



Ontario Energy Board | Commission de l'énergie de l'Ontario

BY EMAIL

November 14, 2022

Ms. Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Ms. Marconi:

**Re: Ontario Energy Board (OEB) Staff Submission
Niagara-on-the-Lake Hydro Inc.
Application for 2023 Rates
OEB File Number: EB-2022-0052**

Please find attached the OEB staff's letter, in the above-referenced proceeding, in addition to staff Submission issued on October 7, 2022.

Yours truly,

Kelli Benincasa

Kelli Benincasa
Incentive Rate Setting and Regulatory Accounting

Encl.

cc: All parties in EB-2022-0052

Re: EB-2022-0052 Application for 2023 Rates

Following the close of record in the current proceeding, OEB staff identified a potential oversight in a previous IRM proceeding for Niagara-on-the-Lake Hydro (EB-2020-0042). OEB staff brings this to the panel's attention as the discrepancy from previous proceedings has potential implications for the current proceeding. The panel may wish to provide for supplementary submissions in this particular discrepancy before making its final decision and order in the current proceeding.

In Niagara-on-the-Lake Hydro's most recent cost of service application (EB-2018-0056), the OEB approved a settlement proposal that included an LRAMVA threshold of **6,017,317.53 kWh**.¹

In its 2021 IRM application (EB-2020-0042), Niagara-on-the-Lake Hydro requested disposition of its 2019 LRAMVA balance but used as the basis for disposition a LRAMVA threshold of 3,770,853.78 kWh, instead of the OEB-approved LRAMVA threshold of 6,017,317.53 kWh.² Disposition of the 2019 LRAMVA balance (using the value of 3,770,853.78 kWh as the LRAMVA threshold) on a final basis was approved by the OEB, without an explicit finding as to whether the correct LRAMVA threshold was applied.

	LRAMVA Threshold (2019, kWh)
Approved in cost-of-service proceeding (EB-2018-0056)	6,017,317.53
Used as basis for disposition of LRAMVA in 2021 IRM proceeding (EB-2020-0042) and proposed in current IRM proceeding	3,770,853.78

In the current IRM proceeding (EB-2022-0052), Niagara-on-the-Lake Hydro has again used the LRAMVA threshold of 3,770,853.78 kWh (which OEB Staff believes to be incorrect) as the basis for disposition of its 2021 and 2022 LRAMVA balances, and the 2023 LRAM-eligible amount.

OEB Staff has estimated the impact of modifying the LRAMVA threshold to 6,017,317.53 kWh on Niagara-on-the-Lake Hydro's claims in the current proceeding, shown below:³

	2021 and 2022 LRAMVA Balance for Disposition	2023 LRAM-Eligible Amount for Prospective Disposition (2022 \$)
Application as Filed	\$47,069	\$14,766
Modified Threshold	\$30,365	\$6,792

OEB staff is of the view that the updated LRAMVA workform with the modified threshold should be used as the basis for disposition of Niagara-on-the-Lake Hydro's 2021 and 2022 LRAMVA balances and the

¹ [Decision and Order](#), EB-2018-0056, Exhibit N1, Table 13, April 11, 2019

² The value of 3,770,853.78 kWh also arises from the settlement in EB-2018-0056, but was approved in that proceeding for use as a manual adjustment to the load forecast, not as the LRAMVA threshold. "[NOTL Hydro 2019 Load Forecast Wholesale 20190110 20190211](#)", Tab 10

³ These values are derived from a modified version of the LRAMVA workform, which Staff has attached to this letter. Staff modified row 15 in Tab 2 of the attached spreadsheet to use a threshold of 6,017,317.53 kWh, allocating these savings to rate classes as was done in the original settlement agreement. No changes were made to the kW threshold value used for GS 50 – 4,999 customers.

2023 LRAM-eligible amount. If the OEB believes that this matter warrants further consideration, OEB staff suggests that the record for this proceeding be reopened, and Niagara-on-the-Lake Hydro be provided with an opportunity to reply to OEB staff's comments and proposed approach as set out in this letter.