



DECISION AND RATE ORDER

EB-2021-0057

SIOUX LOOKOUT HYDRO INC.

**Application for rates and other charges to be effective May
1, 2022**

BEFORE: Pankaj Sardana
Presiding Commissioner

Anthony Zlahtic
Commissioner

March 3, 2022

1 OVERVIEW

The Ontario Energy Board is approving changes to the rates that Sioux Lookout Hydro Inc. (Sioux Lookout Hydro) charges to distribute electricity to its customers, effective May 1, 2022. The OEB is also approving Sioux Lookout Hydro's Z-factor claim for the reasons outlined in the Decision.

As a result of this Decision, there will be a monthly total bill increase of \$3.96 for a residential customer consuming 750 kWh, effective May 1, 2022. This change does not factor in applicable taxes or the Ontario Electricity Rebate but includes impacts resulting from the Distribution Rate Protection program. The applicant is one of eight electricity distributors in Ontario to which this tax-funded program applies. The program has been in effect since July 2017, and currently caps monthly distribution charges at \$36.86.¹

¹ EB-2021-0189, Decision and Order, June 24, 2021

2 CONTEXT AND PROCESS

Sioux Lookout Hydro filed its application on October 5, 2021 under section 78 of the *Ontario Energy Board Act, 1998* and in accordance with Chapter 3 of the OEB's [Filing Requirements for Incentive Rate-Setting Applications](#) (Filing Requirements). The application was based on the Price Cap Incentive Rate-setting (Price Cap IR) option, with a five-year term.

The Price Cap IR option is one of three incentive rate-setting mechanisms (IRM) approved by the OEB.² It involves the setting of rates through a cost of service application in the first year and mechanistic price cap adjustments which may be approved through IRM applications in each of the ensuing four adjustment years.

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. The distributor then reviews, completes, and includes the model with its application, and may update the model during the proceeding to make any necessary corrections or to incorporate new rate-setting parameters as they become available.

Sioux Lookout Hydro serves approximately 2,800 mostly residential and commercial electricity customers in the Municipality of Sioux Lookout.

Notice of the application was issued on October 22, 2021. No persons applied for intervenor status.

The application was supported by pre-filed written evidence and a completed Rate Generator Model and as required during the proceeding, Sioux Lookout Hydro updated and clarified the evidence.

Sioux Lookout Hydro responded to interrogatories from OEB staff. OEB staff filed a written submission on the application to which Sioux Lookout Hydro made a written reply.

² Each of these options is explained in the OEB's [Handbook for Utility Rate Applications](#).

3 DECISION OUTLINE

Each of the following issues is addressed in this Decision, together with the OEB's findings.

- Annual Adjustment Mechanism
- Shared Tax Adjustments
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts
- Lost Revenue Adjustment Mechanism Variance Account Balance
- Z-factor

Instructions for implementing Sioux Lookout Hydro's new rates and charges are set out in the final section of this Decision.

This Decision does not address rates and charges approved by the OEB in prior proceedings, such as specific service charges³ and loss factors, which are out of scope of an IRM proceeding and for which no further approvals are required to continue to include them in Sioux Lookout Hydro's Tariff of Rates and Charges.

³ Certain service charges are subject to annual adjustments to be determined by the OEB through a generic order. For example, the Decision and Order EB-2021-0301, issued November 25, 2021 established the adjustment for energy retailer service charges, effective January 1, 2022; and the Decision and Order EB-2021-0302, issued December 16, 2021, established the 2022 Wireline Pole Attachment Charge, effective January 1, 2022.

4 ANNUAL ADJUSTMENT MECHANISM

Sioux Lookout Hydro has applied to change its rates, effective May 1, 2022, based on a mechanistic rate adjustment using the OEB-approved **inflation minus X-factor** formula applicable to IRM applications. The adjustment applies to distribution rates (fixed and variable) uniformly across all customer classes.⁴

The components of the Price Cap IR adjustment formula applicable to Sioux Lookout Hydro are set out in the table below. Inserting these components into the formula results in a 3.15% increase to Sioux Lookout Hydro's rates: **3.15% = 3.30% - (0.00% + 0.15%)**.

Table 4.1: Price Cap IR Adjustment Formula

Components		Amount
Inflation Factor ⁵		3.30%
X-Factor	Productivity ⁶	0.00%
	Stretch (0.00% to 0.60%) ⁷	0.15%

An inflation factor of 3.30% applies to all IRM applications for the 2022 rate year.

