



Ontario  
Energy  
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de l'énergie  
de l'Ontario

**BY EMAIL**

December 12, 2023

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

Dear Ms. Marconi:

**Re: EB-2023-2024 Application for 2024 Rates**

In accordance with Procedural Order NO. 1, please find attached the Ontario Energy Board (OEB) staff interrogatories in the above proceeding. The applicant has been copied on this filing.

Greater Sudbury Hydro Inc.'s responses to interrogatories are due by January 16, 2024.

Any questions relating to this letter should be directed to Vithooshan Ganesanathan at [Vithooshan.Ganesanathan@oeb.ca](mailto:Vithooshan.Ganesanathan@oeb.ca) or at 416-440-7691. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Vithooshan Ganesanathan  
Advisor, Generation & Transmission

Encl.

**OEB Staff Interrogatories  
Greater Sudbury Hydro Inc.  
EB-2023-2024**

Please note, Greater Sudbury Hydro Inc. (Greater Sudbury Hydro) is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB’s *Rules of Practice and Procedure*.

**Staff-1**

- Ref:** (1) 2024 IRM Rate Generator Model, Tab 11  
(2) 2024 IRM Rate Generator Model, Tab 15  
(3) 2024 IRM Rate Generator Model, Tab 20

**Preamble:**

On September 28, 2023 the OEB issued a letter regarding 2024 Preliminary Uniform Transmission Rates (UTR) and Hydro One Sub-Transmission Rates.<sup>1</sup> The OEB 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 proposed host RTSRs.<sup>2</sup>

OEB staff has updated Greater Sudbury Hydro’s Rate Generator Model with the preliminary UTRs and proposed host RTSR by Hydro One as follows:

**UTRs**

Uniform Transmission Rates	Unit	2022		2023		2024	
		Jan to Mar	Apr to Dec	Jan to Jun	Jul to Dec	2024	
<b>Rate Description</b>		<b>Rate</b>		<b>Rate</b>		<b>Rate</b>	
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	

<sup>1</sup> OEB Letter, EB-2023-0222, 2024 Preliminary Uniform Transmission Rates and Hydro One Sub-Transmission Rates, issued September 28, 2023.

<sup>2</sup> EB-2023-0030, Hydro One’s 2024 Custom IR Annual Update Application, Interrogatory Response #4

## 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	\$	4.9103
Line Connection Service Rate	KW	\$	0.6788	\$	0.6056	\$	0.6537
Transformation Connection Service Rate	KW	\$	2.3267	\$	2.8924	\$	3.3041
Both Line and Transformation Connection Service Rate	KW	\$	3.0055	\$	3.4980	\$	3.9578

### Question:

- a) Please confirm the accuracy of the Rate Generator Model update noted above for the UTRs and RTSRs.

### Staff-2

Ref: (1) Manager's Summary, pp. 12-13

### Preamble:

In the pre-filed evidence, Greater Sudbury Hydro requests rate riders for 2024 to recover LRAM-eligible amounts previously approved.

In the decision for its 2023 rates, OEB approved the LRAM-eligible amounts for years 2023-2027 arising from persisting savings from completed Conservation Demand Management programs. Greater Sudbury Hydro notes that these amounts are to be adjusted mechanistically by the approved price cap and recovered through a rate rider in the corresponding rate year. The LRAM-eligible amounts approved for prospective disposition from the 2023 rate application is provided below in Table 1.

**Table 1: LRAM-Eligible Amounts Approved for Prospective Disposition<sup>3</sup>**

Year	LRAM-Eligible Amount (in 2022 \$)
2023	36,403
2024	37,271
2025	38,851
2026	38,851
2027	38,896

<sup>3</sup> EB-2022-0034, Decision and Rate Order, March 23, 2023

In the pre-filed evidence, Greater Sudbury Hydro inflated the 2024 amount in table 1 above by 4.5%, the OEB approved inflation factor for 2024.

However, OEB staff notes that the calculation completed by Greater Sudbury Hydro does not account for the adjustment for the 2023 year. OEB staff has recalculated the LRAM-eligible amounts in Table 2 below.

