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DECISION AND RATE ORDER

EB-2022-0019

CANADIAN NIAGARA POWER INC.

Application for rates and other charges to be effective
January 1, 2023

BEFORE: Lynne Anderson
Presiding Chief Commissioner

David Sword
Commissioner

December 8, 2022

1. OVERVIEW

The Ontario Energy Board is approving changes to the rates that Canadian Niagara Power Inc. (CNPI) charges to distribute electricity to its customers, effective January 1, 2023.

As a result of this Decision and Rate Order, there will be a monthly total bill increase of \$7.60 for a residential customer consuming 750 kWh. This change does not factor in applicable taxes or the Ontario Electricity Rebate.

2. CONTEXT AND PROCESS

CNPI filed its application on August 3, 2022 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.¹ 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 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. A distributor will then review, complete, and include 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.

CNPI serves approximately 30,000 mostly residential and commercial electricity customers in the the Town of Fort Erie, City of Port Colborne and Town of Gananoque.

Notice of the application was issued on August 29, 2022. Hydro One Networks Inc. (Hydro One), Small Business Utility Alliance (SBUA) and Vulnerable Energy Consumers Coalition (VECC) requested intervenor status. SBUA and VECC also requested eligibility to apply for cost awards. The OEB approved Hydro One, SBUA and VECC as intervenors. The OEB approved cost eligibility for SBUA and VECC but only for certain aspects of CNPI's application.

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

CNPI responded to interrogatories from OEB staff and VECC. Submissions on the application were filed by OEB staff, VECC and CNPI.

¹ 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 and Rate Order, together with the OEB's findings.

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

Instructions for implementing CNPI's new rates and charges are set out in the final section of this Decision and Rate Order.

This Decision and Rate Order does not address rates and charges approved by the OEB in prior proceedings, such as specific service charges² and loss factors, which are out of the scope of an IRM proceeding and for which no further approvals are required to continue to include them on the distributor's Tariff of Rates and Charges.

² Certain service charges are subject to annual inflationary adjustments to be determined by the OEB through a generic order. For example, the Decision and Order EB-2022-0220, issued November 3, 2022 established the adjustment for energy retailer service charges, effective January 1, 2023; and the Decision and Order EB-2022-0221, issued November 3, 2022, established the 2023 Wireline Pole Attachment Charge, effective January 1, 2023.

4. ANNUAL ADJUSTMENT MECHANISM

CNPI has applied to change its rates, effective January 1, 2023, 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.³

The components of the Price Cap IR adjustment formula applicable to CNPI are set out in the table below. Inserting these components into the formula results in a 3.25% increase to CNPI's rates: **3.25% = 3.70% - (0.00% + 0.45%)**.

Table 4.1: Price Cap IR Adjustment Formula

Components		Amount
Inflation factor ⁴		3.70%
Less: X-factor	Productivity factor ⁵	0.00%
	Stretch factor (0.00% to 0.60%) ⁶	0.45%

An inflation factor of 3.70% applies to all IRM applications for the 2023 rate year. 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 2023 rate year. 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 any distributor is based on the distributor's total cost performance as benchmarked against other distributors in Ontario. The stretch factor assigned to CNPI is 0.45%, resulting in a rate adjustment of 3.25%.

³ 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.

⁴ [OEB Letter, 2023 Inflation Parameters, October 20, 2022](#).

⁵ 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.

⁶ Report to the Ontario Energy Board – “Empirical Research in Support of Incentive Rate-Setting: 2021 Benchmarking Update”, prepared by Pacific Economics Group LLC., July 2022.

In its submission, OEB staff indicated that it will update the 2023 Rate Generator Model to reflect the 2023 price cap parameters once available. VECC did not raise any issues with the price cap adjustment. In its reply submission, CNPI submitted that the rate adjustment of 3.25% should be applied to the January 1, 2023 distribution rates and further requested that OEB staff make the updates related to the Retail Energy Service Charges and the Pole Attachment Decisions for 2023 rates.

Findings

CNPI's request for a 3.25% rate adjustment is in accordance with the annually updated parameters set by the OEB.