On August 6, 2021, the OEB issued a Notice on its own motion to initiate a proceeding to consider the inflation factor to be used to set rates for electricity transmitters and electricity and natural gas distributors for the year 2022. The OEB issued its Decision and Order on November 18, 2021, establishing the 2022 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 IRM applications for the 2022 rate year.

⁴ The adjustment does not apply to the following components of delivery rates: 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, specific service charges, microFIT charge, and retail service charges.

⁵ EB-2021-0212, Decision and Order, November 18, 2021

⁶ Report of the Ontario Energy Board – “Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors”, EB-2010-0379, December 4, 2013

⁷ Report to the Ontario Energy Board – “Empirical Research in Support of Incentive Rate-Setting: 2020 Benchmarking Update”, prepared by Pacific Economics Group LLC., August 2021

The stretch factor component of the X-factor is distributor specific. The OEB has established five stretch factor groupings, ranging from 0.00% to 0.60%. The stretch factor assigned to a particular distributor is based on the distributor's total cost performance as benchmarked against other distributors in Ontario. The stretch factor assigned to Sioux Lookout Hydro is 0.15%, resulting in a rate adjustment of 3.15%.

Findings

Sioux Lookout Hydro's request for a 3.15% rate adjustment is in accordance with the annually updated parameters set by the OEB. The adjustment is approved, and Sioux Lookout Hydro's new rates shall be effective May 1, 2022.

5 SHARED TAX ADJUSTMENTS

In any adjustment year of an IRM term, a change in legislation may result in a change to the amount of taxes payable by a distributor. The impacts of such legislated tax changes are shared equally between shareholders and customers.⁸ The shared tax change amount, whether in the form of a credit or a debit, will be assigned to customer rate classes in the same proportions as the OEB-approved distribution revenue by rate class from the distributor's last cost of service proceeding.

The application identifies a total tax decrease of \$4,897, resulting in a shared amount of \$2,449 to be refunded to ratepayers.

This allocated tax sharing amount does not produce a rate rider to the fourth decimal place, in one or more rate classes. In such situations where the Rate Generator Model does not compute rate riders, distributors are required to transfer the entire OEB-approved tax sharing amount into the Disposition and Recovery of Regulatory Balances Control Account (Account 1595) for disposition at a later date.

Findings

The OEB approves the tax refund of \$2,449.

As the allocated tax sharing amount does not produce a rate rider in one or more rate classes, the OEB directs Sioux Lookout Hydro to record the credit amount of \$2,449 into Account 1595 - Sub-account Principal Balances Approved for Disposition in 2022.

⁸ On July 25, 2019, the OEB issued a [letter](#) providing accounting guidance with respect to changes in capital cost allowance (CCA) rules. The guidance provides that impacts from changes in CCA rules will not be assessed in IRM proceedings, and that any request for disposition of amounts related to CCA changes is to be deferred to the distributor's next cost of service rate proceeding. A distributor's request for disposition of shared tax adjustment amounts in an IRM application should, therefore, be comprised only of impacts for tax changes unrelated to CCA.

6 RETAIL TRANSMISSION SERVICE RATES

Sioux Lookout Hydro is fully embedded within Hydro One Networks Inc.'s (Hydro One) distribution system.

To recover its cost of transmission services, Sioux Lookout Hydro requests approval to adjust the retail transmission service rates (RTSRs) that it charges its customers in accordance with the host distributor RTSRs currently in effect.

Findings

Sioux Lookout Hydro's proposed adjustment to its RTSRs is approved. The RTSRs were adjusted based on the current OEB-approved host-RTSRs.⁹

Host-RTSRs are typically approved annually by the OEB. In the event that new host-RTSRs take effect during Sioux Lookout Hydro's 2022 rate year, any resulting differences (from the prior-approved host-RTSRs) are to be captured in Retail Settlement Variance Accounts 1584 (Retail Transmission Network Charge) and 1586 (Retail Transmission Connection Charge).

⁹ EB-2021-0032, Decision and Rate Order, December 14, 2021

7 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 to determine whether those balances should be disposed. OEB policy states that Group 1 account balances should be disposed if they exceed, on a net basis (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.¹⁰ If the net balance does not exceed the threshold, a distributor may still request disposition.

