



**EB-2014-0097**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B);

**AND IN THE MATTER OF** an application by Niagara-on-the-Lake Hydro Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2015.

**BEFORE:** Marika Hare  
Presiding Member

Allison Duff  
Member

## **DECISION and RATE ORDER**

**March 19, 2015**

Niagara-on-the-Lake Hydro Inc. ("NOTL Hydro") filed an application with the Ontario Energy Board (the "Board") on September 25, 2014 under section 78 of the *Ontario Energy Board Act*, seeking approval for changes to the rates that NOTL Hydro charges for electricity distribution, effective May 1, 2015 (the "Application").

NOTL Hydro last appeared before the Board with a cost of service application for the 2014 rate year in the EB-2013-0155 proceeding. To adjust its 2015 rates, NOTL Hydro selected the Price Cap Incentive Rate-setting option (the "Price Cap IR") which provides for a mechanistic and formulaic adjustment to distribution rates and charges in the period between cost of service proceedings. The Application met the Board's filing

requirements<sup>1</sup> for filings by rate-regulated electricity distributors (“distributors”) applying for annual rate adjustments under Price Cap IR.

The Board conducted a written hearing and Board staff participated in the proceeding. The Vulnerable Energy Consumers Coalition (“VECC”) and Energy Probe Research Foundation (“EP”) applied for and were granted intervenor status and cost eligibility with respect to NOTL Hydro’s proposed incremental capital module. No letters of comment were received.

While the entire record in this proceeding has been considered by the Board, this decision will make reference only to such evidence as is necessary to provide context to the Board’s findings. The following issues are addressed in this Decision and Rate Order:

- Price Cap Index Adjustment;
- Rural or Remote Electricity Rate Protection Charge;
- Retail Transmission Service Rates;
- Review and Disposition of Group 1 Deferral and Variance Account Balances; and
- Incremental Capital Module.

### **Price Cap Index Adjustment**

The Price Cap IR option is a streamlined regulatory process designed to provide distributors with sufficient revenue to cover cost increases due to inflation while providing an incentive structure to drive productivity improvements.

Under the Price Cap IR methodology<sup>2</sup>, distribution rates are adjusted by an inflation factor, less the sum of a productivity factor and a stretch factor. Based on its established method<sup>3</sup>, the Board has set the inflation factor for 2015 rates at 1.6% and the productivity factor at zero percent. Based on the analysis of the Board’s consultant, PEG, the stretch factor is assigned based on a distributor’s cost evaluation ranking, and ranges from 0.0% to 0.6%. This stretch factor ranking is indicative of a distributor’s cost performance relative to other distributors in Ontario. What this means is that a

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<sup>1</sup> Report of the Board: Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach (October 18, 2012); and Filing Requirements for Electricity Distribution Rate Applications (July 25, 2014)

<sup>2</sup> Report on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors (December 4, 2013)

<sup>3</sup> As outlined in the Report cited at footnote 2 above.

distributor considered to be the most efficient, based on the cost evaluation ranking, would be assigned the lowest stretch factor of 0.0%. In this case, the Board assigned NOTL Hydro a stretch factor of 0.3% based on the updated benchmarking study for use for rates effective in 2015<sup>4</sup>.

As a result, the net price cap index adjustment for NOTL Hydro is 1.30% (i.e. 1.6 % - (0% + 0.3 %)). The price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes. The price cap index adjustment does not apply to the components of delivery rates set out in the list below:

- Rate Riders;
- Rate Adders;
- Low Voltage Service Charges;
- Retail Transmission Service Rates;
- Wholesale Market Service Rate;
- 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.

### **Rural or Remote Electricity Rate Protection Charge**

The Board has determined that the Rural or Remote Electricity Rate Protection benefit and charge for 2015 shall remain \$0.0013 per kWh<sup>5</sup>. The Tariff of Rates and Charges flowing from this Decision and Rate Order reflects this charge.

### **Retail Transmission Service Rates**

Electricity distributors are charged for transmission costs at the wholesale level and then pass on these charges to their distribution customers through their Retail Transmission Service Rates (“RTSRs”). Variance accounts 1584 and 1586 are used to

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<sup>4</sup> Report to the Ontario Energy Board – “Empirical Research in Support of Incentive Rate-Setting: 2013 Benchmarking Update.” Pacific Economics Group LLC. July, 2014.

