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**BY EMAIL AND RESS**

October 5, 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-2022-0191 - Niagara Reinforcement Limited Partnership (NRLP) - Application for 2023 Transmission Revenue Requirement - Response to OEB Staff Questions**

Hydro One Networks Inc. on behalf of Niagara Reinforcement Limited Partnership (NRLP), 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

**OEB STAFF INTERROGATORY - 01**

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**Reference:**

Exhibit A-4-1, Pages 3 - 6

**Interrogatory:**

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

Please confirm that NRLP will also update the following tables from its pre-filed evidence once the new inflation factor is released:

Table 1 - 2023 Custom Revenue Cap Index (RCI) by Component (%)

Table 2 - 2023 Base Revenue Requirement

Table 3 - 2023 Rates Revenue Requirement by Rate Pool

Table 5 - Average Bill Impacts on Transmission and Distribution-Connected Customers

Table 6 - 2023 Total Bill Impacts for Distribution-Connected Customers

**Response:**

Confirmed.

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**OEB STAFF INTERROGATORY - 02**

**Reference:**

Exhibit A-4-1, Page 4

**Interrogatory:**

NRLP in Table 4 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, NRLP will update the Distribution Service Charges value using information for the 2021 fiscal year (provided this is available at that time).

**Response:**

- a) The table below provides the supporting calculations for the Distribution Service Charges component:

Parameter	Calculation	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) (kWh)	B	128,165,623,290	pg 11 of 130
Total kWh Delivered on Long-Term Load Transfer (kWh)	C	7,317,485	pg 11 of 130
Distribution Service Charge (\$/kWh)	$D=A/(B+C)$	0.0304	
<b>Distribution Service Charge (¢/kWh)</b>	<b><math>E=D/100</math></b>	<b>3.04</b>	

- b) Not confirmed. NRLP is not planning to update values that are not related to NRLP's proposed revenue requirement when the 2023 inflation factor is updated for the following reasons:
  1. This will ensure that the impact of the 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.

NRLP 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 where factors outside the approvals requested by the Applicant (e.g. electricity prices)

Filed: 2022-10-05

EB-2022-0191

Exhibit I

Tab 1

Schedule 2

Page 2 of 2

1        are held constant so that the bill impacts reflect only the changes sought by the  
2        Applicant.

1 **OEB STAFF INTERROGATORY - 03**

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3 **Reference:**

4 Exhibit A-4-1, Page 6

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6 **Interrogatory:**

7 NRLP in Table 6 provides the RTSR included in 2022 Bill, Estimated 2022 Monthly RTSR,  
8 Estimated 2023 Monthly RTSR, 2023 Change in Monthly Bill and the 2023 Change as a  
9 % of the Total Bill for Typical Medium Density (HONI R1) Residential Customer  
10 Consuming 750 kWh per Month and Typical General Service Energy less than 50 kW  
11 (HONI GSe < 50kW) Customer Consuming 2,000 kWh per Month.

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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

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18 b) Please confirm that, in addition to updating its application for the 2023 inflation factor,  
19 NRLP will update the Total Bill value to include any updates to time-of-use commodity  
20 prices, the Ontario Energy Rebate, and the Smart Metering Entity charge<sup>1</sup>.

21  
22 **Response:**

23 a) The requested supporting calculations to Table 6 are provided below.

- 24 i. The total monthly bill as of July 1, 2022 for a R1 customer consuming 750 kWh per  
25 month and for an GSe<50kW customer consuming 2,000 kWh per month are  
26 provided in Table 1 and Table 2 respectively.

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<sup>1</sup> Through its Decision on EB-2022-0137, the OEB approved a Smart Metering Charge of \$0.42 for the 2023-2027 period.

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**Table 1 - Total monthly bill for a R1 customer  
 consuming 750 kWh per month (July 1, 2022)**

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

\* Volume for Retail Transmission and Regulatory charges are uplifted for line losses.