The 2020 year-end net balance for Sioux Lookout Hydro's Group 1 accounts eligible for disposition, including interest projected to April 30, 2022, is a credit of \$21,256, and pertains to variances accumulated during the 2020 calendar year. This amount represents a total credit claim of \$0.0003 per kWh, which does not exceed the disposition threshold. Sioux Lookout Hydro has requested disposition of this amount over a one-year period and noted that it would like to dispose of the balances on a yearly basis to minimize rate impacts to customers.

Included in the Group 1 accounts are certain variances related to costs that are paid for by a distributor's customers on different bases, depending on their classification. Namely, "Class A" customers, who participate in the Industrial Conservation Initiative, pay for Global Adjustment (GA) charges based on their contribution to the five highest Ontario demand peaks over a 12-month period. "Class B" customers pay for GA charges based on their monthly consumption totals, either as a standalone charge or embedded in the Regulated Price Plan (RPP).¹¹ A similar mechanism applies to Class A and Class B customers for Capacity Based Recovery (CBR) charges.¹² The balance in the GA variance account is attributable to non-RPP Class B customers and is disposed through a separate rate rider. The balance in the CBR Class B variance account is attributable to all Class B customers.

Sioux Lookout Hydro had no Class A customers during the period in which variances accumulated so it has applied to have the balance of the CBR Class B account disposed along with Account 1580 - Wholesale Market Service Charge through the general Deferral and Variance Account rate rider.

¹⁰ Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)", EB-2008-0046, July 31, 2009

¹¹ For additional details on the Global Adjustment charge, refer to the Independent Electricity System Operator (IESO)'s [website](#).

¹² All Class B customers (RPP and non-RPP) pay the CBR as a separate charge based on their monthly consumption. For additional details on the CBR for Class A customers, refer to the IESO's [website](#).

Findings

The balances proposed for disposition reconcile with the amounts reported as part of the OEB's *Electricity Reporting and Record-Keeping Requirements*.

The OEB approves the disposition of a credit balance of \$21,256 as of December 31, 2020, including interest projected to April 30, 2022 for Group 1 accounts on a final basis. Table 7.1 identifies the specific accounts approved for disposition.

Table 7.1: Group 1 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
LV Variance Account	1550	(15,125)	(191)	(15,316)
Smart Metering Entity Charge	1551	(74)	(18)	(92)
RSVA - Wholesale Market Service Charge	1580	(1,095)	(114)	(1,209)
RSVA - Retail Transmission Network Charge	1584	5,485	(164)	5,321
RSVA - Retail Transmission Connection Charge	1586	(2,182)	(111)	(2,292)
RSVA - Power	1588	(5,508)	(1,834)	(7,342)
RSVA - Global Adjustment	1589	1,901	(2,227)	(326)
Totals for Group 1 Accounts		(16,597)	(4,659)	(21,256)

The balance of each of the Group 1 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 the *Accounting Procedures Handbook for Electricity Distributors*.¹³ 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, as calculated in the Rate Generator Model. The final rate riders will be in effect over a one-year period from May 1, 2022 to April 30, 2023.¹⁴

¹³ Article 220, Account Descriptions, Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012

¹⁴ 2022 IRM Rate Generator Model Tab 6.1 GA and Tab 7 Calculation of Def-Var RR

8 LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT

The OEB utilizes a Lost Revenue Adjustment Mechanism Variance Account (LRAMVA), which captures a distributor's revenue implications resulting from differences between actual and forecast conservation savings included in its last OEB-approved load forecast.¹⁵

Distributors delivered conservation and demand management (CDM) programs to their customers through the Conservation First Framework (CFF) that began on January 1, 2015 until March 20, 2019, when the CFF was revoked.¹⁶ The OEB provided direction to distributors seeking to claim program savings up to December 31, 2021 related to CFF programs or other conservation programs they delivered.¹⁷

Sioux Lookout Hydro has applied to dispose of its LRAMVA debit balance of \$17,060. The balance consists of lost revenues in 2016, 2017, 2018 and 2020 from CDM programs delivered during the period from 2011-2019 and carrying charges. During the proceeding, Sioux Lookout Hydro updated its LRAMVA balance to incorporate interest charges from January 1, 2022 to March 31, 2022. This update results in a revised LRAMVA balance of \$17,060. The actual conservation savings claimed by Sioux Lookout Hydro under the CFF were validated with reports from the IESO, project level savings files, or both.