<sup>5</sup> Decision with Reasons and Rate Order, EB-2014-0347

capture differences in the rate that a distributor pays for wholesale transmission service relative to the retail rate that the distributor is authorized to charge when billing its customers.

The Board has issued guidelines<sup>6</sup> which outline the information that the Board requires electricity distributors to file in order to adjust their RTSRs for 2015. The RTSR guideline requires electricity distributors to adjust their RTSRs based on a comparison of historical transmission costs adjusted for the new Uniform Transmission Rates and the revenues generated under existing RTSRs.

The Board has adjusted the Uniform Transmission Rates effective January 1, 2015<sup>7</sup>, as shown in the following table:

#### **2015 Uniform Transmission Rates**

|  |               |
|--|---------------|
| Network Service Rate                   | \$3.78 per kW |
| <u>Connection Service Rates</u>        |               |
| Line Connection Service Rate           | \$0.86 per kW |
| Transformation Connection Service Rate | \$2.00 per kW |

The Board finds that these 2015 rates are to be incorporated into the filing module to adjust the RTSRs that NOTL Hydro will charge its customers accordingly.

#### **Review and Disposition of Group 1 Deferral and Variance Account Balances**

The Board's policy on deferral and variance accounts<sup>8</sup> provides that, during the IRM plan term, the distributor's Group 1 account balances will be reviewed and disposed if the preset disposition threshold of \$0.001 per kWh, whether in the form of a debit or credit, is exceeded. The onus is on the distributor to justify why any account balance in excess of the threshold should not be disposed. If the balances are below this threshold, the distributor may propose to dispose of balances.

NOTL Hydro's 2013 actual year-end total balance for Group 1 accounts including interest projected to April 30, 2015 is a credit of \$503,742. This amount results in a total

<sup>6</sup> Guideline G-2008-0001 - Electricity Distribution Retail Transmission Service Rates, revision 4.0 (June 28, 2012)

<sup>7</sup> 2015 Uniform Electricity Transmission Rate Order, EB-2014-0357

<sup>8</sup> Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (July 31, 2009)

credit claim of \$0.0027 per kWh, which exceeds the preset disposition threshold. NOTL Hydro proposes to dispose of this credit amount over a one-year period.

In its submission, Board staff noted that the principal amounts as of December 31, 2013 reconcile with the amounts reported as part of the *Reporting and Record-Keeping Requirements*. As a result, Board staff supported NOTL Hydro's proposal for a one-year disposition period.

The table below identifies the principal and interest amounts which the Board approves for disposition.

### Group 1 Deferral and Variance Account Balances

| Account Name  | Account Number | Principal Balance (\$) A | Interest Balance (\$) B | Total Claim (\$) C = A + B |
|---|----------------|--------------------------|-------------------------|----------------------------|
| Smart Meter Entity Variance Charge                              | 1551           | 4,098                    | 91                      | 4,190                      |
| RSVA - Wholesale Market Service Charge                          | 1580           | (199,312)                | (7,547)                 | (206,858)                  |
| RSVA - Retail Transmission Network Charge                       | 1584           | 58,458                   | 1,134                   | 59,593                     |
| RSVA - Retail Transmission Connection Charge                    | 1586           | (3,001)                  | (591)                   | (3,591)                    |
| RSVA - Power  | 1588           | 157,781                  | 15,768                  | 173,550                    |
| RSVA - Global Adjustment  | 1589           | (531,256)                | (7,904)                 | (539,161)                  |
| Disposition and Recovery of Regulatory Balances (2009)          | 1595           | 0                        | 11,006                  | 11,006                     |
| Disposition and Recovery of Regulatory Balances (2011)          | 1595           | 20                       | (100)                   | (80)                       |
| Disposition and Recovery of Regulatory Balances (2012)          | 1595           | (2,993)                  | 601                     | (2,391)                    |
|   |                |                          |                         |                            |
| <b>Total Group 1 Excluding Global Adjustment – Account 1589</b> |                | <b>15,052</b>            | <b>20,367</b>           | <b>35,419</b>              |
| <b>Total Group 1</b>  |                | <b>(516,204)</b>         | <b>12,462</b>           | <b>(503,742)</b>           |

The balance of each Group 1 account approved for disposition shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595. Such transfer shall be pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*, effective January 1, 2012. 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. NOTL Hydro

should ensure these adjustments are included in the reporting period ending June 30, 2015 (Quarter 2).

