

OEB STAFF INTERROGATORY - 1

Reference:

Exhibit A / Tab 2 / page 1

Letter re: Transition of Electricity Distributor Yearbooks to Open Data¹

Preamble:

Table Ex.A.T2.1 provides Distribution Service Charges from the 2022 Yearbook of Electricity Distributors.

Footnote 1 states that the 2023 Yearbook of Electricity Distributors is not yet available.

In the OEB letter dated September 29, 2022, re: Transition of Electricity Distributor Yearbooks to Open Data, it states that the OEB transitioned from publishing a yearbook to making non-confidential RRRs available on OEB's Open Data webpage².

Interrogatory:

- a) Given that the 2022 Yearbook of Electricity Distributors was not posted, please confirm the source and supporting calculations for the Distribution Service Charges.
- b) Please update the Distribution Service Charges with the latest available data from OEB's Open Data webpage, and subsequently please update Table Ex.A.T2.1, Table Ex.A.T2.2, and other tables that are affected by the change.

Response:

- a) The source of the data is "Electricity Reporting & Record Keeping Requirements (RRR): Section 2.1.5.4 Demand and Revenue"³ provided on the OEB's Open Data webpage. The figure is the sum of "Annual_Billings_-_USoA_4080_-_Dollars" (\$4,325,362,010) divided by the sum of "Metered_Consumption_in_kWh" (130,831,607,587 kWh).
- b) Updated tables Ex.A.T2.1 and Ex.A.T2.2 are provided below with data last updated August 27, 2024⁴. Data highlighted in yellow indicates an updated value. "Transmission as % of Total Cost for Dx-connected customers" declines from 10.0% to 9.9% and there is no change to the "Estimated Average Distribution Customer Bill impact."

¹ <https://www.oeb.ca/sites/default/files/OEBltr-Transition-to-Open-Data-20220929.pdf>

² <https://www.oeb.ca/open-data>

³ <https://www.oeb.ca/documents/opendata/rrr/2.1.5.4%20Demand%20and%20Revenue%20Analysis.xml>

⁴ [https://www.oeb.ca/documents/opendata/rrr/2023/2.1.5.4%20Demand%20and%20Revenue%20\(Total%20Consumption%20and%20Annual%20Billings\).xml](https://www.oeb.ca/documents/opendata/rrr/2023/2.1.5.4%20Demand%20and%20Revenue%20(Total%20Consumption%20and%20Annual%20Billings).xml)

Updated Table Ex.A.T2.1
Estimated Transmission Cost as a Percentage of Total Electricity Market Costs

	Cost Component	¢/kWh	Source
A	Commodity	10.27	IESO Monthly Market Report June 2024
B	Wholesale Market Service Charges	0.53	IESO Monthly Market Report June 2024
C	Wholesale Transmission Charges	1.56	IESO Monthly Market Report June 2024
D	Distribution Service Charges	3.45	2023 OEB Open Data "2.1.5.4 Demand and Revenue"
E	Total Monthly Cost for Tx-connected customers	12.36	E = A + B + C
F	Total Monthly Cost for Dx-connected customers	15.81	F = A + B + C + D
G	Transmission as % of Total Cost for Tx-connected customers	12.6%	$G = C / E$
H	Transmission as % of Total Cost for Dx-connected customers	9.9%	$H = C / F$

Updated Table Ex.A.T2.2
Average Bill Impacts on Transmission and Distribution-Connected Customers

Description	2024	2025
Revenue Requirement (Including Adjustments)	\$96,134,597	\$75,681,985
% Change in Revenue Requirement over prior year		-21.3%
% Impact of load forecast change		N/A
Net Impact on Average Transmission Rates		-0.91%
Transmission as a % of Tx-connected customer's Total Bill		12.6%
Estimated Average Transmission Customer Bill impact		-0.11%
Transmission as a % of Dx-connected customer's Total Bill		9.9%
Estimated Average Distribution Customer Bill impact		-0.09%

OEB STAFF INTERROGATORY - 2

Reference:

Exhibit A / Tab 2 / page 1

Preamble:

UCT 2's current rates revenue requirement represents 4.26% of the total revenue requirement across all transmitters.

