

OEB issues decision on Wataynikaneyap Power's 2023 rate application

DECISION

On November 29, 2022, the Ontario Energy Board (OEB) issued its [Decision and Order](#) on an application by Wataynikaneyap Power LP (WPLP) for approval of its proposed 2023 electricity transmission revenue requirement and associated transmission rates relating to transmission lines and associated facilities in northwestern Ontario. Once complete, WPLP's transmission system will extend transmission service to connect a number of First Nation communities, and Hydro One Remote Communities Inc. (HORCI) will be providing distribution service to those communities once connected to the grid.

The OEB approved the settlement proposal filed by WPLP on November 7, 2022, finding that it will result in reasonable outcomes for WPLP and ratepayers.

Through this Decision and Order, the OEB approved WPLP's 2023 revenue requirement of \$83.3 million, to be recovered as follows:

- \$29.2 million, recovered through the Uniform Transmission Rate Network pool, effective January 1, 2023
- \$54.0 million, recovered through a fixed monthly charge, effective January 1, 2023. The fixed monthly charge is \$4.5 million and is applied to HORCI

As a result of the approved settlement proposal, the total bill impact on a typical Hydro One residential customer with monthly consumption of 750 kWh is estimated to be an increase of \$0.18 or 0.13% per month.

APPLICATION AND APPROVED SETTLEMENT PROPOSAL

WPLP is a partnership involving 24 First Nations and Fortis Inc.

WPLP's transmission system is currently under construction and will comprise 22 stations and approximately 1,744 km of lines in northwestern Ontario. The facilities will serve to reinforce the transmission system in that region and extend transmission service to connect 16 remote First Nation communities to the electricity grid. HORCI will be providing distribution services to all 16 of the communities once connected to the grid.

Key features of the settlement proposal, which represented a full settlement of all the issues, include:

- A reduction of \$1.0 million (5%) of proposed 2023 operations, maintenance and administration (OM&A) costs on an envelope basis compared with what WPLP requested in its application
- The establishment of a new, asymmetrical Construction Period OM&A Variance Account to record the annual difference between forecast and actual OM&A expenses, with any shortfall in spending to be returned to ratepayers in a future rate proceeding
- A reduction of approximately \$8.0 million (8.7%) in the revenue requirement compared with what WPLP requested in its application, inclusive of the \$1.0 million OM&A reduction noted above.
- A commitment by WPLP to communicate and report on various aspects of project work progress to the OEB, HORCI and others

- A commitment by WPLP to file an econometric benchmarking study of its OM&A costs in 2025 in respect of its application for approval of a transmission revenue requirement and rates for the period starting in 2026

The OEB found that the settlement proposal represents an acceptable outcome from a public interest perspective, and that the reduction in the proposed OM&A budget is reasonable and should not compromise the safety and reliability of WPLP's assets.

About the OEB

The OEB is the independent regulator of Ontario's electricity and natural gas sectors. It protects the interests of consumers and supports the collective advancement of the people of Ontario. Its goal is to deliver public value through prudent regulation and independent adjudicative decision-making which contributes to Ontario's economic, social and environmental development.

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Ce document est aussi disponible en français.

This Backgrounder was prepared by OEB staff to inform Ontario's energy consumers about the OEB's decision and is not for use in legal or regulatory proceedings. It is not part of the OEB's reasons for decision; those may be found in the Decision and Order issued November 29, 2022, which is the official OEB document.