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DECISION AND RATE ORDER

EB-2020-0042

NIAGARA-ON-THE-LAKE HYDRO INC.

Application for rates and other charges to be effective May 1, 2021

BEFORE: Michael Janigan
Presiding Commissioner

Pankaj Sardana
Commissioner

March 25, 2021

1 INTRODUCTION AND SUMMARY

Through this Decision and Rate Order, the Ontario Energy Board (OEB) approves the incentive rate-setting mechanism (IRM) application filed by Niagara-on-the-Lake Hydro Inc. (Niagara-on-the-Lake Hydro) for new rates effective May 1, 2021.

Niagara-on-the-Lake Hydro serves approximately 9,600 mostly residential and commercial electricity customers in the Town of Niagara-on-the-Lake. The company seeks the OEB's approval for changes to the rates it charges to distribute electricity to its customers.

A distributor may choose one of three rate-setting methodologies approved by the OEB. Each of these is explained in the [Handbook for Utility Rate Applications](#).

Niagara-on-the-Lake Hydro's application is based on a Price Cap Incentive Rate-setting option (Price Cap IR), with a five-year term. The Price Cap IR option involves the setting of rates through a cost of service application in the first year. Mechanistic price cap adjustments, based on inflation and the OEB's assessment of the distributor's efficiency, are typically then approved through IRM applications in each of the ensuing four (adjustment) years.

As a result of this Decision, there will be a monthly total bill decrease of \$0.79 for a residential customer consuming 750 kWh, effective May 1, 2021. The decrease does not factor in applicable taxes or the Ontario Electricity Rebate.¹

¹ O.Reg 363/16, s. 3, effective November 1, 2019

2 THE PROCESS

The OEB follows a standardized and streamlined process for hearing IRM applications filed under Price Cap IR. In each adjustment year of a Price Cap IR term, the OEB prepares a Rate Generator Model that includes, as a placeholder, information from the distributor's past proceedings and annual reporting requirements.² A distributor will then review and complete the Rate Generator Model, and include it with its application.

Niagara-on-the-Lake Hydro filed its application on October 8, 2020 under section 78 of the *Ontario Energy Board Act, 1998* (OEB Act) and in accordance with the OEB's [Filing Requirements for Electricity Distribution Rate Applications, Chapter 3 - Incentive Rate-Setting Applications](#) (Filing Requirements). Notice of Niagara-on-the-Lake Hydro's application was issued on October 23, 2020. Vulnerable Energy Consumers Coalition (VECC) requested intervenor status. The OEB approved VECC as an intervenor and for cost eligibility in this proceeding.

The application was supported by pre-filed written evidence and a completed Rate Generator Model. During the course of the proceeding, Niagara-on-the-Lake Hydro responded to interrogatories from VECC and OEB staff and, where required, updated and clarified the evidence. Final submissions on the application were filed by OEB staff, VECC, and Niagara-on-the-Lake Hydro.

² The Rate Generator Model is a Microsoft Excel workbook that is used to update base rates, retail transmission service rates and, if applicable, shared tax saving adjustments. It also calculates rate riders for the disposition of deferral and variance account balances. During the course of an IRM proceeding, the Rate Generator Model may be updated in order to make any necessary corrections, or to incorporate new rate-setting parameters as they become available.

3 ORGANIZATION OF THE DECISION

In this Decision, the OEB addresses the following issues:

- Price Cap Adjustment
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts
- Lost Revenue Adjustment Mechanism Variance Account Balance

In the final section, the OEB addresses the steps to implement the final rates that flow from this Decision.

This Decision does not address rates and charges approved by the OEB in previous proceedings, which are not part of the scope of an IRM proceeding (such as specific service charges³ and loss factors). No further approvals are required to continue including those items on Niagara-on-the-Lake Hydro's Tariffs of Rates and Charges.

³ Certain Service Charges are subject to annual inflationary adjustments to be determined by the OEB through a generic order. The Decision and Order in EB-2020-0285, issued December 3, 2020 established the adjustment for energy retailer service charges, effective January 1, 2021. The Order in EB-2020-0288, issued December 10, 2020, set the Wireline Pole Attachment Charge for January 1, 2021 on an interim basis.

4 PRICE CAP ADJUSTMENT

Niagara-on-the-Lake Hydro seeks to change its rates, effective May 1, 2021, based on a mechanistic rate adjustment using the OEB-approved *inflation minus X-factor* formula applicable to Price Cap IR applications.

The components of the Price Cap IR adjustment formula applicable to Niagara-on-the-Lake Hydro are set out in Table 4.1, below. Inserting these components into the formula results in a 1.90% increase to Niagara-on-the-Lake Hydro's rates: **1.90% = 2.20% - (0.00% + 0.30%)**.

Table 4.1: Price Cap IR Adjustment Formula

Components		Amount
Inflation Factor ⁴		2.20%
X-Factor	Productivity ⁵	0.00%
	Stretch (0.00% to 0.60%) ⁶	0.30%

An inflation factor of 2.20% applies to all Price Cap IR applications for the 2021 rate year, unless the applicant elects a lower inflation factor.

