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BY EMAIL AND RESS

September 22, 2022

Ms. Nancy Marconi
Registrar
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Marconi,

EB-2022-0189 – Hydro One Sault Ste. Marie Limited Partnership’s 2023 Transmission Revenue Cap Index Annual Filing – Response to OEB Staff Questions

Hydro One Networks Inc. on behalf of Hydro One Sault Ste. Marie Limited Partnership is submitting responses to OEB Staff Questions.

An electronic copy of the responses has been submitted using the Board’s Regulatory Electronic Submission System.

Sincerely,

A handwritten signature in black ink that reads "Kathleen Burke". The signature is written in a cursive, flowing style.

Kathleen Burke

1 **OEB STAFF INTERROGATORY - 01**

2
3 **Reference:**

4 Exhibit A-4-1, Pages 2, 3, 5, 7 and 8

5
6 **Interrogatory:**

7 Hydro One SSM notes that at the time of filing its Application, the OEB had not yet
8 released the inflation factor applicable for revenue requirement applications beginning
9 January 1, 2023. Hydro One SSM states that it will file an update to the revenue
10 requirement calculation for 2023 rates once that inflation factor is released.

11
12 Please confirm that Hydro One SSM will also update the following tables from its pre-filed
13 evidence once the new inflation factor is released:

14
15 Table 1 - Custom Revenue Cap Index (RCI) by Component (%)

16 Table 2 - 2023 Base Revenue Requirement

17 Table 4 - 2023 Rates Revenue Requirement by Rate Pool

18 Table 6 - Average Bill Impacts on Transmission and Distribution-Connected
19 Customers

20 Table 7 - 2023 Total Bill Impacts for Distribution-Connected Customers

21
22 **Response:**

23 Confirmed.

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OEB STAFF INTERROGATORY - 02

Reference:

Exhibit A-4-1, Page 5

Interrogatory:

Hydro One SSM in Table 5 provides the Commodity, Wholesale Market Service Charges, Wholesale Transmission Charges and Distribution Service Charges.

- a) Please provide the supporting calculations for the Distribution Service Charges component, showing how it reconciles with the source data.
- b) Please confirm that, in addition to updating its application for the 2023 inflation factor, Hydro One SSM will update the Distribution Service Charges value using information for the 2021 fiscal year (provided this is available at that time).

Response:

- a) Table below provides the supporting calculations for the Distribution Service Charges component in Table 5.

Parameter	Value	2020 Yearbook of Electricity Distributors Reference
Revenues from Service – Distribution (A)	\$3,897,073,729	pg 8 of 130
Total kWh Delivered (excluding losses) (B)	128,165,623,290	pg 11 of 130
Total kWh Delivered on Long-Term Load Transfer (C)	7,317,485	pg 11 of 130
Distribution Service Charge (\$/kWh) (D=A/(B+C))	0.0304	
Distribution Service Charge (¢/kWh) (E=D/100)	3.04	

- b) Not confirmed. Hydro One SSM is not planning to update values that are not related to HOSSM's proposed revenue requirement when the 2023 inflation factor is updated for the following reasons:
 - 1. This would ensure that the impact of inflation factor update is isolated and accurately reflected in the bill impact tables; and
 - 2. The impact of updating the Distribution Service Charge values is not expected to be material.

Hydro One SSM notes that this approach is consistent with prior transmission applications and is similar to the way that bill impacts are presented in distribution rate applications

Filed: 2022-09-22

EB-2022-0189

Exhibit I

Tab 1

Schedule 2

Page 2 of 2

- 1 where factors outside of the approvals requested by the applicant (e.g. electricity prices)
- 2 are held constant so that the bill impacts reflect only the changes sought by the applicant.

1 **OEB STAFF INTERROGATORY - 03**

2
3 **Reference:**

4 Exhibit A-4-1, Page 7

5
6 **Interrogatory:**

7 Hydro One SSM in Table 7 provides the RTSR included in 2022 Bill, Estimated 2022
8 Monthly RTSR, Estimated Monthly RTSR, 2023 Change in Monthly Bill and the 2023
9 Change as a % of the Total Bill for Typical Medium Density (HONI R1) Residential
10 Customer Consuming 750 kWh per Month and Typical General Service Energy less than
11 50 kW (HONI GSe < 50kW) Customer Consuming 2,000 kWh per Month.

12
13 a) Please provide the supporting calculations for:

- 14 i. Total Bill as of July 1, 2022
15 ii. Estimated 2022 Monthly RTSR, to three decimal places
16 iii. Estimated 2023 Monthly RTSR, to three decimal places

17
18 b) Please confirm that, in addition to updating its application for the 2023 inflation factor,
19 Hydro One SSM will update the Total Bill value to include any updates to time-of-use
20 commodity prices, the Ontario Energy Rebate, and the Smart Metering Entity charge¹.

21
22 **Response:**

23 a) Tables below provide the requested information.

¹ For example, EB-2022-0137, the OEB approved a Smart Metering Charge of \$0.42 for the 2023-2027 period.