The adjustment is approved, and CNPI's new rates shall be effective January 1, 2023.

5. RETAIL TRANSMISSION SERVICE RATES

CNPI is partially embedded within Hydro One's distribution system.

CNPI requests approval to adjust the retail transmission service rates (RTSRs) that it charges its customers in accordance with the Uniform Transmission Rates (UTRs), and host-RTSRs currently in effect.

In their submissions, neither OEB staff nor VECC raised any issues regarding the RTSRs and UTRs.

Findings

CNPI's proposed adjustment to its RTSRs is approved. The RTSRs have been adjusted based on the current OEB-approved UTRs and 2022 host-RTSRs.⁷

UTRs and host-RTSRs are typically approved annually by the OEB. In the event that new UTRs and host-RTSRs take effect during CNPI's 2023 rate year, any resulting differences (from the prior-approved UTRs and host-RTSRs) are to be captured in Retail Settlement Variance Accounts 1584 (Retail Transmission Network Charge) and 1586 (Retail Transmission Connection Charge).

⁷ EB-2022-0084, Decision and Order, April 7, 2022 and EB-2021-0032, Decision and Rate Order, December 14, 2021

6. GROUP 1 DEFERRAL AND VARIANCE ACCOUNTS

In each year of an IRM term, the OEB will review 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.⁸ If the net balance does not exceed the threshold, a distributor may still request disposition.⁹

The 2021 year-end net balance for CNPI's Group 1 accounts eligible for disposition, including interest projected to December 31, 2022, is a debit of \$676,117, and pertains to variances accumulated during the 2021 calendar year. This amount represents a total claim of \$0.0014 per kWh, which exceeds the pre-set disposition threshold. CNPI has requested the disposition of this amount over a one-year period.

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).¹⁰ A similar mechanism applies to Class A and Class B customers for Capacity Based Recovery (CBR) charges.¹¹ 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.

CNPI had Class A customers during the period in which variances accumulated so it has applied to have the balance of the CBR Class B variance account disposed through a separate rate rider for Class B customers to ensure proper allocation between Class A and Class B customers.

During the period in which variances accumulated, CNPI had customers transition between Class A and Class B. Under the general principle of cost causality, customer

⁸ Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009.

⁹ OEB letter, "Update to the Electricity Distributors' Deferral and Variance Account Review ("EDDVAR Report"), released July 2009 (EB-2008-0046)", issued July 25, 2014.

¹⁰ For additional details on the Global Adjustment charge, refer to the Independent Electricity System Operator (IESO)'s [website](#).

¹¹ 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](#).

groups that cause variances that are recorded in Group 1 accounts should be responsible for paying (or receiving credits) for their disposal. CNPI has proposed to allocate a portion of the GA and CBR Class B balances to its transition customers, based on their customer-specific consumption levels.¹² The amounts allocated to each transition customer are proposed to be recovered (or refunded, as applicable), by way of 12 equal monthly installments.

Correction Relating to Account 1588 and Account 1589 in 2021

In its application, CNPI noted that there was a correction of \$261,703 to Account 1589 in 2021 for the GA component of the RPP settlement.¹³ In an interrogatory response, CNPI explained that the correction was a debit entry to Account 1589 and there is no impact on Account 1588 because the difference is due back to the Independent Electricity System Operator (IESO) through RPP settlements. CNPI also provided proposed correction actions for the settlement with the IESO.¹⁴

In its submission, OEB staff stated that it had no concerns with the debit adjustment of \$262K to Account 1589. In its reply submission, CNPI further explained that the correction does not impact any balances which were previously approved for disposition (on a final basis or otherwise).¹⁵ In addition, CNPI noted that it has not yet completed the correction of the RPP settlement with the IESO, pending the outcome of this application.

OEB staff, in its submission, supported CNPI's request to dispose of its Group 1 deferral and variance account debit balance of \$676,117 as of December 31, 2021, with forecasted interest to December 31, 2022, on a final basis through rate riders applicable for one year.