The X-factor is the sum of the productivity factor and the stretch factor. It is a productivity offset that varies among different groupings of distributors. Subtracting the X-factor from inflation ensures that rates decline in real, constant-dollar terms, providing distributors with a tangible incentive to improve efficiency or else experience declining net income.

The productivity component of the X-factor is based on industry conditions over a historical study period and applies to all Price Cap IR and Annual IR Index applications for the 2021 rate year.

⁴ For the 2021 Inflation Factor, see Ontario Energy Board 2021 Electricity Distribution Rate applications webpage – November 9, 2020

⁵ Report of the OEB – “Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors” EB-2010-0379, Issued November 21, 2013, corrected December 4, 2013

⁶ The stretch factor groupings are based on the Report to the Ontario Energy Board – “Empirical Research in Support of Incentive Rate-Setting: 2019 Benchmarking Update”, prepared by Pacific Economics Group LLC., August 2020

The stretch factor component of the X-factor is distributor-specific. The OEB has established five stretch factor groupings, each within a range from 0.00% to 0.60%. The stretch factor assigned to any particular distributor is based on the distributor's total cost performance benchmarked against other distributors in Ontario. The most efficient distributor would be assigned the lowest stretch factor of 0.00%. Conversely, a higher stretch factor would be applied to a less efficient distributor (in accordance with its cost performance relative to expected levels) to reflect the incremental productivity gains that the distributor is expected to achieve. The stretch factor assigned to Niagara-on-the-Lake Hydro is 0.30%.

In light of the continued uncertainty regarding the severity and duration of the COVID-19 emergency, and its impact on electric utilities and customers alike, for 2021 rate adjustment applications, the OEB allowed utilities the discretion of applying either the calculated inflation factor in accordance with the OEB-approved methodology or a lower value. Utilities were also given the discretion to forego the inflationary increase entirely.⁷

The OEB required all utilities that filed (or were planning to file) 2021 rate adjustment applications to file a letter on the record of their rates proceedings, indicating the inflation factor that the utility has elected.

On January 21, 2021, Niagara-on-the-Lake Hydro filed a letter advising the OEB that it was electing an inflation factor of 2.20% for 2021 rates, resulting in a proposed rate adjustment of 1.90%.⁸

2019 Regulatory ROE

Section 3.3.5 of the Filing Requirements states that, for each of the OEB's three rate setting options, a regulatory review may be triggered if a distributor's earnings are outside a dead band of +/- 300 basis points from the OEB-approved return on equity (ROE). A distributor whose earnings are in excess of the dead band is expected to refrain from seeking an adjustment to its base rates through a Price Cap IR plan. If a distributor applies for an increase to its base rates while earning in excess of the dead band, the OEB expects the distributor to substantiate its reasons for doing so.

Niagara-on-the-Lake Hydro's 2019 ROE reported in the OEB's *Reporting and Record-Keeping Requirements* (RRR) 2.1.5.6 - Regulated Return on Equity was 14.38%, 5.4% (or 540 basis points) greater than its 2019 approved ROE of 8.98%. Niagara-on-the-Lake Hydro noted several reasons for the over-earnings and proposed adjustments to

⁷ [OEB Letter, 2021 Inflation Parameters, issued November 9, 2020](#)

⁸ EB-2020-0042, Letter re: Niagara-on-the-Lake Hydro's 2021 Inflation Factor, January 21, 2021

its reported ROE for these reasons.⁹ The 2019 adjusted ROE calculated by Niagara-on-the-Lake Hydro, is 9.34%,¹⁰ and reflects the following:

- adjustments related to the Incremental Capital Module (ICM)
- removal of Lost Revenue Adjustment Mechanism (LRAM)
- adjustment for the delay of the in-service date of a transformer
- adjustment related to deemed interest

Niagara-on-the-Lake-Hydro most recently rebased its base rates effective May 1, 2019. Niagara-on-the-Lake Hydro noted that its ROE approved in its 2014 cost of service proceeding (9.36%)¹¹ applies to four months of earnings in 2019, and its ROE approved in its 2019 rates proceeding (8.98%) applies to eight months of earnings in 2019, resulting in a 2019 blended approved ROE of 9.11%.¹² Niagara-on-the-Lake Hydro noted that its adjusted ROE is within 300 basis points of its approved ROE.

OEB staff submitted that, after making appropriate adjustments to its 2019 reported ROE, Niagara-on-the-Lake Hydro's ROE is within 300 basis points of the approved ROE. OEB staff agreed that Niagara-on-the-Lake Hydro's 2019 reported ROE should be adjusted for the ICM. OEB staff also agreed with the removal of LRAM revenues that did not pertain to 2019, but argued that LRAM revenues pertaining to 2019 should be included in the 2019 ROE, as that would result in a more accurate achieved ROE calculation. OEB staff also disagreed with Niagara-on-the-Lake Hydro's adjustment to include the transformer in rate base and to include the associated depreciation as the timing of the transformer going into service was a forecasting difference and not a misalignment between elements that formed part of the ROE calculation and elements included/excluded in the approved revenue requirement. OEB staff agreed with the nature of the deemed interest adjustment, however, and submitted that the adjustment amount calculated should exclude the impact from the transformer adjustment, as noted above. With these adjustments, OEB staff submitted that Niagara-on-the-Lake Hydro's 2019 ROE should be adjusted to 10.89%.

