



**Ontario Energy Board  
Commission de l'énergie de l'Ontario**

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**DECISION AND RATE ORDER**

**EB-2017-0027**

**BLUEWATER POWER DISTRIBUTION  
CORPORATION**

**Application for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2018.**

**By Delegation, Before: Theodore Antonopoulos**

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**March 22, 2018**

## 1 INTRODUCTION AND SUMMARY

Through this Decision and Order, the Ontario Energy Board (OEB) approves the incentive rate-setting mechanism (IRM) application filed by Bluewater Power Distribution Corporation (Bluewater Power) on September 21, 2017, as amended during the course of the proceeding.

Bluewater Power serves about 36,000 mostly residential and commercial electricity customers in municipalities of the City of Sarnia, the Town of Petrolia, The Village of Point Edward, the Village of Oil Springs, the Township of Warwick and the Township of Brooke-Alvinston. The company is seeking the OEB's approval for the rates it charges to distribute electricity to its customers, as is required of licenced and rate-regulated distributors in Ontario.

A distributor may choose one of three rate-setting methodologies approved by the OEB. Each of these is explained in the OEB's [Chapter 3 Filing Requirements for Incentive Rate-Setting Applications](#) (the Filing Requirements).

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

As a result of the OEB's findings in this Decision, there will be a monthly bill increase of \$2.18 for a residential customer consuming 750 kWh, effective May 1, 2018.

Bluewater Power has also applied to change the composition of its distribution service rates. Residential distribution service rates currently include a fixed monthly charge and a variable usage charge. In 2015, the OEB issued a policy to transition these rates to a fully fixed structure over a four-year period beginning in 2016.<sup>1</sup> Accordingly, the fixed monthly charge for 2018 has once again been adjusted upward in this Decision by more than the mechanistic price cap adjustment alone. The variable usage rate is commensurately lower. This policy change does not affect the total revenue that distributors collect from residential customers.

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<sup>1</sup> OEB Policy – "A New Distribution Rate Design for Residential Electricity Customers" EB-2012-0410, April 2, 2015

## 2 THE PROCESS

This Decision is being issued by delegated authority, without a hearing, under section 6 of the *Ontario Energy Board Act, 1998* (the OEB Act).

The OEB follows a standardized and streamlined process for 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 information from the distributor's past proceedings and annual reporting requirements. A distributor will then review and complete the Rate Generator Model and include it with its application. During the course of the proceeding, the Rate Generator Model will also be updated or corrected, as required.

The Rate Generator Model updates base rates, retail transmission service rates and, if applicable, shared tax saving adjustments. It also calculates rate riders for the disposition of deferral and variance account balances.

Bluewater Power filed its application on September 21, 2017, under section 78 of the OEB Act and in accordance with the Filing Requirements. Bluewater Power supported its application with written evidence and a completed rate model. Questions were asked of, and answers were provided by, Bluewater Power through emails and phone calls with the OEB. Based on this information, a draft decision was prepared and provided to Bluewater Power on March 5, 2018. Bluewater Power was given the opportunity to provide its comments on the draft for consideration prior to the OEB issuing this Decision.

## 3 ORGANIZATION OF THE DECISION

In this Decision, the OEB addresses the following issues, and provides reasons for approving or denying Bluewater Power's proposals relating to each of them:

- Price Cap Adjustment
- Shared Tax Adjustments
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts
- Residential Rate Design
- Other Matters

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

## 4 PRICE CAP ADJUSTMENT

Bluewater Power seeks to increase its rates, effective May 1, 2018, based on a mechanistic rate adjustment using the OEB-approved *inflation minus X-factor* formula applicable to Price Cap IR applications.

The components of the Price Cap IR adjustment formula applicable to Bluewater Power are set out in Table 4.1, below. Inserting these components into the formula results in a 0.90% increase to Bluewater Power's rates:  $0.90\% = 1.20\% - (0.00\% + 0.30\%)$ .

**Table 4.1: Price Cap IR Adjustment Formula**

Components		Amount
Inflation Factor <sup>2</sup>		1.20%
X-Factor	Productivity <sup>3</sup>	0.00%
	Stretch (0.00% – 0.60%) <sup>4</sup>	0.30%

The inflation factor of 1.20% applies to all Price Cap IR applications for the 2018 rate year.

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

The productivity component of the X-factor is based on industry conditions over a historical study period and applies to all Price Cap IR applications for the 2018 rate year.