Findings

The OEB notes that it is the obligation of CNPI to settle RPP accurately with the IESO. Correcting settlement errors with the IESO should not wait for the OEB to provide direction. It is a separate matter for the OEB to consider the appropriate disposition of amounts recorded in deferral and variance accounts. The OEB is very concerned by the statement by CNPI in its reply submission that "it has not yet completed the correction of the RPP settlement with the IESO, pending the outcome of this Application". Notwithstanding this, the OEB approves the disposition of a debit balance

¹² 2023 IRM Rate Generator Model, Tab 6.1a "GA Allocation" and Tab 6.2a "CBR B_Allocation"

¹³ Manager's Summary, pp. 11-12

¹⁴ OEB Staff IR-6

¹⁵ The Notice of Hearing and Procedural Order No. 1 incorrectly stated that CNPI had applied to adjust *previously approved* balances in Account 1588 – Retail Settlement Variance Account Power and Account 1589 – Retail Settlement Variance Account Global Adjustment.

of \$676,117 as of December 31, 2021, including interest projected to December 31, 2022, for Group 1 accounts on a final basis. The OEB expects the settlement error to be corrected at the first opportunity to do so.

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

Table 6.1 identifies the principal and interest amounts, which the OEB approves for disposition.

Table 6.1: 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	30,514	547	31,061
Smart Meter Entity Variance Charge	1551	(15,499)	(244)	(15,743)
RSVA - Wholesale Market Service Charge	1580	312,827	5,655	318,482
Variance WMS - Sub-account CBR Class B	1580	(31,556)	(885)	(32,441)
RSVA - Retail Transmission Network Charge	1584	660,465	11,227	671,692
RSVA - Retail Transmission Connection Charge	1586	16,514	(392)	16,122
RSVA - Power	1588	(252,128)	(4,532)	(256,660)
RSVA - Global Adjustment	1589	(41,134)	(1,882)	(43,016)
Disposition and Recovery of Regulatory Balances (2019)	1595	9,563	(22,943)	(13,380)
Total for Group 1 accounts		689,566	(13,449)	676,117

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

Procedures Handbook for Electricity Distributors.¹⁶ 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, charges, or payments, as calculated in the Rate Generator Model. The final rate riders, charges, and payments, as applicable, will be in effect over a one-year period from January 1, 2023 to December 31, 2023.¹⁷

¹⁶ Article 220, Account Descriptions, Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012

¹⁷ 2023 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

The OEB has historically utilized a Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) to capture a distributor's revenue implications resulting from differences between actual and forecast conservation and demand management (CDM) savings included in its last OEB-approved load forecast. The use of the LRAMVA is no longer the default approach for CDM activities.¹⁸

Distributors delivered 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.¹⁹

Distributors filing an application for 2023 rates are required to seek disposition of all outstanding LRAMVA balances related to program savings for CFF programs or other conservation programs they delivered, unless they do not have complete information on eligible program savings.²⁰

Distributors are also eligible under the LRAM for persisting impacts of conservation programs until their next rebasing. The OEB provided direction for distributors to seek approval of LRAM-eligible amounts for 2023 onwards on a prospective basis, and a rate rider in the corresponding rate year, to address amounts that would otherwise be recorded in the LRAMVA for all years until their next rebasing application.²¹

In its application, CNPI did not request the disposition of any LRAMVA balances related to these activities nor the ability to do so in a future proceeding since it disposed of its 2020 LRAMVA balances in its 2022 cost of service application.

In its submission, OEB staff recommended that no further entries be permitted to the LRAMVA at this time, but that the LRAMVA not be discontinued, in the event that CNPI requests the use of the LRAMVA for a CDM activity in a future application, which the OEB can consider on a case-by-case basis.

¹⁸ Conservation and Demand Management Guidelines for Electricity Distributors, December 20, 2021, chapter 8.

¹⁹ On March 20, 2019 the Minister of Energy, Northern Development and Mines issued separate Directives to the OEB and the IESO.

