



**Niagara
On-The-Lake
HYDRO**

July 26, 2022

Ontario Energy Board
PO Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Attn: Nancy Marconi, Registrar

Re: EB-2022-0158

Application to change Large Use Service Retail Transmission Rates and related approvals

Dear Ms. Marconi:

This letter is Niagara-on-the-Lake Hydro's (NOTL Hydro) reply submission with respect to the July 18, 2022 submissions provided by both the School Energy Coalition ("SEC") and the Vulnerable Energy Consumers Coalition ("VECC") as intervenors in this proceeding and the July 19, 2022 submissions provided by Ontario Energy Board (OEB) staff. Please note that NOTL Hydro is re-filing this reply submission with amendments to respond to the late submissions received from OEB staff.

NOTL Hydro requested two rulings from the OEB in its application. The first was to amend the terms of its Specified Large Use Customer Revenue Variance Account so that it becomes a general Large Use Customer Revenue Variance Account. The second request was to increase the Large Use Retail Transmission Service Rates (RTSRs) to match the most recently approved Uniform Transmission Rates.

With respect to the request to amend the terms of its Specified Large Use Customer Revenue Variance Account, OEB staff expressed support for the proposed amendments based on the unique circumstances of the application. SEC and VECC also expressed support for this request, though both suggested the wording of the accounting order be amended to clarify that the variance threshold is 5,000 kW rather than "the amount of revenue forecasted to be collected for that period". NOTL Hydro is in agreement with this suggestion and has included a revised Accounting Order reflecting this change.

With respect to the request to increase the Large Use Retail Transmission Service Rates (RTSRs), OEB staff and SEC expressed support for the proposal as submitted. VECC also expressed support for the proposal but suggested that the RTSRs also need to be adjusted for losses.

NOTL Hydro appreciates VECC's efforts to provide greater precision in ensuring non-Large Use customers are not negatively impacted by this new customer. However, NOTL Hydro believes



Niagara On-The-Lake HYDRO

there are challenges with this proposal that make it impractical. In particular, NOTL Hydro notes that:

- No other customer class as their RTSRs adjusted for line losses. This would appear to make this proposal an inconsistency.
- VECC has proposed that NOTL Hydro estimate the line losses associated with serving this customer. NOTL Hydro replied that it is unable to estimate the losses at this time as nothing has been installed nor are there any drawings. NOTL Hydro also notes that services to this customer will likely become a mix of dedicated feeders from both of NOTL Stations as well as draws from existing feeders that also serve other customers. The actual line losses could therefore vary from month to month depending on from which feeder lines the power is being drawn. There is no definitive line loss to apply.
- NOTL Hydro also responded to the VECC interrogatories by noting that it felt the line losses had already been covered by the line loss gross-up applied to usage. In its submission, VECC notes that this line loss rate is being applied to demand and not usage so is different. NOTL Hydro is concerned with potentially double counting line losses. Unlike the Total Loss Factor of 1.0373 which is applied to Secondary Metered Customers < 5,000 kW which is specific to NOTL Hydro, the Total Loss Factor of 1.0045 which is applied to Primary Metered Customers > 5,000 kW appears to be a commonly used factor. The level of precision VECC is seeking in determining lines losses on a future customer does not exist.

In summary, NOTL Hydro requests that the OEB approve its change to the Large Use Customer Variance Account with the further change to the Accounting Order noted above and approve its change to the RTSRs without any further modification.

NOTL Hydro would also like to take this opportunity to thank the OEB for managing this application on a timely basis. The customer has commenced work on its site and we expect to be providing service to this customer shortly. Having a decision on these two requests prior to providing service will be appreciated.

Yours truly,

Tim Curtis
President

Niagara-on-the-Lake Hydro Inc.

DRAFT ACCOUNTING ORDER

Customer Revenue Variance Account

The Customer Revenue Variance Account is established with respect to the Large User rate class.

On a monthly basis the aggregate demand revenue from the Large Use Customers will be reviewed and any variance from an aggregate demand of 5,000 kW will result in a journal entry in the account. Demand revenue will include any standby revenue billed due to a User's behind-the-meter generation displacing demand revenue. The amount recorded will be the difference between actual revenue collected from the Customers and the amount of revenue associated with one large customer with a monthly billing demand of 5 MW, based on the approved fixed and variable rates in effect during that period

If the demand exceeds 5,000 kW then the entry is:

Dr. 4305 Regulatory Debit

Cr. 1508- sub-account Customer Revenue Variance Account If the

demand is lower than 5,000 kW then the entry is:

Dr. 1508 – sub-account Customer Revenue Variance Account Cr.
4310 Regulatory Credit

Following the audit of the account's year-end balance, NOTL Hydro will request disposition of the account via a rate rider which will be in effect for one year. A rate rider will be determined for all customer classes including the Large User class.

Assuming the variance account has a credit balance, the monthly recording of the billing of the rate rider will be:

Dr. 1508-sub-account Customer Revenue Variance Account Cr.
4305 Regulatory Debit

Dr. 4080 Distribution Revenue

Cr. 1100 Customer Accounts Receivable

If the variance account has a debit balance, the entries would be:

Dr. 4310 Regulatory Credit

Cr. 1508-sub-account Customer Revenue Variance Account Dr. 1100

 Customer Accounts Receivable

Cr. 4080 Distribution Revenue

Following the audit of the year in which the last month of the rate rider was billed, any remaining balance in the variance account will be included in the balance requested for disposition in a future period. The rate rider will be determined by allocating the balance of the variance account across customer classes based on customer class revenue. Within each customer class it will be allocated across customers based on kwh.