Findings

The OEB finds that Sioux Lookout Hydro's LRAMVA balance has been calculated in accordance with the OEB's CDM-related guidelines and LRAMVA policy. The OEB approves the disposition of Sioux Lookout Hydro's LRAMVA debit balance of \$17,060, as set out in Table 8.1 below.

Table 8.1 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	45,843	29,914	1,131	17,060

¹⁵ 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

¹⁶ On March 20, 2019 the Minister of Energy, Northern Development and Mines issued separate Directives to the OEB and the IESO.

¹⁷ Chapter 3 Filing Requirements, section 3.2.6.1

9 Z-FACTOR

Background

On June 23, 2021, a severe windstorm swept through Sioux Lookout Hydro's service territory causing significant damage to its distribution system, including three feeders, and impacting all of its customers. To aid in restoring power, Sioux Lookout Hydro obtained assistance from Synergy North Corporation (Synergy North) and Hydro One. By June 25, 2021, power was restored to approximately 96% of customers.¹⁸

Sioux Lookout Hydro filed a notice with the OEB on September 7, 2021, advising its intention to file a Z-factor claim in its 2022 rate application for the recovery of incremental costs incurred as a result of the windstorm.¹⁹

Sioux Lookout Hydro has requested to recover \$299,002, plus carrying costs of \$994, for a total Z-factor claim of \$299,996 for incremental Operations, Maintenance and Administration costs incurred. Sioux Lookout Hydro noted that it is not proposing to recover any capital or internal material costs related to the windstorm. Sioux Lookout Hydro has requested that the total Z-factor amount be allocated across all rate classes, in proportion to its last OEB-approved revenue requirement by rate class and recover the allocated amounts through fixed rate riders based on the most recently reported actual customer counts. To mitigate customer bill impacts, Sioux Lookout Hydro has proposed that the Z-factor rate rider be effective for a period of three years beginning May 1, 2022 and ending April 30, 2025.²⁰

Sioux Lookout Hydro provided the following table to summarize the incremental costs of the windstorm.²¹

¹⁸ EB-2021-0057, Manager's Summary, pages 11 to 21

¹⁹ Sioux Lookout Hydro's letter to the OEB, dated September 7, 2021

²⁰ EB-2021-0057, Manager's Summary, pages 21 to 22

²¹ EB-2021-0057, Manager's Summary, page 20, Table 12

Table 9.1: Summary of Incremental Storm Costs

Sioux Lookout Hydro Internal Labour	
Staff Overtime	\$21,214
Management Overtime	\$6,863
Utilities (Hydro One, Synergy North)	\$196,491
Arborist Contractor	\$61,460
Other External Costs	
Accommodations	\$8,481
Fuel	\$3,439
Meals	\$1,054
Total before Carrying Charges	\$299,002
Carrying Charges October 1, 2021 to December 31, 2021	\$426
Carrying Charges January 1, 2022 to April 30, 2022	\$568
Total	\$299,996

Based on the OEB's *Report on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors*²² and the Filing Requirements, Z-factors are intended to provide for unforeseen events outside of a distributor's management control. The cost to the distributor must be material and its causation clear. In order for amounts to be considered for recovery by way of a Z-factor, the amounts must satisfy the following three eligibility criteria:

- Causation – Amounts should be directly related to the Z-factor event. The amount must be clearly outside of the base upon which rates were derived.
- Materiality – The amounts must exceed the OEB-defined materiality threshold and have a significant influence on the operation of the distributor; otherwise they should be expensed in the normal course and addressed through organizational productivity improvements.
- Prudence – The amounts must have been prudently incurred. This means that the distributor's decision to incur the amounts must represent the most cost-effective option (not necessarily least initial cost) for ratepayers.

The Filing Requirements also state that, to be eligible for a Z-factor claim, a distributor must demonstrate that its achieved regulatory return on equity (ROE), during its most

²² http://www.ontarioenergyboard.ca/oeb/ Documents/EB-2007-0673/Report_of_the_Board_3rd_Generation_20080715.pdf

recently completed fiscal year, does not exceed 300 basis points above its deemed ROE embedded in its base rates.

Causation

Sioux Lookout Hydro stated that it expects and plans for a certain level of weather-related damage due to storms. However, the windstorm was far beyond anything that Sioux Lookout Hydro previously experienced with winds reaching up to 111 km/hr.