### **Incremental Capital Module**

NOTL Hydro owns two supply level transformer stations which are supplied by Hydro One Networks Inc. at 115 kV. NOTL Hydro applied for Incremental Capital Module (“ICM”) funding to upsize one of the transformers at its MTS#2 transformer station. The new transformer is expected to be in service by May 2015. NOTL Hydro proposed a total capital budget for 2015 of \$3,877,000 which includes \$2,577,000 in estimated costs for the replacement of the transformer. NOTL Hydro’s ICM materiality threshold is \$1,876,146. Based on its 2015 capital budget, NOTL Hydro indicated that \$1,950,854 was above the ICM materiality threshold and eligible for ICM funding. This ICM funding amount results in an incremental revenue requirement of \$164,263 to be recovered from customers through an ICM rate rider. NOTL Hydro also proposed that the new transformer be deemed a distribution asset.

As NOTL Hydro is not in the last year of its IRM term, NOTL Hydro did not apply the half-year rule to the ICM rate rider calculations. NOTL Hydro proposed to recover the incremental revenue requirement using variable rate riders to be in effect until its next cost of service application. NOTL Hydro is scheduled to file its next cost of service application for 2019 rates. NOTL Hydro proposed that the costs be allocated to each customer class on the same basis as transmission connection costs, to reflect cost causality.

On September 18, 2014, the Board issued the Report of the Board, EB-2014-0219: *New Policy Options for the Funding of Capital Investments: The Advanced Capital Module*, in which the Board updated definitions of the three criteria that must be met to qualify for an ICM: need, prudence and materiality.

#### Need and Prudence

NOTL Hydro engaged Raven Engineering to conduct a long-term supply study of its load growth and transformer station capacity. The study recommended increasing capacity at each of the transformer stations to permit each station to individually supply peak utility load in order to avoid rotating blackouts in the event of a lengthy station loss during peak loads. Following the study by Raven Engineering, detailed transformer

testing showed signs that the transformers at MTS#2 were approaching end-of-life and replacement within 5 years was recommended.

NOTL Hydro noted that MTS#2 has a capacity of 50 MVA and reported that its system peak load exceeded that level in both 2002 and 2011 and almost reached the station's capacity in 2012 and 2013. NOTL Hydro also noted that since the study, it has connected a new customer with a peak load capability of 8 MVA.

NOTL Hydro has experienced a decline in average consumption per customer in recent history due to changes in technology and conservation programs. However, NOTL Hydro indicated that this decline per customer has been more than offset by the growth in number of customers due to ongoing development in its service area.

Following the recommendation in the long-term supply study, NOTL Hydro contracted IBI Group to prepare budgetary cost estimates for completing the recommended work. The IBI Group prepared cost estimates for three different options which were presented to NOTL Hydro's Board for approval. NOTL reported that it selected its proposed option because it was the most cost effective, involved the replacement of aging assets, provided a backup option and provided additional capacity enabling one station to fully supply peak system load. NOTL Hydro also issued two tenders to select a vendor for the purchase of the transformer and another vendor for Engineering, Procurement and Construction.

VECC submitted that the need and prudence criteria had been met regarding NOTL Hydro's proposal.

Board staff submitted that NOTL Hydro had demonstrated the need for the proposed upsizing of the transformer at MTS#2. Board staff noted the persistent load growth in NOTL Hydro's service area, the results of the study conducted by Raven Engineering, and the fact that NOTL Hydro's peak system load has already reached the capacity available at MTS#2. Board staff also submitted that, given the nature of the project, it is clear that it is a discrete project (i.e. not part of a typical annual capital program) and outside of the base upon which rates were derived in the 2014 cost of service proceeding.

Under the Advanced Capital Module report, a distributor must pass the Means Test<sup>9</sup> in order to demonstrate need for ICM funding. NOTL Hydro's 2013 indicated an achieved regulatory return on equity ("ROE") of 3.84% in 2013 which is below the deemed ROE of 8.01%. Board staff submitted that NOTL Hydro has met the Means Test.

