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January 13, 2025

Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON
M4P 1E4

Attention: Nancy Marconi, Registrar

Dear Ms. Marconi:

Re: EB-2024-0045 Application for 2025 Electricity Distribution Rates

Please find attached North Bay Hydro Distribution Limited's ("NBHDL") responses to OEB Staff Questions dated December 13, 2024.

NBHDL is also submitting the Electronic copy of this response document for North Bay and Espanola rate zones (in PDF format, and models in Excel format) through the RESS Portal (e-filing services).

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Melanie Brown". The signature is written in a cursive, flowing style.

Melanie Brown
Regulatory and Billing Manager
North Bay Hydro Distribution Limited
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mbrown@northbayhydro.com

North Bay Hydro Distribution Limited.
EB-2024-0045
December 13, 2024
OEB Staff Questions

Please note that North Bay Hydro Distribution Ltd (North Bay Hydro Distribution) 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*.

1-Staff-1

Update to the 2025 Rate Generator Model

Ref 1: North Bay and Espanola Rate Zones Rate Generator Model (RGM), Tabs 11, 17 and 18

Ref 2: Uniform Transmission Rates (UTRs) and Retail Transmission Service Rates (RTSR)

Ref 3: Rural or Remote Electricity Rate Protection (RRRP)

Ref 4: Bill Impacts and Time of Use Prices Set by the OEB for [November 1, 2024](#)

Ref 5: OEB Letter, "Review of Fixed Monthly Charge for microFIT Generator Service Classification", issued November 19, 2024

In Reference 2, on November 1, 2024, the OEB announced preliminary Uniform Transmission Rates (UTRs) effective January 1, 2025.¹ The OEB also announced that an embedded distributor may update its Retail Transmission Service Rates (RTSRs) with Hydro One Networks Inc.'s (HONI) proposed host RTSRs.²

In Reference 3, on December 10, 2024, the OEB announced, among other things, effective January 1, 2025, the Rural or Remote Electricity Rate Protection (RRRP) charge.³

In Reference 4, the OEB announced changes to electricity prices under the Regulated Price Plan (RPP) for households, small businesses, and farms, effective November 1, 2024. Also, the Ontario Electricity Rebate (OER) was changed to 13.1%.

¹ EB-2024-0244, OEB Letter "2025 Preliminary Uniform Transmission Rates", issued November 1, 2024

² *Ibid.*

³ EB-2024-0282, Decision and Order, December 10, 2024

In Reference 5, the OEB issued a letter advising electricity distributors that the fixed microFIT charge shall be \$5.00 for the duration of the 2025 rate year.

OEB staff has updated North Bay Hydro Distribution’s Rate Generator Models for the North Bay Rate Zone and Espanola Rate Zone with the 2025 preliminary UTRs, RTSRs for HONI, microFIT charge, OER, and RRRP.

Table 1: Uniform Transmission Rates

Uniform Transmission Rates	Unit	2023		2024		2025
		Jan to Jun	Jul to Dec	Jan to Jun	Jul to Dec	Rate
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

Table 2: 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	\$ 4.6545	\$ 4.9103	\$ 4.9103	\$ 5.2172
Line Connection Service Rate	kW	\$ 0.6056	\$ 0.6056	\$ 0.6537	\$ 0.6537	\$ 0.6537
Transformation Connection Service Rate	kW	\$ 2.8924	\$ 2.8924	\$ 3.3041	\$ 3.3041	\$ 3.3041
Both Line and Transformation Connection Service Rate	kW	\$ 3.4980	\$ 3.4980	\$ 3.9578	\$ 3.9578	\$ 3.9578

Table 3: microFIT Service Classification

Rate Class	Current MFC	MFC Adjustment from R/C Model	Current Volumetric Charge	DVR Adjustment from R/C Model	Price Cap Index to be Applied to MFC and DVR	Proposed MFC	Proposed Volumetric Charge
RESIDENTIAL SERVICE CLASSIFICATION	34.28				3.30%	35.41	0.0000
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	39.47	-0.2600	0.0222	-0.0001	3.30%	40.50	0.0228
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	229.5		5.1505		3.30%	237.07	5.3205
GENERAL SERVICE 1,000 KW OR GREATER SERVICE CLASSIFICATION	3283.57		4.0163		3.30%	3,391.93	4.1488
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	11.87		0.0154		3.30%	12.26	0.0159
SENTINEL LIGHTING SERVICE CLASSIFICATION	11.02		8.8302		3.30%	11.38	9.1216
STREET LIGHTING SERVICE CLASSIFICATION	1.8	0.1700	9.3956	0.8743	3.30%	2.54	10.6088
microFIT SERVICE CLASSIFICATION	4.55					5.00	

Table 4: Rural or Remote Electricity Rate Protection Charge

Regulatory Charges		January 1, 2024	January 1, 2025
Effective Date of Regulatory Charges			
Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0014	0.0015
Standard Supply Service - Administrative Charge (if applicable)	\$/kWh	0.25	0.25

Table 5: Ontario Electricity Rebate

Ontario Electricity Rebate (OER)

Ontario Electricity Rebate (OER)	\$	13.10%
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Question(s):

- a) Please confirm the accuracy of these updates in the attached Rate Generator Models for the North Bay Rate Zone and Espanola Rate Zone and ensure that all tabs are updated accordingly.