OEB staff noted that the company's proposed blended approach to the deemed ROE is a deviation from the manner in which the OEB requires utilities to file RRR 2.1.5.6. Nevertheless, OEB staff submitted that Niagara-on-the-Lake Hydro's approach provided a more precise calculation for purposes of determining the over earnings threshold for

⁹ In its pre-filed evidence, Niagara-on-the-Lake Hydro also made adjustments related to Account 1576 rate riders

¹⁰ IRR Staff-6

¹¹ EB-2013-0155

¹² IRR Staff-6

this proceeding, and therefore OEB staff did not oppose using 9.11% as the approved ROE comparator.

OEB staff noted that an adjusted 2019 ROE of 10.89% would be within 300 basis points of Niagara-on-the-Lake Hydro's approved ROE. Therefore, OEB staff did not object to Niagara-on-the-Lake Hydro's request to adjust its base rates by the Price Cap IR formula result of 1.90% in this proceeding.

VECC calculated an adjusted 2019 ROE of 10.99% which is within 300 basis points of its approved ROE of 8.98%. In its calculations, VECC supported i) the inclusion of ICM related amounts as the ICM asset was in service in 2019, and ii) the adjustment to remove LRAM revenues not pertaining to 2019, as these revenues have no impact on the 2019 revenue requirement. Regarding the adjustment related to the transformer, VECC stated that the transformer was not in service in 2019 as planned, and Niagara-on-the-Lake Hydro over-earned on the transformer in 2019. The ROE should not be adjusted to remove the impact from the delay in the capital project. VECC further submitted that an approved ROE of 8.98% should be used instead of a blended ROE of 9.11% as proposed by Niagara-on-the-Lake Hydro. VECC did not object to Niagara-on-the-Lake Hydro's request to adjust its base rates in this proceeding.

In reply, Niagara-on-the-Lake Hydro submitted that although OEB staff and VECC calculated different ROE amounts for 2019, in all cases, the adjusted ROE was within the 300 basis points. Niagara-on-the-Lake Hydro requested that the application be considered by the OEB as submitted with respect to its over-earnings.

Findings

The OEB finds that Niagara-on-the-Lake Hydro's request for a 1.90% rate adjustment is in accordance with the annually-updated parameters set by the OEB, as well as the process established for the implementation of the 2021 inflation factor. The adjustment is approved, and Niagara-on-the-Lake Hydro's new rates shall be effective May 1, 2021.

The adjustment applies to distribution rates (fixed and variable) uniformly across all customer classes.¹³

The OEB finds that, because a determination needs to be made as to whether Niagara-

¹³ Price Cap IR and Annual IR Index adjustments do not apply to the following rates and charges: rate riders, rate adders, low voltage service charges, retail transmission service rates, wholesale market service rate, smart metering entity charge, rural or remote electricity rate protection charge, standard supply service – administrative charge, transformation and primary metering allowances, loss factors and microFIT charge.

on-the-Lake Hydro over-earned on the basis of its ROE, there is merit in considering whether the “fiscal” 2019 approved ROE of 8.98% or Niagara-on-the-Lake Hydro’s more precisely derived ROE of 9.11% (based on four months of Niagara-on-the-Lake Hydro’s 2019 old approved rates and eight months of Niagara-on-the-Lake Hydro’s new 2019 approved rates) should be used as the comparator. For this purpose, the OEB supports using the more precisely determined ROE of 9.11% as the base ROE for determining whether Niagara-on-the-Lake Hydro’s achieved ROE is within 300 basis points of its approved ROE. The OEB notes that in either case, after factoring in the adjustments proposed by board staff and VECC, Niagara-on-the-Lake Hydro’s re-calculated ROE is within 300 basis points of its approved ROE.

5 RETAIL TRANSMISSION SERVICE RATES

Distributors charge retail transmission service rates (RTSRs) to their customers in order to recover the amounts they pay to a transmitter, a host distributor, or both, for transmission services. All transmitters charge Uniform Transmission Rates (UTRs) to distributors connected to the transmission system. Host distributors charge host-RTSRs to distributors embedded within the host's distribution system. Each of these rates is OEB-approved.

Niagara-on-the-Lake Hydro is transmission connected and is requesting approval to adjust the RTSRs that it charges its customers to reflect the currently approved rates that it pays for transmission services included in Table 5.1.

Table 5.1: UTRs¹⁴

UTRs (2021)	per kW
Network Service Rate	\$4.67
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.77
Transformation Connection Service Rate	\$2.53

Neither OEB staff or VECC raised a concern with the RTSRs proposed by Niagara-on-the-Lake Hydro.

Findings

Niagara-on-the-Lake Hydro's proposed adjustment to its RTSRs is approved. The OEB notes that the 2021 UTRs were incorporated into the rate model to adjust the RTSRs that Niagara-on-the-Lake Hydro will charge its customers.

¹⁴ EB-2020-0251, Decision and Order, December 17, 2020

6 GROUP 1 DEFERRAL AND VARIANCE ACCOUNTS

In each year of an IRM term, the OEB reviews a distributor's Group 1 deferral and variance accounts in order to determine whether the total balance should be disposed.¹⁵ OEB policy states that Group 1 accounts should be disposed if they exceed (as a debit or credit) a pre-set disposition threshold of \$0.001 per kWh, unless a distributor justifies why balances should not be disposed.¹⁶ If the balance does not exceed the threshold, a distributor may elect to request disposition.