Given the options evaluated by NOTL Hydro and its procurement practices regarding the selection of vendors for the completion of the project, Board staff submitted that the costs for NOTL Hydro's proposed ICM were prudent and represented the most cost-effective option for ratepayers.

Board staff noted that a distributor is required to account for any differences between forecast and actual capital spending for an ICM in its next cost of service application, as per Chapter 3 of the *Filing Requirements for Electricity Distribution Rate Applications*.

### Materiality

Board staff and VECC submitted that the materiality threshold has been met and the amount exceeded the Board-defined materiality threshold applicable to ICM funding applications.

### ICM Incremental Revenue Requirement Calculation

In its ICM materiality threshold calculation, NOTL Hydro used a price cap index of 1.4%, reflecting a price escalator of 1.7% and a stretch factor of 0.3%. EP and VECC submitted that NOTL Hydro should update its calculation to reflect the Board's price escalator of 1.6% for 2015. In reply, NOTL Hydro agreed with EP and VECC's submission.

NOTL Hydro also indicated that capital costs for transformer station assets were allocated to customer classes based on the Transformation Coincident Peak 4 (TCP4) allocator from the cost allocation study filed in its last cost of service application (EB-2013-0155). NOTL proposed to use the TCP4 allocator to allocate the incremental revenue requirement.

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<sup>9</sup> EB-2014-0219, Report of the Board, pg. 15, "If the regulated return exceeds 300 basis points above the deemed return on equity embedded in the distributor's rates, the funding for any incremental capital project will not be allowed."

NOTL Hydro indicated that the 2013 billing determinants in the ICM Workform included unbilled adjustments so as to total to the delivered energy (in kWh) in 2013. The 183,801,851 kWh in 2013 consumption used by NOTL Hydro resulted in a calculated growth factor of 1.32%.

EP stated that the 1.32% growth factor was incorrect because it did not use billed energy figures for the 2013 actual ICM billing determinants when calculating the growth factor. EP submitted that both the denominator and numerator in the calculation of the growth factor need to be based on the same input value: billed energy by rate class. VECC agreed with EP's submission.

Board staff submitted that the 2013 billing determinants used across the filing modules, such as the RTSR Workform and ICM Workform, should be consistent. Board staff stated that the billing determinants should reflect actual calendar consumption for the calendar year, including adjustments for unbilled amounts.

NOTL Hydro submitted that the growth factor of 1.32% is correct and no change is required. NOTL Hydro noted that the numerator of the growth calculation reflects the estimate of delivered energy made in its 2014 cost of service application, i.e. a full calendar year's consumption. NOTL Hydro stated that the denominator should also be based on the 2013 calendar year consumption of 183,801,851 kWh, for consistency.

NOTL Hydro applied the full capital cost allowance amount and amortization expense associated with the \$2.57M overall capital cost of the project. There was some disagreement among parties with respect to these calculations. However, Board staff indicated that any changes would be immaterial.

VECC and Board staff supported NOTL Hydro's proposal to establish ICM variable rate riders to remain in effect until NOTL Hydro's next cost of service application.

### Board Findings

The Board finds that the need, prudence and materiality criteria have been met for NOTL Hydro's proposed upsizing of a transformer at the MTS#2 station.

Both VECC and EP noted concerns with the capital cost allowance amounts and 2013 billing determinants used in the calculation of the ICM incremental revenue requirement.

Due to the immaterial nature of the change, the Board will not require NOTL Hydro to update its proposal.

The Board agrees that the basis of the billing determinants for both the numerator and the denominator in the calculation of the growth factor should be consistent. The Board finds that no change to the growth factor calculation is required as both the numerator and denominator are based on a full calendar year's consumption.

As the transformers at this station were deemed distribution assets in NOTL Hydro's last cost of service application, the Board approves NOTL Hydro's proposal to have the replacement transformer receive similar treatment.

As a result, the Board approves an Incremental Capital Module revenue requirement of \$166,072, to be collected through rate riders.