Footnote 2 shows that the calculation does not include the pro-rated \$41,212,988 gross-up.

Interrogatory:

- a) Please explain the rationale for not including the pro-rated \$41,212,988 gross-up in the calculation

Response:

- a) Bill impacts provided in Exhibit A / Tab 2 compare annual average 2024 bills to annual average 2025 bills. Tables 1 and 2 below provide further detail. Key assumptions and explanations of the tables are set forth in the following bullets:
 - In January 2024, UCT 2's revenue requirement, reflected in 2024 UTRs, was \$54,921,609.
 - On June 13, 2024, the OEB approved (EB-2023-0298) an updated 2024 revenue requirement in the amount of \$96,134,597.
 - Due to the timing of the OEB's order approving UCT 2's updated revenue requirement for 2024 and subsequent years, the new revenue requirement did not take effect in rates until July 1, 2024. Because the OEB's order permitted UCT 2 to also recover the foregone revenue that would have been recovered had the updated revenue requirement been applied beginning January 1, 2024, the revenue requirement that took effect July 1, 2024 was grossed-up to recover 12 months of approved incremental revenue requirement over the 6-month period of July-December 2024.
 - The \$96,134,587 revenue requirement approved on June 13, 2024 is \$41,212,998 higher than the initial \$54,921,609 included in the January 2024 UTR. To recover this additional \$41,212,998 revenue requirement over a 6-month period, the \$96,134,587 revenue requirement was increased (grossed-up) by \$41,212,998 to \$137,347,585 in the OEB's June 27, 2024 UTR calculation to establish a UTR that would fully recover UCT 2's \$96,134,587 revenue requirement by December 31, 2024.

- To ensure a consistent and accurate comparison of the 2024 and 2025 revenue requirements, Exhibit A / Tab 2 used the approved \$96,134,587 revenue requirement and did not include the \$41,212,998 gross-up amount in order to avoid a distortion. Put another way, the \$41,212,988 gross-up was not included because it would overstate UCT 2's 2024 revenue requirement and would overstate the 2025 bill decrease.
- Under the above-referenced methodology, UCT 2's \$96,134,597 annual 2024 revenue requirement is 4.26% of the total 2024 annual revenue requirement across all transmitters.

Table 1

	Amount	Calculation	EB-2023-0298 Decision Reference
2023 Revenue Requirement	\$54,003,549	A	Table 1, line 5
2024 Revenue Cap Index	\$918,060	B	Table 1, line 7
Initial 2024 Revenue Requirement	\$54,921,609	C = A + B	
Amount recovered in Jan-June 2024	\$27,460,805	D = C / 2	
Settlement 2024 Revenue Requirement	\$96,134,597	E	Table 1, line 28
Remaining Amount to be collected in 2024	\$68,673,793	F = E - D	
Grossed-Up Revenue Requirement (July-Dec)	\$137,347,585	G = F * 2	Attachment 4, Schedule 2
Gross-Up	\$41,212,988	H = G - E	

Alternatively, including the gross-up would compare average July-December 2024 bills to average January-December 2025 bills. UCT 2's July-December 2024 revenue requirement would be 5.98% of the total July-December 2024 revenue requirement across all transmitters, and the resulting 2025 net impact on average transmission rates would be a decrease of 2.69%.

The following Table 2 provides the calculation of net impact on average transmission rates with the gross-up and without the gross-up.

Table 2

	With Gross-Up	Without Gross-Up	
UCT 2 Revenue Requirement (2024)	\$137,347,585	\$96,134,597	A
Total Transmission Revenue Requirement (2024) ¹	\$2,295,852,773	\$2,254,639,785	B
UCT 2 Share of Revenue Requirement (2024)	5.98%	4.26%	C = A / B
UCT 2 Revenue Requirement (2024)	\$137,347,585	\$96,134,597	D

UCT 2 Revenue Requirement (2025)	\$75,681,985	\$75,681,985	E
Change in Revenue Requirement	-44.9%	-21.3%	$F = (D / E) - 1$
Net Impact on Average Transmission Rates	-2.69%	-0.91%	$G = C * F$

¹ The Total Transmission Revenue Requirement with gross-up is from the June 27, 2024 UTR Decision (EB-2024-0183) Appendix A. The total revenue requirement without gross-up is the amount from Appendix A less the \$41,212,988 gross-up.