²⁰ Chapter 3 Filing Requirements, section 3.2.6.1

²¹ [Guidance on Prospective Lost Revenue Adjustment Mechanism \(LRAM\) Amounts – 2023 Rates](#), June 16, 2022

In its reply submission, CNPI requested that the OEB permit further entries into the LRAMVA account related to the year 2021, to be reviewed in the next CNPI IRM application (expected for January 1, 2024 rates).

CNPI explained that in preparing its initial application it had erroneously estimated a \$4,000 LRAMVA balance related to 2021 CDM activities. This error led CNPI to decide not to bring forward the 2021 LRAMVA amounts for disposition as part of this application. However, since that time, CNPI re-assessed the expected LRAMVA related to 2021 and believes that there is a larger balance for 2021 (similar to the 2020 disposition of \$54,000), although the amount has not yet been confirmed.

As a result, CNPI requested that the LRAMVA account be kept open for entries, deferring the disposition of the 2021 amount to its 2024 IRM proceeding. In order for there to be no monetary impact to customers, CNPI proposed to forego any additional interest adjustments associated with the delay of the disposition from 2023 to 2024.

Findings

The OEB approves CNPI's request that the LRAMVA account be kept open for entries for 2021 that can be considered for disposition as part of the 2024 IRM proceeding. The OEB also notes that CNPI will forego any associated carrying charges.

8. Z-FACTOR

On December 11, 2021, a windstorm occurred in CNPI's service area resulting in damage to the distribution system. Approximately 22,109 customers were impacted by the storm. CNPI was able to restore power to 90% of the affected customers within 20 hours of the interruption. To aid in restoring power, CNPI relied on support through a mutual assistance agreement with Welland Hydro and engaged several third-party contractors.

In its application, CNPI requested to recover \$157,900 in costs associated with the storm through a Z-factor claim. In response to interrogatories, CNPI made adjustments to its Z-factor claim, seeking recovery of \$148,987, which consists of incremental OM&A costs, interest, and revenue requirement associated with capital expenditures. CNPI requested a revenue requirement associated with the incremental capital spending of \$183,447 on replacement assets incurred directly from the storm damage only for the 2023 rate year, not the ongoing capital funding until its next rebasing (expected in 2027) due to the materiality of the capital amount on its own, including the impact of rate rounding on the recovery of the amount.

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.²² 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 Board-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.²³

²² EB-2007-0673, *Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors*, July 14, 2008, p. 34

²³ *Ibid*, Appendix, p. V

Causation

CNPI's claim of \$148,987 is comprised of the following costs:

Table 8.1 Z-Factor Claim

Description	Amount
OM&A - CNPI Labour (Overtime)	\$64,851
OM&A - Contracted Services - Line Services	\$70,058
OM&A - Other	\$978
OM&A - Interest	\$1,000
Revenue Requirement Associated with Capital Expenditures	\$12,100
Z-Factor Amount Requested for Recovery	\$148,987

VECC submitted that the costs included in the Z-factor claim are incremental costs and CNPI demonstrated that the Z-factor costs were directly related to the storm and outside of the base upon which CNPI's rates were set. VECC raised concerns that CNPI provided no details on annual accomplishments of its vegetation management plan such as kilometres cleared or number of trees trimmed. VECC also submitted that further assurance is needed from CNPI to demonstrate that it is updating its risk assessment and risk management accordingly since this is CNPI's second Z-factor claim within three years.

OEB staff submitted that CNPI has demonstrated that the amounts sought for recovery are directly related to the windstorm and outside of the base upon which CNPI's rates were set. OEB staff questioned whether all vegetation management costs incurred in service restoration for the storm should be recoverable as part of the Z-factor. OEB staff was also uncertain, based on CNPI's evidence filed in the application and in response to interrogatories whether contracted services costs incurred during the storm restoration have been appropriately categorized as capital or OM&A.

In its reply submission, CNPI responded to issues raised by VECC and OEB staff in respect of the causation criterion.

