



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

**BY E-MAIL**

November 17, 2023

Nancy Marconi  
Registrar  
Ontario Energy Board  
2300 Yonge Street, 27th Floor  
Toronto ON M4P 1E4

Dear Ms. Marconi:

**Re: Renfrew Hydro Inc. (Renfrew Hydro)  
Application for 2024 Electricity Distribution Rates  
Ontario Energy Board File Number: EB-2023-0049**

Please find attached OEB staff's submission on the draft rate order in the above referenced proceeding, pursuant to the OEB's Decision and Order Dated October 31, 2023. The applicant and intervenors have been copied on this filing.

Yours truly,

Margaret DeFazio, P.Eng.  
Senior Advisor – Electricity Distribution: Major Rate Applications & Consolidations

Cc: All parties in EB-2023-0049



# **ONTARIO ENERGY BOARD**

## **OEB Staff Submission on Draft Rate Order**

**Renfrew Hydro Inc.**

**Cost of Service Application**

**EB-2023-0049**

**November 17, 2023**

## Introduction

Renfrew Hydro Inc. (Renfrew Hydro) filed a cost of service application with the Ontario Energy Board (OEB) on May 24, 2023, under section 78 of *the Ontario Energy Board Act, 1998* seeking approval for the rates that Renfrew Hydro charges for electricity distribution, effective January 1, 2024.

A settlement proposal representing a complete agreement on all issues agreed by Renfrew Hydro and the parties in the settlement conference was submitted to the OEB for approval on September 29, 2023.

The OEB approved the settlement proposal as filed in its Decision and order Dated October 31, 2023.

Renfrew Hydro filed its draft rate order (DRO) on November 10, 2023.

OEB staff has no concerns with the DRO. OEB staff submits that Renfrew Hydro has accurately updated its revenue requirement resulting for the changes in its rate base and other revenue and has reflected these updates in its cost allocation and rate design.

The following are OEB staff's detailed comments on the DRO.

## Comments on the DRO

### Revenue Requirement

As part of the OEB approved settlement proposal, Renfrew Hydro agreed to make the following updates prior to finalizing its rate order:

- The return on equity, the long-term debt rate for the affiliated debt between Renfrew Hydro and the Town of Renfrew, and the short-term debt rate
- The applicable RTSRs if the OEB released updates to Hydro One's Sub-Transmission RTSRs for 2024

Renfrew Hydro was further directed in the Decision to update its Cost of Power and the associated Tariff Schedule and Bill Impacts model to reflect the Regulated Price Plan Price Report for November 1, 2023, to October 31, 2024, issued on October 19, 2023.

Renfrew Hydro updated its cost of power using:

- the commodity costs for the period of November 1, 2023, to October 31, 2024<sup>1</sup>,
- the update to the Ontario Electricity Rebate Credit to 19.3%<sup>2</sup>, and
- the proposed Hydro One Sub-Transmission RTSRS<sup>3</sup>.

The update resulted in a decreased cost of power and a decrease of \$26,974 in the working capital allowance component of the rate base.

Due to the update in the interest rate for short-term and long-term debt<sup>4</sup>, the total return on debt decreased \$11,096.

The reduction to the return on equity rate<sup>5</sup> and the decrease to rate base resulted in a decrease of \$6,611 in total return on equity.

The total change in revenue requirement is a decrease of \$18,626 in base revenue requirement.

The change on return on equity resulted in a decrease of \$918 in payment in lieu of taxes. Gross revenue deficiency therefore decreased by \$20,168.

---

<sup>1</sup> <https://www.oeb.ca/newsroom/2023/ontario-energy-board-announces-changes-electricity-prices-households-small-business>

<sup>2</sup> [ibid](#)

<sup>3</sup> [OEB letter, 2024 Preliminary Uniform Transmission Rates and Hydro One Sub-Transmission Rates](#), September 28, 2023

<sup>4</sup> [Letter of the OEB: 2024 Cost of Capital Parameters](#), issued October 31, 2023

<sup>5</sup> [ibid](#)

OEB staff has no concerns with Renfrew Hydro's updated inputs or the resulting updated revenue requirement.

#### Cost Allocation and Rate Design

There are no changes to the proposed approach for cost allocation and rate design in the DRO. The cost allocation has been updated for changes to cost of power and other pass-through expenses as well as the resulting changes to rate base and revenue requirement noted above. There were no changes to the fixed/variable split for all classes.

The fixed rate decreased for all rate classes and the variable rate decreased for all rate classes with a variable rate.

OEB staff has no concerns with the cost allocation and rate design in the DRO.

#### Deferral and Variance Accounts

Renfrew Hydro states that there were no changes made to the deferral and variance account rate riders from the settlement agreement.

OEB staff has no concerns with the DVA rate riders submitted in the DRO.

#### Bill Impacts

The revised total bill impacts (including taxes and Ontario Electricity Rebate) for a typical residential customer with a monthly consumption of 750kWh will be an increase of \$5.65 (4.5%).

*All of which is respectfully submitted*