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BY EMAIL AND RESS

November 2, 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 – Application Update

Pursuant to the release of the Ontario Energy Board's (OEB) letter dated October 20, 2022 in respect of the 2023 Inflation Parameters, Hydro One Networks Inc. on behalf of Niagara Reinforcement Limited Partnership (NRLP) is submitting NRLP's annual Transmission Revenue Cap IR Application (the Application) for 2023 and prefiled evidence in support of the Application. This version of the Application and prefiled evidence has been updated to reflect the inflation factor set out in the OEB's letter consistent with NRLP's commitment to provide updates to the tables outlined in OEB Staff Question #1. The following exhibits have been updated:

- Exhibit A-2-1 – Application (update to reflect the total rates revenue requirement seeking approval)
- Exhibit A-2-1-1 – Certification of Evidence (certification for this version of the Application)
- Exhibit A-4-1 – Application Summary (update to the revenue requirement calculation for 2023 rates and resulting rate and bill impacts)

An electronic copy of the application and evidence has been submitted using the Board's Regulatory Electronic Submission System.

Sincerely,



Kathleen Burke

EXHIBIT LIST

Ex	Tab	Sch	Att	Contents
A	1	1		Exhibit List
A	2	1		Application
A	2	1	1	Certification of Evidence
A	3	1		Summary of OEB Directives and Compliance with Prior OEB Decisions
A	4	1		Application Summary

Filed: 2022-08-05
EB-2022-0191
Exhibit A
Tab 1
Schedule 1
Page 2 of 2

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APPLICATION

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O.1998, c.15 (Schedule B);

AND IN THE MATTER OF an Application by Niagara Reinforcement Limited Partnership by its general partner, Hydro One Indigenous Partnerships Inc., for an Order or Orders made pursuant to section 78 of the *Ontario Energy Board Act, 1998* approving rates and other charges for the transmission of electricity to be effective January 1, 2023.

1. The applicant, Niagara Reinforcement Limited Partnership (NRLP), is an Ontario limited partnership. The partnership interests are held by:
 - Hydro One Indigenous Partnerships Inc. (HOIP), that serves as the general partner and holds a 0.1% interest;
 - Hydro One Networks Inc. (HONI), a limited partner that holds a 54.9% interest;
 - Six Nations of the Grand River Development Corporation, a limited partner that holds a 25% interest; and,
 - Mississaugas of the Credit First Nation, a limited partner that holds a 20% interest.

2. NRLP has its head office in Woodstock, Ontario. NRLP is licensed by the Ontario Energy Board (the OEB or the Board), under licence number ET-2018-0277, to transmit electricity and carry on the business of owning and operating the transmission facilities related to the Niagara Reinforcement Project in southwestern Ontario, specifically circuits Q26M and Q35M connecting Allanburg Transformer Station and Middleport Transformer Station.

- 1 3. In the OEB's Decision and Order for NRLP's Revenue Cap Incentive Rate-
2 setting (IR) Application (EB-2018-0275), the OEB approved the proposed
3 Revenue Cap IR methodology and determined that this framework would be
4 used to determine NRLP's revenue requirement for the years 2021 through to
5 2024.¹
6
- 7 4. This is an Application for NRLP's 2023 transmission revenue requirement
8 determined formulaically, using the Revenue Cap IR methodology approved in
9 EB-2018-0275.
10
- 11 5. NRLP hereby applies to the OEB for an Order approving a total rates revenue
12 requirement of \$8,388,996 for 2023, to be effective on January 1, 2023, along
13 with an amendment to the 2023 Uniform Transmission Rates (UTRs) to allow
14 for recovery of this amount.
15
- 16 6. NRLP is not requesting approval to disburse any deferral and variance account
17 balances in this Application.
18
- 19 7. Approval of NRLP's 2023 rates revenue requirement does not materially impact
20 the total bill for a typical Hydro One medium density residential (R1) customer
21 consuming 750 kWh monthly, and for a typical Hydro One General Service
22 Energy less than 50 kW (GSe < 50 kW) customer consuming 2,000 kWh
23 monthly. More information regarding the monthly bill impacts may be found in
24 Exhibit A-4-1.
25
- 26 8. In preparing this Application, NRLP has been guided by the OEB's *Filing*
27 *Requirements for Electricity Transmission Rate Applications*.