### **Rate Model**

With this Decision and Rate Order, the Board is providing NOTL Hydro with a rate model, applicable supporting models and a draft Tariff of Rates and Charges (Appendix A). The Board also reviewed the entries in the rate models to ensure that they were in accordance with the 2014 Board-approved Tariff of Rates and Charges. The rate model was adjusted, where applicable, to correct any discrepancies.

### **THE BOARD ORDERS THAT:**

1. NOTL Hydro's new distribution rates shall be effective May 1, 2015.
2. NOTL Hydro shall review the draft Tariff of Rates and Charges set out in Appendix A and shall file with the Board, as applicable, a written confirmation of its completeness and accuracy, or provide a detailed explanation of any inaccuracies or missing information, within **7 days** of the date of issuance of this Decision and Rate Order.
3. If the Board does not receive a submission from NOTL Hydro to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Rate Order, the draft Tariff of Rates and Charges set out in Appendix A of this Decision and Rate Order will become final. NOTL Hydro shall notify its

customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

4. If the Board receives a submission from NOTL Hydro to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Rate Order, the Board will consider the submission of NOTL Hydro prior to issuing a final Tariff of Rates and Charges.

## **COST AWARDS**

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

1. VECC and EP shall submit their cost claims no later than **7 days** from the date of issuance of the final Rate Order.
2. NOTL Hydro shall file with the Board and forward to VECC and EP any objections to the claimed costs within **17 days** from the date of issuance of the final Rate Order.
3. VECC and EP shall file with the Board and forward to NOTL Hydro any responses to any objections for cost claims within **24 days** from the date of issuance of the final Rate Order.
4. NOTL Hydro shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote the file number, EB-2014-0097 and be made electronically through the Board's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/> in searchable / unrestricted PDF format. Two paper copies must also be filed at the Board's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <http://www.ontarioenergyboard.ca/OEB/Industry>. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two

paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

**ADDRESS**

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

E-mail: [boardsec@ontarioenergyboard.ca](mailto:boardsec@ontarioenergyboard.ca)  
Tel: 1-888-632-6273 (Toll free)  
Fax: 416-440-7656

**DATED** at Toronto, March 19, 2015

**ONTARIO ENERGY BOARD**

*Original Signed By*

Kirsten Walli  
Board Secretary

**Appendix A**

**To Decision and Rate Order**

**Draft Tariff of Rates and Charges**

**Board File No: EB-2014-0097**

**DATED: March 19, 2015**

# Niagara-on-the-Lake Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2015

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

EB-2014-0097

## RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separately metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. 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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the 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 Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

|  |        |          |
|--|--------|----------|
| Service Charge   | \$     | 18.17    |
| Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018   | \$     | 0.79     |
| Distribution Volumetric Rate   | \$/kWh | 0.0128   |
| Rate Rider for Disposition of Account 1576 - effective until April 30, 2019  | \$/kWh | (0.0010) |
| Rate Rider for Recovery of Incremental Capital - in effect until the effective date of the new cost of service-based rate order          | \$/kWh | 0.0007   |
| Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2016   | \$/kWh | 0.0002   |
| Rate Rider for Disposition of Global Adjustment Account (2015) - effective until April 30, 2016<br>Applicable only for Non RPP Customers | \$/kWh | (0.0065) |
| Retail Transmission Rate - Network Service Rate  | \$/kWh | 0.0076   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate   | \$/kWh | 0.0014   |

### MONTHLY RATES AND CHARGES - Regulatory Component

|   |        |        |
|---|--------|--------|
| Wholesale Market Service Rate                                   | \$/kWh | 0.0044 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)       | \$/kWh | 0.0013 |
| Standard Supply Service - Administrative Charge (if applicable) | \$     | 0.25   |

# Niagara-on-the-Lake Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2015

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

EB-2014-0097

## GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification applies to a non-residential account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW. 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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the 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 Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

|   |        |          |
|---|--------|----------|
| Service Charge  | \$     | 37.76    |
| Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018  | \$     | 0.79     |
| Distribution Volumetric Rate  | \$/kWh | 0.0113   |
| Rate Rider for Disposition of Account 1576 - effective until April 30, 2019   | \$/kWh | (0.0010) |
| Rate Rider for Recovery of Incremental Capital - in effect until the effective date of the new cost of service-based rate order | \$/kWh | 0.0012   |
| Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2016                                | \$/kWh | 0.0002   |
| Rate Rider for Disposition of Global Adjustment Account (2015) - effective until April 30, 2016                                 |        |          |
| Applicable only for Non RPP Customers   | \$/kWh | (0.0065) |
| Retail Transmission Rate - Network Service Rate   | \$/kWh | 0.0069   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate  | \$/kWh | 0.0014   |

