October 6, 2023 via Email

Ms. Nancy Marconi, Registrar
Ontario Energy Board
2300 Yonge Street, 27th floor
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Marconi,

Re: ENWIN Utilities Ltd.
2024 IRM Rate Application, EB-2023-0017
Responses to Ontario Energy Board Staff Questions

On September 29, 2023, ENWIN Utilities Ltd. ("**ENWIN**") received written questions from Ontario Energy Board ("**OEB**") Staff relating to ENWIN's 2024 IRM Rate Application under File No. EB-2023-0017.

Attached to this letter, you will find ENWIN's written responses to OEB Staff's written questions. ENWIN has also provided an updated 2024 IRM Rate Generator Model (**"Appendix B"**) encompassing updates resultant from the written questions.

Please do not hesitate to contact me if you have any questions or concerns.

Sincerely,

ENWIN Utilities Ltd.

Josh Charles, CPA, CA
Manager, Regulatory Affairs

c.c. Katherine Wang, OEB Staff

ENWIN Utilities Ltd.
EB-2023-0017

Staff Question-1
Ref: Rate Generator Model, Tab 3, Continuity Schedule

On September 12, 2023, the OEB published the 2023 Quarter 4 prescribed accounting interest rates applicable to the carrying charges of deferral, variance and construction work in progress (CWIP) accounts of natural gas utilities, electricity distributors and other rate-regulated entities.

Question(s):

a) Please update Tab 3 (Continuity Schedule) as necessary to reflect the Q4 2023 OEB-prescribed interest rate of 5.49%.

b) Please include the formula of the calculation of the projected interest in column BQ of Tab 3.

ENWIN Response

In the attached 2024 IRM Rate Generator Model (Appendix B), ENWIN has updated Tab 3 (Continuity Schedule) to reflect the Q4 2023 OEB-prescribed interest rate of 5.49%. The formulas for the projected interest calculation are contained in column BQ of Tab 3.

Staff Question-2
Ref 1: 2024 IRM Rate Generator Model, Continuity Schedule, Tab 3
Ref 2: IRM Rate Generator – DVA Tabs Instructions - 2024 Rates
Ref 3: OEB Guidance for Electricity Distributors with Forgone Revenues Due to Postponed Rate Implementation from COVID-19, August 6, 2020, page 5

On July 18, 2023, the OEB issued the DVA Tabs Instructions for the 2024 IRM Rate Generator Model. Pages 1 and 3 noted that Account 1509 - Impacts Arising from the COVID-19 Emergency, Subaccount Forgone Revenues from Postponing Rate Implementation was added to the model. A separate rider is calculated for this account in Tab 7, if the disposition is approved.

Regarding Account 1509, Impacts Arising from the COVID-19 Emergency Account, Sub-account Forgone Revenues from Postponing Rate Implementation, the following steps are noted in the August 6, 2020 guidance:

1. Upon implementation of the forgone revenue rate rider that is calculated from the Forgone Revenue Model, the rate rider transactions will be recorded in the same Forgone Revenues Sub-account. This will draw down the accumulated balance of actual forgone revenues/amounts.

2. Any residual balance after the expiry of the rate riders should be requested for final disposition in a future rate application (cost of service or IRM), once the balance has been audited in accordance with normal deferral and variance account disposition practices.

3. If disposition is approved, the residual balance in the Forgone Revenues Sub-account should be disposed proportionately by customer class and the residual balance will be transferred to Account 1595.

Question(s):

a) Please update Tab 3 (Continuity Schedule) as necessary to reflect a balance in Account 1509 – Impacts Arising from the COVID-19 Emergency, Subaccount Forgone Revenues from Postponing Rate Implementation. Please complete the above-noted steps #1, #2, #3.

b) If this balance is not applicable, please explain.

ENWIN Response

Account 1509 – Impacts Arising from the COVID-19 Emergency, Subaccount Forgone Revenues from Postponing Rate Implementation is not applicable to ENWIN, as ENWIN did not forgo a planned rate implementation as a result of the COVID-19 emergency. The balance in ENWIN's Account 1509 control account is not related to postponing a planned rate implementation.

Therefore, there is no balance in this subaccount and no update to the 2024 IRM Rate Generator Model is required.

Staff Question-3
Ref: Rate Generator Models (all RZs), Tabs 11, 15 and 20

On September 28, 2023, the OEB issued a letter regarding 2024 Preliminary Uniform Transmission Rates (UTRs) and Hydro One Sub-Transmission Rates.[1] The OEB

[1] OEB Letter, EB-2023-0222, 2024 Preliminary Uniform Transmission Rates and Hydro One Sub-Transmission Rates, issued September 28, 2023

determined to use of preliminary UTRs to calculate 2024 Retail Service Transmission rates (RTSR) to improve regulatory efficiency, allowing for this data to feed into the rate applications including annual updates for electricity distributors on a timelier basis. The OEB also directed distributors to update their 2024 application with Hydro One Network Inc.'s (HONI) proposed host RTSRs.

