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

BY EMAIL

October 22, 2026

Ritchie Murray
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Ritchie Murray:

Re: Ontario Energy Board (OEB) Staff Submission
Niagara-on-the-Lake Hydro Inc.
2027 Distribution Rate Application
OEB File Number: EB-2026-0060

Please find attached OEB staff's submission in the above referenced proceeding, pursuant to Procedural Order No. 1.

Yours truly,

Tyler Davids

Digitally signed by Tyler Davids
Date: 2026.10.22 09:00:16 -04'00'

Tyler Davids
Advisor, Distribution Asset Management

Encl.



ONTARIO ENERGY BOARD

OEB Staff Submission

Niagara-on-the-Lake Hydro Inc.

2027 Distribution Rate Application

EB-2026-0060

October 22, 2026

Application Summary

Niagara-on-the-Lake Hydro Inc. (Niagara-on-the-Lake Hydro) filed an incentive rate-setting mechanism (IRM) application with the Ontario Energy Board (OEB) on August 7, 2026, under section 78 of the *Ontario Energy Board Act, 1998* seeking approval for changes to its electricity distribution rates to be effective January 1, 2027.

As part of its application, Niagara-on-the-Lake Hydro requested:

- An annual adjustment mechanism of 2.85% applied uniformly across all rate classes
- An adjustment to electricity distribution retail transmission service rates (RTSRs)
- The disposition of a Group 1 deferral and variance account (DVA) balance in a credit amount of $948,060
- The disposition of a Group 2 DVA balance in a credit amount of $205,771

OEB staff requests that Niagara-on-the-Lake Hydro update its 2027 Rate Generator Model to reflect the time-of-use pricing and Ontario Electricity Rebate values released by the OEB on October 16, 2026.

OEB staff's submissions on the following are included below:

- Price Cap Adjustment
- Update to RTSRs
- Group 1 DVAs
- Group 2 DVA - Large Use Customer Revenue Variance Account

OEB Staff Submission

Price Cap Adjustment

Background

Regarding the annual adjustment mechanism, Niagara-on-the-Lake Hydro applied a Price Cap Incentive Rate-setting annual adjustment using the latest values for the inflation factor and its assigned stretch factor of 3.00% and 0.15%, respectively. The resulting 2.85% Price Cap Index value is used in the 2027 Rate Generator Model.

Submission

OEB staff has no concern with Niagara-on-the-Lake Hydro's proposed Price Cap adjustment.

Update to RTSRs

Background

Niagara-on-the-Lake Hydro's historical costs for 2025 include Independent Electricity System Operator-invoiced costs for network and line connection.

In accordance with the settlement agreement for Niagara-on-the-Lake Hydro's most recent cost of service (CoS) application[1], the Large Use customer RTSRs are proposed to be the most recently available Uniform Transmission Rates (UTRs). Therefore, the 2025 billed kW attributable to the Large Use class was also removed from the RTSR calculations in Niagara-on-the-Lake Hydro's 2027 Rate Generator Model (Tab 12, RTSR – Historical Wholesale).

Niagara-on-the-Lake Hydro's proposed RTSR were based on the transmission rates available at the time of application preparation (i.e., January 1, 2026).

Submission

OEB staff does not object to the rationale provided by Niagara-on-the-Lake Hydro for its adjustments in calculating its updated RTSRs. Further, OEB staff does not have any concerns with Niagara-on-the-Lake Hydro's requested adjustments to its RTSRs.

OEB staff requests that Niagara-on-the-Lake Hydro update its 2027 Rate Generator Model to reflect the preliminary 2027 UTRs and proposed Hydro One Networks Inc. Sub-Transmission Rates (i.e., January 1, 2027), which were released by the OEB on October 14, 2026.[2]

[1] EB-2023-0041
[2] EB-2026-0246, 2027 Preliminary Uniform Transmission Rates and Hydro One Sub Transmission Rates

Group 1 DVAs

Background

Niagara-on-the-Lake Hydro requests to dispose of its Group 1 account balances in a credit amount of $948,060. The total disposition claim is $0.003 per kWh which is above the disposition threshold of +/- $0.001 per kWh.

To determine the Account 1595 – 2023 recovery portions, Niagara-on-the-Lake Hydro used a weighted average of the balances for each account in each rate class as calculated in its 2023 IRM.[3]

Submission

OEB staff supports the proposed final disposition of the Group 1 account balances as of December 31, 2025 (including interest projected to December 31, 2026) over a one-year period.

However, OEB staff submits that Niagara-on-the Lake Hydro should update its Account 1595 – 2023 recovery proportions[4] to align with the consumption proportions submitted in its 2023 IRM[5] compared to using a weighted average of the account balances. This change would ensure consistency with the methodology used by other distributors.

Group 2 DVA - Large Use Customer Revenue Variance Account

Background

Niagara-on-the-Lake Hydro has requested disposition of Account 1508 – Other Regulatory Assets, Sub-account – Large Use Customer Revenue Variance Account[6] in the credit amount of $205,771 over one year. Niagara-on-the-Lake Hydro states that it will allocate the total claim to each rate class based on 2025 distribution revenue.

Submission

OEB staff supports the disposition of the proposed 2025 balance in Account 1508 Sub-account – Large Use Customer Revenue Variance Account. OEB staff has reviewed the evidence and notes no issue from the 2025 credit balance. OEB staff also supports the

[3] EB-2026-0060 Niagara-on-the-Lake Hydro Manager's Summary, p.19, Table 15
[4] EB-2026-0060 Niagara-on-the-Lake Hydro 2027 Rate Generator Model, Tab 4, Column O
[5] EB-2022-0052 Niagara-on-the-Lake Hydro 2023 Rate Generator Model, Tab 5, Column C
[6] In Niagara-on-the-Lake Hydro's 2024 CoS application (EB-2023-0041), the OEB approved the continuation of Account 1508 Sub-account – Large Use Customer Revenue Variance Account to track variances in estimated variable distribution revenue from 5,000 kW demand for the large customer rate class.

account balance to be allocated to customer classes based on distribution revenues in the classes, consistent with the approved accounting order as part of Niagara-on-the-Lake Hydro's 2024 CoS proceeding.

~All of which is respectfully submitted~