

November 8, 2024

Ms. Nancy Marconi
Registrar
Ontario Energy Board
PO Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

RE: 2025 IRM Rate Application EB-2024-0043 – Responses to OEB Staff Follow-up Questions

Dear Ms. Marconi:

Please find attached Niagara Peninsula Energy Inc.'s ("NPEI's") responses to OEB Staff follow-up questions in NPEI's 2025 IRM Rate Application (EB-2024-0043).

NPEI hereby confirms that the documents filed in support of NPEI's 2025 IRM Rate Application, including responses to OEB Staff questions and any other supporting documentation, do not include any personal information (as that phrase is defined in the Freedom of Information and Protection of Privacy Act), that is not otherwise redacted in accordance with rule 9A of the OEB's Rules of Practice and Procedure.

If there are any questions, please contact Paul Blythin at (905) 356-2681 ext. 6064, or Paul.Blythin@npei.ca.

Yours truly,
NIAGARA PENINSULA ENERGY INC.



Paul Blythin, CPA, CGA
Vice-President, Regulatory Affairs & Revenue

Cc: Suzanne Wilson, Chief Operating Officer, NPEI
Harshleen Kaur, Case Manager (EB-2024-0043), OEB

Niagara Peninsula Energy Inc
EB-2024-0043
[8 November 2024]

Please note, Niagara Peninsula Energy Inc. (Niagara Peninsula Energy) is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff questions 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*.

Follow-up Question #1

Reference 1: 2025 IRM Rate Generator Model, Oct 16, 2024, Tab 3

Note 3 in Tab 3 of the Continuity Schedule specified that "for each Account 1595 sub-account, the transfer of the balance approved for disposition into Account 1595 is to be recorded in "OEB Approved Disposition" column. The recovery/refund is to be recorded in the "Transaction" column."

In Reference 1, Niagara Peninsula Energy reported a credit of \$2,976,366 in Cell BD36 for the recovery of the OEB approved disposition during 2023. OEB Staff notes this amount is much lower than the total amount reported in Cell BE36 for the transfer of the approved disposition (a credit of \$1,632,107).

Question(s):

- a) Please confirm OEB staff's observations and provide a detailed explanation of the rate rider recovery transaction recorded in 2023.

Response

- a) NPEI confirms the credit of \$2,976,366 in Cell BD36 (Transaction column) represents the recovery/refund during 2023.

In the Decision and Rate Order in NPEI's 2023 IRM Rate Application (EB-2022-0051), issued December 8, 2022, the OEB approved the disposition of Group 1 Deferral and Variance Account balances in the total amount of \$2,690,083 (Appendix 1). This amount includes principal of \$1,632,107 entered in Cell BE36 (OEB Approved Disposition – Principal) and interest of \$1,057,976 entered in Cell BJ36 (OEB Approved Disposition – Interest). The rate riders approved in NPEI's 2023 IRM Rate Application (EB-2022-0051) were calculated based on a total approved disposition of \$2,690,083.

Follow-up Question #2

Ref: 2025 IRM Rate Generator, Tab 11, 15 and 20

On November 1, 2024 the OEB issued a letter regarding 2025 Preliminary Uniform Transmission Rates (UTRs) and Hydro One Sub-Transmission Rates. The OEB determined to use of preliminary UTRs to calculate 2025 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 2025 application with Hydro One Network Inc.'s proposed host RTSRs. Any further updates to Hydro One's proposed host RTSR will be reflected in the final rate generator.

OEB staff has updated LDC's rate generator with the preliminary UTRs and proposed host RTSR by HONI as follows:

UTRs

Uniform Transmission Rates	Unit	2023 Jan to Jun		2023 Jul to Dec		2024 Jan to Jun		2024 Jul to Dec		2025
Rate Description		Rate				Rate				Rate
Network Service Rate	kW	\$	5.60	\$	5.37	\$	5.78	\$	6.12	\$ 6.25
Line Connection Service Rate	kW	\$	0.92	\$	0.88	\$	0.95	\$	0.95	\$ 1.00
Transformation Connection Service Rate	kW	\$	3.10	\$	2.98	\$	3.21	\$	3.21	\$ 3.39

Hydro One Sub-Transmission Rates

Hydro One Sub-Transmission Rates		Unit	2023		2024		2025	
Rate Description			Rate		Rate		Rate	
Network Service Rate	kW	\$	4.6545	\$	4.9103	\$	5.2172	
Line Connection Service Rate	kW	\$	0.6056	\$	0.6537	\$	0.6537	
Transformation Connection Service Rate	kW	\$	2.8924	\$	3.3041	\$	3.3041	
Both Line and Transformation Connection Service Rate	kW	\$	3.4980	\$	3.9578	\$	3.9578	

Question(s):

- Please confirm the accuracy of the Rate Generator update, as well as the accuracy of the resulting Retail Transmission Service Rates following these updates.

