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BY EMAIL AND RESS

July 17, 2023

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

Dear Ms. Marconi,

**EB-2023-0128 – Niagara Reinforcement Limited Partnership (NRLP) – Application for 2024
Transmission Revenue Requirement**

Pursuant to section 78 of the *Ontario Energy Board Act, 1998* and the Ontario Energy Board's Decision and Order in EB-2018-0275; enclosed is NRLP's annual Revenue Cap IR Application (the Application) in support of its request for transmission revenue requirement effective January 1, 2024.

An electronic copy of the Application has been submitted, by Hydro One Networks Inc. on behalf of NRLP, 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

EXHIBIT LIST

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

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- 1 3. In the OEB's Decision and Order for NRLP's Revenue Cap Incentive Rate-setting
2 (IR) Application (EB-2018-0275), the OEB approved the proposed Revenue Cap IR
3 methodology and determined that this framework would be used to determine
4 NRLP's transmission revenue requirement for the years 2021 through 2024
5 inclusive.¹
6
- 7 4. This is an Application for NRLP's 2024 transmission revenue requirement
8 determined formulaically, using the Revenue Cap IR methodology approved in EB-
9 2018-0275.
10
- 11 5. NRLP hereby applies to the OEB for an Order approving a total rates revenue
12 requirement of \$8,565,165 for 2024, to be effective on January 1, 2024, along with
13 an amendment to the 2024 Uniform Transmission Rates (UTRs) to allow for
14 recovery of this amount; and other items or amounts that may be requested by
15 NRLP in the course of this proceeding, and as may be granted by the OEB.
16
- 17 6. NRLP is not requesting approval to disburse any deferral and variance account
18 balances in this Application.
19
- 20 7. Approval of NRLP's 2024 rates revenue requirement results in an increase in the
21 total bill of 0.0015% or \$0.002 per month for a typical Hydro One medium density
22 residential (R1) customer consuming 750 kWh monthly, and an increase in total bill
23 of 0.0010% or \$0.004 per month for a typical Hydro One General Service Energy
24 less than 50 kW (GSe < 50 kW) customer consuming 2,000 kWh monthly. More
25 information regarding the monthly bill impacts may be found in Exhibit A-4-1.
26
- 27 8. In preparing this Application, NRLP has been guided by the OEB's *Filing*
28 *Requirements for Electricity Transmission 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 prior to
2 the OEB's final decision on the Application.

3
4 **NOTICE AND FORM OF HEARING REQUESTED**

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

7
8 11. The persons affected by this Application are all persons affected by Ontario's UTRs.
9 It is impractical to set out their names and addresses because they are too
10 numerous.

11
12 12. NRLP requests, in accordance with sections 6(4) and 21(4)(b) of the *Ontario Energy*
13 *Board Act, 1998*, that this Application be disposed of without a hearing, and hereby
14 provides its consent to same. NRLP submits that in accordance with the
15 requirements of section 21(4)(b) of the *Ontario Energy Board Act, 1998*, no person
16 will be adversely affected in a material way by the outcome of this proceeding.

17
18 **PROPOSED EFFECTIVE DATE**

19 13. NRLP requests that the OEB's rate Order be effective January 1, 2024. In order to
20 address the possibility that the requested rate Order cannot be made effective by
21 that time, NRLP requests an interim rate Order making its current transmission
22 revenue requirement and charges effective on an interim basis as of January 1,
23 2024, and approval of a Transmission Foregone Revenue Deferral Account to
24 recover any differences between the interim rates and final rates effective January
25 1, 2024, based on the OEB's Decision and Order herein.

26
27 **CONTACT INFORMATION**

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

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a) The Applicant:

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

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b) The Applicant's Counsel:

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DATED at Toronto, Ontario, this 17th day of July, 2023.

By its counsel,



Raman Dhillon

Filed: 2023-07-17
EB-2023-0128
Exhibit A
Tab 3
Schedule 1
Page 2 of 2

1

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APPLICATION SUMMARY

1.0 INTRODUCTION

This Exhibit describes NRLP's 2024 transmission revenue requirement application (the Application).

The 2024 transmission base revenue requirement of \$8,565,165 has been determined formulaically, using the Revenue Cap IR methodology approved in EB-2018-0275. The proposed 2024 rates revenue requirement is the same as the proposed 2024 base revenue requirement as outlined in Section 4.1.

NRLP is requesting that the OEB approve the 2024 rates revenue requirement to be effective on January 1, 2024.

Approval of the 2024 rates revenue requirement results in an increase in the total bill of 0.0015% or \$0.002 per month for a typical Hydro One medium density residential (R1) customer consuming 750 kWh monthly, and an increase in total bill of 0.0010% or \$0.004 per month 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 approved the Revenue Cap IR methodology for adjusting NRLP's transmission revenue requirement for the years 2021 to 2024, inclusive.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:

$$RCI = (0.5 \times I) - SCAF$$

3
4
5 Where:

6 "I" is the Inflation Factor, based on a transmission industry specific weighted two-
7 factor input price index; and

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), only the Inflation Factor will be updated annually. On June
13 29, 2023, the OEB released the Inflation Factor to be used by electricity transmitters for
14 2024 rate applications beginning January 1, 2024. This Application reflects the 5.4%
15 Inflation Factor calculated by the OEB for electricity transmitters.²

16
17 Consistent with the OEB's Decision and Order in EB-2018-0275, the OEB-approved
18 settlement capital adjustment factor (SCAF) of 0.6% and Inflation Factor multiplier of
19 50% will not be updated annually over the 2021 to 2024 period.³ Table 1 summarizes
20 the approved components of the RCI for 2024.