With regards to VECC's comments on the assessment of its vegetation management accomplishments, CNPI stated that it does not track vegetation management on a per-unit basis. CNPI provided a list of industry standards that its Integrated Vegetation Management Program (IVMP) was developed to be aligned with. CNPI indicated that it has met its IVMP targets from 2017 to 2021 and is expecting to meet its 2022 target. In addition, CNPI is forecasting to meet its tree trimming budget for 2022.

In its response to VECC's comments regarding its risk assessment and risk mitigation related to storm damage, CNPI set out a list of measures aimed at mitigating risks. In addition, CNPI stated that its vegetation management program incorporates a focus on areas associated with higher outages and off-cycle tree trimming in areas with faster-than-typical growth. CNPI noted that storm-hardening and other measures can be long term and costly investments. Therefore, CNPI must consider the pace and magnitude of the investments. CNPI submitted that its approach is appropriate in consideration of customer affordability and the desire to align storm hardening measures with end of life asset replacements.

In its response to the OEB staff's submission whether all vegetation management costs incurred in the restoration effort should be recoverable through the Z-factor, CNPI submitted that none of its 2021 actual vegetation management costs of \$581,800 were included in the Z-factor claim since the Z-factor claim amounts were recorded in separate internal orders.

With regards to OEB staff's concerns on the capitalization of contracted services costs, CNPI provided additional tables that summarize the categorized invoiced amounts to capital vs OM&A by vendor and explanations with examples of the work categorized as capital. CNPI also explained that it applied its typical approach in determining what level of costs was related to bringing constructed assets to their intended use.

Materiality

CNPI had an approved revenue requirement of \$21,388,669 from its 2017 cost of service proceeding. The OEB-defined materiality threshold for a Z-factor claim is 0.5% for a distributor with a distribution revenue requirement of between \$10 million and \$200 million.²⁴ Therefore, CNPI's materiality threshold is \$106,943.

VECC took no issue with the fact that the Z-factor claim exceeded the materiality threshold.

OEB staff submitted that the amount that CNPI applied for Z-factor claim is above the threshold and considered material. However, OEB staff noted that this may change depending on the OEB's determinations with respect to the concerns expressed by OEB staff on appropriate categorization of the cost claims.

In reply, CNPI noted that any re-classification of third-party costs from capital to OM&A would further increase the Z-factor amount (which already exceeds the threshold), and therefore will not change whether the claim exceeds the threshold.

²⁴ *Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors*, July 14, 2008, Appendix, p. V

Prudence

VECC submitted that CNPI acted promptly to restore power. VECC took no issues with the contractor support used by CNPI to assist with power restoration efforts, and, under the circumstances, the associated costs for this assistance but submitted CNPI, in approving invoices, should know definitively if a premium was paid.

In its submission, OEB staff noted that CNPI acted promptly and prudently to secure assistance to restore power to its customers.

VECC and OEB staff concluded that CNPI had met the prudence criterion.

In reply, CNPI agreed with the submissions of OEB staff and VECC that the criterion of Prudence has been met. CNPI argued that it demonstrated that it has prepared for extreme weather events by having mutual aid arrangements and emergency plans and procedures in place.

In response to VECC's concerns that CNPI should be aware whether a premium was paid, CNPI clarified that it is aware where a higher rate has been charged for emergency (after hours) work, if this is the intended meaning of "premium". CNPI further explained that it is not aware of the underlying costing associated with the premium pricing but said that such is not unusual for a third-party commercial transaction, nor is it inappropriate.

Findings

The OEB approves CNPI's Z-factor claim of \$148,987.

In doing so, the OEB acknowledges that CNPI has met the three tests of materiality, causation and prudence outlined in the findings as follows:

- 1) Materiality: The costs to CNPI of \$148,987 are material and above the calculated materiality threshold of \$106,943.
- 2) Causation: The damage caused by the severe windstorm that struck the CNPI service area on October 31, 2019 was an infrequent event that resulted in the incremental costs that were incurred.
- 3) Prudence: CNPI acted promptly with the assistance of third parties such as Welland Power to help restore power swiftly (within 20-hours for 90% of the customers impacted) and did so in a cost-effective manner consistent with its Business Continuity Plan.