**Table 2: Re-Calculated LRAM-Eligible Amounts for Prospective Disposition**

Year	LRAM-Eligible Amount (in 2022 \$)	LRAM-Eligible Amount (in 2023 \$) <sup>4</sup>	LRAM-Eligible Amount (in 2024 \$) <sup>5</sup>
2023	36,403	37,641	-
2024	37,271	38,538	40,272
2025	38,851	40,172	41,980
2026	38,851	40,172	41,980
2027	38,896	40,218	42,028

**Questions:**

- a) Please confirm if Greater Sudbury Hydro agrees with the values for LRAM-eligible amounts for prospective disposition calculated by OEB staff in Table 2 above. If not, please explain why.
- b) If Greater Sudbury Hydro agrees with the values in Table 2 above for LRAM-eligible amounts for prospective disposition, please file an updated Rate Generator Model that reflects the updated 2024 LRAM-eligible amount of \$40,272 as noted in Table 2 above.

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<sup>4</sup> Values are inflated by Greater Sudbury Hydro's OEB approved price cap of 3.4%.

<sup>5</sup> Values are inflated by Greater Sudbury Hydro's OEB approved price cap of 4.5%.

### Staff-3

**Ref:** (1) OEB letter issued on October 31, 2019 – [“Letter re: Adjustments to Correct for Errors in Electricity Distributor “Pass-Through” Variance Accounts After Disposition \(Oct 31, 2019\) \(oeb.ca\)”](#)

(2) Manager’s Summary, pp. 8-10

### Preamble:

Reference 1 states that “Where an accounting or other error is discovered after the balance in one of the above-listed variance accounts has been cleared by a final order of the OEB, the OEB will determine on a case-by-case basis whether to make a retroactive adjustment based on the particular circumstances of each case, including factors such as:

- whether the error was within the control of the distributor
- the frequency with which the distributor has made the same error
- failure to follow guidance provided by the OEB
- the degree to which other distributors are making similar errors

On page 9 of Reference 2, Greater Sudbury states that:

Greater Sudbury Hydro noted in that application that during preparation of the continuity schedule, that the 2020 balance of (\$172,700) in account 1580 – Variance WMS – Subaccount CBR Class B was submitted with the incorrect sign during GSHI’s 2020 2.1.7 RRR filing. This was not identified during the preparation of the 2022 IRM application and therefore, the incorrect amount was disposed.

On page 10 of Reference 2, Greater Sudbury Hydro states that:

Greater Sudbury Hydro is now proposing to make the adjustment to its general ledger to match the IRM continuity and properly reflect the disposal that occurred. Greater Sudbury Hydro intends to book the following entry in its general in 2023:

DR Variance WMS – Sub-account Class B	\$343,095
CR RSVA – Wholesale Market Service Charge	\$(343,095)

**Questions:**

- a) Please explain the financial and regulatory accounting treatment if the proposed principal adjustment is denied.
- b) Please provide Greater Sudbury's consideration regarding the rates retroactivity issues raised in the OEB's Oct 31, 2019 letter in Reference 1.
  - a. Please also comment on the four factors outlined in Reference 1.
- c) Please confirm and explain whether the intergenerational inequity is affected by the error. If not, why not.
- d) Please describe Greater Sudbury Hydro's processes that have been implemented to prevent mistakes like those mentioned in Reference 2.

**Staff-4**

**Ref:** (1) [Chapter 3 Filing Requirements for Electricity Distributors \(oeb.ca\)](#), pp.13 & 14  
(2) Manager's Summary, p. 12

Reference 1 states that "Distributors only become eligible to seek disposition of these residual balances two years after the expiry of the rate rider" and "May 1 rate year – If 2020 rate riders expire on April 30, 2021, the balance of subaccount 1595 (2020) is eligible to be disposed after the account balance as of December 31, 2023 has been audited. Therefore, sub-account 1595 (2020) would be eligible for disposition in the 2025 rate year."

On Reference 2: Greater Sudbury Hydro states that "Sub Account 2020 rate riders expired April 20, 2021 – balance of \$(148,926)"

- a) Given that Accounts 1595 (2020) is not yet eligible to dispose until 2025 IRM application, please confirm if Greater Sudbury Hydro's will withdraw its request to dispose this account in this proceeding.