customer				
			2021	
Customer	Rate Class		July to December	January to June
Customer 1	GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	kWh	1,503,129	1,659,718
		kW	3,740	3,992
		Class A/B	A	B

Table 25: Allocation of Total Consumption (kWh) between Class B and Class A/B Transition Customers

Allocation of Total Consumption (kWh) between Current Class B and Class A/B Transition Customers			
		Total	2021
Total Consumption Less WMP Consumption	A	217,453,659	217,453,659
Less Class A Consumption for Partial Year Class A Customers	B	1,503,129	1,503,129
Less Consumption for Full Year Class A Customers	C	22,611,070	22,611,070
Total Class B Consumption for Years During Balance Accumulation	D = A-B-C	193,339,460	193,339,460
All Class B Consumption for Transition Customers	E	1,659,718	1,659,718
Transition Customers' Portion of Total Consumption	F = E/D	**0.86%**	

Table 26: Allocation of CBR Balance to Transition Customers

Allocation of CBR Class B Balances to Transition Customers						
# of Class A/B Transition Customers		1				
Customer		Total Metered Class B Consumption (kWh) for Transition Customers During the Period When They were Class B Customers	Metered Class B Consumption (kWh) for Transition Customers During the Period When They were Class B Customers in 2021	% of kWh	Customer Specific CBR Class B Allocation for the Period When They Were Class B Customers	Monthly Equal Payments
Customer 1		1,659,718	1,659,718	100.00%	-$ 206	-$ 17
Total		1,659,718	1,659,718	100.00%	-$ 206	-$ 17

3.2.5.5 Disposition of Account 1595

NOTL Hydro is claiming the disposition of its 2018 1595 regulatory balances in this application and confirms that the residual balance in this account is being requested for disposition only once. NOTL Hydro has previously disposed of its regulatory balances up to and including 2017. The rate riders for account 1595 (2018) were approved for recovery/disposition over 1 year. As a result, rate riders expired on April 30th, 2019. Consistent with the guidance in the filing requirements this account is now eligible for disposition. Further explanation of the residual balance for account 1595 2018 is provided above.

3.2.6 Lost Revenue Adjustment Mechanism Variance Account (LRAMVA)

The LRAM Variance account shall include the lost revenue adjustment mechanism (LRAM) variances in relation to the conservation and demand management (CDM) programs or activities undertaken by a distributor in accordance with Board prescribed requirements (e.g. license, codes and guidelines). NOTL Hydro received approval for disposition of its 2018 and 2019 LRAMVA on a final basis as part of its 2021 IRM application (EB-2020-0042). NOTL Hydro is seeking approval for its LRAMVA balances from 2020, 2021, 2022 and prospective amounts for 2023. The LRAMVA requested in this application will dispose of all outstanding LRAMVA balances related to previously established LRAMVA thresholds. NOTL Hydro intends to file a Cost of Service application for 2024 rates.

3.2.6.1 Disposition of LRAMVA

NOTL Hydro relied on the CDM reported results (Appendix 6) available on the IESO website for 2020 and 2021 results. Results for 2015 – 2019 populated in the model are consistent with those submitted along with the required backup as part of NOTL Hydro's 2021 IRM application (EB-2020-0042).

I. NOTL Hydro is seeking disposition of new lost revenue for 2020 and 2021 and persistence savings from 2017 – 2021 programs for the years 2020 through 2023.

II. NOTL Hydro's LRAMVA claim is based on the detail CDM Program Reported Results available on the IESO website. NOTL Hydro applied results for the IESO's 2017 program evaluation to arrive at the net savings values at the project level. NOTL Hydro has completed all CFF projects as well as its IESO Conservation First Framework Wind Down Compliance Audit.

III. NOTL Hydro has relied on the most recent input assumptions available at the time of program evaluation.

IV. Table 27 below shows the principal and carrying amounts by rate class and the resulting rate riders.

Table 27: LRAM by Rate Class

Rate Class	Principal 2020 - 2022	Carry Charges 2020 - 2022	Prospective Amounts 2023	Total LRAMVA	Rate Rider	Units
Residential	0	0	0	0	n/a	n/a
GS <50 KW	2,657	41	151	2,848	0.0001	kWh
GS 50 - 4,9999 KW	43,099	733	14,434	58,266	0.2983	kW
Large Use	530	9	181	720	0.0107	kW
Unmetered	0	0	0	0	n/a	n/a
Street Lights	0	0	0	0	n/a	n/a
Total	46,285	784	14,766	61,835		

V. NOTL Hydro is proposing to recover the LRAMVA over 12 months.

VI. NOTL Hydro confirms that the rate ride for all rate classes that are impacted are greater than or equal to 0.0001 and are therefore significant.

VII. Forecasted CDM savings included in the LRAMVA calculation were approved by the OEB in the 2019 Decision and Order NOTL Hydro 20190423 corrected, Schedule A pg. 19 (EB-2018-0056)

VIII. Rate class allocations were determined by reviewing the rate class of each customer in each program.

IX. All data included in the attached LRAMVA model prior to 2018 was taken from the Final CDM Annual Report and Persistence Savings report issued by the IESO. Results for January 1, 2018 to December 31, 2019 were derived from the project level savings reports available on the IESO website as well as the Monthly Participation and Cost Reports. Results for 2020 and 2021 were solely derived from the IESO hosted "CDM Program Reported Results" portal. A summary of the project level savings is attaches as Appendix 6. The process followed by NOTL Hydro is described below.

   a. LRAMVA model was updated with reported data from NOTL Hydro's 2021 IRM application (EB-2020-0042) for 2015 – 2019.
   b. Exported CDM Program Reported results from the IESO website for reporting years 2020 – 2021.
   c. Removed any projects from the export with a project completion date prior to 2020 and verified that the remaining projects were not included in prior IRM applications.
   d. 2017 Final Verified Results (last available) were used to determine the Net-to-Gross factor as well as the Realization Rate for each program to determine a final adjustment factor for kW demand and kWh consumption numbers per program.
   e. 2017 Final Verified Results persistence amounts were also used to determine any annual adjustment over a 10-year period.