Sioux Lookout Hydro noted that the total incremental cost of \$299,002 was directly caused by the windstorm. Eighty-five percent (85%) of the costs were related to the mutual assistance received from Synergy North. Sioux Lookout Hydro noted that the resources provided by Synergy North arrived approximately 24 hours after the event and Sioux Lookout Hydro's crew, although limited, worked throughout the night to restore power to as many customers as possible. Sioux Lookout Hydro stated that the total cost is clearly outside of the base upon which rates were derived in its 2018 cost of service proceeding.²³

Sioux Lookout Hydro also noted that it has a vegetation management plan to mitigate extreme weather events. However, with a large portion of its service territory being rural with dense foliage and long spans of line with very few customers, a large portion (approximately 47%) of its maintenance budget is allocated to tree trimming.

OEB staff submitted that Sioux Lookout Hydro's expenditures, particularly since last rebasing in 2018, are generally aligned with the amounts that underpin rates. Further, OEB staff noted that the amounts in the Z-Factor claim are incremental to those already incurred in 2021 related to emergency response activities and that the amounts sought for recovery through the Z-Factor mechanism are outside the base upon which Sioux Lookout Hydro's current rates are set.

Findings

The OEB finds the total claim including carrying charges of \$299,996 was directly attributable to the windstorm event and the expense was outside the base upon which rates were derived. The Z-factor claim meets the causation criterion for recovery.

Materiality

OEB staff notes that the OEB's materiality threshold for a Z-factor claim is \$50,000 for a distributor with a distribution revenue requirement less than or equal to \$10 million.

²³ EB-2021-0057, Manager's Summary, page 17

Sioux Lookout Hydro has an approved revenue requirement of \$2,053,198 from its 2018 cost of service application. Therefore, its materiality threshold is \$50,000.

Findings

The OEB finds that the materiality criterion has been met as the total claim of \$299,996 exceeds Sioux Lookout Hydro's \$50,000 materiality threshold.

Prudence

Sioux Lookout Hydro indicated that it activated its Mutual Assistance Plan immediately after the storm had passed and requested assistance from Synergy North – the largest distributor in the Plan. Synergy North sent a total of 20 staff (including line crews, supervisors and subcontracted utility arborists) along with trucks. Sioux Lookout Hydro recalled all staff available to respond to the damage and customer calls. As well, Sioux Lookout Hydro requested assistance from Hydro One to restore some customers. All power was restored by June 27 and without the additional resources (from Synergy North and Hydro One), Sioux Lookout Hydro noted that it would not have been able to restore power to customers within a reasonable timeframe, given its own small staff complement.

Sioux Lookout Hydro noted that the overtime paid to management was approved by the Board of Directors with the express caveat that it would be a one-time occurrence given the extraordinary circumstances of the event. The Board of Directors felt that management should not be paid at the standard overtime rate but recognized that compensation based on straight hours worked outside of normal business hours would be appropriate to recognize that upwards of six times the normal amount of staff and resources needed to be managed during this time. Sioux Lookout Hydro noted that a Z-factor claim including overtime paid to management was approved by the OEB in a prior Decision and Order issued for Halton Hills Hydro Inc.²⁴

OEB staff submitted that the management overtime payment of \$6,863 is about 2.3% of the total Z-factor claim and that Sioux Lookout Hydro acted prudently in allowing for the payment of overtime for management. OEB staff submitted that it did not oppose Sioux Lookout Hydro's proposed inclusion of the overtime payment to management employees in its Z-factor claim.

OEB staff submitted that Sioux Lookout Hydro employs eight staff, has a service territory of 539 square kilometers and services approximately 2,900 customers.

²⁴ Sioux Lookout Hydro's response to OEB staff interrogatory 9 c) referring to EB-2014-0211 Decision and Order, issued December 11, 2014 and corrected December 12, 2014

Furthermore, OEB staff submitted that given Sioux Lookout Hydro's size, it was able to restore power to its customers expeditiously by implementing the Mutual Assistance Plan, which was established to respond to local emergencies that are beyond the capability of a single distributor.²⁵ OEB staff submitted that Sioux Lookout Hydro acted prudently in promptly securing assistance to restore power and did so in a cost-effective way, given the circumstances.

Findings

Sioux Lookout Hydro was prudent in its storm management as it restored service to 96% of its customers safely and efficiently within 48 hours of the passing of the storm. The OEB notes that Sioux Lookout Hydro also acted prudently as it sought and got assistance via activating its Mutual Assistance Plan from neighboring utilities to assist with power restoration efforts, and, under the circumstances, associated costs for this assistance including the one-time overtime costs paid to management were prudently incurred.

