



**Upper Canada Transmission 2, Inc.**

**Application for 2024 electricity transmission rate  
changes beginning January 1, 2024**

**DECISION AND ORDER ON INTERIM REVENUE REQUIREMENT  
December 12, 2023**

Upper Canada Transmission 2, Inc. (UCT) filed an application with the Ontario Energy Board (OEB) on October 10, 2023, under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval to change the revenue requirement that it charges for electricity transmission, effective January 1, 2024.

**Request for Interim Revenue Requirement**

UCT, requested that its 2024 revenue requirement be made effective January 1, 2024. UCT also made a request in the application if scheduling precluded the requested timing for the following supplemental relief: (1) UCT's 2024 Base Rates Revenue Requirement be made interim effective January 1, 2024; (2) inclusion of the 2024 Revenue Cap Index<sup>1</sup>, the 2023 DRVA balance and the 2024 Debt Adjustment amounts in the 2024 Base Rates Revenue Requirement and Uniform Transmission Rates (UTR) effective January 1, 2024 and (3) a Foregone Revenue Variance Account (FRVA) effective January 1, 2024 to account for any revenue variances arising between January 1, 2024 and the date upon which the OEB determines UCT's final 2024 Base Rates Revenue Requirement included in the UTR.

In the application, UCT stated that inclusion of the 2024 Revenue Cap Index, the 2023 DRVA balance and the 2024 Debt Adjustment amounts were not expected to involve complex calculations or significant controversy.

**Findings**

The OEB notes that scheduling for the proceeding will make it impossible to issue its 2024 revenue requirement order by the requested January 1, 2024 effective date. The OEB finds that UCT's current revenue requirement will be made interim effective January 1, 2024, with one adjustment noted below. This determination is made without

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<sup>1</sup> OEB's understanding is that the 2024 Revenue Cap Index is in addition to UCT's OEB-approved 2023 revenue requirement of \$54,003,549.

prejudice to the OEB's decision on the application, and should not be construed as predictive, in any way whatsoever, of the OEB's final determination regarding the effective date of the revenue requirement arising from this application. Despite granting an interim revenue requirement order at this time, the OEB retains the discretion to set the effective date at a date later than the date of the interim revenue requirement order. The OEB will ultimately set the effective date of the final revenue requirement order to whatever date it ultimately determines to be just and reasonable.

In its application, UCT sought to include the 2024 Revenue Cap Index<sup>2</sup>, the 2023 DRVA balance and the 2024 Debt Adjustment amounts in the 2024 Base Rates Revenue Requirement and UTR effective January 1, 2024. The OEB will only allow the proposed 2024 Revenue Cap Index addition of \$918,060 to UCT's 2023 revenue requirement of \$54,003,549<sup>3</sup> in the UTR effective January 1, 2024. This adjustment is unlikely to be controversial given that UCT is implementing a Custom Incentive Rate-setting framework approved by the OEB in a previous proceeding to calculate UCT's transmission revenue requirement for the years 2023 through 2027.<sup>4</sup> However, in the event that an issue does arise with this calculation, the declaration of an interim revenue requirement allows for adjustments at the end of this proceeding.

The OEB denies UCT's request for the 2023 DRVA balance and the 2024 Debt Adjustment amounts to be included in the interim 2024 Base Rate Transmission Revenue Requirement and the UTR starting January 1, 2024. The OEB does not share UCT's view that these amounts are not expected to involve complex calculations or significant controversy. The OEB will determine these amounts through the adjudication of this application.

The OEB also does not approve UCT's request for a Foregone Transmission Revenue Deferral Account. The OEB believes that there is no need for this deferral account at this time since the revenue requirement has been made interim as of January 1, 2024. The OEB will determine the need for such an account once it makes its final determination on the effective date for UCT's 2024 revenue requirement.

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<sup>2</sup> OEB's understanding is that the 2024 Revenue Cap Index is in addition to UCT's OEB-approved 2023 revenue requirement of \$54,003,549.

<sup>3</sup> EB-2022-0243

<sup>4</sup> EB-2020-0150, Decision and Order dated June 17, 2021.

**THE ONTARIO ENERGY BOARD ORDERS THAT:**

1. The OEB approves, on an interim basis, a 2024 revenue requirement for Upper Canada Transmission 2, Inc. of \$54,921,609 to be included in the calculation of the UTRs effective January 1, 2024.

**DATED** at Toronto, December 12, 2023

**ONTARIO ENERGY BOARD**

Nancy Marconi  
Registrar