OEB staff has updated ENWIN Utilities' Rate Generator Model with the preliminary UTRs and proposed host RTSR by HONI as follows:

UTRs

Uniform Transmission Rates	Unit	2022 Jan to Mar	2022 Apr to Dec	2023 Jan to Jun	2023 Jul to Dec	2024
Rate Description		Rate		Rate		Rate
Network Service Rate	kW	$ 5.13	$ 5.46	$ 5.60	$ 5.37	$ 5.76
Line Connection Service Rate	kW	$ 0.88	$ 0.88	$ 0.92	$ 0.88	$ 0.95
Transformation Connection Service Rate	kW	$ 2.81	$ 2.81	$ 3.10	$ 2.98	$ 3.21

Hydro One Sub-Transmission Rates

Hydro One Sub-Transmission Rates	Unit	2022	2023	2024
Rate Description		Rate	Rate	Rate
Network Service Rate	kW	$ 4.3473	$ 4.6545	$ 4.5778
Line Connection Service Rate	kW	$ 0.6788	$ 0.6056	$ 0.6056
Transformation Connection Service Rate	kW	$ 2.3267	$ 2.8924	$ 3.0673
Both Line and Transformation Connection Service Rate	kW	$ 3.0055	$ 3.4980	$ 3.6729

Question(s):

a) Please confirm the accuracy of the Rate Generator Model updates, as well as the accuracy of the resulting Retail Transmission Service Rates following these updates.

ENWIN Response

In the attached 2024 IRM Rate Generator Model (Appendix B), ENWIN has confirmed the accuracy of the RTSRs as a result of the above-noted UTRs update. ENWIN has also ensured these updated RTSRs have appropriately flowed into the proposed Final Tariff Schedule (Tab 20) and Bill Impacts (Tab 21).

Staff Question-4
Ref: Rate Generator Model, Tab 3, Continuity Schedule

ENWIN Utilities entered a closing principal balance as of December 31, 2022 adjusted for disposition during 2023 in Account 1580 of $4,384,487. It's noted that in ENWIN Utilities' 2023 IRM rate application (EB-2022-0027), the closing principal balance as of December 31, 2021 adjusted for disposition during 2022 in Account 1580 was a debit of $1,647,671.

Question(s):

a) Please explain the factors that have resulted in a substantial proposed balance in control Account 1580 as compared to the prior year balance.

ENWIN Response

The primary reason for the increase in the debit balance in Account 1580 at the end of 2022 was an increase in wholesale market service (WMS) charges assessed by the Independent Electricity System Operator (IESO) in 2022 compared to revenues collected.

In its EB-2022-0269 Decision and Order (Regulatory Charges effective January 1, 2023), the OEB noted that the WMS charges billed by the IESO in the first ten months of 2022 were significantly higher than the WMS rate charged to customers by electricity distributors. The weighted average of WMS charges billed by the IESO (including CBR) in the first ten months of 2022 was $0.0063 per kilowatt-hour[2], which was significantly higher than the 2022 WMS rate (including CBR) charged to customers by electricity distributors of $0.0034 per kilowatt-hour. As the WMS costs were higher than revenues in 2022, this resulted in a debit (recoverable) balance in Account 1580.

For comparison, in its EB-2021-0300 Decision and Order (Regulatory Charges effective January 1, 2022), the OEB noted that the weighted average of WMS charges billed by the IESO (including CBR) in the first ten months of 2021 was $0.0041 per kilowatt-hour[3], which was also higher than the 2021 WMS rate (including CBR) charged to customers by electricity distributors of $0.0034 per kilowatt-hour. However, as the spread between the WMS costs incurred and WMS revenues collected increased from 2021 to 2022, this caused an increase in the Account 1580 debit balance compared to the prior year.

It should be noted that in the EB-2022-0269 Decision and Order, the OEB found that given that there had been large under-collections by distributors in 2021 and the first ten

[2] EB-2022-0269 Decision and Order, pp. 3 – 4.
[3] EB-2021-0300 Decision and Order, pp. 3 – 4.

months of 2022 related to WMS charges, the WMS rate effective January 1, 2022 did not sufficiently capture the increase in the WMS charge and costs incurred by the IESO. The OEB therefore set the WMS rate at $0.0045 per kilowatt-hour (including a CBR component of $0.0004 per kilowatt-hour) effective January 1, 2023.[4]

[4] EB-2022-0269 Decision and Order, p.6.