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

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

\* Volume for Retail Transmission and Regulatory charges are uplifted for line losses.



1 ii. & iii. The estimated 2022 and 2023 Monthly RTSR charge is provided in Table 3  
 2 below.  
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**Table 3 - Derivation of Estimated 2022 and 2023 Monthly RTSR Charge**

	Calculation	2021	2022	2023
NRLP's Rates Revenue Requirement <sup>(Note 1)</sup>	A	\$12,455,767	\$ 8,281,339	\$ 8,335,168
% Change in NRLP's Rates Revenue Requirement	B		-33.5%	0.7%
NRLP's 2022 Revenue Requirement as % of Total 2022 UTR Network Revenue Requirement <sup>(Note 2)</sup>	C		0.634%	0.634%
NRLP's Net Impact on UTR Network Rates	D=B*C		-0.212%	0.004%
	Calculation	Typical Medium Density Residential (HONI R1) Customer Consuming 750 kWh per Month	Typical General Service Energy less than 50 kW (HONI GSe <50kW) Customer Consuming 2,000 kWh per Month	
Approved 2022 RTSR Network <sup>(Note 3)</sup>	E	\$ 8.312	\$ 17.755	
Approved 2022 RTSR Connection <sup>(Note 3)</sup>	F	\$ 6.133	\$ 12.933	
<b>RTSR included in Customer's 2022 Bill (Based on July 1, 2021 UTR) <sup>(Note 3)</sup></b>	<b>G=E+F</b>	<b>\$ 14.455</b>	<b>\$ 30.688</b>	
Estimated Change in 2022 RTSR Network <sup>(Note 4,5)</sup>	H=E*D <sub>2022</sub>	- \$ 0.018	- \$ 0.038	
<b>Estimated 2022 Monthly RTSR charges</b>	<b>I=G+H</b>	<b>\$ 14.428</b>	<b>\$ 30.650</b>	
Estimated Change in 2023 RTSR Network <sup>(Note 4,5)</sup>	J=(E+H)*D <sub>2023</sub>	\$ 0.0003	\$ 0.001	
<b>Estimated 2023 Monthly RTSR charges</b>	<b>K=I+J</b>	<b>\$ 14.428</b>	<b>\$ 30.651</b>	

Notes:

1. Based on the 2021 Rates Revenue Requirement as per the 2021 UTR Decision and Rate Order in EB-2021-0176, dated June 24, 2021; the 2022 Rates Revenue Requirement as per the 2022 UTR Decision and Rate Order in EB-2022-0084, dated April 7, 2022; and the 2023 Rates Revenue Requirement as per Table 3, in Exhibit A-4-1 of NRLP's Application for 2023 Transmission Revenue Requirement EB-2022-0191, dated August 5, 2022.
2. Based on the approved Total 2022 UTR Network Revenue Requirement of \$1,306,086,218 as per the 2022 UTR Decision and Rate Order in EB-2022-0084, dated April 7, 2022.
3. Based on HONI's 2022 distribution rates (effective January 1, 2022) as per the Decision and Order in EB-2021-0032, dated December 14, 2021. Details on 2022 RTSR charges are also provided in above Table 1 (for HONI R1 Customer) and Table 2 (for HONI GSe <50kW customer) respectively.
4. NRLP's rates revenue requirement is wholly allocated to the Network rate pool. Subsequently, NRLP's rates revenue requirement impacts RTSR-N, and not RTSR-C.
5. The Estimated Change in RTSR-N for 2022 is based on NRLP's approved 2022 rates revenue requirement; and for 2023 is based on NRLP's proposed 2023 rates revenue requirement.

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 6 b) Not confirmed. NRLP is not planning to update the Total Bill value to include any  
 7 updates to time-of-use commodity prices, the Ontario Energy Rebate, or the Smart  
 8 Metering Entity charge; similar to the rationale provided in NRLP's response to Exhibit  
 9 I-01-02 part (b) for the Distribution Service Charge value.