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Reference:

Exhibit A / Tab 2 / page 3

Preamble:

Table Ex.A.T2.3 provides RTSR included in 2024 Bill and the Estimated 2025 Monthly RTSR for two types of customers.

Interrogatory:

- a) Please provide the supporting calculations for the RTSR included in 2024 Bill and the Estimated 2025 Monthly RTSR for the Typical Medium Density (HONI R1) Residential Customer and the Typical General Service Energy (HONI GSe) Customer.

Response:

- a) The calculations for the RTSRs included in Table Ex.A.T2.3 are provided in the below Tables 1, 2, and 3.

The overall network revenue requirement impact is provided in Table 1. The 2024 network revenue requirements figures are derived from the June 27, 2024 UTR update (EB-2024-0183 Decision and Rate Order Schedule B) less the \$41,212,988 gross-up referenced in OEB Staff IR-2. As explained in that IR, the gross-up is excluded so that bill impacts reflect the annual network revenue requirement increase and do not overstate the 2025 Network RTSR rate decrease.

Table 1 – Network Revenue Requirement Impact

Network Revenue Requirement	2024	2025	% Change
UCT 2 Annual Revenue Requirement	\$96,134,597	\$75,681,985	-21.27%
Total Network Revenue Requirement	\$1,414,721,195	\$1,394,268,583	-1.45%

The impact on HONI Residential and General Service Energy Network RTSRs is provided in Table 2. The 2024 Network RTSRs are sourced from HONI's 2024 tariff schedule (EB-2023-0030).

Table 2 – Network RTSR Impact

Rate Class	2024 Network RTSR (\$/kWh)	% Change	2025 Network RTSR (\$/kWh)
Residential R1	\$0.0118 /kWh	-1.45%	\$0.0116 /kWh
General Service Energy	\$0.0093 /kWh	-1.45%	\$0.0092 /kWh

The calculations of Total RTSRs are provided in Table 3. Volumes include applicable loss factors as per HONI's 2024 tariff schedule.

Table 3 – Overall Residential & GSe RTSR Bill Impact

		Residential R1			General Service Energy		
		Network	Line and Trans. Connection	Total RTSRs	Network	Line and Trans. Connection	Total RTSRs
2024	Volume (kWh)	807	807	807	2,192	2,192	2,192
	RTSR (\$/kWh)	\$0.0118	\$0.0087	\$0.0205	\$0.0093	\$0.0074	\$0.0167
	Tx Bill (\$)	\$9.52	\$7.02	\$16.54	\$20.39	\$16.22	\$36.61
2025	Volume (kWh)	807	807	807	2,192	2,192	2,192
	RTSR (\$/kWh)	\$0.0116	\$0.0087	\$0.0203	\$0.0092	\$0.0074	\$0.0165
	Tx Bill (\$)	\$9.38	\$7.02	\$16.41	\$20.10	\$16.22	\$36.32

OEB STAFF INTERROGATORY - 4

Reference:

EB-2023-0298 / Decision and Order

Preamble:

The Debt Rate Variance Account 2 was established effective January 1, 2024 to record the differences between UCT 2's actual cost of debt and the revised cost of debt that may arise due to new debt issuances.

Interrogatory:

- a) Please confirm if any new debt has been issued since the last revenue requirement application.

Response:

- a) On September 16, 2024, UCT 2 closed on a second round of long-term debt required to finance the incremental rate base additions approved for recovery as part of Decision and Order EB-2023-0298. UCT 2 secured \$73,419,000 of 30-year Senior secured partially amortizing long-term debt at a rate of 4.868%, as well as an additional \$4,700,000 on the company's existing short-term credit facility.