¹ Decision and Order, EB-2018-0275, Niagara Reinforcement Limited Partnership, Application for 2020-2024 Transmission Rates, April 9, 2020, p.25-27.

1 9. The written evidence filed with the OEB may be amended from time to time
2 prior to the OEB's final decision on the Application.

3

4 **NOTICE AND FORM OF HEARING REQUESTED**

5

6 10. The Application may be viewed on the Internet at the following address:
7 www.nrlp.ca.

8

9 11. The persons affected by this Application are all persons affected by Ontario's
10 UTRs. It is impractical to set out their names and addresses because they are
11 too numerous.

12

13 12. NRLP requests, in accordance with sections 6(4) and 21(4)(b) of the *Ontario*
14 *Energy Board Act, 1998*, that this Application be disposed of without a hearing,
15 and hereby provides its consent to same. NRLP submits that in accordance
16 with the requirements of section 21(4)(b), no person will be adversely affected
17 in a material way by the outcome of this proceeding.

18

19 **PROPOSED EFFECTIVE DATE**

20

21 13. NRLP requests that the OEB's rate order be effective January 1, 2023. In order
22 to address the possibility that the requested rate order cannot be made
23 effective by that time, NRLP requests an interim rate order making its current
24 transmission revenue requirement and charges effective on an interim basis as
25 of January 1, 2023, and approval of a Foregone Revenue Deferral Account to
26 recover any differences between the interim rates and final rates effective
27 January 1, 2023, based on the OEB's Decision and Order herein.

1 **CONTACT INFORMATION**

2
3 14. NRLP requests that a copy of all documents filed with the OEB by each party to
4 this Application be served on the Applicant and the Applicant's counsel, as
5 follows:

6
7 **The Applicant:**

8 Ms. Carla Molina
9 Senior Regulatory Coordinator – Regulatory Affairs
10 Hydro One Networks Inc.

11
12 Mailing Address: 7th Floor, South Tower
13 483 Bay Street
14 Toronto, Ontario M5G 2P5

15 Telephone: (416) 345-5317

16 Fax: (416) 345-5866

17 Email: Regulatory@HydroOne.com

18
19 **The Applicant's Counsel:**

20 Ms. Raman Dhillon
21 Senior Legal Counsel
22 Hydro One Networks Inc.

23
24 Mailing Address: 8th Floor, South Tower
25 483 Bay Street
26 Toronto, Ontario M5G 2P5

27 Telephone: (416) 859-0942

28 Fax: (416) 345-6972

29 Email: Raman.Dhillon@HydroOne.com

1 **DATED** at Toronto, Ontario, this 2nd day of November, 2022.

2

3 By its counsel,

4

5



6

7

Raman Dhillon

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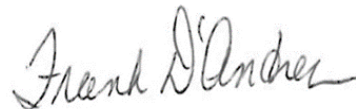
1 **CERTIFICATION OF EVIDENCE**

2
3 TO: ONTARIO ENERGY BOARD
4

5
6 The undersigned, Frank D'Andrea, being HONI's Vice-President Reliability Standards
7 and Chief Regulatory Officer, hereby certifies for and on behalf of NRLP that:

- 8
- 9 1. Hydro One Indigenous Partnerships Inc. (HOIP), on behalf of NRLP has engaged
10 HONI to prepare and submit this Application;
 - 11
 - 12 2. I am a senior officer of HONI;
 - 13
 - 14 3. This certificate is given pursuant to Chapter 1 of the OEB's *Filing Requirements*
15 *for Electricity Transmission Applications* (last revised on February 11, 2016);
 - 16
 - 17 4. The evidence submitted in support of NRLP's 2023 transmission revenue
18 requirement application (EB-2022-0191) is accurate, consistent and complete to
19 the best of my knowledge; and
 - 20
 - 21 5. The evidence submitted does not contain any personal information filed herein
22 (as that phrase is defined in the *Freedom of Information and Protection of*
23 *Privacy Act*), that is not otherwise redacted in accordance with rule 9A of the
24 OEB's *Rules of Practice and Procedure*.

25
26 **DATED** this 2nd day of November, 2022.

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30 _____
FRANK D'ANDREA

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APPLICATION SUMMARY

1.0 INTRODUCTION

This Exhibit describes NRLP's 2023 transmission revenue requirement application (the Application).

The 2023 transmission base revenue requirement of \$8,388,996 has been determined formulaically, using the Revenue Cap IR methodology approved in EB-2018-0275.

NRLP is requesting that the OEB approve the 2023 rates revenue requirement to be effective on January 1, 2023.

Approval of the 2023 rates revenue requirement results in an immaterial increase in the total bill for a typical Hydro One medium density residential (R1) customer consuming 750 kWh monthly, and for a typical Hydro One General Service Energy less than 50 kW (GSe < 50 kW) customer consuming 2,000 kWh monthly. More information regarding the monthly bill impacts may be found below in Section 4.2.

2.0 REVENUE CAP INDEX ADJUSTMENT

In the OEB's Decision for NRLP's Revenue Cap IR Application (EB-2018-0275), the OEB accepted the Revenue Cap IR methodology approach for adjusting NRLP's transmission revenue requirement for the rate periods 2021 to 2024.¹

¹ Decision and Order, EB-2018-0275, Niagara Reinforcement Limited Partnership, Application for 2020-2024 Transmission Rates, April 9, 2020, p.25-27.

1 The approved formula for the Revenue Cap IR for the test year t+1 is equal to the
2 revenue in year t inflated by the Revenue Cap Index (RCI) set out below as:

$$3 \qquad \qquad \qquad 4 \qquad \qquad \qquad \text{RCI} = (0.5 \times I) - \text{SCAF}$$

5 Where:

6 "I" is the Inflation Factor, based on Hydro One Networks Inc.'s custom weighted two-
7 factor input price index;

8 "SCAF" is the Settlement Capital Adjustment Factor, which was approved by the
9 OEB to be equal to 0.6%.

10
11 In accordance with the OEB's Decision and Order for NRLP's Revenue Cap IR
12 Application (EB-2018-0275), the Inflation Factor will be updated annually. At the time of
13 filing of this Application, the OEB had not yet released the Inflation Factor applicable for
14 revenue requirement applications beginning January 1, 2023. On October 20, 2022, the
15 OEB issued the inflation factor to be used by electricity transmitters for 2023 rate
16 applications. NRLP has updated its Application to reflect the 3.8% inflation factor for
17 electricity transmitters.²

18
19 Apart from the annual update for inflation, NRLP's RCI adjustment and components will
20 remain unchanged throughout the 2021 to 2024 term consistent with the OEB's Decision
21 and Order for NRLP's Revenue Cap IR Application (EB-2018-0275). Table 1
22 summarizes the approved components of the RCI for 2023.

² OEB Letter, 2023 Inflation Parameters, October 20, 2022.

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

Custom Revenue Cap Index by Component (%)	2023
Inflation Factor (I)	3.80
50% of Inflation Factor	(1.90)
Settlement Capital Adjustment Factor (SCAF)*	(0.60)
Total Revenue Cap Index (RCI = (0.5 x I) – SCAF)	1.30

*As per Decision and Order, EB-2018-0275, NRLP Application for 2020-2024 Transmission Rates, the OEB approved a settlement productivity factor (SCAF) of 0.6% for the 2021 to 2024 period.

