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BY EMAIL AND RESS

January 10, 2024

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

Dear Ms. Marconi,

EB-2023-0031 – Hydro One Remote Communities Inc. – 2024 IRM Application – Responses to OEB Staff Questions

Hydro One Remote Communities Inc. is submitting responses to OEB staff questions on its 2024 Price Cap Incentive Rate-Setting (Price Cap IR) Application.

An electronic copy of the responses has been submitted using the Board's Regulatory Electronic Submission System.

Sincerely,

A handwritten signature in black ink that reads "Elise Andrey". The signature is written in a cursive, flowing style.

Elise Andrey

OEB STAFF QUESTION - 01

Reference:

Application Summary, Exhibit A-4-1, Page 4, Table 2

Preamble:

On November 30, 2023, the OEB issued a Decision and Order approving the Settlement Proposal for Wataynikaneyap Power LP's (WPLP) 2024 transmission revenue requirement.¹ WPLP's transmission connection costs are a direct flow-through cost for Hydro One Remotes Inc., which are funded through the Rural or Remote Electricity Rate Protection (RRRP) program. WPLP's approved 2024 revenue requirement resulting from the Settlement Proposal and the updated cost of capital parameters is summarized in Table 1 below.

Table 1 - Summary of Change in Revenue Requirement with Cost of Capital Update

	Revenue Requirement for Rates (\$000's)		
	Line to Pickle Lake	Remote Connection Lines	Total
Rate Application (2023-06-23)	37,657	128,034	165,691
Settlement Proposal & 2024 Cost of Capital Update	33,586	119,237	152,822
Change	-4,071	-8,797	-12,869
% Change	-10.8%	-0.7%	-0.8%

Question:

Please update the RRRP using the approved Settlement Proposal with the updated cost of capital parameters to reflect WPLP's approved 2024 transmission revenue requirement.

Response:

Table 2 (2024 RRRP Amounts) in Exhibit A-04-01 has been updated below to reflect WPLP's approved 2024 transmission revenue requirement:

¹ EB-2023-0168, Decision and Order, issued November 30, 2023

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Table 2 - 2024 RRRP Amounts (\$000s)

Description	OEB Approved	Inflation Factor	2024 Escalated (As-Filed)	2024 Escalated (Updated)
Remotes Annual RRRP - Operating Subsidy	45,985	4.80%	48,192	48,192
Remotes Annual RRRP - WPLP Subsidy	54,020		128,034	119,237 [1]
Total Annual RRRP	100,005	-	176,226	167,429
Recovery of balance of RRRPVA	1,946 [2]	-	1,946	1,946
Total RRRP Level for 2024	101,951	-	178,172	169,375

[1]: Remotes Annual RRRP – WPLP Subsidy approved 2024 transmission revenue requirement as provided in EB-2023-0168, Decision and Order, issued November 30, 2023

[2]: Disposition of the December 31, 2021, audited RRRPVA total balance of \$9,732k equally over a five-year term (\$1,946k/year) as outlined in EB-2022-0041, Application, Exhibit H, Tab 1, Schedule 1