The 2019 actual year-end total balance for Niagara-on-the-Lake Hydro's Group 1 accounts including interest projected to April 30, 2021 is a credit of \$246,223. This amount represents a total credit claim of \$0.0011 per kWh, which exceeds the disposition threshold. Niagara-on-the-Lake Hydro has requested disposition of this credit amount over a one-year period.

Global Adjustment Variance Account

One of the components of the commodity costs billed by the Independent Electricity System Operator (IESO), which is included in Group 1 accounts, is the Global Adjustment (GA).¹⁷

Different customer groups pay the GA in different ways:

- For Regulated Price Plan (RPP) customers, the GA is incorporated into the standard commodity rates customers pay. Therefore, there is no separate variance account for the GA.
- "Class A" customers are allocated GA costs based on the percentage their demand contributes to the top five Ontario system peaks. As distributors settle with Class A customers based on actual GA costs, there is no resulting variance.

¹⁵ Group 1 accounts track the differences between the costs that a distributor is billed for certain IESO and host distributor services (including the cost of power) and the associated revenues that the distributor receives from its customers for these services. The total net difference between these costs and revenues is disposed to customers through a temporary charge or credit known as a rate rider.

¹⁶ Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009

¹⁷ The GA is established monthly by the IESO to reflect the difference between the wholesale market price for electricity and regulated rates for:

- Ontario Power Generation's nuclear and hydroelectric generating stations
- payments for building or refurbishing infrastructure such as gas-fired and renewable facilities and other nuclear
- contracted rates paid to a number of generators across the province
- the cost of delivering conservation programs

- "Class B" non-RPP customers are billed GA based on the electricity they consume in a month at the IESO published GA price. Distributors track any difference between the billed amounts and actual costs for these customers in the GA Variance Account. Balances in the account are typically disposed once audited.

Under the general principle of cost causality, customer groups that cause variances which are recorded in Group 1 accounts should be responsible for paying (or receiving credits) for their disposal. A customer's movement from one group to another should not prevent that customer from paying/receiving a debit/credit balance.

Niagara-on-the-Lake Hydro proposes to refund its GA variance account balance of \$37,751 as of December 31, 2019, including projected interest to April 30, 2021, in accordance with the proposed amounts and method outlined in the following table.

Table 6.1: Refund of GA Variance

Proposed Amounts	Proposed Method for Refund
\$36,001 refunded to customers who were Class B for the entire period from January 2019 to December 2019	per kWh rate rider
\$1,750 refunded to customers formerly in Class A during the period January 2019 to June 2019 who were reclassified to Class B	12 equal installments ¹⁸

a) Capacity Based Recovery Class B Sub-account

The balance of the Group 1 accounts includes the Capacity Based Recovery (CBR) sub-account for Class B customers, as a credit amount of \$24,061, relating to the IESO's wholesale energy market for the CBR program. Niagara-on-the-Lake Hydro had Class A customers during the period from January 2019 to December 2019, so it applied to have the balance of this account disposed through a separate kWh rate rider for Class B customers in order to ensure proper allocation between Class A and Class B customers.

¹⁸ Ibid

As some customers were reclassified between Class A and Class B during the period from January 2019 to December 2019, Niagara-on-the-Lake Hydro requested to credit a portion of CBR Class B costs by way of 12 equal installments.¹⁹

b) Group 1 Accounts

The Group 1 accounts being sought for disposition (excluding GA) include the following flow-through variance accounts: Smart Meter Entity Charges, Wholesale Market Service Charges, Retail Transmission Service Charges and Commodity Power Charges. These Group 1 accounts have a total credit balance of \$208,472, which results in a refund to customers. This balance combined with the balance for the GA account results in the total credit balance for Group 1 accounts of \$246,223.

The balances proposed for disposition reconcile with the amounts reported as part of the OEB's *Electricity Reporting and Record-Keeping Requirements*.²⁰ Niagara-on-the-Lake Hydro further submits that its proposal for a one-year disposition period is in accordance with the OEB's policy.²¹

OEB staff submitted that Niagara-on-the-Lake Hydro has applied the OEB's February 21, 2019 Accounting Guidance for Account 1588 and Account 1589²² to its 2019 balances. OEB staff further reviewed the evidence supporting Niagara-on-the-Lake Hydro's 2019 Group 1 accounts and supported disposition of those balances. OEB staff submitted that the 2019 Group 1 DVA balances should be disposed on a final basis.

c) Group 2 Accounts - Specified Customer Revenue Variance Account

Niagara-on-the-Lake Hydro requested disposition of Account 1508 - Other Regulatory Asset, Sub-account Specified Customer Revenue Variance Account in the credit amount of \$30,248, over a one-year period. The sub-account was established in Niagara-on-the-Lake Hydro's cost of service application for 2019 rates to capture variances between actual distribution revenue and the forecasted distribution revenue reflected in the rate application for a specific Large Use customer. The reason for the sub-account related to the fact that the load forecast for the one customer that was included in the Large Use Customer Class was uncertain at the time of the 2019 rates proceeding, and it was large relative to Niagara-on-the-Lake Hydro's total load. As part of the settlement proposal accepted in Niagara-on-the-Lake Hydro's cost of service application, it was agreed that it was appropriate that neither the distributor nor

¹⁹ 2021 IRM Rate Generator Model Tab 6.2a "CBR B_Allocation"

²⁰ Electricity Reporting and Record Keeping Requirements, Version dated May 3, 2016

²¹ Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009

²² Accounting Procedures Handbook Update – Accounting Guidance Related to Commodity PassThrough Accounts 1588 & 1589

customers should bear the benefit or burden of currently unknown variances in the Large Use customer's load, and that a variance account was appropriate.

