Northern Ontario Wires Inc.
EB-2025-0017
November 21, 2025

Please note, Northern Ontario Wires Inc. (Northern Ontario Wires) 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*.

Staff-1

Ref: EB-2025-0017, Rate Generator Model, Tab 3, Continuity Schedule

Preamble:
On September 11, 2025, the OEB published the 2025 Quarter 4 prescribed accounting interest rates applicable to the carrying charges of deferral, variance and construction work in progress (CWIP) accounts of natural gas utilities, electricity distributors and other rate-regulated entities.

Question(s):

a. Please confirm that Tab 3 (Continuity Schedule) reflects the Q4 2025 OEB-prescribed interest rate of 2.91%.

Response:

NOW Inc. confirms that Tab 3 reflects the Q4 2025 OEB prescribed interest rate of 2.91%.

Staff-2

Ref: EB-2025-0017, Rate Generator Model – Tab 11 (Continuity Schedule) and Tab 18 (Regulatory Charges)

Preamble:
On October 9, 2025, the OEB issued a letter establishing the preliminary Uniform Transmission Rates (UTRs) and Hydro One Networks Inc.'s (HONI) proposed Sub-Transmission Rates. In addition, on October 17, 2025, the OEB released updated time-of-

use (TOU) pricing and Ontario Electricity Rebate (OER) values, effective November 1, 2025.

Question(s):

a. OEB staff has updated the 2026 Rate Generator Model to reflect the preliminary UTRs, HONI's proposed Sub-Transmission Rates, and the revised TOU pricing and OER values. Please review the updated Rate Generator Model and confirm whether the incorporated changes are accurate. If any discrepancies are identified, please provide corrections and supporting rationale.

Response:

NOW Inc. confirms that the incorporated changes are accurate.

NOW notes that the UTR and Hydro one rates are not yet final. As NOW Inc. rates are effective May 1, 2026, NOW Inc. is willing to wait for the final update prior to a decision in this case if that is a possibility.

Staff-3

Ref 1: 2026 Rate Application, October 9, 2025, p.13
Ref 2: 2026 IRM Revenue-to-Cost Ratio Adjustment Model, Tab 14: Adjust To Proposed Rates, Cell O26

Preamble:
OEB staff notes that Northern Ontario Wires states in Reference 1 that the Street Lighting service classification will experience a $0.2828/kW decrease in the volumetric charge. However, upon reviewing the Revenue-to-Cost Ratio Adjustment Model (Reference 2), OEB staff observes that the model reflects an increase of $0.2828/kW in the volumetric charge rather than a decrease as indicated in the application.

Question(s):

a. Please confirm whether the volumetric rate for the Street Lighting service classification is intended to increase or decrease, and if necessary, update the Revenue-to-Cost Ratio Adjustment Model accordingly.

Response:

NOW Inc. confirms that the volumetric rate for Street Lighting is intended to be an increase. As a result, no change is required in the Revenue-to-Cost Ratio Model for this.

Staff-4

Ref 1: EB-2025-0017, 2026 IRM Revenue-to-Cost Ratio Adjustment Model, Tab 6: Decision Cost Revenue Adj, Column F
Ref 2: EB-2025-0160, NOW_2025_Rev_Reqt_Workform_A_V2_20250507, Tab 11: Cost_Allocation, Column G, Cells G130-134
Ref 3: EB-2025-0017, 2026 Rate Application, October 9, 2025, Revenue Cost Ratio Adjustment, p.13

Preamble:
OEB staff notes that the values in Reference 1 do not reconcile with the values in Reference 2.

OEB staff also notes that Reference 3 refers to the last Cost of Service application (EB-2024-0046). However, a Motion to Review and Vary was filed on May 7, 2025, under file number EB-2025-0160, which resulted in a revised Revenue Requirement Workform. The motion reviewed the Decision and Order in EB-2024-0046, and resulting revisions / updates were made in the Revenue Requirement Workform.

Question(s):

a. Please explain why the ratios used in the Revenue-to-Cost Ratio Adjustment Model filed in this application do not align with those in the Revenue Requirement Workform from the EB-2025-0160 proceeding.

Response:

NOW Inc. confirms that the data in the Revenue-to-Cost Ratio adjustment model was pulled from EB-2024-0046 in error, rather than from the motion to vary EB-2025-0160.

b. Please provide an updated Revenue-to-Cost Ratio Adjustment Model and Rate Generator Model reflecting the revenue-to-cost ratios from the EB-2025-0160 proceeding.

Response:

NOW Inc. has updated the Revenue-to-Cost Ratio adjustment model using the revenue-to-cost ratios from EB-2025-0160. The Rate Generator Model has been updated with the revised figures.

Staff-5

Ref 1: EB-2025-0017, 2026 IRM Application, p.15
Ref 2: 2026 IRM Rate Generator Model, Tab 21 Bill Impact, Cell M345
Ref 3: Chapter 3 Filing Requirements, Issued June 19, 2025, p. 8

Preamble:
Reference 2 indicates that the bill impact for the Street Lighting Service Classification is 12.07%, which exceeds the 10% threshold outlined in Chapter 3 of the Filing Requirements. These requirements state that distributors must file a mitigation plan if the total bill increase for any customer class exceeds 10%.

In Reference 1, Northern Ontario Wires explains that the total bill impact is primarily due to:

- Removal of the Group 2 DVA and LRAM rider from the prior year.
- Revenue-to-cost ratio adjustment required under the last cost of service decision.

Northern Ontario Wires further notes that the increase results from expiring rate riders that previously provided credits to Street Lighting customers, making mitigation for this IRM increase not feasible.

Question(s):

a. Has Northern Ontario Wires considered any mitigation strategies before concluding that mitigation for the IRM increase is not possible? If so, please provide details.

Response:

NOW Inc. did consider mitigation strategies before concluding that mitigation for the IRM increase is not possible.

The strategy considered was to create a separate DVA account to offset the excess impact greater than 10% for the streetlighting class. This was considered, as the result of the increase over 10% is a result of credit rate riders being removed post cost of service dispositions.

This was deemed unfeasible for the following reasons:

- ***New DVA account would need to be requested and was deemed unlikely to be achieved.***
- ***Materiality, the impact into a DVA account would not result in material amounts and would not guarantee future recovery.***
- ***Administrative impact would be to carry new Group 2 DVA until next Cost of service rebasing would result in years delay to recover to balance and result in a potentially similar issue.***

The bill impact required to achieve 10.00% impact for an average streetlighting account is $11,235.73 (11,235.73 – 10,213.84 = $1,021.89; $1,021.89 / $10,213.84 = 10.00%) based on the Bill Impacts from the revised Rate Generator Model. The result is $255.92 per month variance calculated as follows: $1,277.81 ($11,491.65 - $10,213.84) - $1,021.89 ($11,235.73-$10,213.84) = $255.92.

Over twelve months, the variance that would result is $3,071.04.

As a result, it was determined that mitigation for the IRM increase was not feasible.