Cost Allocation and Rate Design

Sioux Lookout Hydro requested to apply the revenue requirement allocations from its 2018 cost of service to a total Z-factor claim of \$299,996 and recover the allocated amounts through fixed rate riders based on the June 30, 2021 customer numbers. In order to mitigate the customer bill impacts, Sioux Lookout Hydro has proposed that the Z-factor rate rider be effective for a period of three years beginning May 1, 2022 and ending April 30, 2025.

OEB staff submitted that Sioux Lookout Hydro's proposal to allocate the costs associated with the windstorm on the basis of distribution revenue and use the June 30, 2021 customer numbers as the billing determinant is reasonable, as is its request for a 36-month recovery period.

Findings

The OEB approves Sioux Lookout Hydro's proposal to allocate the Z-factor costs across on a fixed rate rider basis across all rate classes based on the utility's June 30, 2021 customer numbers.

Given the relatively small number of customers over which Sioux Lookout Hydro's Z-factor costs are to be allocated, the OEB agrees with and approves the Z-factor cost

²⁵ Manager's Summary, Appendix C

recovery over a 3-year period from May 1, 2022 to April 30, 2025. Still, this extended recovery period raises concerns for the OEB. Specifically, the OEB is concerned about the rate impacts to customers should another Z-factor event occur within this 3-year recovery period. To that end, the OEB encourages Sioux Lookout Hydro to revisit its Maintenance Budget and Vegetation Control Plan to find opportunities to storm-harden its distribution system so that it can be better prepared for future adverse weather events.

10 IMPLEMENTATION

This Decision is accompanied by a Rate Generator Model, applicable supporting models, and a Tariff of Rates and Charges (Schedule A). The Rate Generator Model also incorporates the rates set out in Table 10.1.

Table 10.1: 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 these 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 16, 2021.²⁶

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, 2018.²⁷

In the *Report of the Board: Review of Electricity Distribution Cost Allocation Policy*,²⁸ the OEB indicated that it will review the default province-wide microFIT charge annually to ensure it continues to reflect actual costs in accordance with the established methodology. On January 26, 2022, the OEB issued a letter advising electricity distributors that the microFIT charge shall remain at \$4.55 for the duration of 2022.

²⁶ EB-2021-0300, Decision and Order, December 16, 2021

²⁷ EB-2017-0290, Decision and Order, March 1, 2018

²⁸ EB-2010-0219, Report of the Board “Review of Electricity Distribution Cost Allocation Policy”, March 31, 2011

11 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Sioux Lookout Hydro Inc.'s new final distribution rates shall be effective May 1, 2022, in accordance with the Tariff of Rates and Charges set out in Schedule A.
2. The Tariff of Rates and Charges are deemed draft until Sioux Lookout Hydro Inc. has complied with the subsequent procedural steps.
3. Sioux Lookout Hydro Inc. shall review the Tariff of Rates and Charges 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, by **March 10, 2022**.
4. This Decision and Rate Order will be considered a final rate order if Sioux Lookout Hydro Inc. does not provide a submission to the OEB that inaccuracies were found or information was missing pursuant to item 3.
5. If the OEB receives a submission from Sioux Lookout Hydro Inc. to the effect that inaccuracies were found or information was missing pursuant to item 3, the OEB will consider the submission prior to issuing a final rate order.
6. Sioux Lookout Hydro Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, **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](#).

Please quote file number, **EB-2021-0057** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [Filing Systems page](#) on the OEB's website

- Parties are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact registrar@oeb.ca for assistance
- Cost claims are filed through the OEB's online filing portal. Please visit the [File documents online page](#) of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

All communications should be directed to the attention of the Registrar and be received by end of business, 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, Marc Abramovitz at marc.abramovitz@oeb.ca and OEB Counsel, Ljuba Djurdjevic at ljuba.djurdjevic@oeb.ca.

Email: registrar@oeb.ca

Tel: 1-877-632-2727 (Toll free)

DATED at Toronto, March 3, 2022

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar

Schedule A

To Decision and Rate Order

Tariff of Rates and Charges

OEB File No: EB-2021-0057

DATED: March 3, 2022

Sioux Lookout Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2022
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2021-0057

RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separate 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. All customers are single-phase. 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.