In this application, OEB staff supported the proposed disposition of the sub-account on the basis that this would be consistent with the settlement proposal accepted by the OEB in Niagara-on-the-Lake Hydro's 2019 cost of service application.²³ The approved settlement proposal in that application stated that this account would be "cleared annually via a rate rider which will be in effect for one year by allocating the balance of the variance account across customer classes based on customer class revenue."²⁴

In its submission, OEB staff noted that the sub-account is a Group 2 account and that the Filing Requirements state that disposition of Group 2 accounts is excluded from incentive rate-setting applications.²⁵ However, OEB staff submitted that an exception should be made to allow for annual disposition of the sub-account in this circumstance as annual disposal was agreed upon in the OEB-accepted settlement proposal.

Findings

The OEB approves the disposition of a credit balance of \$246,223 as of December 31, 2019, including interest projected to April 30, 2021, for Group 1 accounts on a final basis. The OEB also approves the disposition of a credit balance of \$30,248 for the Group 2 Account, as this is consistent with the settlement proposal accepted by the OEB in Niagara-on-the-Lake's 2019 cost of service proceeding.

The following table identifies the principal and interest amounts, which the OEB approves for disposition.

²³ EB-2018-0131

²⁴ Page 31 of Schedule A, Decision and Order, Niagara-on-the-Lake Hydro Inc., April 11, 2019, EB-2018-0056

²⁵ Page 34, Filing Requirements for Electricity Distribution Rate Applications - 2020 Edition for 2021 Rate Applications. Chapter 3 Incentive Rate-Setting Applications, May 14, 2020.

Table 6.2: Group 1 and Group 2 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
Other Regulatory Asset, Sub-account Specified Customer Revenue Variance Account	1508	(29,604)	(644)	(30,248)
Smart Meter Entity Variance Charge	1551	(2,480)	(28)	(2,508)
RSVA - Wholesale Market Service Charge	1580	(72,634)	(2,498)	(75,132)
Variance WMS - Sub-account CBR Class B	1580	(23,504)	(556)	(24,061)
RSVA - Retail Transmission Network Charge	1584	(28,818)	(1,954)	(30,722)
RSVA - Retail Transmission Connection Charge	1586	(65,342)	(1,637)	(66,979)
RSVA - Power	1588	(11,142)	2,122	(9,020)
RSVA - Global Adjustment	1589	(35,012)	(2,738)	(37,751)
Totals for Group 1 accounts (excluding Account 1589)		(203,922)	(4,550)	(208,472)
Totals for all Group 1 accounts		(238,934)	(7,288)	(246,223)
Totals for all Group 1 and Group 2 accounts		(268,538)	(7,932)	(276,471)

The balance of each of the Group 1 and Group 2 accounts approved for disposition shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595. Such transfer shall be pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook*

*for Electricity Distributors.*²⁶ The date of the transfer must be the same as the effective date for the associated rates, which is, generally, the start of the rate year.

The OEB approves these balances to be disposed through final rate riders and payments as calculated in the Rate Generator Model. The final rate riders and payments will be in effect over a one-year period from May 1, 2021 to April 30, 2022.²⁷

²⁶ Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012

²⁷ 2021 IRM Rate Generator Model Tab 6.1 GA, Tab 6.1a GA Allocation, Tab 6.2 CBR B, Tab 6.2a CBR B_Allocation and Tab 7 Calculation of Def-Var RR

7 LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT BALANCE

A distributor's conservation and demand management (CDM) programs may result in reduced overall consumption. To address this, the OEB established a Lost Revenue Adjustment Mechanism Variance Account (LRAMVA), which captures a distributor's revenue implications resulting from differences between actual savings and forecast conservation savings included in the last OEB-approved load forecast.²⁸ These differences are recorded by distributors at the rate class level.

Beginning on January 1, 2015, distributors delivered CDM programs to their customers through the Conservation First Framework (CFF). On March 20, 2019, the CFF was revoked.²⁹ Shortly thereafter, the OEB advised that electricity distributors would continue to have access to a lost revenue adjustment mechanism for conservation program activities undertaken under the CFF.³⁰ The OEB provided direction to distributors seeking to claim program savings up to December 31, 2019 related to CFF programs or other programs they deliver.³¹

A distributor may apply for the disposition of the balance in the LRAMVA on an annual basis, as part of its IRM application, if the balance is deemed significant by the distributor.