The stretch factor component of the X-factor is distributor specific. The OEB has

<sup>2</sup> Report of the OEB – “Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors” EB-2010-0379, December 4, 2013

<sup>3</sup> Ibid.

<sup>4</sup> The stretch factor groupings are based on the Report to the Ontario Energy Board – “Empirical Research in Support of Incentive Rate-Setting: 2016 Benchmarking Update”, prepared by Pacific Economics Group LLC., July 2017

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

## Findings

The OEB finds that Bluewater Power's request for a 0.90% Price Cap IR adjustment is in accordance with the annually updated parameters set by the OEB. The adjustment is approved, and Bluewater Power's new rates shall be effective May 1, 2018.

The adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes.<sup>5</sup>

## 5 SHARED TAX ADJUSTMENTS

In any adjustment year of a Price Cap IR term, a change in legislation may result in a change to the amount of taxes payable by a distributor. For IRM applications, the OEB has long held that a 50/50 sharing of the impact of legislated tax changes between shareholders and ratepayers is appropriate in these situations. The shared tax change amount, whether in the form of a credit or a debit, will be assigned to customer rate classes in the same proportions as the OEB-approved distribution revenue by rate class from a distributor's last COS proceeding.

In its application, Bluewater Power requested a rate rider to recover three years of accumulated tax sharing amounts (\$92,430) from customers for each IRM year from 2016 to 2018. In response to OEB staff question #3 dated January 17, 2018, Bluewater Power confirmed that the approved tax savings amount of \$30,493 in 2016 and the approved tax savings amount of \$30,493 in 2017 were recorded in a sub-account of account 1595 (2016) and 1595 (2017). Due to Bluewater Power's request not to dispose of any 1595 sub-accounts Bluewater Power also withdrew its request to establish a tax

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<sup>5</sup> Price Cap IR and Annual IR Index adjustments do not apply to the following rates and charges: rate riders, rate adders, low voltage service charges, retail transmission service rates, wholesale market service rate, 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.

sharing rate rider as submitted.

The application identifies a total tax increase of \$60,985 for the 2018 rate year, resulting in a shared amount of \$30,493 to be collected from rate payers. Since the allocated tax sharing amount does not produce a rate rider in one or more rate classes, the Rate Generator Model does not compute rate riders and distributors are therefore required to transfer the entire OEB-approved tax sharing amount into Account 1595 for disposition at a later date.

### **Findings**

The OEB approves the tax sharing amount of \$30,493.

The OEB directs Bluewater Power to record the debit tax sharing of \$30,493 in variance Account 1595 by June 30, 2018 for disposition at a future date. The OEB notes that the respective tax sharing amounts included in various 1595 sub-accounts over the years should remain in their respective sub-accounts until those sub-accounts are brought forward for disposition.

## **6 RETAIL TRANSMISSION SERVICE RATES**

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

Bluewater Power is partially embedded within Hydro One Networks Inc.'s distribution system and is requesting approval to adjust the RTSRs that it charges its customers to reflect the rates that it pays for transmission services included in Table 6.1 and Table 6.2.

Table 6.1: UTRs<sup>6</sup>

Current Approved UTRs (2018)	per kWh
Network Service Rate	\$3.61
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.95
Transformation Connection Service Rate	\$2.34

Table 6.2: Hydro One Networks Inc. Sub-Transmission Host-RTSRs<sup>7</sup>

Current Approved Sub-Transmission RTSRs (2017)	per kWh
Network Service Rate	\$3.19
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.77
Transformation Connection Service Rate	\$1.75

## Findings

Bluewater Power's proposed adjustment to its RTSRs is approved. The RTSRs were adjusted based on the current host-RTSRs and the UTRs current at the time of the filing. The OEB finds that the new 2018 UTRs are to be incorporated into the rate model to adjust the RTSRs that LDC will charge its customers accordingly.

The differences resulting from the approval of new 2018 RTSRs will be captured in Accounts 1584 and 1586 for future disposition.

<sup>6</sup> Decision and Rate Order, EB-2017-0359, February 1, 2018

<sup>7</sup> Decision and Rate Order, EB-2016-0081, December 21, 2016

## 7 GROUP 1 DEFERRAL AND VARIANCE ACCOUNT BALANCES

In each year of an IRM term, the OEB will review a distributor's Group 1 deferral and variance accounts in order to determine whether their total balance should be disposed.<sup>8</sup> OEB policy requires that Group 1 accounts be disposed if they exceed (as a debit or credit) a pre-set disposition threshold of \$0.001 per kWh, unless a distributor justifies why balances should not be disposed.<sup>9</sup> If the balance does not exceed the threshold, a distributor may elect to request disposition.