### MONTHLY RATES AND CHARGES - Regulatory Component

|   |        |        |
|---|--------|--------|
| Wholesale Market Service Rate                                   | \$/kWh | 0.0044 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)       | \$/kWh | 0.0013 |
| Standard Supply Service - Administrative Charge (if applicable) | \$     | 0.25   |

# Niagara-on-the-Lake Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2015

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

EB-2014-0097

## GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification applies to a non-residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than 50 kW but less than 5,000 kW. 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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the 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 Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

|  |       |          |
|--|-------|----------|
| Service Charge   | \$    | 269.88   |
| Distribution Volumetric Rate   | \$/kW | 2.1298   |
| Rate Rider for Disposition of Account 1576 - effective until April 30, 2019  | \$/kW | (0.3801) |
| Rate Rider for Recovery of Incremental Capital - in effect until the effective date of the new cost of service-based rate order          | \$/kW | 0.3483   |
| Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2016   | \$/kW | 0.0619   |
| Rate Rider for Disposition of Global Adjustment Account (2015) - effective until April 30, 2016<br>Applicable only for Non RPP Customers | \$/kW | (2.6463) |
| Retail Transmission Rate - Network Service Rate  | \$/kW | 2.8188   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate   | \$/kW | 0.4944   |
| Retail Transmission Rate - Network Service Rate - Interval Metered   | \$/kW | 3.0466   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered  | \$/kW | 1.1890   |

### MONTHLY RATES AND CHARGES - Regulatory Component

|   |        |        |
|---|--------|--------|
| Wholesale Market Service Rate                                   | \$/kWh | 0.0044 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)       | \$/kWh | 0.0013 |
| Standard Supply Service - Administrative Charge (if applicable) | \$     | 0.25   |

# Niagara-on-the-Lake Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2015

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

EB-2014-0097

## UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/ documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. 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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the 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 Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

|   |        |          |
|---|--------|----------|
| Service Charge (per customer)   | \$     | 20.31    |
| Distribution Volumetric Rate  | \$/kWh | 0.0061   |
| Rate Rider for Disposition of Account 1576 - effective until April 30, 2019   | \$/kWh | (0.0010) |
| Rate Rider for Recovery of Incremental Capital - in effect until the effective date of the new cost of service-based rate order | \$/kWh | 0.0005   |
| Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2016                                | \$/kWh | 0.0011   |
| Retail Transmission Rate - Network Service Rate   | \$/kWh | 0.0069   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate  | \$/kWh | 0.0014   |

### MONTHLY RATES AND CHARGES - Regulatory Component

|   |        |        |
|---|--------|--------|
| Wholesale Market Service Rate                                   | \$/kWh | 0.0044 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)       | \$/kWh | 0.0013 |
| Standard Supply Service - Administrative Charge (if applicable) | \$     | 0.25   |

# Niagara-on-the-Lake Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2015

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

EB-2014-0097

## STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established by an approved OEB process. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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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 Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

|  |       |          |
|--|-------|----------|
| Service Charge (per connection)  | \$    | 7.52     |
| Distribution Volumetric Rate   | \$/kW | 29.4112  |
| Rate Rider for Disposition of Account 1576 - effective until April 30, 2019  | \$/kW | (0.3511) |
| Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2016   | \$/kW | 0.0573   |
| Rate Rider for Disposition of Global Adjustment Account (2015) - effective until April 30, 2016<br>Applicable only for Non RPP Customers | \$/kW | (2.4157) |
| Retail Transmission Rate - Network Service Rate  | \$/kW | 2.1255   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate   | \$/kW | 0.3822   |

### MONTHLY RATES AND CHARGES - Regulatory Component

|   |        |        |
|---|--------|--------|
| Wholesale Market Service Rate                                   | \$/kWh | 0.0044 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)       | \$/kWh | 0.0013 |
| Standard Supply Service - Administrative Charge (if applicable) | \$     | 0.25   |