Niagara-on-the-Lake Hydro originally requested to dispose of a LRAMVA debit balance of \$192,684. This balance included lost revenues from Conservation and Demand Management (CDM) programs delivered in 2018 and 2019, as well as savings persisting from 2011-2017 programs in 2018 and 2011-2018 programs in 2019. Niagara-on-the-Lake Hydro filed a Participation & Cost (P&C) Report in support of its claim, and a supplemental spreadsheet to claim additional savings from business retrofit programs that were not captured in the P&C Report. Niagara-on-the-Lake Hydro proposed to recover its LRAMVA balance over a two-year period to be consistent with the period over which the balance accumulated.

OEB staff questioned the appropriateness of including 2011-2016 persistence in the 2019 LRAMVA balance as it last rebased in the 2019 cost of service proceeding³², and

²⁸ Guidelines for Electricity Distributor Conservation and Demand Management, EB-2012-0003, April 26, 2012; and Requirement Guidelines for Electricity Distributors Conservation and Demand Management, EB-2014-0278, December 19, 2014

²⁹ On March 20, 2019 the Minister of Energy, Northern Development and Mines issued separate Directives to the OEB and the IESO

³⁰ Ontario Energy Board letter dated June 20, 2019

³¹ Chapter 3 Filing Requirements, section 3.2.6.1

³² EB-2018-0056, Decision and Order, April 11, 2019 (corrected April 23, 2019)

the appropriateness of claiming lost revenues for the residential class in 2019, given Niagara-on-the-Lake Hydro completed its transition to a fixed residential charge as of May 1, 2019.³³

In response to OEB staff interrogatories, Niagara-on-the-Lake Hydro revised its LRAMVA amount. Niagara-on-the-Lake Hydro removed its request for lost revenues related to 2011-2016 persisting savings after the effective date of its last rebasing, as these CDM impacts were incorporated into its updated 2019 load forecast. Niagara-on-the-Lake Hydro also removed the 2019 lost revenues from the residential class after May 1, 2019, as its residential class had fully transitioned to the fixed charge.³⁴ The impact of these changes resulted in a reduction in the LRAMVA balance from \$192,684 to \$158,214.³⁵

OEB staff submitted that Niagara-on-the-Lake Hydro's proposed approach and adjustments made to the components of the LRAMVA calculation appropriately compensate it for lost revenue impacts experienced during 2019. OEB staff recommended a shorter disposition period of a one-year period, as the total bill impact for all customer classes would still be well below 10%.³⁶

In its reply submission, Niagara-on-the-Lake Hydro stated that it did not object to OEB's staff's recommendation to dispose of the LRAMVA balance over a one-year period.³⁷

Findings

The OEB finds that Niagara-on-the-Lake Hydro's revised LRAMVA balance has been calculated in accordance with the OEB's CDM-related guidelines and updated LRAMVA policy. The OEB approves the disposition of Niagara-on-the-Lake Hydro's LRAMVA debit balance of \$158,214, as set out in Table 7.1 below, over a one-year period.

Table 7.1 LRAMVA Balance for Disposition

Account Name	Account Number	Actual CDM Savings (\$) A	Forecasted CDM Savings (\$) B	Carrying Charges (\$) C	Total Claim (\$) D=(A-B)+C
LRAMVA	1568	193,236	41,358	6,336	158,214

³³ Staff Interrogatory 10 and 11

³⁴ Response to Staff-14

³⁵ Response to Staff-7

³⁶ OEB staff submission, page 11

³⁷ Reply submission, page 1

8 IMPLEMENTATION AND ORDER

This Decision is accompanied by a Rate Generator Model and applicable supporting models.

Model entries were reviewed in order to ensure that they are in accordance with Niagara-on-the-Lake Hydro's 2019 cost of service decision and to ensure that the 2020 OEB-approved Tariff of Rates and Charges, as well as the cost, revenue and consumption results from 2019, are as reported by Niagara-on-the-Lake Hydro to the OEB.

The Rate Generator Model was adjusted, where applicable, to correct any discrepancies. The Rate Generator Model incorporates the rates set out in the following table.

Table 8.1: Regulatory Charges

Rate	per kWh
Rural or Remote Electricity Rate Protection (RRRP)	\$0.0005
Wholesale Market Service (WMS) billed to Class A and B Customers	\$0.0030
Capacity Based Recovery (CBR) billed to Class B Customers	\$0.0004

Each of above three rates is a component of the "Regulatory Charge" on a customer's bill, established annually by the OEB through a separate, generic order. The RRRP, WMS and CBR rates were set by the OEB on December 10, 2020.³⁸

In addition, the Smart Metering Entity Charge is a component of the "Distribution Charge" on a customer's bill, established by the OEB through a separate order. The Smart Metering Entity Charge was set by the OEB on March 1, 2018.³⁹