The 2016 actual year-end total balance for Bluewater Power's Group 1 accounts including interest projected to April 30, 2018 is a credit of \$1,047,093. This amount represents a total credit claim of \$0.001 per kWh, which meets the disposition threshold. Bluewater Power proposes the disposition of this credit amount over a one-year period.

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<sup>8</sup> Group 1 accounts track the differences between the costs that a distributor is billed for certain IESO and host distributor services (including the cost of power) and the associated revenues that the distributor receives from its customers for these services. The total net difference between these costs and revenues is disposed to customers through a temporary charge or credit known as a rate rider.

<sup>9</sup> Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)" EB-2008-0046, July 31, 2009



**Table 7.1: Proposed Group 1 Deferral and Variance Account Balances**

<b>Account Name</b>	<b>Account Number</b>	<b>Principal Balance (\$) A</b>	<b>Interest Balance (\$) B</b>	<b>Total Claim (\$) C=A+B</b>
LV Variance Account	1550	90,895	1,339	92,234
Smart Meter Entity Variance Charge	1551	(5,680)	(122)	(5,802)
RSVA - Wholesale Market Service Charge	1580	(1,118,613)	(19,183)	(1,137,796)
Variance WMS - Sub-account CBR Class B	1580	55,533	777	56,310
RSVA - Retail Transmission Network Charge	1584	127,345	3,117	130,462
RSVA - Retail Transmission Connection Charge	1586	243,578	4,131	247,709
RSVA – Power	1588	(70,823)	99	(70,724)
RSVA - Global Adjustment	1589	(357,047)	3,384	(353,663)
Disposition and Recovery of Regulatory Balances (2013)	1595	(31,840)	(4,672)	(36,512)
Disposition and Recovery of Regulatory Balances (2015)	1595	30,493	196	30,689
<b>Total for all Group 1 accounts</b>		<b>(\$1,036,159)</b>	<b>(\$10,934)</b>	<b>(\$1,047,093)</b>

Included in the balance of the Group 1 accounts is the Global Adjustment (GA) account credit balance of \$353,663. A customer's costs for the commodity portion of its electricity service reflects the sum of two charges: the price of electricity established by the operation of the Independent Electricity System Operator (IESO) administered wholesale market, and the GA.<sup>10</sup>

<sup>10</sup> The GA is established monthly, by the IESO, and varies in accordance with market conditions. It is the difference between the market price and the sum of the rates paid to regulated and contracted generators and conservation and demand management (demand response) program costs.

The GA is paid by consumers in several different ways:

- For Regulated Price Plan (RPP) customers, the GA is incorporated into the standard commodity rates, therefore there is no variance account for the GA.
- Customers who participate in the Ontario Industrial Conservation Initiative program are referred to as “Class A” customers. These customers are assessed GA costs through a peak demand factor that is based on the percentage their demand contributes to the top five Ontario system peaks. This factor determines a Class A customer's allocation for a year-long billing period that starts in July every year. As distributors settle with Class A customers based on the actual GA costs there is no resulting variance.
- “Class B” non-RPP customers pay the GA charge based on the amount of electricity they consume in a month (kWh). Class B non-RPP customers are billed GA based on an IESO published GA price. For Class B non-RPP customers, distributors track any difference between the billed amounts and actual costs in the GA Variance Account for disposal, once audited.

Under the general principle of cost causality, customer groups that cause variances should be responsible for paying (or receiving credits) for their disposal. The movement from one class to another should not prevent identifiable customers from paying down/receiving a debit/credit balance.

Bluewater Power proposes the recovery of its GA variance account balance of \$353,663 as at December 31, 2016, including interest to April 30, 2018, in accordance with Table 7.1:

**Table 7.1: Recovery of GA Variance**

Proposed Amounts	Proposed Method for Recovery
\$353,663 refunded to customers who were Class B for the entire period from January 2016 to December 2016	per kWh rate rider

The balance of the Group 1 accounts includes \$56,310 for the recovery of Capacity Based Recovery (CBR) charges for Class B customers related to the IESO's wholesale energy market Demand Response 3 program. Distributors paid CBR charges to the IESO in 2016 and recorded these to a dedicated sub-account. The disposition of this

sub-account is impacted by whether or not a distributor had any customers who were part of Class A during the period from January 2016 to December 2016.