The OEB accepts CNPI's explanation that it used its normal approach to capitalization to record costs. The OEB concludes that any review of CNPI's approaches to

capitalization and risk management are more properly addressed in a cost of service rate application.

Cost Allocation and Rate Design

Once a Z-factor claim has been approved, the OEB must decide how the cost will be allocated to customers for recovery. By convention, costs for Z-factor claims are recovered by dedicated rate riders.²⁵

CNPI requested that the Z-factor claim amount be allocated across all rate classes, and in proportion to its OEB-approved distribution revenue requirement by rate class from its 2017 cost of service. It also requested that the allocated amounts be recovered through fixed rate riders based on the most recently reported actual customer counts as of December 31, 2021. CNPI cited prior OEB decisions for Z-factor claims as rationale for these associated cost allocation and rate design proposals.²⁶ CNPI requested a disposition period of 12 months beginning January 1, 2023 and ending December 31, 2023.

Both VECC and OEB staff submitted that CNPI's proposal for cost allocation and rate design is appropriate.

Findings

The OEB approves CNPI's recovery through rate riders over a 12-month period from January 1, 2023 to December 31, 2023 allocated across all rate classes and on the basis of its OEB-approved distribution revenue requirement.

The OEB finds this approach to be reasonable and notes that both VECC and OEB staff submitted that this method was appropriate.

²⁵ *Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors*, July 14, 2008, Appendix, p. VI

²⁶ Manager's Summary, p. 17

9. IMPLEMENTATION

This Decision and Rate Order 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 9.1.

Table 9.1: 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 and WMS rates were set by the OEB on December 16, 2021 and July 12, 2022.²⁷

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 at \$0.42 on September 8, 2022.²⁸

In the *Report of the Board: Review of Electricity Distribution Cost Allocation Policy*,²⁹ 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. Distributors shall apply the updated value, if applicable, following the OEB’s announcement of the microFIT charge for the 2023 rate year.

²⁷ EB-2021-0300, Decision and Order, December 16, 2021 and EB-2021-0300, Supplemental Decision and Order, July 12, 2022

²⁸ EB-2022-0137, Decision and Order, September 8, 2022

²⁹ EB-2010-0219, Report of the Board “Review of Electricity Distribution Cost Allocation Policy”, March 31, 2011

10. ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Canadian Niagara Power Inc.'s new final and interim distribution rates shall be effective January 1, 2023, 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 Canadian Niagara Power Inc. has complied with the subsequent procedural steps.
3. Canadian Niagara Power 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 December 12, 2022.
4. This Decision and Rate Order will be considered a final rate order if Canadian Niagara Power 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 Canadian Niagara Power 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. Canadian Niagara Power Inc. shall notify the Ontario Energy Board when it has corrected its settlement error with the Independent Electricity System Operator.
7. Canadian Niagara Power 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. Cost award eligible intervenors shall submit to the OEB and copy to Canadian Niagara Power Inc. its cost claims by December 15, 2022.
2. Canadian Niagara Power Inc. may file with the OEB and forward to the relevant cost award eligible intervenor any objections to the claimed costs of that intervenor by January 9, 2023.

3. Any cost award eligible intervenor for whom Canadian Niagara Power Inc. has raised a cost objection may file with the OEB and forward to Canadian Niagara Power Inc. any responses to that objection by January 16, 2023.
4. Canadian Niagara Power Inc. shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

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-2022-0019** 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 [File documents online 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, Narisa Jotiban at Narisa.Jotiban@oeb.ca, and OEB Counsel, Lawren Murray at Lawren.Murray@oeb.ca.