RESPONSE:

- a) NBHDL confirms that the models attached to these interrogatories reflect the updated rates referenced above.

1-Staff-2

Group 1 Accounts

Ref 1: Manager's Summary, pp. 9 and 14

North Bay Hydro Distribution is not requesting the disposition of its Group 1 balances in the North Bay Rate Zone and Espanola Rate Zone. OEB staff notes that North Bay Distribution calculated its Threshold Test for the two rate zones to be \$0.0007/kWh which does not meet the Threshold Test.

For the Espanola Rate Zone, North Bay Hydro Distribution provided context regarding the detailed review and reconciliation of Account 1588 and 1589 balances. It was noted that the detailed review of these accounts is still ongoing.

Question(s):

- a) The Espanola Rate Zone's Threshold Test value was stated as \$0.0007/kWh in the Manager's Summary (p. 14), however, the Espanola Rate Zone Rate Generator Model's Tab 4 shows a value of \$0.0158/kWh.
 - i. Please clarify the inconsistency between the value reported in the Manager's Summary (p. 14) and the value reported in Tab 4 of the Rate Generator Model. Please revise / correct the inconsistency, as necessary.
 - ii. If the value of \$0.0158/kWh is correct, please confirm that the reasoning for why North Bay Hydro Distribution not requesting disposition of the Group 1 balances (specifically, Accounts 1550, 1551, 1580, 1584, and 1586) in the Espanola Rate Zone is due to the ongoing detailed review and reconciliation of the Accounts 1588 and 1589 balances. If not, please clarify.
- b) Please confirm if the ongoing detailed review and reconciliation for the Accounts 1588 and 1589 balances for the Espanola Rate Zone will have any impact the North Bay Rate Zone. If so, please detail what the impact will be.

RESPONSE:

- a) NBHDL reviewed Espanola Rate Zone's Threshold Test values;
 - i) NBHDL can confirm that the reference of the Espanola Rate Zone's Threshold Test value was stated as \$0.0007/kWh in the Manager's Summary (p. 14) was correct when comparing against the total balances of Group 1 balances (specifically, Accounts 1550, 1551, 1580, 1584, and 1586).

The \$0.0158/kWh value would be appropriate when including all Group 1

Accounts (inclusive of Account 1588 and 1589) as identified in the Espanola Rate Zone Rate Generator Model's Tab 4. As referenced in the above preamble, the detailed review and reconciliation of Account 1588 and 1589 balances for the Espanola Rate Zone is still on-going and not included in the \$.0007/kWh reference within the Manager's Summary.

- ii) NBHDL confirms that the reason for not requesting the disposition of the Group 1 balances (specifically, Accounts 1550, 1551, 1580, 1584, and 1586) in the Espanola Rate Zone is due to the total claim per kWh (\$0.0007/kWh) not meeting the Threshold Test.

- b) NBHDL can confirm that the ongoing review of the Accounts 1588 and 1589 balances for the Espanola Rate Zone will have no impact on the North Bay Rate Zone. Espanola is embedded with Hydro One and, as such, all power costs are tracked separately from the North Bay Rate Zone (IESO).

1-Staff-3

Residential Rate Design

Ref 1: Manager's Summary, p. 13

Ref 2: EB-2023-0042 Decision and Rate Order, p. 13

In Reference 1, it was stated that for the Espanola Rate Zone, "This IRM application applies the final decoupling split for Residential customers, bringing the customers class to 100% fixed monthly charges in accordance with the OEB's residential rate design policy...". It was also stated that the "...transition was approved for an increase of 1/6 in year 1 with an equal 1/4 transition in years 2-5."

In Reference 2, in the 2024 IRM Decision and Rate Order, it was noted that "...the OEB approved a five-year period for Espanola [Rate Zone] to transition its residential customers to a fully fixed structure..." and that it was "...the third year of the transition period".

Question(s):

- a) Please confirm that, if the adjustments are approved as requested, North Bay Hydro Distribution would be completing its transition of residential customers in the Espanola Rate Zone to fully fixed monthly charges in year four of the five-year period it was approved for (i.e., it is completing the transition one year early).
- b) Please confirm that North Bay Hydro Distribution has undertaken the transition with an increase of 1/6 in year 1, and equal 1/4 transition in years 2-5. If not, please provide reasoning for why North Bay Hydro Distribution has differed from the approved transition approach and indicate any potential bill impacts for residential customers due to deviating.

RESPONSE:

- a) NBHDL confirms that we are completing the final year of our five-year transition for residential customers in the Espanola Rate Zone to fully fixed monthly charges. This transition is consistent with the OEB-approved Espanola Regional Hydro's 2021 rates proceeding (EB-2021-0022). The table below demonstrates the Year of Transition Period with the corresponding IRM application, confirming that the completion is on schedule and not occurring a year earlier.