The 2023 base revenue requirement is calculated as shown in Table 2 below.

Table 2 - 2023 Base Revenue Requirement

Year	Formula	Base Revenue Requirement
2022	OEB-approved NRLP 2022 base revenue requirement*	\$8,281,339
2023	NRLP 2023 base revenue requirement = NRLP 2022 base revenue requirement x 2023 RCI**	\$8,388,996

* As per Decision and Rate Order, EB-2022-0084, 2022 Uniform Transmission Rates Update, April 7, 2022.

** 2023 RCI as per Table 1.

3.0 DEFERRAL AND VARIANCE ACCOUNTS

NRLP is not requesting approval to disburse any deferral and variance account balances in this Application.

4.0 RATES

4.1 RATES REVENUE REQUIREMENT AND CHARGE DETERMINANTS BY RATE POOL

As indicated in Section 3.0, NRLP is not requesting approval to disburse any deferral and variance account balances. Therefore, the proposed 2023 rates revenue requirement for NRLP is the same as the proposed 2023 base revenue requirement of \$8,388,996 as shown in Table 3 below.

NRLP does not have charge determinants for setting UTRs as it does not have any customer delivery points supplied directly from its assets. Therefore, as previously

1 approved by the OEB³, the NRLP revenue requirement is allocated to the provincial
 2 Network rate pool only, as all its assets serve the transmission network, with no
 3 transformation or individual customer services.

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Table 3 - 2023 Rates Revenue Requirement by Rate Pool

	Network	Line Connection	Transformation Connection	UTR Revenue Requirement
2023 Base Revenue Requirement*	\$8,388,996	-	-	\$8,388,996
2023 Deferral & Variance Accounts Disposition**	-	-	-	-
2023 Rates Revenue Requirement	\$8,388,996	-	-	\$8,388,996

* As per Table 2.
 ** As per Section 3.0.

6

7 **4.2 BILL IMPACTS**

8 An update to the estimated average transmission cost as a percentage of the total bill for
 9 a transmission and a distribution-connected customer is presented in Table 4.

10

11 **Table 4 - Estimated Transmission Cost as a Percentage of Total Electricity Market Costs**

	Cost Component	¢/kWh	Source*
A	Commodity	10.11	IESO Monthly Market Report December 2021
B	Wholesale Market Service Charges	0.44	IESO Monthly Market Report December 2021
C	Wholesale Transmission Charges	1.28	IESO Monthly Market Report December 2021
D	Distribution Service Charges	3.04	2020 Yearbook of Electricity Distributors
E	Total Monthly Cost for Tx-connected customers	11.83	E=A+B+C
F	Total Monthly Cost for Dx-connected customers	14.87	F=A+B+C+D
G	Transmission as % of Total Cost for Tx-connected customers	10.8%	G=C/E
H	Transmission as % of Total Cost for Dx-connected customers	8.6%	H=C/F

* 2021 Yearbook of Electricity Distributors was not available at the time of the initial filing of this Application.

³ Decision and Rate Order, EB-2022-0084, 2022 Uniform Transmission Rates Update, April 7, 2022.

1 NRLP's proposed 2023 rates revenue requirement represents a 1.3% increase from the
 2 approved 2022 rates revenue requirement⁴. NRLP's rates revenue requirement
 3 represents 0.4% of the total revenue requirement across all transmitters.⁵ As such,
 4 NRLP's proposed 2023 rates revenue requirement results in a net impact of 0.005% on
 5 average transmission rates. A summary of the average bill impact as a result of the 2023
 6 rates revenue requirement relative to the approved 2022 rates revenue requirement is
 7 presented in Table 5.