Email: registrar@oeb.ca

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

DATED at Toronto, December 8, 2022

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar

SCHEDULE A
DECISION AND RATE ORDER
CANADIAN NIAGARA POWER INC.
TARIFF OF RATES AND CHARGES
EB-2022-0019
DECEMBER 8, 2022

Canadian Niagara Power Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2022-0019

RESIDENTIAL SERVICE CLASSIFICATION

The Residential Class (Regular) refers to a service taking electricity normally at 750 volts or less where the electricity is used for domestic and household purposes in a single family unit. A single family unit being a permanent structure located on a single parcel of land and approved by a civic authority as a dwelling and occupied for that purpose by a single customer. Residential rates are also applied to apartment buildings with 6 units or less that are bulk metered. Apartment buildings with more than 6 units that are bulk metered are deemed to be General Service. 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	\$	41.47
Rate Rider for Recovery of Wind Storm Damage Costs - effective until December 31, 2023	\$	0.29
Smart Metering Entity Charge - effective until December 31, 2027	\$	0.42
Low Voltage Service Rate	\$/kWh	0.0003
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2023 Applicable only for Non-RPP Customers	\$/kWh	(0.0004)
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until December 31, 2023	\$/kWh	0.0016
Rate Rider for Disposition of Capacity Based Recovery Account (2023) - effective until December 31, 2023 Applicable only for Class B Customers	\$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0097
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0072

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

Canadian Niagara Power Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2023

This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2022-0019

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to single commercial or industrial customer and whose average peak demand is (or is forecasted to be) less than 50 kW. Single commercial or industrial customers are interpreted as a structure or structures on a single parcel of land occupied by one customer. An apartment building with more than 6 units that is bulk metered and has an average peak demand less than 50 kW is deemed to be General Service less than 50 kW. The common area of a separately metered apartment building having a demand less than 50 kW is also deemed to be General Service 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	\$	34.94
Rate Rider for Recovery of Wind Storm Damage Costs - effective until December 31, 2023	\$	0.61
Smart Metering Entity Charge - effective until December 31, 2027	\$	0.42
Distribution Volumetric Rate	\$/kWh	0.0284
Low Voltage Service Rate	\$/kWh	0.0003
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2023 Applicable only for Non-RPP Customers	\$/kWh	(0.0004)
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until December 31, 2023	\$/kWh	0.0016
Rate Rider for Disposition of Capacity Based Recovery Account (2023) - effective until December 31, 2023 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	0.0062

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

Canadian Niagara Power Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023
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EB-2022-0019

GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to single commercial or industrial customer and whose average peak demand is (or is forecasted to be) equal to or greater than 50 kW but less than 5000 kW. Single commercial or industrial customers are interpreted as a structure or structures on a single parcel of land occupied by one customer. 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	\$	175.22
Rate Rider for Recovery of Wind Storm Damage Costs - effective until December 31, 2023	\$	13.53
Distribution Volumetric Rate	\$/kW	8.2729
Low Voltage Service Rate	\$/kW	0.1094
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2023		
Applicable only for Non-RPP Customers	\$/kWh	(0.0004)
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until December 31, 2023	\$/kW	0.5002
Rate Rider for Disposition of Capacity Based Recovery Account (2023) - effective until December 31, 2023		
Applicable only for Class B Customers	\$/kW	(0.0262)
Retail Transmission Rate - Network Service Rate	\$/kW	3.5462
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.5549

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

Canadian Niagara Power Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023
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EB-2022-0019

EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION

This classification applies to an electricity distributor licensed by the Board, that is provided electricity by means of this distributor's facilities. 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	\$	630.48
Rate Rider for Recovery of Wind Storm Damage Costs - effective until December 31, 2023	\$	76.62
Distribution Volumetric Rate	\$/kW	9.5266
Low Voltage Service Rate	\$/kW	0.1094
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2023		
Applicable only for Non-RPP Customers	\$/kWh	(0.0004)
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until December 31, 2023	\$/kW	0.5977
Rate Rider for Disposition of Capacity Based Recovery Account (2023) - effective until December 31, 2023		
Applicable only for Class B Customers	\$/kW	(0.0306)
Retail Transmission Rate - Network Service Rate	\$/kW	3.5462
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.5549

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

Canadian Niagara Power Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023
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EB-2022-0019