Bluewater Power had Class A customers during the period from January 2016 to December 2016 so it applied to have the balance of this account disposed through a separate kWh rate rider for Class B customers in order to ensure proper allocation between Class A and Class B customers.

In its Managers Summary<sup>11</sup>, Bluewater Power stated that it has two new transition Class A customers in 2016, however they were both in the intermediate rate class for all of 2016, therefore for the period of time prior to becoming Class A, they were charged GA based on the actual GA rate and thus no amount was booked to Account 1589 related to these two transition customers.

The remaining Group 1 accounts being sought for disposition, through the general Deferral and Variance Account rate rider, include the following flow through variance accounts: Low Voltage Charges, Smart Meter Entity Charges, Wholesale Market Service Charges, Retail Transmission Service Charges, Commodity Power Charges, and Account 1595 residual balances. These Group 1 accounts have a total credit balance of \$749,740, which results in a refund to customers.

OEB staff asked Bluewater Power a series of preliminary questions in relation to certain balances reported in the GA Analysis Workform (the workform). In response to OEB staff questions, Bluewater Power noted that it has not historically performed RPP settlement true-up calculations prior to the OEB's Letter (Guidance on the Disposition of Accounts 1588 and 1589) issued on May 23, 2017. In its Managers Summary, on pages 22-23 of 27, Bluewater Power outlined its new process to true up RPP settlement claims relating to account 1588 and account 1589. Bluewater Power noted that its monthly IESO RPP settlement claims for Cost of Power and Global Adjustment have always been estimated, based on billings for the respective month. Bluewater Power indicated that its initial form 1598 RPP settlement claims with the IESO would continue to be based on estimates in the future; however, such initial claims would be trued up each month based on actual rates and actual calendar month consumption once known. Bluewater Power further stated that it started this new true-up process for consumption starting January 1, 2017. Bluewater Power informed the IESO that the first true-up, which encompassed the period from January to June 2017, was submitted with the August 2017 settlement claim and will be submitted monthly.

Bluewater Power's 2016 year end balances do not reflect this new true up process. In response to OEB staff questions, Bluewater Power provided calculations quantifying the

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<sup>11</sup> EB-2017-0027, page 14 of 27

effects of the new RPP settlement true-up claims pertaining to 2016, the year being requested for disposition. Had Bluewater Power adjusted the 2016 balances to reflect this new true up process, the RPP settlement true-up claims calculated by Bluewater Power for 2016 would have been adjustments to accounts 1588 and 1589 for a credit of \$935,815 and debit of \$417,298 respectively. If the true-up adjustments were made to the commodity accounts the total balances requested for disposition for accounts 1588 and 1589 would be updated to a credit of \$1,006,539 and a debit of \$63,635, respectively.

The quantum of the adjustments to accounts 1588 and 1589 are significant. In response to OEB staff questions Bluewater Power agreed that it would be appropriate to obtain further validation of its commodity account balances through a detailed review of Accounts 1588 and 1589 as well as Bluewater Power's IESO RPP settlement processes. Bluewater Power responded that it would be prepared to withdraw its application for disposition of Accounts 1588 and 1589, but still wanted approval to dispose of the balances of the remaining Group 1 deferral and variance accounts.

As part of the current proceeding, Bluewater Power requested to dispose of Account 1595 (2015) – Disposition and Recovery/Refund of Regulatory Balances. However, Bluewater Power did not record the data correctly in the appropriate account 1595 sub-account as specified in question A6 in the *Accounting Procedures Handbook's* Frequently Asked Questions issued in October 2009. In response to OEB staff interrogatories, Bluewater Power withdrew its request to dispose of all account 1595 sub-accounts in this application and will bring these sub-accounts forward in next year's application after it has reviewed and updated the account balances as necessary.