# Niagara-on-the-Lake Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2015

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EB-2014-0097

## microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Ontario Power Authority'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 Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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### MONTHLY RATES AND CHARGES - Delivery Component

|                |    |      |
|----------------|----|------|
| Service Charge | \$ | 5.40 |
|----------------|----|------|

# Niagara-on-the-Lake Hydro Inc.

## TARIFF OF RATES AND CHARGES

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## ALLOWANCES

|   |       |        |
|---|-------|--------|
| Transformer Allowance for Ownership - per kW of billing demand/month                      | \$/kW | (0.56) |
| Primary Metering Allowance for transformer losses – applied to measured demand and energy | %     | (1.00) |

## SPECIFIC SERVICE CHARGES

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### Customer Administration

|   |    |       |
|---|----|-------|
| Arrears Certificate   | \$ | 15.00 |
| Statement of Account  | \$ | 15.00 |
| Pulling Post Dated Cheques  | \$ | 15.00 |
| Duplicate invoices for previous billing   | \$ | 15.00 |
| Request for other billing information   | \$ | 15.00 |
| Easement Letter   | \$ | 15.00 |
| Account History   | \$ | 15.00 |
| Credit Check (plus credit agency costs)   | \$ | 15.00 |
| Returned Cheque Charge (plus bank charges)  | \$ | 15.00 |
| Charge to certify cheque  | \$ | 15.00 |
| Account Set Up Charge/Change of Occupancy Charge (plus credit agency costs if applicable) | \$ | 30.00 |
| Special Meter Reads   | \$ | 30.00 |
| Meter dispute charge plus Measurement Canada fees (if meter found correct)                | \$ | 30.00 |

### Non-Payment of Account

|   |    |        |
|---|----|--------|
| Late Payment Charge – per month                           | %  | 1.50   |
| Late Payment Charge – per annum                           | %  | 19.56  |
| Collection of Account Charge – no disconnection           | \$ | 30.00  |
| Disconnect/Reconnect at meter – during regular hours      | \$ | 65.00  |
| Disconnect/Reconnect at meter – after regular hours       | \$ | 185.00 |
| Disconnect/Reconnect at pole during regular hours         | \$ | 185.00 |
| Disconnect/Reconnect at pole after regular hours          | \$ | 415.00 |
| Install/Remove load control device – during regular hours | \$ | 65.00  |
| Install/Remove load control device – after regular hours  | \$ | 185.00 |

**Niagara-on-the-Lake Hydro Inc.**  
**TARIFF OF RATES AND CHARGES**  
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**Other Charges**

|   |    |          |
|---|----|----------|
| Service Call – Customer-owned Equipment – During Regular Hours            | \$ | 30.00    |
| Service Call – Customer-owned Equipment – After Regular Hours             | \$ | 165.00   |
| Temporary service install and remove – overhead – no transformer          | \$ | 500.00   |
| Temporary Service install and remove – underground – no transformer       | \$ | 300.00   |
| Temporary Service install and Remove – overhead – with transformer        | \$ | 1,000.00 |
| Specific Charge for Access to the Power Poles - per pole/year             | \$ | 22.35    |
| Specific Charge for Bell Canada Access to the Power Poles – per pole/year | \$ | 18.36    |

NOTE: Specific Charge for Bell Canada Access to the Power Poles is valid only until the existing joint-use agreement is terminated

# Niagara-on-the-Lake Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2015

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## 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 Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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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 Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit 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   | \$       | 100.00    |
| Monthly Fixed Charge, per retailer   | \$       | 20.00     |
| Monthly Variable Charge, per customer, per retailer  | \$/cust. | 0.50      |
| Distributor-consolidated billing monthly charge, per customer, per retailer  | \$/cust. | 0.30      |
| Retailer-consolidated billing monthly credit, per customer, per retailer   | \$/cust. | (0.30)    |
| Service Transaction Requests (STR)   |          |           |
| Request fee, per request, applied to the requesting party  | \$       | 0.25      |
| Processing fee, per request, applied to the requesting party   | \$       | 0.50      |
| 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)  | \$       | 2.00      |

## 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 | 1.0379 |
| Total Loss Factor – Primary Metered Customer < 5,000 kW   | 1.0275 |