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to the supply of electrical service to a customer that is deemed to have a constant load over a billing period, normally with minimum electrical consumption and the consumption is unmetered. Energy consumption is based on connected wattage and calculated hours of use. Examples of unmetered scattered load are cable television amplifiers, billboards, area lighting. 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 account)	\$	55.09
Rate Rider for Recovery of Wind Storm Damage Costs - effective until December 31, 2023	\$	0.92
Distribution Volumetric Rate	\$/kWh	0.0299
Low Voltage Service Rate	\$/kWh	0.0003
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2023 Applicable only for Non-RPP Customers	\$/kWh	(0.0004)
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until December 31, 2023	\$/kWh	0.0017
Rate Rider for Disposition of Capacity Based Recovery Account (2023) - effective until December 31, 2023 Applicable only for Class B Customers	\$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0087
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0063

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

Canadian Niagara Power Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023
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EB-2022-0019

STANDBY POWER SERVICE CLASSIFICATION

The Standby subclass charge is applied to a customer with load displacement facilities behind its meter but is dependent on Canadian Niagara Power Inc. to supply a minimum amount of electricity in the event the customer's own facilities are out of service. The minimum amount of supply that Canadian Niagara Power Inc. must supply is a contracted amount agreed upon between the customer and Canadian Niagara Power Inc. 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 - APPROVED ON AN INTERIM BASIS

Standby Charge - for a month where standby power is not provided. The charge is applied to the contracted amount (e.g. nameplate rating of generation facility)

\$/kW

1.3591

Canadian Niagara Power Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023
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EB-2022-0019

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to all services required to supply sentinel lighting equipment. 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 device)	\$	6.31
Rate Rider for Recovery of Wind Storm Damage Costs - effective until December 31, 2023	\$	0.07
Distribution Volumetric Rate	\$/kW	7.2894
Low Voltage Service Rate	\$/kW	0.0892
Rate Rider for Disposition of Capacity Based Recovery Account (2023) - effective until December 31, 2023 Applicable only for Class B Customers	\$/kW	(0.0251)
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until December 31, 2023	\$/kW	0.5064
Retail Transmission Rate - Network Service Rate	\$/kW	3.0220
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.0851

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

Canadian Niagara Power Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023
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EB-2022-0019

STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to the supply of electrical service for roadway lighting. Energy consumption is based on connected wattage and calculated hours of use. Customers are usually a Municipality, Region or the Ministry of Transportation. 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 device)	\$	4.22
Rate Rider for Recovery of Wind Storm Damage Costs - effective until December 31, 2023	\$	0.03
Distribution Volumetric Rate	\$/kW	8.4198
Low Voltage Service Rate	\$/kW	0.0834
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2023 Applicable only for Non-RPP Customers	\$/kWh	(0.0004)
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until December 31, 2023	\$/kW	0.5202
Rate Rider for Disposition of Capacity Based Recovery Account (2023) - effective until December 31, 2023 Applicable only for Class B Customers	\$/kW	(0.0269)
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2021) - effective until December 31, 2024	\$/kW	6.2707
Retail Transmission Rate - Network Service Rate	\$/kW	2.6249
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.9494

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

Canadian Niagara Power Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023
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EB-2022-0019

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	\$	4.55
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ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for Transformer Losses - applied to measured demand & energy	%	(1.00)

Canadian Niagara Power Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023

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EB-2022-0019

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 (credit reference)	\$	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
Income tax letter	\$	15.00
Notification charge	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Returned cheque (plus bank charges)	\$	15.00
Charge to certify cheque	\$	15.00
Legal letter charge	\$	15.00
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	\$	65.00
Reconnection at meter - after regular hours	\$	185.00
Reconnection at pole - during regular hours	\$	185.00
Reconnection at pole - after regular hours	\$	415.00

Other

Special meter reads	\$	30.00
Service call - customer owned equipment	\$	30.00
Service call - after regular hours	\$	165.00
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)	\$	36.05

Canadian Niagara Power Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023

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EB-2022-0019

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	\$	111.66
Monthly fixed charge, per retailer	\$	44.67
Monthly variable charge, per customer, per retailer	\$/cust.	1.11
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.66
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.66)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.56
Processing fee, per request, applied to the requesting party	\$	1.11
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)	\$	4.47
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)	\$	2.23

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	1.0524
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0419