21
22 **Table 1 - 2024 Revenue Cap Index (RCI) by Component (%)**

Revenue Cap Index by Component (%)	2024
Inflation Factor (I)	5.40
Inflation Factor Multiplier (50%)	(2.70)
Settlement Capital Adjustment Factor (SCAF)	(0.60)
Total Revenue Cap Index (RCI = (0.5 x I) - SCAF)	2.10

² OEB Letter, 2024 Inflation Parameters, June 29, 2023.

³ Decision and Order, EB-2018-0275, Niagara Reinforcement Limited Partnership, Application for 2020-2024 Transmission Rates, April 9, 2020, p.25-27.

1 The 2024 base revenue requirement is calculated as shown in Table 2 below.

2
3 **Table 2 - 2024 Base Revenue Requirement**

Year	Formula	Base Revenue Requirement
2023	OEB-approved NRLP 2023 base revenue requirement ^[1]	\$8,388,996
2024	2024 base revenue requirement = 2023 base revenue requirement x 2024 RCI ^[2]	\$8,565,165

^[1] As per Decision and Rate Order, EB-2023-0101, 2023 Uniform Transmission Rates Update-Schedule A, June 1, 2023.

^[2] 2024 RCI as per Table 1.

4
5 **3.0 DEFERRAL AND VARIANCE ACCOUNTS**

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

8
9 **4.0 RATES**

10
11 **4.1 RATES REVENUE REQUIREMENT BY RATE POOL**

12 As indicated in Section 3.0, NRLP is not requesting approval to disburse any deferral
13 and variance account balances. Therefore, the proposed 2024 rates revenue
14 requirement for NRLP is the same as the proposed 2024 base revenue requirement of
15 \$8,565,165 as shown in Table 3 below.

16
17 NRLP does not have charge determinants for setting Uniform Transmission Rates
18 (UTRs) as it does not have any customer delivery points supplied directly from its
19 assets. Therefore, as previously approved by the OEB⁴, the NRLP revenue requirement
20 is allocated to the provincial Network rate pool only, as all its assets serve the
21 transmission network, with no transformation or individual customer services.

⁴ Decision and Rate Order, EB-2023-0101, 2023 Uniform Transmission Rates Update, June 1, 2023.

1

Table 3 - 2024 Rates Revenue Requirement by Rate Pool

	Network	Line Connection	Transformation Connection	UTR Revenue Requirement
2024 Base Revenue Requirement^[1]	\$8,565,165	-	-	\$8,565,165
2024 Deferral & Variance Accounts Disposition^[2]	-	-	-	-
2024 Rates Revenue Requirement	\$8,565,165	-	-	\$8,565,165

^[1] As per Table 2.

^[2] As per Section 3.0.

2

3 **4.2 BILL IMPACTS**

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

6

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

	Cost Component	¢/kWh	Source
A	Commodity	9.99	IESO Monthly Market Report December 2022
B	Wholesale Market Service Charges	0.59	IESO Monthly Market Report December 2022
C	Wholesale Transmission Charges	1.42	IESO Monthly Market Report December 2022
D	Total Monthly Cost for Tx-Connected Customers	12.00	D=A+B+C
E	<i>Transmission as % of Total Cost for Tx-Connected Customers</i>	<i>11.8%</i>	E=C/D

8

9 NRLP's proposed 2024 rates revenue requirement represents a 2.1% increase from the
 10 approved 2023 rates revenue requirement⁵. NRLP's rates revenue requirement
 11 represents 0.4% of the total revenue requirement across all transmitters.⁶ As such,
 12 NRLP's proposed 2024 rates revenue requirement results in a net impact of 0.009% on
 13 average transmission rates. A summary of the average bill impacts, as a result of the
 14 proposed 2024 rates revenue requirement, is presented in Table 5 below for
 15 transmission-connected customers and Table 6 for distribution-connected customers.

⁵ Decision and Rate Order, EB-2023-0101, 2023 Uniform Transmission Rates Update-Schedule A, June 1, 2023.

⁶ NRLP's rates revenue requirement divided by all transmitters' rates revenue requirement (\$8,388,996 / \$2,051,862,091 = 0.4%) as per Decision and Rate Order, EB-2023-0101, 2023 Uniform Transmission Rates Update-Schedule A, June 1, 2023.