³⁸ EB-2020-0276, Decision and Order, December 10, 2020

³⁹ EB-2017-0290, Decision and Order, March 1, 2018

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Niagara-on-the-Lake Hydro's Inc. new final distribution rates shall be effective May 1, 2021.
2. The Tariff of Rates and Charges set out in Schedule A, shall be deemed *draft* until the parties have complied with the subsequent procedural steps.
3. Niagara-on-the-Lake Hydro Inc. shall review the Tariff of Rates and Charges set out in Schedule A and shall file with the OEB, as applicable, a written confirmation of its completeness and accuracy, or provide a detailed explanation of any inaccuracies or missing information, within **7 days** of the date of issuance of this Decision and Rate Order.
4. This Decision and Rate Order will be considered final if Niagara-on-the-Lake Hydro Inc. does not file a submission that inaccuracies were found or information was missing from the Tariff of Rates and Charges set out in Schedule A.
5. If the OEB receives a submission from Niagara-on-the-Lake Hydro Inc. to the effect that inaccuracies were found or information was missing from the Tariff of Rates and Charges set out in Schedule A, the OEB will consider the submission prior to issuing a final Decision and Rate Order.
6. Niagara-on-the-Lake Hydro Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

COST AWARDS

The OEB will issue a separate decision on cost awards once the following steps are completed:

1. Vulnerable Energy Consumers Coalition shall submit to the OEB and copy Niagara-on-the-Lake Hydro Inc. its cost claims no later than **7 days** from the date of issuance of this Decision and Rate Order.
2. Niagara-on-the-Lake Hydro Inc. shall file with the OEB and forward to Vulnerable Energy Consumers Coalition any objections to the claimed costs within **17 days** from the date of issuance of this Decision and Rate Order.
3. Vulnerable Energy Consumers Coalition shall file with the OEB and forward to

Niagara-on-the-Lake Hydro Inc. any responses to any objections for cost claims within **24 days** from the date of issuance of this Decision and Rate Order.

4. Niagara-on-the-Lake Hydro Inc. shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

All materials filed with the OEB must quote the file number, **EB-2020-0042**, and be submitted in a searchable/unrestricted PDF format with a digital signature through the OEB's web portal at <https://p-pes.ontarioenergyboard.ca/PivotatUX/>. Filings must clearly state the sender's name, postal address, telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at www.oeb.ca/industry. Parties are encouraged to use RESS; however, parties who have not yet [set up an account](#), may email their documents to registrar@oeb.ca. All communications should be directed to the attention of the Registrar and be received no later than 4:45 p.m. on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Kelli Benincasa, at Kelli.Benincsa@oeb.ca and OEB Counsel, Lawren Murray, at Lawren.Murray@oeb.ca.

E-mail: registrar@oeb.ca
Tel: 1-888-632-6273 (Toll free)
Fax: 416-440-7656

DATED at Toronto, March 25, 2021

ONTARIO ENERGY BOARD

Original Signed By

Christine E. Long
Registrar

Schedule A

To Decision and Rate Order

Tariff of Rates and Charges

OEB File No: EB-2020-0042

DATED: March 25, 2021

Niagara-on-the-Lake Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2021
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2020-0042

RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separately metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	29.97
Rate Rider for Disposition of Large Use Deferral/Variance Accounts - effective until April 30, 2022	\$	(0.16)
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until April 30, 2022 Applicable only for Non-RPP Customers	\$/kWh	(0.0005)
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2021) - effective until April 30, 2022	\$/kWh	0.0002
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2022	\$/kWh	(0.0008)
Rate Rider for Disposition of Capacity Based Recovery Account (2021) - effective until April 30, 2022 Applicable only for Class B Customers	\$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0084
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0012

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Niagara-on-the-Lake Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2021
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EB-2020-0042

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification applies to a non-residential account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	40.84
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0121
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until April 30, 2022 Applicable only for Non-RPP Customers	\$/kWh	(0.0005)
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2021) - effective until April 30, 2022	\$/kWh	0.0009
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2022	\$/kWh	(0.0008)
Rate Rider for Disposition of Capacity Based Recovery Account (2021) - effective until April 30, 2022 Applicable only for Class B Customers	\$/kWh	(0.0001)
Rate Rider for Disposition of Large Use Deferral/Variance Accounts - effective until April 30, 2022	\$/kWh	(0.0002)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0076
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0012

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Niagara-on-the-Lake Hydro Inc.
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GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification applies to a non-residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than 50 kW but less than 5,000 kW. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	291.88
Distribution Volumetric Rate	\$/kW	2.4431
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until April 30, 2022 Applicable only for Non-RPP Customers	\$/kWh	(0.0005)
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2021) - effective until April 30, 2022	\$/kW	0.2820
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2022	\$/kW	(0.3130)
Rate Rider for Disposition of Capacity Based Recovery Account (2021) - effective until April 30, 2022 Applicable only for Class B Customers	\$/kW	(0.0480)
Rate Rider for Disposition of Large Use Deferral/Variance Accounts - effective until April 30, 2022	\$/kW	(0.0253)

Niagara-on-the-Lake Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2021
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Retail Transmission Rate - Network Service Rate	\$/kW	3.1188
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.3843
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	3.3707
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	0.9244

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Niagara-on-the-Lake Hydro Inc.
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LARGE USE SERVICE CLASSIFICATION

This classification applies to a non-residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than 5,000 kW. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	3,826.29
Distribution Volumetric Rate	\$/kW	2.4431
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2022	\$/kW	(0.2404)
Rate Rider for Disposition of Large Use Deferral/Variance Accounts - effective until April 30, 2022	\$/kW	(0.0108)
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	3.3707
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	0.9244