1 i.
 2
 3
 4

**Table 1 - Total monthly bill for an R1 customer consuming 750 kWh per month
 - as of July 1, 2022**

	Volume	Rate (\$)	Total Charge (\$)
TOU-Off Peak	480	0.082	39.36
TOU-Mid Peak	135	0.113	15.26
TOU-On Peak	135	0.170	22.95
Sub-Total: Energy (RPP TOU)			77.57
Service Charge	1	56.06	56.06
Base Rate Adjustment to Recover Past Tax Amounts	1	1.56	1.56
Distribution Volumetric Charge	750	0.0100	7.50
Fair Hydro Plan - Distribution Rate Protection Savings*			-27.04
Sub-Total: Distribution (excluding pass through)			38.08
Smart Metering Entity Charge	1	0.43	0.43
Line Losses on Cost of Power (based on TOU prices)	57	0.1034	5.89
Sub-Total: Distribution (based on TOU prices)			44.40
Retail Transmission Rate – Network Service Rate	807	0.0103	8.31
Retail Transmission Rate – Line and Transformation Connection Service	807	0.0076	6.13
Sub-Total: Retail Transmission			14.45
Sub-Total: Delivery (based on TOU prices)			58.85
Wholesale Market Service Rate (WMS) - not including CBR	807	0.0030	2.42
Capacity Based Recovery (CBR) - Applicable for Class B Customers	807	0.0004	0.32
Rural Rate Protection Charge	807	0.0005	0.40
Standard Supply Service – Administration Charge (if applicable)	1	0.25	0.25
Sub-Total: Regulatory			3.40
Total Electricity Charge on TOU (before HST)			139.81
HST		13%	18.18
Total Electricity Charge on TOU (including HST)			157.99
Ontario Electricity Rebate (OER)		-17%	-23.77
Total Amount on TOU			134.22

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Table 2 - Total monthly bill for a GSe<50kW customer consuming 2,000 kWh per month - as of July 1, 2022

	Volume	Rate (\$)	Total Charge (\$)
TOU-Off Peak	1,280	0.082	104.96
TOU-Mid Peak	360	0.113	40.68
TOU-On Peak	360	0.170	61.20
Sub-Total: Energy (RPP TOU)			206.84
Service Charge	1	34.13	34.13
Base Rate Adjustment to Recover Past Tax Amounts	1	1.11	1.11
Distribution Volumetric Charge	2,000	0.0680	136.00
Base Rate Adjustment to Recover Past Tax Amounts	2,000	0.0022	4.40
Sub-Total: Distribution (excluding pass through)			175.64
Smart Metering Entity Charge	1	0.43	0.43
Line Losses on Cost of Power (based on TOU prices)	192	0.1034	19.86
Sub-Total: Distribution (based on TOU prices)			195.93
Retail Transmission Rate – Network Service Rate	2,192	0.0081	17.76
Retail Transmission Rate – Line and Transformation Connection Service Rate	2,192	0.0059	12.93
Sub-Total: Retail Transmission			30.69
Sub-Total: Delivery (based on TOU prices)			226.61
Wholesale Market Service Rate (WMS) - not including CBR	2,192	0.0030	6.58
Capacity Based Recovery (CBR) - Applicable for Class B Customers	2,192	0.0004	0.88
Rural Rate Protection Charge	2,192	0.0005	1.10
Standard Supply Service – Administration Charge (if applicable)	1	0.25	0.25
Sub-Total: Regulatory			8.80
Total Electricity Charge on TOU (before HST)			442.25
HST		13%	57.49
Total Electricity Charge on TOU (including HST)			499.75
Ontario Electricity Rebate (OER)		-17%	-75.18
Total Amount on TOU			424.56

1 ii. & iii.

2

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Table 3 - Derivation of Estimated 2022 and 2023 Monthly RTSR Charge

	2021	2022	2023
Rates Revenue Requirement*	\$43,106,449	\$42,426,118	\$43,359,493
% Change in Rates Revenue Requirement (A)		-1.6%	2.2%
HOSSM Revenue Requirement as % of Total UTR Revenue Requirement** (B)		2.1%	2.1%
Net Impact on Average Transmission Rates (C=A*B)		-0.03%	0.05%
Total RTSR Charge for Typical R1 Customer for Previous Year*** (D)		\$14.45	\$14.441
Change in RTSR (\$) (E=C*D)		(\$0.005)	\$0.007
Estimated RTSRs for Typical R1 Customer (F=D+E)		\$14.441	\$14.447
Total RTSR Charge for Typical GSe Customer*** (G)		\$30.69	\$30.678
Change in RTSR (\$) (H=C*G)		(\$0.010)	\$0.014
Estimated RTSRs for Typical GSe Customer (I=G+H)		\$30.678	\$30.692

* 2021 Rates Revenue Requirement per UTR Decision and Rate Order in EB-2021-0176

2022 Rates Revenue Requirement per UTR Decision and Rate Order in EB-2022-0084

2023 Rates Revenue Requirement per Table 2, Exhibit A-4-1, EB-2022-0189

** Derived as HOSSM's 2022 Revenue Requirement (\$42,426,118)/Total 2022 UTR Revenue Requirement (\$2,060,868,811). Source: UTR Decision and Rate Order in EB-2022-0084

*** 2022: Previous year's RTSR charge is based on Tables 1 and 2 provided in this interrogatory response.

2023: Previous year's RTSR charge is the estimated 2022 RTSR charge

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5 b) Refer to HOSSM's response at Exhibit I-01-02 (b).