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

	2022*	2023**
Rates Revenue Requirement	\$ 8,281,339	\$ 8,388,996
% Change in Rates Revenue Requirement over prior year		1.3%
% Impact of load forecast change		0.0%
Net Impact on Average Transmission Rates***		0.005%
Transmission as a % of Tx-connected customer's Total Bill		10.8%
Estimated Average Transmission Customer Bill impact		0.0006%
Transmission as a % of Dx-connected customer's Total Bill		8.6%
Estimated Average Distribution Customer Bill impact		0.0004%

* The 2022 rates revenue requirement as per Decision and Rate Order, EB-2022-0084, 2022 UTR Update, April 7, 2022.

** The 2023 rates revenue requirement as per Table 3.

*** The calculation of net impact on transmission rates accounts for NRLP's 2023 rates revenue requirement as 0.4% of the total rates revenue requirement across all transmitters (0.4% x 1.3% = 0.005%) based on Decision and Rate Order, EB-2022-0084, 2022 UTR Update - Schedule A, April 7, 2022.

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As discussed in Section 4.1, NRLP's rates revenue requirement is wholly allocated to the Network rate pool. Subsequently, the total bill impact for a typical Hydro One medium density residential (R1) customer consuming 750 kWh monthly, and for a typical Hydro One General Service Energy less than 50 kW (GSe < 50 kW) customer consuming 2,000 kWh monthly is determined based on the forecast increase in the

⁴ Decision and Rate Order, EB-2022-0084, 2022 Uniform Transmission Rates Update, April 7, 2022.

⁵ NRLP's rates revenue requirement divided by all transmitters' rates revenue requirement (\$8,281,339 / \$2,060,868,811 = 0.4%) as per Decision and Rate Order, EB-2022-0084, 2022 Uniform Transmission Rates Update - Schedule A, April 7, 2022.

customer's Network Retail Transmission Service Rates (RTSR-N), which reflects the proposed changes to the current UTRs⁶, as detailed in Table 6 below.

The proposed 2023 rates revenue requirement results in an immaterial increase in the total bill for a typical Hydro One medium density residential (R1) customer consuming 750 kWh monthly (0.0005% or \$0.00 per month), and for a typical Hydro One General Service Energy less than 50 kW (GSe < 50 kW) customer consuming 2,000 kWh monthly (0.0003% or \$0.00 per month).

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

	Typical Medium Density (HONI R1) Residential Customer Consuming 750 kWh per Month	Typical General Service Energy less than 50 kW (HONI GSe < 50kW) Customer Consuming 2,000 kWh per Month
Total Bill as of Jul 1, 2022*	\$134.22	\$424.56
RTSR included in 2022 R1 Customer's Bill (Based on July 1, 2021 UTR)	\$14.445	\$30.688
<i>Estimated 2022 Monthly RTSR**</i>	\$14.428	\$30.650
<i>Estimated 2023 Monthly RTSR***</i>	\$14.428	\$30.652
2023 increase in Monthly Bill	\$0.0007	\$0.001
2023 increase as a % of total bill	<i>0.0005%</i>	<i>0.0003%</i>

* Total bill including HST, based on time-of-use commodity price effective November 1, 2021 and distribution rates effective January 1, 2022 approved per Distribution Rate Order, EB-2021-0032, December 14, 2021; with 17% Ontario Energy Rebate (effective November 1, 2021), \$0.43 Smart Meter Entity Charge (effective May 1, 2022) and Distribution Rate Protection cap of \$38.08 (effective July 1, 2022).

**The estimated 2022 RTSR is based on the 2022 UTR Schedules as per Decision and Rate Order, EB-2022-0084, April 7, 2022.

***The impact on RTSR-N is assumed to be the net impact on average transmission rates, adjusted for NRLP's 2022 Network rate pool revenue disbursement allocator (0.634%) per EB-2022-0084, 2022 UTR Update - Schedule A, April 7, 2022.

⁶ Hydro One's current 2022 RTSRs are based on the 2021 UTRs as per Decision and Rate Order, EB-2021-0176, effective July 1, 2021.