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	51.26
Rate Rider for Recovery of Wind Storm Damage Costs - effective until April 30, 2025	\$	2.27
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for Disposition of Account 1575 - effective until September 30, 2023	\$	0.22
Low Voltage Service Rate	\$/kWh	0.0050
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2022) - effective until April 30, 2023	\$/kWh	0.0004
Rate Rider for Disposition of Deferral/Variance Accounts (2022) - effective until April 30, 2023	\$/kWh	(0.0003)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0088
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0015

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

Sioux Lookout Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2022
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approved schedules of Rates, Charges and Loss Factors

EB-2021-0057

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification applies to a non residential 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. 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

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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.

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	49.64
Rate Rider for Recovery of Wind Storm Damage Costs - effective until April 30, 2025	\$	3.44
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for Disposition of Account 1575 - effective until September 30, 2023	\$	0.47
Distribution Volumetric Rate	\$/kWh	0.0109
Low Voltage Service Rate	\$/kWh	0.0035
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2022) - effective until April 30, 2023	\$/kWh	0.0003
Rate Rider for Disposition of Deferral/Variance Accounts (2022) - effective until April 30, 2023	\$/kWh	(0.0003)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0078
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0011

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

Sioux Lookout Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2022
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EB-2021-0057

GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Note that for the application of the Retail Transmission Rate - Network Service Rate and the Retail Transmission Rate - Line and Transformation Connection Service Rate the following sub-classifications apply:

General Service 50 to 1,000 kW non-interval metered
 General Service 50 to 1,000 kW interval metered
 General Service >1,000 to 4,999 kW interval metered.

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.

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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 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	\$	403.81
Rate Rider for Recovery of Wind Storm Damage Costs - effective until April 30, 2025	\$	25.96
Rate Rider for Disposition of Account 1575 - effective until September 30, 2023	\$	8.15
Distribution Volumetric Rate	\$/kW	1.4093
Low Voltage Service Rate	\$/kW	1.5996

Sioux Lookout Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2022
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2021-0057

Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2022) - effective until April 30, 2023	\$/kW	(0.0803)
Rate Rider for Disposition of Deferral/Variance Accounts (2022) - effective until April 30, 2023	\$/kW	(0.1071)
Retail Transmission Rate - Network Service Rate	\$/kW	3.1545
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.4625

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

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TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2022
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EB-2021-0057

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, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved Ontario Energy Board street lighting load shape template. 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

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	4.21
Rate Rider for Recovery of Wind Storm Damage Costs - effective until April 30, 2025	\$	0.22
Distribution Volumetric Rate	\$/kW	11.7676
Low Voltage Service Rate	\$/kW	1.2342
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2022) - effective until April 30, 2023	\$/kW	7.4326
Rate Rider for Disposition of Deferral/Variance Accounts (2022) - effective until April 30, 2023	\$/kW	(0.0950)
Retail Transmission Rate - Network Service Rate	\$/kW	2.3792
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.3577

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

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TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2022
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EB-2021-0057

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 Condition of Service.

APPLICATION

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	4.55
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Sioux Lookout Hydro Inc.
TARIFF OF RATES AND CHARGES
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EB-2021-0057

ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.37)
Primary Metering Allowance for Transformer Losses - applied to measured demand & energy	%	(1.00)

SPECIFIC SERVICE CHARGES

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Customer Administration

Statement of account	\$	15.00
Duplicate invoices for previous billing	\$	15.00
Easement letter	\$	15.00
Income tax letter	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned items (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
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

Non-Payment of Account

Late payment - per month (effective annual rate 19.56% per annum or 0.04896% compounded daily rate)	%	1.50
Reconnection at meter - during regular hours	\$	110.00
Reconnection at meter - after regular hours	\$	245.00
Reconnection at pole - during regular hours	\$	245.00
Reconnection at pole - after regular hours	\$	415.00

Other

Temporary service - install & remove - overhead - no transformer	\$	500.00
Temporary service - install & remove - underground - no transformer	\$	300.00
Temporary service - install & remove - overhead - with transformer	\$	1,000.00
Specific charge for access to the power poles - per pole/year (with the exception of wireless attachments)	\$	34.76

Sioux Lookout Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2022
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EB-2021-0057

RETAIL SERVICE CHARGES (if applicable)

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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	\$	107.68
Monthly fixed charge, per retailer	\$	43.08
Monthly variable charge, per customer, per retailer	\$/cust.	1.07
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.64
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.64)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.54
Processing fee, per request, applied to the requesting party	\$	1.07
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)	\$	4.31
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)	\$	2.15

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	1.0565
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0460