Response

- a) NPEI confirms the accuracy of the Rate Generator update, as well as the accuracy of the resulting Retail Transmission Service Rates following the update of the UTRs and the Hydro One Sub-Transmission Service Rates.

Follow-up Question #3

Ref: 2025 IRM Rate Generator, Tab 18

On October 18, 2024 the OEB issued a letter regarding updated Regulated Price Plan (RPP) for households, small business and farms effective as of November 1, 2024. Also, effective November 1, 2024, the Ontario government's Ontario Electricity Rebate (OER) will change to 13.1%. The OER provides a rebate on the electricity bill subtotal for residential, small business and farm customers.

OEB staff has updated LDC's rate generator with the RPPs and OER as follows:

Time-of-Use RPP Prices and Percentages

As of	November 1, 2024		
Off-Peak	\$/kWh	0.0760	64%
Mid-Peak	\$/kWh	0.1220	18%
On-Peak	\$/kWh	0.1580	18%

Ontario Electricity Rebate (OER)

Ontario Electricity Rebate (OER)	\$	13.10%
----------------------------------	----	--------

Question(s):

- a) Please confirm the accuracy of the Rate Generator update for the RPPs and OER.

Response

- a) NPEI confirms the accuracy of the Rate Generator update for the RPPs and OER.

Appendix A

Table 6.1 from the OEB's Decision and Order in NPEI's
2023 IRM Rate Application (EB-2022-0051)

During the period in which variances accumulated, Niagara Peninsula Energy had customers transition between Class A and Class B. Under the general principle of cost causality, customer groups that cause variances that are recorded in Group 1 accounts should be responsible for paying (or receiving credits) for their disposal. Niagara Peninsula Energy has proposed to allocate a portion of the GA and CBR Class B balances to its transition customers, based on their customer-specific consumption levels.¹² The amounts allocated to each transition customer are proposed to be recovered (or refunded, as applicable), by way of 12 equal monthly installments.

Findings

The balances proposed for disposition reconcile with the amounts reported as part of the OEB's *Electricity Reporting and Record-Keeping Requirements*.

The OEB approves the disposition of a debit balance of \$2,690,083 as of December 31, 2021, including interest projected to December 31, 2022, for Group 1 accounts on a final basis.

Table 6.1 identifies the principal and interest amounts, which the OEB approves for disposition.

Table 6.1: Group 1 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
LV Variance Account	1550	529,408	9,332	538,740
Smart Meter Entity Variance Charge	1551	(40,220)	(676)	(40,896)
RSVA - Wholesale Market Service Charge	1580	927,779	16,431	944,210
Variance WMS - Sub-account CBR Class B	1580	(121,694)	(2,014)	(123,708)
RSVA - Retail Transmission Network Charge	1584	804,262	14,028	818,290
RSVA - Retail Transmission Connection Charge	1586	169,667	2,844	172,511
RSVA - Power	1588	361,386	8,492	369,878
RSVA - Global Adjustment	1589	166,195	2,962	169,158

¹² 2023 IRM Rate Generator Model, Tab 6.1a "GA Allocation" and Tab 6.2a "CBR B_Allocation"

Disposition and Recovery of Regulatory Balances (2018)	1595	(1,164,677)	1,006,576	(158,101)
Total for Group 1 accounts		1,632,107	1,057,976	2,690,083

The balance of each of the Group 1 accounts approved for disposition shall be transferred to the applicable principal and carrying charge sub-accounts of Account 1595. Such transfer shall be pursuant to the requirements specified in the *Accounting Procedures Handbook for Electricity Distributors*.¹³ The date of the transfer must be the same as the effective date for the associated rates, which is generally the start of the rate year.

The OEB approves these balances to be disposed through final rate riders, charges, or payments, as calculated in the Rate Generator Model. The final rate riders, charges, and payments, as applicable, will be in effect over a one-year period from January 1, 2023 to December 31, 2023.¹⁴

¹³ Article 220, Account Descriptions, Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012

¹⁴ 2023 IRM Rate Generator Model Tab 6.1 GA, Tab 6.1a GA Allocation, Tab 6.2 CBR B, Tab 6.2a CBR B_Allocation and Tab 7 Calculation of Def-Var RR