Niagara-on-the-Lake Hydro Inc.
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MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Niagara-on-the-Lake Hydro Inc.
TARIFF OF RATES AND CHARGES
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UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/ documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per customer)	\$	21.97
Distribution Volumetric Rate	\$/kWh	0.0056
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until April 30, 2022 Applicable only for Non-RPP Customers	\$/kWh	(0.0005)
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2022	\$/kWh	(0.0008)
Rate Rider for Disposition of Capacity Based Recovery Account (2021) - effective until April 30, 2022 Applicable only for Class B Customers	\$/kWh	(0.0001)
Rate Rider for Disposition of Large Use Deferral/Variance Accounts - effective until April 30, 2022	\$/kWh	(0.0002)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0076
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0012

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Niagara-on-the-Lake Hydro Inc.
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STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established by an approved Ontario Energy Board process. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	7.46
Distribution Volumetric Rate	\$/kW	1.7950
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until April 30, 2022 Applicable only for Non-RPP Customers	\$/kWh	(0.0005)
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2021) - effective until April 30, 2022	\$/kW	18.7456
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2022	\$/kW	(0.2836)
Rate Rider for Disposition of Capacity Based Recovery Account (2021) - effective until April 30, 2022 Applicable only for Class B Customers	\$/kW	(0.0444)
Rate Rider for Disposition of Large Use Deferral/Variance Accounts - effective until April 30, 2022	\$/kW	(0.6802)
Retail Transmission Rate - Network Service Rate	\$/kW	2.3517
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.2971

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Niagara-on-the-Lake Hydro Inc.
TARIFF OF RATES AND CHARGES
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STANDBY POWER SERVICE CLASSIFICATION

This classification refers to an account that has Load Displacement Generation or Load Displacement Storage that requires Niagara-on-the-Lake Hydro to provide back-up service. Standby Charges are to be applied to behind-the-meter generators that have a nameplate capacity greater than or equal to 500kW and are not IESO market participants or IESO program participants (FIT, MicroFIT, SOP etc.) which have their own metering and settlement conventions as per regulation and legislation. For the purpose of this rate classification the term "generator" shall include electricity storage devices used for the primary purpose of Load Displacement. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any changes, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment, and the HST.

MONTHLY RATES AND CHARGES

Standby Charges are based on applicable monthly General Service > 50kW to 4,999 kW or Large Use Distribution Volumetric Charges, depending on the rate classification of the generator host facility.

Distribution Charges on the generator host facility's load account will be determined by multiplying the peak hourly delivered load as measured by the load account meter in kW by applicable variable charges for the rate class. Standby Charges will be determined by multiplying the peak coincident combined kW delivered by both the distribution system and the generator, less the peak hourly delivered load in kW of the host customer facility as measured by the generator host load account meter.

Niagara-on-the-Lake Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2021
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microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	10.00
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Niagara-on-the-Lake Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2021
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ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.56)
Primary Metering Allowance for Transformer Losses - applied to measured demand & energy	%	(1.00)

SPECIFIC SERVICE CHARGES

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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Customer Administration

Arrears certificate	\$	15.00
Statement of account	\$	15.00
Pulling post dated cheques	\$	15.00
Duplicate invoices for previous billing	\$	15.00
Request for other billing information	\$	15.00
Easement letter	\$	15.00
Account history	\$	15.00
Credit check (plus credit agency costs)	\$	15.00
Returned cheque (plus bank charges)	\$	15.00
Charge to certify cheque	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	190.00

Non-Payment of Account

Late payment - per month (effective annual rate 19.56% per annum or 0.04896% compounded daily)	%	1.50
Reconnection at meter - during regular hours	\$	95.00
Reconnection at meter - after regular hours	\$	320.00
Reconnection at pole - during regular hours	\$	185.00
Reconnection at pole - after regular hours	\$	610.00

Other

Service call - customer-owned equipment - during regular hours	\$	30.00
Service call - customer-owned equipment - after regular hours	\$	320.00
Temporary service - install & remove - overhead - no transformer	\$	Variable
Temporary service - install & remove - underground - no transformer	\$	Variable
Temporary service - install & remove - overhead - with transformer	\$	Variable
Specific charge for access to the power poles - per pole/year (with the exception of wireless attachments) - Approved on an Interim Basis	\$	44.50

Niagara-on-the-Lake Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2021
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2020-0042

RETAIL SERVICE CHARGES (if applicable)

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity.

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	104.24
Monthly fixed charge, per retailer	\$	41.70
Monthly variable charge, per customer, per retailer	\$/cust.	1.04
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.62
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.62)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.52
Processing fee, per request, applied to the requesting party	\$	1.04
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year	\$	no charge
More than twice a year, per request (plus incremental delivery costs)	\$	4.17
Notice of switch letter charge, per letter (unless the distributor has opted out of applying the charge as per the Ontario Energy Board's Decision and Order EB-2015-0304, issued on February 14, 2019)	\$	2.08

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor - Secondary Metered Customer < 5,000 kW	1.0373
Total Loss Factor - Secondary Metered Customer > 5,000 kW	1.0145
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0275
Total Loss Factor - Primary Metered Customer > 5,000 kW	1.0045