In addition, Bluewater Power indicates that it still seeks approval for disposition of the remaining Group 1 credit balance of \$653,395<sup>12</sup> for two reasons:

First, the delay of disposition of Accounts 1588 and 1589, together with the remaining Group 1 balances (if not disposed of), represents a significant total of \$1.6M delayed from being returned to ratepayers. (-\$653,395 Group 1 balance per Table 2 above, and the Revised RSVA amounts of -\$942,904 for Account 1588 and 1589 per Line 8 of the RPP True-up Table). Second, Bluewater Power has a high level of confidence that further review of Accounts 1588 and 1589 will support the further disposition to ratepayers proposed in the 2016 RPP True-up Table; therefore, there is very little risk that Bluewater Power would be returning

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<sup>12</sup> If Bluewater Power's request to withdraw disposition of account 1595 is approved the total of Group 1 accounts excluding accounts 1588 and 1589 would be \$616,883.

funds to ratepayers in this 2018 IRM Application and, then, claiming recovery from ratepayers in 2019.

## Findings

The OEB understands that Bluewater Power had not previously done RPP settlement true ups with the IESO but has commenced doing so starting on January 1, 2017. In response to an OEB staff question Bluewater Power calculated what it thought the RPP settlement true up claim should be for 2016; an adjustment to accounts 1588 and 1589 for a credit of \$935,815 and debit of \$417,298 respectively.

The OEB acknowledges that Bluewater Power is updating its processes to perform RPP settlement true-up claims for each month; however, the quantum of the proposed RPP settlement true up adjustment calculated for 2016 is of concern. For example, the OEB observes that settlement true up activity should cause the balance of account 1588 to be smaller with the balance of the account containing mainly differences relating to unaccounted for energy differences. Whether this should in fact be the case for Bluewater Power is something that the company should review before disposing of commodity variances on a final basis.

The OEB acknowledges that Bluewater Power has requested to withdraw its request to dispose of the 1588 and 1589 commodity accounts and the OEB approves this request. In order to ensure that Bluewater Power's new RPP settlement true up process is functioning reasonably, the OEB will conduct an audit of Bluewater power's 1588 and 1589 balances for the 2016 and 2017 calendar years, including a review of the company's new true up process prior to disposition of the balances on a final basis.

The OEB accepts Bluewater Power's withdrawal of its 1595 disposition from this application. The OEB requires Bluewater Power to conduct a review of its procedures for booking transactions to the 1595 sub-accounts and confirm it is following the OEB guidance and to make adjustments as required. In its next rate application, Bluewater Power is to indicate whether or not it is following the procedure described in question [A6](#) of the *Accounting Procedures Handbook's* Frequently Asked Questions issued in October 2009 and provide a reconciliation of adjustments made.

Bluewater Power requested to dispose of the remaining group 1 accounts. While the OEB's normal practice is to dispose of all group 1 accounts contemporaneously, in this case, the OEB would have approved the request to dispose of the \$616,883 refund at this time and on a final basis given that no concerns have been raised as to the reasonableness of the applicable account balances. However, the OEB notes that the amount remaining does not trigger the threshold calculation, and so is in effect not material. In addition, it would be helpful to the OEB to have a directional indicator of the

next vintage of group 1 balances. To that end, going forward, Bluewater Power should provide an update on the status of its group 1 account balances for the next calendar year (in this case it would have been 2017) even if it is a forecast of end of year. This would assist the OEB in assessing the reasonableness of disposing of a subset of accounts if requested in future proceedings.

## 8 RESIDENTIAL RATE DESIGN

All residential distribution rates currently include a fixed monthly charge and a variable usage charge. The OEB's residential rate design policy stipulates that distributors will transition residential customers to a fully fixed monthly distribution service charge over a four-year period, beginning in 2016.<sup>13</sup> The OEB requires that distributors filing IRM applications affecting 2018 rates continue with this transition by once again adjusting their distribution rates to increase the fixed monthly service charge and decrease the variable charge consistent with the policy.

The OEB expects an applicant to apply two tests to evaluate whether mitigation of bill impacts for customers is required during the transition period. Mitigation usually takes the form of a lengthening of the transition period. The first test is to calculate the change in the monthly fixed charge, and to consider mitigation if it exceeds \$4. The second is to calculate the total bill impact of the proposals in the application for low volume residential customers (defined as those residential RPP customers whose consumption is at the 10<sup>th</sup> percentile for the class). Mitigation may be required if the bill impact related to the application exceeds 10% for these customers.

Bluewater Power notes that the implementation of the transition results in an increase to the fixed charge prior to the price cap adjustment of \$3.77. The bill impacts arising from the proposals in this application, including the fixed rate change, are below 10% for low volume residential customers.