Table 5 - Average Bill Impacts on Transmission-Connected Customers

	2023^[1]	2024^[2]
Rates Revenue Requirement	\$8,388,996	\$8,565,165
% Change in Rates Revenue Requirement over prior year		2.1%
% Impact of load forecast change		0.0%
Net Impact on Average Transmission Rates ^[3]		0.009%
Transmission as a % of Tx-connected customer's Total Bill		11.8%
Estimated Average Transmission Customer Bill Impact		0.0010%

^[1] The 2023 rates revenue requirement as per Decision and Rate Order, EB-2023-0101, 2023 Uniform Transmission Rates Update-Schedule A, June 1, 2023.

^[2] The 2024 rates revenue requirement as per Table 3.

^[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 ($0.4\% \times 2.1\% = 0.009\%$) per Decision and Rate Order, EB-2023-0101, 2023 Uniform Transmission Rates Update-Schedule A, June 1, 2023.

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 customer's Network Retail Transmission Service Rates (RTSR-N), which reflects the proposed changes to the current UTRs⁷, as detailed in Table 6 below⁸.

The proposed 2024 rates revenue requirement results in an increase in the total bill of 0.0015% or \$0.002 per month for a typical Hydro One medium density residential (R1) customer consuming 750 kWh monthly, and an increase in the total bill of 0.0010% or \$0.004 per month for a typical Hydro One General Service Energy less than 50 kW (GSe < 50 kW) customer consuming 2,000 kWh monthly.

⁷ Hydro One's current 2023 RTSRs are based on the 2022 UTRs as per Decision and Rate Order, EB-2022-0084, 2022 Uniform Transmission Rates Update, April 7, 2022.

⁸ Table 6 is structured to provide the additional supporting calculations requested by the OEB in NRLP's application for 2023 transmission revenue requirement (EB-2022-0191, Exhibit I-1-3, Table 3).

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Table 6 - 2024 Total Bill Impacts for Distribution-Connected Customers

	Calculation	2022	2023	2024
NRLP's Rates Revenue Requirement ^[1]	A	\$8,281,339	\$8,388,996	\$8,565,165
% Change in NRLP's Rates Revenue Requirement for Impact on RTSRs ^[2]	$B = \frac{A_{2024}}{A_{2022}} - 1$			3.43%
NRLP's 2023 Revenue Requirement as % of Total Network UTR Revenue Requirement ^[3]	C			0.659%
NRLP's Net Impact on 2024 RTSRs	$D=B*C$			0.02%
	Calculation	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, 2023 ^[4]	E	\$136.13	\$424.76	
2023 RTSR Network Charge ^[5]	F	\$8.958	\$19.290	
2023 RTSR Connection Charge ^[6]	G	\$6.214	\$14.248	
2023 Total RTSR Charge	$H=F+G$	\$15.172	\$33.538	
2024 Estimated Change in RTSR Network Charge ^[7]	$I=D*F$	\$0.002	\$0.004	
2024 Estimated Total RTSR Charge	$J=H+I$	\$15.174	\$33.542	
2024 Increase as a % of Total bill	$K=I/E$	0.0015%	0.0010%	

^[1] NRLP's 2022 rates revenue requirement as per Decision and Rate Order, EB-2022-0084, 2022 Uniform Transmission Rates Update, April 7, 2022; the 2023 rates revenue requirement as per Decision and Rate Order, EB-2023-0101, 2023 Uniform Transmission Rates Update, June 1, 2023; and the 2024 rates revenue requirement as per Table 3.

^[2] Impact on RTSRs represents the change in revenue requirement relative to 2022, as Hydro One's currently approved 2023 RTSRs are based on the UTRs effective April 1, 2022, as per Decision and Rate Order, EB-2022-0084, 2022 Uniform Transmission Rates Update, April 7, 2022.

^[3] Represents NRLP's currently approved revenue allocator based on the approved Total 2023 UTR Network Revenue Requirement of \$1,273,478,574 as per Decision and Rate Order, EB-2023-0101, 2023 Uniform Transmission Rates Update-Schedule A, June 1, 2023.

^[4] Total bill including HST, based on time-of-use commodity price effective November 1, 2022 and distribution rates effective July 1, 2023 approved per Hydro One's Distribution Rate Order, EB-2021-0110, November 29, 2022, with 11.7% Ontario Energy Rebate (effective November 1, 2022), \$0.42 Smart Meter Entity Charge (effective January 1, 2023) and Distribution Rate Protection cap of \$39.49 (effective July 1, 2023).

^[5] Represents the approved 2023 RTSR Network charge (\$/kWh) multiplied by the monthly consumption (i.e. 750kWh/month HONI R1 or 2,000 kWh/month HONI GSe <50kW), multiplied by the 2023 approved loss factor; based on distribution rates effective January 1, 2023 approved as per Decision and Rate Order, EB-2021-0110, November 29, 2022.

^[6] Represents the approved 2023 RTSR Connection charge (\$/kWh) multiplied by the monthly consumption (i.e. 750kWh/month HONI R1 or 2,000 kWh/month HONI GSe <50kW), multiplied by the 2023 approved loss factor; based on distribution rates effective January 1, 2023 approved as per Decision and Rate Order, EB-2021-0110, November 29, 2022.

^[7] 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.