OEB-approved # of Transition Years 5

	Year of Transition Period	Corresponding Year	Transition Amounts*		Transition allocation*		
			Fixed	Variable			
5Yr. Transition Period	COS	1st Year	2021 - EB-2020-0020	760,856.23	598,538.16	1/6th	
	IRM	2nd Year	2022 - EB-2021-0046	910,490.77	448,903.62	1/4th	1st Year
	IRM	3rd Year	2023 - EB-2022-0053	1,060,125.31	299,269.08	1/4th	2nd Year
	IRM	4th Year	2024 - EB-2023-0042	1,209,759.85	149,635.54	1/4th	3rd Year
	IRM	5th Year	2025 - EB-2024-0045	1,359,394.39	-	1/4th	4th Year

*As Referenced in EB-2020-0020 Decision and Order - Section 3.3 - Table Reference

b) NBHDL confirms that we have adhered to the approved transition approach, which includes a 1/6 increase in year 1, followed by equal 1/4 transitions in years 2-5. The table below demonstrates the Decoupling MFC split percentages as part of the five-year transition, confirming the application of the 1/6 fixed/variable split in the first year, with the subsequent 1/4 splits for the remaining years 2-5.

OEB-approved # of Transition Years 5

	Year of Transition Period	Corresponding Year	Transition Amounts*		Transition allocation*	IRM Models - Tab Rev2Cost_GDPIPI					
			Fixed	Variable		Revenue at New F/V Split	New F/V Split	Revenue at New	New F/V Split	Decoupling MFC Split	
5Yr. Transition Period	COS	1st Year	2021 - EB-2020-0020	760,856.23	598,538.16	1/6th	760,368	56.0%	598,190	44.0%	56.10%
	IRM	2nd Year	2022 - EB-2021-0046	910,490.77	448,903.62	1/4th	909,989	67.0%	448,642	33.0%	11.00%
	IRM	3rd Year	2023 - EB-2022-0053	1,060,125.31	299,269.08	1/4th	1,092,547	78.0%	308,848	22.0%	11.00%
	IRM	4th Year	2024 - EB-2023-0042	1,209,759.85	149,635.54	1/4th	1,290,874	89.0%	159,300	11.0%	11.00%
	IRM	5th Year	2025 - EB-2024-0045	1,359,394.39	-	1/4th	1,514,779	100.0%	-	-	10.90%

*As Referenced in EB-2020-0020 Decision and Order - Section 3.3 - Table Reference

*Different is due IRM applicable increases

1-Staff-4

Continuous Deferral of Deferral and Variance Account balances Disposition

Ref 1: Ontario Regulation (O. Reg.) 153/23

Ref 2: Manager's Summary, p. 14

In Reference 1, on July 1, 2023, a Limitation Periods Regulation (O. Reg. 153/23) was enacted under the *Electricity Act, 1998*. This two-year limitation regulation specifies the types of settlements that are subject to the two-year limitation period. The list includes settlements in respect of the Global Adjustment (but not in respect of the RPP).

In Reference 2, North Bay Hydro Distribution stated that it will put forward an extended disposition deferral term in excess of 1 year. In addition, North Bay Hydro Distribution has stated that Accounts 1588 and 1589 (or Group 1 DVAs) will not be disposed of during the current IRM proceeding.

Question(s):

- a) Please confirm whether North Bay Hydro Distribution is aware of the impact of the two-year limitation regulation on any potential prior period adjustments.
- b) Given the deferral request made in this proceeding, please clarify how North Bay Hydro Distribution will address potential implications for settlement adjustments, particularly in relation to Global Adjustment balances.

RESPONSE:

- a) NBHDL is aware of the two-year limitation regulation on any potential prior period adjustment. NBHDL can confirm that the adjustment is related to Class B charges only; there are no Class A and Embedded Generation impacts.

With the adjustment being tied to Class B only, NBHDL will reconcile with Hydro One as part of the RPP settlement true up process.

NBHDL plans to dispose of the Accounts 1588 and 1589 as part of the future 2026 IRM proceedings.

- b) In relation to Global adjustment balances, NBHDL does not foresee negative implications as these are directly tied to the Class B, and will be settled as part of the RPP Settlement true up with Hydro One.

In terms of the Reference 2 pre-amble, once NBHDL confirms final balances, we will request as part of the IRM Proceeding a reasonable recovery period to lessen the immediate burden to customers.

1-Staff-5

Continuity Schedule

Ref 1: Rate Generator Model (RGM), Tab 3

On September 13, 2024, the OEB published the 2024 Quarter 4 (Q4) 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 if Tab 3 (Continuity Schedule) accounts for the Q4 prescribed interest rate for all Rate Generator Models. If not, please reflect the Q4 2024 OEB-prescribed interest rate of 4.40% in Tab 3, as appropriate.

RESPONSE:

- a) NBHDL confirms that the Q4 2024 OEB-prescribed interest rate of 4.40% was used for the calculations on Tab 3 (Continuity Schedule) of North Bay Rate Zone and Espanola Rate Zone Models.