### Findings

The OEB finds that the proposed 2018 increase to the monthly fixed charge is calculated in accordance with the OEB's residential rate design policy. The results of the monthly fixed charge, and total bill impact for low consumption residential consumers show that no mitigation is required. The OEB approves the increase as proposed by the applicant and calculated in the final Rate Generator Model.

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<sup>13</sup> As outlined in the Policy cited at footnote 1 above.

## 9 OTHER MATTERS

In addition to the matters discussed previously, Bluewater Power sought approval for the following rates and charges<sup>14</sup> in its application:

- Continuance of the Low Voltage Service charges
- Continuance of the the Standard Supply Service Charge, Specific Service Charges, microFIT Service Charge, Retail Service Charges, Transformation and Primary Metering Allowances, and Loss Factors as approved in Bluewater Power's 2013 COS Application<sup>15</sup>

These rate and charges were approved by the OEB in previous proceedings. No further approval is required in this Decision to include these on Bluewater Power's Tariff of Rates and Charges.

## 10 IMPLEMENTATION AND ORDER

This Decision is accompanied by a Rate Generator Model, applicable supporting model, and a Tariff of Rates and Charges (Schedule A).

Model entries were reviewed in order to ensure that they are in accordance with Bluewater Power's last COS decision, the 2017 OEB-approved Tariff of Rates and Charges, as well as to ensure that the cost, revenue and consumption results from 2016, are as reported by Bluewater Power to the OEB.

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

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<sup>14</sup> Bluewater Power's 2018 IRM Application, EB-2017-0027, September 21, 2017, page 2 of 27

<sup>15</sup> EB-2012-0107

**Table 10.1: Regulatory Charges**

<b>Rate</b>	<b>per kWh</b>
Rural or Remote Electricity Rate Protection (RRRP)	\$0.0003
Wholesale Market Service (WMS) billed to Class A and B Customers	\$0.0032
Capacity Based Recovery (CBR) billed to Class B Customers	\$0.0004

Each of these rates is a component of the “Regulatory Charge” on a customer’s bill, established annually by the OEB through a separate, generic order. The RRRP, WMS and CBR rates were set by the OEB on December 20, 2017.<sup>16</sup>

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 at \$0.57 by the OEB on March 1, 2018, effective January 1, 2018 to December 31, 2022.<sup>17</sup> The Rate Generator Model has been adjusted to incorporate this rate.

## **THE ONTARIO ENERGY BOARD ORDERS THAT**

1. The Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order is approved effective May 1, 2018 for electricity consumed or estimated to have been consumed on and after such date. Bluewater Power Distribution Corporation shall notify its customers of the rate changes no later than the first bill reflecting the new rates.

**DATED** at Toronto, March 22, 2018

## **ONTARIO ENERGY BOARD**

*Original signed by*

Kirsten Walli  
Board Secretary

<sup>16</sup> Decision and Order, EB-2017-0333, December 20, 2017

<sup>17</sup> Decision and Order, EB-2017-0290, March 1, 2018



**Schedule A**

**To Decision and Rate Order**

**Tariff of Rates and Charges**

**OEB File No: EB-2017-0027**

**DATED: March 22, 2018**

# Bluewater Power Distribution Corporation

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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

EB-2017-0027

### RESIDENTIAL SERVICE CLASSIFICATION

All service supplied to single-family dwelling units for domestic or household purposes shall be classed as residential service. Where electricity service is provided for combined residential and business purposes (including agricultural usage) and the wiring does not provide for separate metering, the classification shall be in the discretion of Bluewater Power Distribution Corporation ("Bluewater Power") and shall be based on such considerations as the estimated predominant consumption or the municipal tax roll classification. A residential customer may be found in a detached, semi-detached, linear row housing, apartment building or mixed-use building. Where more than one dwelling is served by a single meter, that service shall be considered a General Service Customer. 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 Debt Retirement Charge, the Global Adjustment and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	27.96
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0058
Low Voltage Service Rate	\$/kWh	0.0002
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0067
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0069

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

# Bluewater Power Distribution Corporation

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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

EB-2017-0027

### GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification applies to a customer not designated as Residential, and that over a twelve month period has, or a new customer forecast to have, an average monthly peak demand less than 50 kW, and has a monthly peak demand that never exceeds 100 kW. Bluewater Power shall review this rate class designation on an annual basis and the customer's designated rate class may change as a result. 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 Debt Retirement Charge, the Global Adjustment and the HST.

#### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	28.50
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0199
Low Voltage Service Rate	\$/kWh	0.0002
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0063
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0061

#### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

# Bluewater Power Distribution Corporation

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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

EB-2017-0027

### GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION

This classification applies to a customer not designated as Residential, and that over a twelve month period has, or a new customer forecast to have, an average monthly peak demand equal to or greater than 50 kW and less than 1,000 kW. This rate class designation is reviewed on an annual basis and the customer's designated rate class may change as a result. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

#### APPLICATION

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

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

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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 Debt Retirement Charge, the Global Adjustment and the HST.

#### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	152.23
Distribution Volumetric Rate	\$/kW	4.4239
Low Voltage Service Rate	\$/kW	0.0748
Retail Transmission Rate - Network Service Rate	\$/kW	2.5173
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.4385

#### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

# Bluewater Power Distribution Corporation

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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

EB-2017-0027

### GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION

This classification applies to a customer not designated Residential, and that: over a twelve month period has, or a new customer forecast to have, an average monthly peak demand equal to or greater than 1,000 kW and less than 5,000 kW. This rate class designation is reviewed on an annual basis and the customer's designated rate class may change as a result. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

#### APPLICATION

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

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

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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 Debt Retirement Charge, the Global Adjustment and the HST.

#### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	3,346.28
Distribution Volumetric Rate	\$/kW	1.8047
Low Voltage Service Rate	\$/kW	0.0820
Retail Transmission Rate - Network Service Rate	\$/kW	2.6736
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.6732

#### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

# Bluewater Power Distribution Corporation

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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

EB-2017-0027

### LARGE USE SERVICE CLASSIFICATION

This classification applies to a customer not designated as Residential, and that over 12 consecutive billing periods has, or a new customer forecast to have, an average monthly peak demand equal to or greater than 5,000 kW. This rate class designation is reviewed on an annual basis and the customer's designated rate class may change as a result. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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

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

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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 Debt Retirement Charge, the Global Adjustment and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	26,185.50
Distribution Volumetric Rate	\$/kW	1.9665
Low Voltage Service Rate	\$/kW	0.0938
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	2.9604
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	3.0569

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

# Bluewater Power Distribution Corporation

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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EB-2017-0027

### UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account whose average monthly maximum demand is less than, or a new customer 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 Bluewater Power and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

#### APPLICATION

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

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

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

#### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	12.81
Distribution Volumetric Rate	\$/kWh	0.0348
Low Voltage Service Rate	\$/kWh	0.0002
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0063
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0061

#### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

# Bluewater Power Distribution Corporation

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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EB-2017-0027

### SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

#### APPLICATION

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

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

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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 Debt Retirement Charge, the Global Adjustment and the HST.

#### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	4.12
Distribution Volumetric Rate	\$/kW	27.2112
Low Voltage Service Rate	\$/kW	0.0590
Retail Transmission Rate - Network Service Rate	\$/kW	1.9081
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.9246

#### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25



# Bluewater Power Distribution Corporation

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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EB-2017-0027

### STREET LIGHTING SERVICE CLASSIFICATION

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

### APPLICATION

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

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

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### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	2.56
Distribution Volumetric Rate	\$/kW	19.9019
Low Voltage Service Rate	\$/kW	0.0578
Retail Transmission Rate - Network Service Rate	\$/kW	1.8984
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.8853

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

# Bluewater Power Distribution Corporation

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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EB-2017-0027

### 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.

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### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	5.40
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# Bluewater Power Distribution Corporation

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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EB-2017-0027

### 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)

### 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.

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#### Customer Administration

Duplicate invoices for previous billing	\$	15.00
Income tax letter	\$	15.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	10.00
Returned cheque (plus bank charges)	\$	15.00
Special meter reads	\$	30.00
Account history	\$	15.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

#### Non-Payment of Account

Late payment - per month	%	1.50
Late payment - 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

#### Other

Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments)	\$	22.35
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# Bluewater Power Distribution Corporation

## TARIFF OF RATES AND CHARGES

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EB-2017-0027

### RETAIL SERVICE CHARGES (if applicable)

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

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	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	1.0421
Total Loss Factor - Secondary Metered Customer > 5,000 kW	1.0170
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0316
Total Loss Factor - Primary Metered Customer > 5,000 kW	1.0069