



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

**BY EMAIL**

November 1, 2024

Ms. Nancy Marconi  
Registrar  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4  
[Registrar@oeb.ca](mailto:Registrar@oeb.ca)

Dear Ms. Marconi:

**Re: Ontario Energy Board (OEB) Staff Submission  
Niagara-on-the-Lake Hydro Inc.  
2025 Distribution Rate Application  
OEB File Number: EB-2024-0044**

---

Please find attached OEB staff's submission in the above referenced proceeding, pursuant to Procedural Order No.1. Niagara-on-the-Lake Hydro Inc. has been copied on this filing.

Yours truly,

*Kelli Benincasa*

Kelli Benincasa  
Analyst, Incentive Rate-Setting

Encl.



# **ONTARIO ENERGY BOARD**

## **OEB Staff Submission**

**Niagara-on-the-Lake Hydro Inc.**

**2025 Distribution Rate Application**

**EB-2024-0044**

**November 1, 2024**

## Introduction

Niagara-on-the-Lake Hydro Inc. (NOTL Hydro) filed an incentive rate-setting mechanism (IRM) application with the Ontario Energy Board (OEB) on August 13, 2024, under section 78 of the *Ontario Energy Board Act, 1998* seeking approval for changes to its electricity distribution rates to be effective January 1, 2025.

In its 2025 Rate Generator Model, NOTL Hydro used the default values for the inflation factor, productivity factor and stretch factor of 3.60%, 0.00% and 0.15% respectively, consistent with the Chapter 3 Filing Requirements.<sup>1</sup> The resulting 3.45% Total Price Cap Index is used in the 2025 Rate Generator Model.

OEB staff has no concerns with NOTL Hydro's proposed price cap adjustment.

NOTL Hydro is transmission connected. NOTL Hydro has also sought OEB approval to adjust the Retail Transmission Service Rates (RTSRs) that it charges its customers in accordance with the preliminary Uniform Transmission Rates (UTRs).

OEB staff has no concerns with NOTL Hydro requested adjustments to its RTSRs.

In this document, OEB staff makes detailed submissions on the following:

- Large Use Customer Revenue Variance Account
- Group 1 Deferral and Variance Accounts (DVAs)

---

<sup>1</sup> Chapter 3 Filing Requirements, section 3.2.1

## Large Use Customer Revenue Variance Account

### Background

NOTL Hydro is requesting the disposition of Account 1508 - Other Regulatory Assets, Sub-account – Large Use Customer Revenue Variance Account in the credit amount of \$62,938 over one year, starting from January 1, 2025.

In NOTL Hydro’s 2024 cost of service application<sup>2</sup>, the OEB approved the continuation of the Account 1508 Sub-account – Large Use Customer Revenue Variance Account to track variances in estimated variable distribution revenue from 5,000 KW demand. This sub-account, formerly known as the Specified Customer Revenue Variance Account (SCRVA), was first established in NOTL Hydro’s 2019 cost of service application to capture variances between actual distribution revenue and the forecasted distribution revenue for a specific Large Use customer.

For further historical context on the account in reference in this proceeding, NOTL Hydro had a 2022 application<sup>3</sup> regarding changes to the Large Use Service Retail Transmission Rates. The OEB approved the modification made to the SCRVA which was to amend the SCRVA into a general variance account applicable to all Large Use customers and also approved to change the name to “Large Use Customer Revenue Variance Account”. The OEB agreed that this amended account would be consistent with the original purpose of the variance account that was established to address load uncertainty. It also noted that NOTL Hydro regarded the new customer’s load with greater uncertainty, compared to the load of the former Large Use customer for which the account was established.<sup>4</sup>

In NOTL Hydro’s 2024 cost of service application, the OEB approved the continuation of the Large Use Customer Revenue Variance account and also attached a draft accounting order for the Large Use Customer Revenue Variance account from the original proposal. It stated that “the rate rider will be determined for all customer classes including the Large User class.”<sup>5</sup>

### Submission

OEB staff supports the disposition of the proposed 2023 balance in Account 1508 Sub-account – Large Use Customer Revenue Variance Account. OEB staff has reviewed the evidence and notes no issue from the 2023 balance. Furthermore, OEB staff supports

---

<sup>2</sup> EB-2023-0041, Niagara-on-the-Lake Hydro's 2024 Cost of Service Application

<sup>3</sup> EB-2022-0158, Decision and Order, August 18, 2022

<sup>4</sup> Ibid.

<sup>5</sup> EB-2023-0041, Niagara-on-the-Lake Hydro's 2024 Cost of Service Decision and Order, Schedule B Decision and Order Accounting Order for Specified Customer Revenue Variance Account.

the balance in the account to be allocated to customer classes based on distribution revenues in the classes as this allocation mechanism is consistent with the approved accounting order as part of the 2024 cost of service proceeding.

## **Group 1 Deferral and Variance Accounts (DVAs)**

### Background

NOTL Hydro requests to dispose of the Group 1 account balances in a credit amount of \$128,522. The total disposition claim is a credit of \$0.0005 per kWh which is below the disposition threshold of +/- \$0.001 per kWh<sup>6</sup>. In response to an OEB staff interrogatory, NOTL Hydro stated that the disposition request is practical because it ensures the refund aligns with the customers who contributed to the balances.<sup>7</sup>

### Submission

OEB staff supports the proposed final disposition, over a one-year period, of Group 1 account balances as of December 31, 2023 (including interest projected to December 31, 2024). The Group 1 account balances requested for disposition from NOTL Hydro is a credit balance which allows customers to have earlier access to the refund of these amounts during the IRM period once it has been approved. OEB staff notes that the OEB has previously approved the disposition of such balances, even though the claim was below the disposition threshold in Milton Hydro's 2022 cost of service application<sup>8</sup>.

~All of which is respectfully submitted~

---

<sup>6</sup> Chapter 3 Filing Requirements, Section 3.2.6

<sup>7</sup> Staff Question-2

<sup>8</sup> EB-2021-0042, Decision and Rate Order, p. 9