X. No new Street Light or Combined Heat and Power projects were completed or included in the 2020, or 2021 results.

For account 1568, NOTL Hydro is requesting disposition of the amount as calculated as part of this application which includes the forecasted interest through December 31, 2022 and the prospective persistence savings for 2023 to which no interest will be applied. This amount is not included in the last RRR filing or the 2021 Audited Financial Statements.

The balance requested for disposal, including carrying charges, is a debit of $61,835

3.2.6.2 Continuing Use of the LRAMVA for New CDM Activities

NOTL Hydro is not requesting the use of the LRAMVA for distribution-rate funded CDM activities or LIP activities.

3.2.7 Tax Changes

The Federal small business deduction was revised for the 2022 taxation year. The deduction was revised to be completely eliminated when taxable capital is $50 million or more, previously the deduction was eliminated when taxable capital was $15 million or more. The result of this change was an incremental grossed-up tax amount credit of ($13,838) of which 50% is to be returned to customers. Table 28 shows the calculations to arrive at this amount and is taken from Tab 8 STS – Tax Change from the attached IRM model.

Table 28: Summary of Tax Change Forecast Amounts

	2019	2023
OEB-Approved Rate Base	$ 30,456,976	$ 30,456,976
OEB-Approved Regulatory Taxable Income	$ 265,180	$ 265,180
Federal General Rate		15.0%
Federal Small Business Rate		9.0%
Federal Small Business Rate (calculated effective rate)[1,2]		12.1%
Ontario General Rate		11.5%
Ontario Small Business Rate		3.2%
Ontario Small Business Rate (calculated effective rate)[1,2]		11.5%
Federal Small Business Limit		$ 500,000
Ontario Small Business Limit		$ 500,000
Federal Taxes Payable		$ 32,003
Provincial Taxes Payable		$ 30,496
Federal Effective Tax Rate		12.1%
Provincial Effective Tax Rate		11.5%
Combined Effective Tax Rate	26.5%	23.6%
Total Income Taxes Payable	$ 70,273	$ 62,499
OEB-Approved Total Tax Credits (enter as positive number)	$ -	$ -
Income Tax Provision	$ 70,273	$ 62,499
Grossed-up Income Taxes	$ 95,609	$ 81,771
Incremental Grossed-up Tax Amount		$ (13,838)
Sharing of Tax Amount (50%)		**$ (6,919)**

Notes
1. The appropriate Federal and Ontario small business rates are calculated in the Income/PILs Workform. The Federal and Ontario small business deduction:
   a. is applicable if taxable capital is below $10 million.
   b. is phased out with taxable capital of more than $10 million.
   c. is completely eliminated when the taxable capital is $15 million or more. Effective for the 2022 taxation year, the Federal small business deduction is revised to be completely eliminated when the taxable capital is $50 million or more.

2. The OEB's proxy for taxable capital is rate base.

The resulting rate riders as calculated on Tab 9 of the attached IRM model rounded $0 at the fourth decimal place for all customer classes. As a result, NOTL Hydro proposes that the entire sharing amount will be transferred to account 1595 for disposition at a future date.

Table 29: Shared Tax Rate Rider Calculations

Rate Class		Total kWh (most recent RRR filing)	Total kW (most recent RRR filing)	Allocation of Tax Savings by Rate Class	Distribution Rate Rider	
RESIDENTIAL SERVICE CLASSIFICATION	kWh	78,544,394		-3,666	0.00	$/customer
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	42,026,390		-1,481	0.0000	kWh
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	kW	76,922,415	195,348	-1,245	0.0000	kW
LARGE USE SERVICE CLASSIFICATION	kW	19,135,794	67,379	-242	0.0000	kW
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	262,765		-10	0.0000	kWh
STREET LIGHTING SERVICE CLASSIFICATION	kW	561,901	1,568	-275	0.0000	kW
STANDBY POWER SERVICE CLASSIFICATION	kW			0	0.0000	kW
Total		217,453,659	264,295	($6,919)		

3.2.8 Z-factor Claims

NOTL Hydro is not seeking a Z-factor claim in this application.

3.2.9 Off-ramps

NOTL Hydro's 2021 distributor earnings were within the 300 basis points dead band as per its 2022 RRR filing for 2.1.5.6.

3.3.1 Advanced Capital Module

NOTL Hydro is not submitting an Advance Capital Module in this application.

3.3.2 Incremental Capital Module

NOTL Hydro is not submitting an Incremental Capital Module in this application.

3.3.3 Treatment of Costs for 'eligible investments'

Not applicable. NOTL Hydro filed a Cost of Service application pursuant to chapter 5 in 2018 for rates effective in 2019.

3.4 Specific Exclusions for Price Cap IR or Annual IR Index Applications

NOTL Hydro is not seeking relief for any specific or excluded issues in this application.

Appendices

Appendix 1 – NOTLH 2023 IRM Checklist

Filed separately in Excel format.

Appendix 2 – NOTLH 2023 IRM Rate Generator Model

Filed separately in Excel format.

Appendix 3 – NOTLH 2023 GA Analysis Workform

Filed separately in Excel format.

Appendix 4 – NOTLH LRAMVA Workform

Filed separately in Excel format.

Appendix 5 – NOTLH Tariff Sheet – January 1, 2022

Filed separately in PDF format.

Appendix 6 – NOTLH CDM Results 2020 – 2021

Filed separately in Excel format.